

KEYNOTE

25
YEARS
OF CREATING
VALUE
THROUGH
RELATIONSHIPS
AND
TRUST

Ref. KGDL/Let/S&E/Sp(08)

January 16, 2019

The Manager
BSE Limited
Department of Corporate Services,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001

Kind Attn. – Mr. Bhushan Mokashi – AGM

Dear Sir,

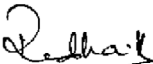
Reg : Buy-Back of equity shares by KG Denim Limited (“KGDL”/the “Company”)

This has a further reference to the captioned Buy Back offer where we are acting as “Manager to the Offer”. In this regard we are pleased to inform you that the Company has finalized the schedule of Buy Back and accordingly Letter of Offer dated January 11, 2019 along with the Tender Form have been dispatched to the equity shareholders of the Company on January 15, 2019. The offer is scheduled to open on Tuesday, January 22, 2019 and will close on Monday, February 04, 2019.

We are enclosing herewith printed copy of the Letter of Offer along with the tender form for your reference and record purpose.

Thanking you and assuring you of our best co-operation at all times.

Yours Sincerely,
For **KEYNOTE CORPORATE SERVICES LTD.**


Radha Kirthivasan
Head –Merchant Banking

Encl.: a/a

Keynote Corporate Services Limited

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028.
Tel.: 91 22 3026 6000 • Fax: 91 22 3026 6088 • Email: info@keynoteindia.net • Website: www.keynoteindia.net
CIN-L67120MH1993PLC072407

8-500

**FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT
(FOR EQUITY SHAREHOLDERS HOLDING SHARES IN DEMATERIALIZED FORM)**

Date:

BUYBACK OPENS ON		TUESDAY, JANUARY 22, 2019	
BUYBACK CLOSSES ON		MONDAY, FEBRUARY 04, 2019	
For Registrar to the Buyback			
Inward No.	Date	Stamp	
Status: Please tick appropriate box			
<input type="checkbox"/>	Individual	<input type="checkbox"/>	Foreign Institutional Investors / Foreign Portfolio Investors
<input type="checkbox"/>	Foreign Company	<input type="checkbox"/>	Non Resident Indian / OCB
<input type="checkbox"/>	Body Corporate	<input type="checkbox"/>	Bank / Financial Institution
<input type="checkbox"/>		<input type="checkbox"/>	Insurance Company
<input type="checkbox"/>		<input type="checkbox"/>	Foreign National
<input type="checkbox"/>		<input type="checkbox"/>	Others (specify)

To,
The Board of Directors
KG Denim Limited
Then Thirumalai
Jadayampalayam
Coimbatore, Tamil Nadu - 641 302
Tel No.: (04254) 235401 / 235240
Fax No.: 0091 4254 304400

SPECIMEN

Dear Sirs,

Sub: Letter of Offer dated Friday, January 11, 2019 to Buyback upto 21,96,500 Equity Shares of KG Denim Limited (the "Company") at a price of ₹ 40/- (Rupees Forty only) per Equity Share ("Buyback Offer Price"), payable in cash

- 1 I/We (having read and understood the Letter of Offer dated Friday, January 11, 2019) hereby tender / offer my / our Equity Shares in response to the Buyback Offer on the terms and conditions set out below and in the Letter of Offer.
- 2 I / We authorise the Company to Buyback the Equity Shares offered (as mentioned below) and to issue instruction(s) to the Registrar to the Buyback Offer to extinguish the Equity Shares.
- 3 I / We hereby affirm that the Equity Shares comprised in this tender / offer are offered for Buyback by me / us are free from all liens, equitable interest, charges and encumbrance.
- 4 I / We declare that there are no restraints / injunctions or other order(s) of any nature which limits / restricts in any manner my / our right to tender Equity Shares for Buyback Offer and that I / we am / are legally entitled to tender the Equity Shares for Buyback Offer.
- 5 I / We agree that the Company will pay the Buyback Offer Price only after due verification of the validity of documents and that the consideration for the accepted Shares will be paid to the Seller Member as per secondary market mechanism.
- 6 I/We agree that the excess demat Shares or unaccepted demat Shares, if any, tendered would be returned to the Selling Member by Clearing Corporation in payout.
- 7 I / We acknowledge that the responsibility to discharge the tax due on any gains arising on Buyback is on me / us. I / We agree to compute gains on this transaction and immediately pay applicable taxes in India and file tax return in consultation with our custodians / authorized dealers / tax advisors appropriately.
- 8 I / We undertake to indemnify the Company if any tax demand is raised on the Company on account of gains arising to me / us on Buyback of shares. I / We also undertake to provide the Company, the relevant details in respect of the taxability / non-taxability of the proceeds arising on Buyback of shares by the Company, copy of tax return filed in India, evidence of the tax paid, etc.
- 9 I / We undertake to return to the Company any Buyback Offer consideration that may be wrongfully received by me / us.
- 10 I / We undertake to execute any further documents and give any further assurances that may be required or expedient to give effect to my / our tender / offer and agree to abide by any decision that may be taken by the Company to effect the Buyback Offer in accordance with the Companies Act and the Buyback Regulations.
- 11 Details of Equity Shares held and tendered / offered for Buyback Offer:

	In Figures	In Words
Number of Equity Shares held as on Record Date (November 30, 2018)		
Number of Equity Shares Entitled for Buyback (Buyback Entitlement)		
Number of Equity Shares offered for Buyback (including Additional Shares, if any)		

Note: An Equity Shareholder may tender Equity Shares over and above his / her Buyback Entitlement. Number of Equity Shares validly tendered by any Eligible Seller up to the Buyback Entitlement of such Eligible Seller shall be accepted to the full extent. The Equity Shares tendered by any Equity Shareholder over and above the Buyback Entitlement of such Equity Shareholder shall be accepted in accordance with clause 19 and 20 of the Letter of Offer. Equity Shares tendered by any Equity Shareholder over and above the number of Equity Shares held by such Equity Shareholder as on the Record Date shall not be considered for the purpose of Acceptance

.....Tear along this line

Acknowledgement Slip: KG Denim Limited - Buyback Offer
(to be filled by the Equity Shareholder) (subject to verification)

Folio No./DP ID

Client ID:

Received from Mr./Ms./M/s. _____

Form of Acceptance-cum-Acknowledgement, Original TRS along with:

No. of Equity Shares offered for Buyback (In Figures) _____

(In Words) _____

Please quote Client ID No. & DP ID No. for all future correspondence

STAMP OF REGISTRAR

12 Details of Account with Depository Participant (DP):

Name of the Depository (tick whichever is applicable)	<input type="checkbox"/> NSDL	<input type="checkbox"/> CDSL
Name of the Depository Participant		
DP ID No.:		
Client ID with the DP		

13 Equity Shareholders Details:

	Sole / First Holder	Joint Holder 1	Joint Holder 2	Joint Holder 3
Full Name(s) of The Holder				
Signature(s)*				
PAN No.				
Address of the Sole/First Equity Shareholder				
Telephone No. / Email ID				

*Corporate must affix rubber stamp

This Tender Form has to be read along with the Letter of Offer and is subject to the terms and conditions mentioned in the Letter of Offer and this Tender / Offer Form

- 1 This Offer will open on Tuesday, January 22, 2019 and close on Monday, February 04, 2019.
- 2 For the procedure to be followed by Equity Shareholders for tendering in the Buyback Offer, please refer to section 20 of the Letter of Offer.
- 3 All documents sent by Equity Shareholders will be at their own risk. Equity Shareholders of the Company are advised to safeguard adequately their interests in this regard.

.....Tear along this line

All future correspondence in connection with this Buyback, if any, should be addressed to Registrar to the Buyback Offer at the following address quoting your client ID and DP ID:

Investor Service Centre, KG Denim Limited - Buyback Offer

Cameo Corporate Services Limited
 Subramanian Building, No.1, Club House Road, Chennai - 600002
 Contact Person: Ms. K. Sreepriya
 Tel: + 91 44 40020700; Fax: + 91 44 2846 0129; E-mail: priya@cameoindia.com
 Website: www.cameoindia.com; SEBI Registration Number: INR000003753
 CIN: U67120TN1998PLC041613

For any queries, Please contact helpline
 Nos:- +91 88796 73001, +91 88796 73002

**FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT
(FOR EQUITY SHAREHOLDERS HOLDING SHARES IN PHYSICAL FORM)**

Date:

BUYBACK OPENS ON	TUESDAY, JANUARY 22, 2019	
BUYBACK CLOSSES ON	MONDAY, FEBRUARY 04, 2019	
For Registrar to the Buyback		
Inward No.	Date	Stamp
Status: Please tick appropriate box		
<input type="checkbox"/> Individual	<input type="checkbox"/> Foreign Institutional Investors / Foreign Portfolio Investors	<input type="checkbox"/> Insurance Company
<input type="checkbox"/> Foreign Company	<input type="checkbox"/> Non Resident Indian / OCB	<input type="checkbox"/> Foreign National
<input type="checkbox"/> Body Corporate	<input type="checkbox"/> Bank / Financial Institution	<input type="checkbox"/> Others (specify)

To,
The Board of Directors
KG Denim Limited
Then Thirumalai
Jadayampalayam
Coimbatore, Tamil Nadu - 641 302
Tel No.: (04254) 235401 / 235240
Fax No.: 0091 4254 304400

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Dear Sirs,

Sub: Letter of Offer dated Friday, January 11, 2019 to Buyback upto 21,96,500 Equity Shares of KG Denim Limited (the "Company") at a price of ₹ 40/- (Rupees Forty only) per Equity Share ("Buyback Offer Price"), payable in cash

- 1 I/We (having read and understood the Letter of Offer dated Friday, January 11, 2019) hereby tender / offer my / our Equity Shares in response to the Buyback Offer on the terms and conditions set out below and in the Letter of Offer.
- 2 I / We authorise the Company to Buyback the Equity Shares offered (as mentioned below) and to issue instruction(s) to the Registrar to the Buyback Offer to extinguish the Equity Shares.
- 3 I / We hereby affirm that the Equity Shares comprised in this tender / offer are offered for Buyback by me / us free from all liens, equitable interest, charges and encumbrance.
- 4 I / We declare that there are no restraints / injunctions or other order(s) of any nature which limits / restricts in any manner my / our right to tender Equity Shares for Buyback Offer and that I / we am / are legally entitled to tender the Equity Shares for Buyback Offer.
- 5 I / We agree that the Company will pay the Buyback Offer Price only after due verification of the validity of documents and that the consideration for the accepted Shares will be paid to the Seller Member as per secondary market mechanism.
- 6 I / We acknowledge that the responsibility to discharge the tax due on any gains arising on Buyback is on me / us. I / We agree to compute gains on this transaction and immediately pay applicable taxes in India and file tax return in consultation with our custodians / authorized dealers / tax advisors appropriately.
- 7 I / We undertake to indemnify the Company if any tax demand is raised on the Company on account of gains arising to me / us on Buyback of shares. I / We also undertake to provide the Company, the relevant details in respect of the taxability / non-taxability of the proceeds arising on Buyback of shares by the Company, copy of tax return filed in India, evidence of the tax paid, etc.
- 8 I / We undertake to return to the Company any Buyback Offer consideration that may be wrongfully received by me / us.
- 9 I / We agree that the Company is not obliged to accept any Equity Shares offered for Buyback where loss of share certificates has been notified to the Company.
- 10 I / We authorize the Company to split the Share Certificate and issue new consolidated Share Certificate for the unaccepted Equity shares in case the Equity Shares accepted by the Company are less than the Equity Shares tendered in the Buyback
- 11 I / We undertake to execute any further documents and give any further assurances that may be required or expedient to give effect to my / our tender / offer and agree to abide by any decision that may be taken by the Company to effect the Buyback Offer in accordance with the Companies Act and the Buyback Regulations.
- 12 Details of Equity Shares held and tendered / offered for Buyback Offer:

	In Figures	In Words
Number of Equity Shares held as on Record Date (November 30, 2018)		
Number of Equity Shares Entitled for Buyback (Buyback Entitlement)		
Number of Equity Shares offered for Buyback (including Additional Shares, if any)		

Note: An Equity Shareholder may tender Equity Shares over and above his / her Buyback Entitlement. Number of Shares validly tendered by any Equity Shareholder up to the Buyback Entitlement of such Equity Shareholder shall be accepted to the full extent. The Shares tendered by any Equity Shareholder over and above the Buyback Entitlement of such Equity Shareholder shall be accepted in accordance with clause 19 and 20 of the Letter of Offer. Equity Shares tendered by any Equity Shareholder over and above the number of Equity Shares held by such Equity Shareholder as on the Record Date shall not be considered for the purpose of Acceptance.

.....Tear along this line

Acknowledgement Slip: KG Denim Limited - Buyback Offer
(to be filled by the Equity Shareholder) (subject to verification)

Ledger Folio No./DP ID

Received from Mr./Ms./M/s. _____

Form of Acceptance-cum-Acknowledgement, Original TRS along with:

No. of Equity Shares offered for Buyback (In Figures) _____

(In Words) _____

Please quote Ledger Folio No. for all future correspondence

STAMP OF COLLECTION CENTRE

13 Details of Share Certificate(s) enclosed:

Total No. of Share Certificates Submitted

Sr. No.	Folio No.	Share Certificate No.	Distinctive Nos.		No. of Shares
			From	To	
1.					
2.					
3.					
4.					
				Total	

In case the number of folios and share certificates enclosed exceed 4 nos., Please attach a separate sheet giving details in the same format as above

14 Details of other Documents (Please ✓ as appropriate, if applicable) enclosed:

- | | |
|--|--|
| <input type="checkbox"/> Power of Attorney | <input type="checkbox"/> Corporate authorisation |
| <input type="checkbox"/> Death Certificate | <input type="checkbox"/> Succession Certificate |
| <input type="checkbox"/> Permanent Account Number (PAN Card) | <input type="checkbox"/> TRS |
| <input type="checkbox"/> Others (please specify): _____ | |

15 Equity Shareholders Details:

	Sole / First Holder	Joint Holder 1	Joint Holder 2	Joint Holder 3
Full Name(s) of The Holder				
Signature(s)*				
PAN No				
Address of the Sole/First Equity Shareholder				
Telephone No. / Email ID				

*Corporate must affix rubber stamp

This Tender Form has to be read along with the Letter of Offer and is subject to the terms and conditions mentioned in the Letter of Offer and this Tender / Offer Form

- 1 This Offer will open on Tuesday, January 22, 2019 and close on Monday, February 04, 2019.
- 2 For the procedure to be followed by Equity Shareholders for tendering in the Buyback Offer, please refer to section 20 of the Letter of Offer.
- 3 All documents sent by Equity Shareholders will be at their own risk. Equity Shareholders of the Company are advised to safeguard adequately their interests in this regard.

.....Tear along this line

All future correspondence in connection with this Buyback, if any, should be addressed to Registrar to the Buyback Offer at the following address quoting your client ID and DP ID:

Investor Service Centre, KG Denim Limited - Buyback Offer
Cameo Corporate Services Limited
 Subramanian Building, No.1, Club House Road, Chennai - 600002
 Contact Person: Ms. K. Sreepriya
Tel: + 91 44 40020700; Fax: + 91 44 2846 0129; E-mail: priya@cameoindia.com
Website: www.cameoindia.com; SEBI Registration Number: INR000003753
CIN: U67120TN1998PLC041613

For any queries, Please contact helpline Nos:- +91 88796 73001, +91 88796 73002
--

LETTER OF OFFER
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as a registered Equity Shareholder of KG Denim Limited ("KG Denim"/ the "Company") as on the Record Date in accordance with Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 (the "Buyback Regulations"). If you require any clarifications about the action to be taken, you should consult your stock broker or your investment consultant or the Manager to the Buyback i.e. Keynote Corporate Services Limited or the Registrar to the Buyback i.e. Cameo Corporate Services Limited. Please refer to the section on 'Definitions' for the definition of the capitalized terms used herein.



KG Denim Limited

Registered Address: Then Thirumalai, Jadayampalayam, Coimbatore Tamil Nadu - 641 302

Tele. No. (04254) 235401 / 235240, **Fax :** 0091 4254 304400

Email: cskcdl@kgdenim.in

Website: www.kgdenim.com

Corporate Identification Number (CIN): L17115TZ1992PLC003798

Contact Person: Mr. M. Balaji, Company Secretary & Compliance Officer

OFFER FOR BUYBACK OF UPTO 21,96,500 (TWENTY ONE LAKHS NINETY SIX THOUSAND FIVE HUNDRED ONLY) FULLY PAID UP EQUITY SHARES OF THE COMPANY OF FACE VALUE OF ₹10 (RUPEES TEN ONLY) EACH AT A PRICE OF ₹40/- (RUPEES FORTY ONLY) PER FULLY PAID UP EQUITY SHARE ON A PROPORTIONATE BASIS THROUGH THE TENDER OFFER ROUTE.

- 1 The Buyback is in accordance with the provisions contained in Article 44 of the Articles of Association of the Company, Sections 68, 69, 70 and all other applicable provisions if any, of the Companies Act, 2013, the Companies (Share Capital and Debentures) Rules, 2014 (to the extent applicable), the Companies (Management and Administration) Rules, 2014, SEBI Listing Regulations and other applicable provisions contained in the Buyback Regulations, as amended (including any statutory modifications or re-enactments that may be introduced from time to time), and subject to such other applicable approvals, permissions, sanctions and exemptions, as may be necessary, from time to time from statutory and/or regulatory authorities including but not limited to SEBI, the Stock Exchanges and the ROC.
- 2 The Buyback Offer Size which is not exceeding ₹ 8,78,60,000/- (Rupees Eight Crore Seventy Eight Lakhs Sixty Thousand Only) being 8.14% & 9.42% of the fully paid up equity share capital & free reserves as per last audited standalone and consolidated financial statements of the Company respectively for the financial year ended March 31, 2018 and is within the limit of 10% (for a Buyback under the board approval route as provided for under the first proviso to Section 68(2)(b) of the Companies Act, 2013) of the aggregate of the fully paid-up equity share capital and free reserves as per the last audited standalone and consolidated financial statements of the Company for the financial year ended March 31, 2018.
- 3 The Letter of Offer is being sent to the Equity Shareholder(s)/ Beneficial Owner(s) of Equity Shares as on the Record Date i.e; **November 30, 2018**
- 4 The procedure for tendering and settlement is set out in clause 20 on page 30 of this Letter of Offer.
- 5 The Form of Acceptance-cum-Acknowledgement (the "Tender Form") is enclosed together with this Letter of Offer.
- 6 For mode of payment of consideration to the Equity Shareholders, please refer to clause 20 (20.26) on page 40 of this Letter of Offer.
- 7 A copy of the Public Announcement and the Letter of Offer (including the Tender Form) will be available on the website of Securities and Exchange Board of India at www.sebi.gov.in and of the company at www.kgdenim.com.
- 8 Equity Shareholders are advised to refer to details of the Statutory Approvals and Note on Taxation in clause 17 on page 24 and clause 21 on page 41, respectively, of this Letter of Offer, before tendering their Equity Shares in the Buyback.

BUY BACK OFFER OPENS ON: TUESDAY, JANUARY 22, 2019
BUY BACK OFFER CLOSES ON: MONDAY, FEBRUARY 04, 2019
LAST DATE/ TIME OF RECEIPT OF COMPLETED TENDER FORMS AND OTHER SPECIFIED DOCUMENTS
INCLUDING PHYSICAL SHARE CERTIFICATES BY THE REGISTRAR TO THE BUY BACK OFFER:
WEDNESDAY, FEBRUARY 06, 2019

MANAGER TO THE BUYBACK

REGISTRAR TO THE BUYBACK

KEYNOTE

KEYNOTE CORPORATE SERVICES LIMITED

The Ruby, 9th Floor, Senapati Bapat Marg,
Dadar (West), Mumbai - 400028;

Tel: +91-22- 30266000-3; **Fax:** +91-22- 3026 6088;

E-mail: mbd@keynoteindia.net;

Website: www.keynoteindia.net;

Contact Person: Ms. Pooja Sanghvi / Mr. Shashank Pisai

SEBI Registration No.: INM 000003606



CAMEO

CAMEO CORPORATE SERVICES LIMITED

Subramanian Building, No. 1, Club House Road,
Chennai - 600 002

Tel: +91-44-2846 0390 ; **Fax:** +91 44 - 2846 0129

E-mail: priya@cameoindia.com

Website: www.cameoindia.com

Contact Person: Ms. Sreepriya .K

SEBI Registration No.: INR000003753

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1. SCHEDULE OF ACTIVITIES

Activity	Day and Date
Date of the Board meeting to approve the proposal for Buyback of Equity Shares	Wednesday, November 14, 2018
Date of publication of Public Announcement for the Buyback	Friday, November 16, 2018
Record Date for determining the Buyback Entitlement and the names of Eligible Sellers	Friday, November 30, 2018
Buyback opens on / date of opening of Buyback	Tuesday, January 22, 2019
Buyback closes on / date of closing of Buyback	Monday, February 04, 2019
Last date of receipt of completed Tender Forms and other specified documents including physical share certificates by the Registrar and Transfer Agent	Wednesday, February 06, 2019
Last date of verification by Registrar	Friday, February 08, 2019
Last date of providing Acceptance to the Stock Exchange by the Registrar	Tuesday, February 12, 2019
Last date of settlement of bids on the Stock Exchange	Wednesday, February 13, 2019
Last date of dispatch of share certificate(s) by RTA / return of unaccepted demat shares by Stock Exchange to Selling Member	Wednesday, February 13, 2019
Last date of extinguishment of Equity Shares	Wednesday, February 20, 2019

2. DEFINITION OF KEY TERMS

Acceptance	Acceptance of fully paid-up Equity Shares tendered by Eligible Sellers in the Buyback Offer.
Acquisition Window	The facility for acquisition of Equity Shares through mechanism provided by BSE in the form of a separate window in accordance with the SEBI Circular.
Additional Equity Shares	Additional Equity Shares tendered by an Eligible Seller over and above the Buyback Entitlement of such Equity Shareholder upto the Eligible Equity Shares.
Articles/ AOA	Articles of Association of the Company.
Board/ Board of Directors	Board of Directors of the Company.
Board Meetings	(i) Meeting of the Board of Directors held on Wednesday, November 14, 2018, approving the proposal for the Buyback Offer and (ii) Meeting of Board of Directors held on Thursday, January 03, 2019, revising the buyback size (hereinafter collectively referred to as the "Board Meetings")
BSE	BSE Limited.
Buyback/ Offer	Offer by KG Denim Limited to buy back up to 21,96,500 (Twenty One Lakhs Ninety Six Thousand Five Hundred Only) fully paid-up Equity Shares of face value of ₹10/- (Rupee Ten only) each at a price of ₹40/- (Rupees Forty Only) per Equity Share from the fully paid-up equity shareholders/ beneficial owners of the Equity Shares of the Company as on the Record Date, through the Tender Offer route on a proportionate basis.

Buyback Committee	The Buyback committee of the Board, constituted and authorized for the purposes of the Buyback by way of a resolution of the Board dated Wednesday, November 14, 2018.
Buyback Entitlement	The number of Equity Shares that an Equity Shareholder is entitled to tender in the Buyback, based on the number of Equity Shares held by that Equity Shareholder, on the Record Date and the ratio of Buyback applicable in the category, to which such Equity Shareholder belongs.
Buyback Price	Price at which Equity Shares will be bought back from the Equity Shareholders i.e. ₹ 40/- (Rupees Forty Only) per fully paid up Equity Share, payable in cash.
Buyback Regulations	Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 including any statutory modifications or re-enactments thereof.
Buyback Size	Number of Equity Shares proposed to be bought back (i.e. 21,96,500 Equity Shares) multiplied by the Buyback Price (i.e. ₹ 40/- per Equity Share) for an amount not exceeding ₹8,78,60,000/- (Rupees Eight Crore Seventy Eight Lakhs Sixty Thousand Only), on a proportionate basis, from the Eligible Shareholders by way of a Tender Offer through the stock exchange mechanism in terms of the Buyback Regulations read with SEBI Circular.
CDSL	Central Depository Services (India) Limited.
Company	KG Denim Limited
Companies Act	The Companies Act, 2013, with Rules notified therein as amended.
Company's Broker	Keynote Capitals Limited
Depositories	Collectively, National Securities Depository Limited and Central Depository Services (India) Limited.
DP	Depository Participant
Letter of Offer/ Offer Document	This Letter of Offer dated Friday, January 11, 2019 filed with SEBI.
LTCG	Long-term Capital Gains
Eligible Seller(s)	Person(s) eligible to participate in the Buyback/ Offer and would mean all Equity Shareholders as on the Record Date being November 30, 2018
Equity Shares	Fully paid-up equity shares of face value of ₹ 10/- each of KG Denim Limited.
Equity Shareholder	Holders of fully paid-up Equity Shares and includes beneficial owners thereof.
Escrow Account	The Escrow Account titled "Escrow Account – KG Denim Limited – Buy Back Offer" opened with IndusInd Bank Limited
Escrow Agent	IndusInd Bank Limited
Escrow Agreement	The escrow agreement dated November 13, 2018 entered between the Company, IndusInd Bank Limited and Keynote Corporate Services Limited.
FCNR account	Foreign Currency Non-Resident account.
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended.

FII(s)	Foreign Institutional Investor(s)
FPI(s)	Foreign Portfolio Investor(s)
HUF	Hindu Undivided Family.
IT Act/ Income Tax Act	Indian Income Tax Act, 1961, as amended.
Manager to the Buyback	Keynote Corporate Services Limited
Non-Resident Shareholders	Includes Non-Resident Indians (NRI), Foreign Institutional Investors (FII) and Foreign Portfolio Investors (FPI) and erstwhile Overseas Corporate Bodies (OCB) and Foreign Nationals.
NSE	National Stock Exchange of India Limited
NSDL	National Securities Depository Limited.
OCB	Overseas Corporate Bodies
Promoter and Promoter Group	Promoter and promoter group as have been disclosed under the filings made by the Company under the listing agreement/ Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.
Public Announcement	Public announcement published on November 16, 2018 and Corrigendum to the Public Announcement published on January 11, 2019
RBI	Reserve Bank of India.
Record Date	The date for the purpose of determining the Buyback Entitlement and the names of the Eligible Sellers to whom the Letter of Offer and Tender Form will be sent, and who are eligible to participate in the proposed Buyback offer in accordance with the Buyback Regulations. The Record Date for the Offer is November 30, 2018 .
Registrar to the Buyback	Cameo Corporate Services Limited
Rules	Rules notified under Companies Act, 2013.
SEBI	The Securities and Exchange Board of India.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Seller Member/ Seller Broker	A Stock broker (who is a member of the BSE) of an Eligible Seller, through whom the Eligible Seller wants to participate in the Buyback.
Small Shareholder	Shareholder of a company, who holds shares or other specified securities whose market value, on the basis of closing price of shares or other specified securities, on the recognised stock exchange in which highest trading volume in respect of such securities, as on record date is not more than two lakh rupee
Stock Exchange	BSE being the stock exchange where the Equity Shares of the Company are listed.
Tender Form	Form of Acceptance-cum-Acknowledgement.
Tender Offer	Method of buy back as defined in Regulation 2(i)(q) of the Buyback Regulations.
TRS	Transaction Registration Slip.
Working Day	Working day shall have the meaning ascribed to it under the Buyback Regulations

3. DISCLAIMER CLAUSE

As required, a copy of Draft Letter of Offer has been submitted to SEBI.

It is to be distinctly understood that submission of the Draft Letter of Offer to SEBI should not, in any way be deemed or construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of the Company to meet the Buyback commitments or for the correctness of the statements made or opinions expressed in the Draft Letter of Offer. The Manager to the Buyback, Keynote Corporate Services Limited, has certified that the disclosures made in the Draft Letter of Offer are generally adequate and are in conformity with the provisions of the Companies Act and Buyback Regulations. This requirement is to facilitate investors to take an informed decision for tendering their Equity Shares in the Buyback.

It should also be clearly understood that while the Company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the Draft Letter of Offer, the Manager to the Buyback is expected to exercise due diligence to ensure that the Company discharges its duty adequately in this behalf and towards this purpose, the Manager to the Buyback, Keynote Corporate Services Limited, has furnished to SEBI a Due Diligence Certificate dated November 27, 2018 in accordance with Buyback Regulations, which reads as follows:

"We have examined various documents and materials relevant to the Buyback as part of the due diligence carried out by us in connection with the finalization of the public announcement dated November 15, 2018 (the "Public Announcement") and the Draft Letter of Offer dated November 27, 2018 ("DLoF"). On the basis of such examination and the discussions with the Company, we hereby state that:

- i. The Public Announcement and the DLoF are in conformity with the documents, materials and papers relevant to the Buyback;
- ii. All the legal requirements connected with the said offer including the SEBI (Buy Back of Securities) Regulations, 2018 have been duly complied with;
- iii. The disclosures in the Public Announcement and the DLoF are, to the best of our knowledge, true, fair and adequate in all material respects for the shareholders of the Company to make a well informed decision in respect of the captioned Buyback;
- iv. Funds used for Buyback shall be as per the provisions of the Companies Act, 2013, as amended

The filing of offer document with SEBI, does not, however, absolve the Company from any liabilities under the provisions of the Companies Act, or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed Buyback.

The Promoter and Promoter Group/ Directors of the Company declare and confirm that no information/ material likely to have a bearing on the decision of Eligible Sellers has been suppressed/ withheld and/ or incorporated in the manner that would amount to mis-statement/ misrepresentation and in the event of it transpiring at any point of time that any information/ material has been suppressed/ withheld and/ or amounts to a mis-statement/ misrepresentation, the Promoter and Promoter Group of the Company/ Directors and the Company shall be liable for penalty in terms of the provisions of the Companies Act and the Buyback Regulations.

The Promoter and Promoter Group / Directors of the Company also declare and confirm that funds borrowed from banks and financial institutions will not be used for the Buyback

4. TEXT OF THE RESOLUTION PASSED AT THE MEETINGS OF THE BOARD OF DIRECTORS

- (i) The Buyback through Tender Offer was considered and approved by the Board of Directors of the Company at their meeting held on Wednesday, November 14, 2018. The text of the Board resolution is as follows:

The following resolutions are proposed:

RESOLVED THAT in accordance with Article 44 of the Articles of Association of the Company and the provisions of Sections 68, 69, 70 and other applicable provisions, if any, of the Companies Act, 2013 as amended (the "**Companies Act**"), the Companies (Share Capital and Debentures) Rules, 2014, the Companies (Management and Administration) Rules, 2014, including any amendments, statutory modifications or re-enactments thereof, for the time being in force and in compliance with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 (the "**Buyback Regulations**"), and subject to such other approvals, permissions and sanctions as may be necessary and subject to any modifications and conditions, if any, as may be prescribed by the appropriate authorities which may be agreed by the Board of Directors of the Company (hereinafter referred to as the "**Board**", which expression includes any Committee constituted by the Board to exercise its powers, including the powers conferred by this resolution), the Board hereby approves the buy back by the Company of its fully paid-up equity shares of ₹10/- each not exceeding 25 lakh equity shares (representing 9.75% of the total number of equity shares in the paid-up share capital of the Company) at a price of ₹40 per equity share (the "**Buy Back Offer Price**") payable in cash for an aggregate consideration not exceeding ₹10 Crore /- (the "**Buyback Offer Size**") being 9.26% of the aggregate of the fully paid-up equity share capital and free reserves as per the audited standalone financial statements of the Company for the financial year ended March 31, 2018 and is within the statutory limits of 10% (Ten Percent) of the aggregate of the fully paid-up equity share capital and free reserves under the Board of Directors approval route as per the provisions of the Companies Act from the equity shareholders of the Company, as on the record date, on a proportionate basis, through the **Tender Offer** route as prescribed under the Buyback Regulations (hereinafter referred to as the "**Buyback**").

RESOLVED FURTHER THAT the Company shall implement the Buyback out of its free reserves through the Tender Offer route in such manner as may be prescribed under the Act and the Buyback Regulations and on such terms and conditions as the Board may deem fit.

RESOLVED FURTHER THAT as required by Regulation 6 of the Buyback Regulations, the Company shall buyback Equity Shares from the equity shareholders on a proportionate basis provided that 15% of the number of Equity Shares which the Company proposes to buyback or the number of Equity Shares entitled as per the shareholding of small shareholders, as defined in the Buyback Regulations ("**Small Shareholders**"), as of the Record Date, whichever is higher, shall be reserved for Small Shareholders.

RESOLVED FURTHER THAT the Company shall implement the Buyback using the "Mechanism for acquisition of shares through Stock Exchange pursuant to tender offer under Buyback" notified by Securities and Exchange Board of India ("**SEBI**") vide circular CIR/CFD/

POLICYCELL/1/2015 dated April 13, 2015 as amended via SEBI circular CFD/DCR2/CIR/P/2016/131 dated December 9, 2016, including any amendments thereof.

RESOLVED FURTHER THAT the Buyback from the equity shareholders who are residents outside India including foreign corporate bodies, foreign institutional investors / foreign portfolio investors, non-resident Indians, shareholders of foreign nationality, if any, shall be subject to Foreign Exchange Management Act, 1999 and rules and regulations framed there under, if any, Income Tax Act, 1961 and rules and regulations framed there under and also subject to such approvals, if and to the extent necessary or required from concerned authorities including, but not limited to, approvals from the Reserve Bank of India ("RBI") under Foreign Exchange Management Act, 1999 and rules and regulations framed there under, if any.

RESOLVED FURTHER THAT nothing contained herein above shall confer any right on the part of any Member to offer, or any obligation on the part of the Company or the Board to buyback any shares and/or impair any power of the Company or the Board to terminate any process in relation to such Buyback, if so permissible by law.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, expedient or proper, for the implementation of the Buyback, including but not limited to appointment of merchant bankers, brokers, lawyers, depository participants, escrow agents, bankers, advisors, registrars, scrutinizers, consultants, representatives, intermediaries, agencies, printers, advertisement agency, compliance officer as may be required, for the implementation of the Buyback; carrying out incidental documentation as also to make applications to the appropriate authorities for requisite approvals and to initiate all necessary actions for preparation and issue of various documents, opening of accounts including public announcement, letter of offer, extinguishment of share certificates and 'Certificate of Extinguishment required to be filed in connection with the Buyback on behalf of the Board and such other undertakings, agreements, papers, documents and correspondence as may be necessary for the implementation of the Buyback to the SEBI, RBI, BSE Limited ("BSE"), Registrar of Companies, Depositories and / or other authorities.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to accept and make any alteration(s), modification(s) to the terms and conditions as it may deem necessary, concerning any aspect of the Buyback, in accordance with the statutory requirements as well as to give such directions as may be necessary or desirable, to settle any questions, difficulties or doubts that may arise and generally, to do all acts, deeds, matters and things as it may, in its absolute discretion deem necessary, expedient, usual or proper in relation to or in connection with or for matters consequential to the Buyback without seeking any consent or approval of the shareholders."

RESOLVED FURTHER THAT the draft of the Declaration of Solvency prepared in the prescribed form and supporting affidavit, placed before the meeting be and is hereby approved and Shri B Sriramulu, Managing Director, Shri A Velusamy, Director and Shri M Balaji, Company Secretary be and are hereby severally authorized to finalise and sign the same, for and on behalf of the Board, and Shri M Balaji, Company Secretary be and is hereby authorised to file the same with the ROC and the SEBI.

- (ii) The Buyback Size through Tender Offer was revised by the Board of Directors of the Company at their meeting held on Thursday, January 03, 2019, to be in compliance with provisions of section 68(2)(b) and 68(2)(d) of the Companies Act, 2013 based on standalone & consolidated financials of the company. The text of the Board resolution is as follows:

The following resolutions are proposed:

"RESOLVED THAT, in modification of the resolutions passed at the meeting held on 14th November, 2018, the Buy Back offer size be revised to ₹8,78,60,000 (Rupees Eight Crore Seventy Eight Lakhs Sixty Thousand Only) from the original Buy Back offer size of ₹10,00,00,000 (Rupees Ten Crore Only) Public Announcement of which was published on November 16, 2018."

"RESOLVED FURTHER THAT the Buy Back offer size be revised to be in compliance with provisions of Section 68(2)(b) read with proviso (i)(ii) and 68(2)(d) of the Companies Act, 2013 and Regulation 4(ii) of Securities & Exchange Board of India (Buy-back of Securities) Regulations, 2018 (**"Buyback Regulations"**) on a consolidated basis also. The revised Buy Back offer size is 8.14% & 9.42% of the fully paid up equity share capital & free reserves as per audited standalone and consolidated financial statements of the Company respectively for the financial year ended 31/03/2018."

"RESOLVED FURTHER MORE THAT the Buy Back price of ₹40/- (Rupees Forty Only) per fully paid up equity share remains the same. Thus, the revised Buy Back offer size is upto 21,96,500 fully paid up equity shares of face value of ₹10/- each at a price of ₹40/- per fully paid up equity share in cash aggregating to ₹8,78,60,000 on proportionate basis through a 'Tender Offer' route using the stock exchange mechanism. All the requirements of giving effect to this resolution and conducting the Buy Back are being accordingly complied with."

"RESOLVED FURTHER THAT Mr. M. Balaji, Company Secretary be authorised to communicate the revision to SEBI and other authorities as may be necessary and do such other acts as may be necessary to give effect to the revised offer."

5. DETAILS OF THE PUBLIC ANNOUNCEMENT

- 5.1. The Public Announcement dated Thursday, November 15, 2018, was published on Friday, November 16, 2018, in accordance with Regulation 7 of the Buyback Regulations, within two Working Days from the date of passing the board resolution approving the buyback on Wednesday, November 14, 2018.

A Corrigendum to the Public Announcement in regard to the revision in the Buyback size was published on Friday, January 11, 2019. The Public Announcement and Corrigendum to the Public Announcement, was published in the following newspapers

Publication	Language	Editions
The Financial Express	English	All
Jansatta	Hindi	All
Makka! Kural	Tamil	Coimbatore

- 5.2. The Public Announcement is available on the SEBI website at www.sebi.gov.in and on the website of the Company - www.kgdenim.com.

6. DETAILS OF THE BUY BACK

- 6.1. The Board of Directors of KG Denim Limited (the **"Company"**) at its meetings held on Wednesday, November 14, 2018 and Thursday, January 03, 2019 (**"Board Meetings"**) approved and passed the proposal of Buy Back up to 21,96,500 (Twenty One Lakhs Ninety

Six Thousand Five Hundred Only) fully-paid-up Equity Shares of face value ₹10/- each, at a price of ₹40/- (Rupees Forty Only) per share for an amount not exceeding ₹ 8,78,60,000/- (Rupees Eight Crore Seventy Eight Lakhs Sixty Thousand Only) from the equity shareholders of the Company as on the Record Date, on a proportionate basis through the "Tender Offer".

- 6.2. The Buyback is in accordance with Article 44 of the Articles of Association of the Company and the provisions of Sections 68, 69, 70 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), the Companies (Share Capital and Debentures) Rules, 2014, the Companies (Management and Administration) Rules, 2014, including any amendments, statutory modifications or re-enactments thereof, for the time being in force and in compliance with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 (the "Buyback Regulations").
- 6.3. The Buyback is subject to receipt of any approvals, permissions and sanctions of statutory, regulatory or governmental authorities as may be required under applicable laws including but not limited to Securities and Exchange Board of India ("SEBI") and BSE Limited (the "BSE"/ "Stock Exchange").
- 6.4. The Company will adopt the Tender Offer route for the purpose of Buyback. The Buyback will be implemented using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI vide the SEBI Circular and Notice Number 20170210-16 dated 10th February 2017 issued by BSE.
- 6.5. The Buyback offer size is not exceeding ₹8,78,60,000/- (Rupees Eight Crore Seventy Eight Lakhs Sixty Thousand Only). The fully paid up equity share capital and free reserves based on standalone and consolidated financials for the financial year ended March 31, 2018 is ₹ 10,798.01 lakhs and ₹ 9,331.21 lakhs respectively. Thus the buyback size represents 8.14% & 9.42% of the fully paid up equity share capital & free reserves as per audited standalone and consolidated financial statements of the Company respectively for the financial year ended March 31, 2018 (the last audited financial statements available as on the date of the Board Meeting approving the Buyback) and is within the statutory limits of 10% of the fully paid-up equity share capital and free reserves as per last audited standalone and consolidated financial statements of the Company under the Board of Directors approval route as provided for under the first proviso to Section 68(2)(b) of the Companies Act, 2013. Further the Company proposes to Buyback up to 21,96,500 (Twenty One Lakhs Ninety Six Thousand Five Hundred Only) Equity Shares representing 8.56% of the total number of fully paid up Equity Shares of the Company, which is within the 25% limit as per the provisions of the Companies Act, 2013. The offer size is in compliance with 68(2)(c) of the Companies Act, 2013 on a standalone and consolidated basis.
- 6.6. The maximum amount required by the Company for the said Buyback aggregating to ₹8,78,60,000/- (Rupees Eight Crore Seventy Eight Lakhs Sixty Thousand Only) is within permitted limits. The funds for the Buyback will be met out of internally generated cash resources of the Company. The Company confirms that as required under Section 68(2)(d) of the Companies Act and Regulation 4(ii) of Buyback Regulations, the ratio of the aggregate of secured and unsecured debts owed by the Company shall not be more than twice the fully paid-up share capital and free reserves on audited standalone and consolidated basis after the Buyback.

- 6.7. In terms of the Buyback Regulations, under the Tender Offer route, the Promoter and Promoter Group of the Company have the option to participate in the Buyback. In this regard, the Promoter and Promoter Group Members of the Company have vide their letters dated November 14, 2018 communicated their intention not to participate in the Buyback.
- 6.8. The aggregate shareholding of the Promoters and Promoter Group (and directors of the promoter where the promoter is a company) and persons who are in control of the Company, as on the date of the Public Announcement (i.e Friday, November 16, 2018), is as follows:
- 6.7.1. The aggregate shareholding of the Promoter and Promoter Group and persons who are in control of the Company:

Sr.no	Name of Shareholder	No. of Shares held	Percentage (%)
1	Sri Kannapiran Mills Limited	30,65,183	11.95
2	KG Baalakrishnan	25,78,560	10.05
3	B Srihari	22,31,859	8.70
4	B Sriramulu	22,08,659	8.61
5	B Sathyabama	18,86,500	7.35
6	Ganapathykumaran Investments Private Limited	10,14,255	3.95
7	Kumaranganapathy Investments Private Limited	8,82,707	3.44
8	KG Fabriks Limited	2,00,000	0.78
9	R Vasanthi	1,74,100	0.68
10	B Dhanalakshmi	1,73,400	0.68
11	Nirupa Sriramulu	1,69,185	0.66
12	T Anandhi	1,50,000	0.58
13	G Bakthavathsalam	1,04,609	0.41
14	Deepika Karthikeyan	72,600	0.28
15	Pranav Sriraman	67,736	0.26
16	Adhya Srihari	52,050	0.20
Total		1,50,31,403	58.59

- 6.7.2. The aggregate shareholding of the directors of companies, which are part of the Promoter and Promoter Group:

Sr. no	Name of the promoter Company	Name of Director	No. of Shares held in KG Denim Ltd	Percentage (%)
1	Sri Kannapiran Mills Limited	1) KG Baalakrishnan	25,78,560	10.05
		2) B Srihari	22,31,859	8.70
		3) B Sriramulu	22,08,659	8.61
		4) G Bakthavathsalam	1,04,609	0.41
		5) K N V Ramani	10,000	0.04
		6) A Velusamy	500	Negligible
		7) V Arunachalam	Nil	Nil
		8) K B Nagendra Murthy	Nil	Nil
2	Ganapathykumaran Investments Private Limited	1) B Srihari	22,31,859	8.70
		2) B Sriramulu	22,08,659	8.61
		3) B Sathyabama	18,86,500	7.35

3	Kumaranganapathy Investments Private Limited	1) B Srihari	22,31,859	8.70
		2) B Sriramulu	22,08,659	8.61
		3) B Sathyabama	18,86,500	7.35
4	KG Fabriks Limited	1) KG Baalakrishnan	25,78,560	10.05
		2) A Velusamy	500	Negligible
		3) R Rajesh	Nil	Nil
		4) R Selvakumar	Nil	Nil
		5) V Arunachalam	Nil	Nil
		6) A P Seturaaman	Nil	Nil

- 6.8 Assuming that all the public Shareholders participate upto their entitlement (full Acceptance), then the aggregate shareholding of the Promoters and Promoter Group, post Buyback will increase from 58.59% to 64.08% and the aggregate shareholding of the public in the Company shall decrease from 41.41% to 35.92% of the post Buyback equity share capital of the Company.
- 6.9 The Promoters/ Promoter Group of the Company will comply with the applicable provisions of the SEBI Takeovers Regulations and subsequent amendments thereto, as per the specified timelines therein.
- 6.10 Post completion of the Buyback, the Promoters and Promoter Group undertake to carry out/execute all steps necessary to comply with the minimum public shareholding requirement in accordance with Regulation 38 of the SEBI Listing Regulations read with Rule 19A of the Securities Contracts (Regulation) Rules, 1957, as amended, if so required.

7. AUTHORITY FOR THE BUY BACK

- 7.1. The Buyback is in accordance with Article 44 of the Articles of Association of the Company and the provisions of Sections 68, 69, 70 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), the Companies (Share Capital and Debentures) Rules, 2014, the Companies (Management and Administration) Rules, 2014, including any amendments, statutory modifications or re-enactments thereof, for the time being in force and in compliance with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 (the "Buyback Regulations").
- 7.2. The Board of Directors of KG Denim Limited (the "Company") at its meetings held on Wednesday, November 14, 2018 ("Board Meeting") 2018 and Thursday, January 03, 2019 ("Board Meetings") approved and passed the proposal of Buy Back up to 21,96,500 (Twenty One Lakhs Ninety Six Thousand Five Hundred Only) fully-paid-up Equity Shares of face value ₹10/- each, at a price of ₹40/- (Rupees Forty Only) per share for an amount not exceeding ₹ 8,78,60,000/- (Rupees Eight Crore Seventy Eight Lakhs Sixty Thousand Only) from the equity shareholders of the Company as on the Record Date, on a proportionate basis through the "Tender Offer".
- 7.3. The Buyback is subject to receipt of any approvals, permissions and sanctions of statutory, regulatory or governmental authorities as may be required under applicable laws including but not limited to Securities and Exchange Board of India ("SEBI") and BSE Limited (the "BSE"/ "Stock Exchange").

8. NECESSITY OF THE BUY BACK

- 8.1. The buyback is being undertaken by the Company after taking into account the strategic and operational capital needs in short, medium and long term and for returning surplus funds which are over and above its ordinary capital requirement and in excess of any current investment plan to the shareholders in an effective and efficient manner.
- 8.2. The buy-back is a more efficient form of distributing surplus cash to the equity shareholders compared to other alternatives including interim dividend, inter-alia, for the following reasons:
- a) The buy-back gives an option to the equity shareholders to either participate in the buy-back and receive cash in lieu of Equity Shares accepted under the buy-back or not participate in the buy-back and enjoy a resultant increase in their percentage shareholding in the Company post the buy-back;
 - b) The buy-back helps to return surplus cash to its shareholders, in proportion to their shareholding, thereby, enhancing the overall returns to shareholders;
 - c) The buy-back would help in improving certain key financial ratios of the Company;
 - d) It helps to optimize the capital structure
 - e) To mitigate the effects of short term market volatility
 - f) Provides an opportunity for shareholders holding equity shares in physical form to tender the equity shares through stock exchange mechanism.

The Buyback involves allocation of higher of number of equity shares as per their entitlement or 15% of the number of equity shares which the Company proposes to Buyback reserved for small shareholders. The Company believes that this reservation for small shareholders would benefit a large number of public Shareholders, who would get classified as "Small Shareholders"

9. MANAGEMENT DISCUSSION AND ANALYSIS OF THE LIKELY IMPACT ON THE BUYBACK OF THE COMPANY

- 9.1. The management believes that the Buyback is not likely to cause any material impact on the profitability or earnings of the Company, except to the extent of reduction in the amount available for investment, which the Company could have otherwise deployed towards generating investment income. Assuming that there would be full response to the Buyback offer, the funds deployed by the Company towards the Buyback would not exceed ₹8,78,60,000/- (Rupees Eight Crore Seventy Eight lakhs Sixty Thousand Only) excluding transaction costs viz. brokerage, applicable taxes such as Securities Transaction Tax, Stamp Duty, etc.
- 9.2. The Buyback is not expected to impact growth opportunities for the Company.
- 9.3. The Buyback will not result in change in control or otherwise affect the existing management structure of the Company.
- 9.4. Consequent to Buyback and based on number of shares bought back within each category of shareholders, the shareholding pattern of the company would undergo a change. Please refer to paragraph 13.6 for further details.
- 9.5. Pursuant to the proposed Buyback and depending on the response to the Buyback, the voting rights of the Promoters and Promoter Group in the Company may increase from the existing holding of 58.59% of the total equity capital and voting rights of the Company. The Promoters and Promoter Group of the Company are already in control over the Company and therefore

such further increase in voting rights of the Promoters and Promoter Group will not result in any change in control over the Company. However, the Promoters/ Promoter Group of the Company will comply with the applicable provisions of the SEBI Takeovers Regulations and subsequent amendments thereto, as per the specified timelines therein.

- 9.6. The debt-equity ratio of the Company post Buyback will be compliant with the permissible limit of 2:1 prescribed under Section 68(2)(d) of Companies Act, 2013 and Regulation 4(ii) of the Buyback Regulations, even if the response to the Buyback is to the extent of 100% (full acceptance) from all the eligible Shareholders upto maximum of their Buyback Entitlement.
- 9.7. The Company shall not issue any equity shares or other securities including by way of bonus till the date of closure of Buyback.
- 9.8. Pursuant to the said buyback, the Company will not delist its equity shares from the Stock Exchange so as to be in compliance with Regulation 4(v) of the Buyback Regulations.
- 9.9. The Company shall not raise further capital for a period of one year from the closure of Buyback except in discharge of its subsisting obligations.
- 9.10. The Promoters and Promoter Group shall not deal in the equity shares of the Company including any inter se transfer of shares amongst the Promoters and Promoter Group for the period between the date of passing of Board resolution i.e Wednesday, November 14, 2018 and the date of closure of Buyback in accordance with the Buyback Regulations.
- 9.11. The Company has not undertaken any buyback of its equity shares since incorporation. Further the Company will not make any buy-back offer within a period of one year reckoned from the date of expiry of the proposed buyback period so as to be in compliance with Proviso to Section 68(2)(g) of the Companies Act, 2013 as well as Regulation 4(vii) of the SEBI (Buyback of Securities) Regulations, 2018.
- 9.12. Salient financial parameters pursuant to the Buyback based on the audited standalone & consolidated financial statements as of March 31, 2018 of the company are as under:

Standalone

(₹ in Lakhs)

Parameters (based upon audited results for the year ended 31/03/2018)	Pre Buyback	Post Buyback (assuming full acceptance)
Net Worth (₹ in Lakhs) ⁽¹⁾	10,798.01	9,919.41
Return on the Net Worth (%) ⁽²⁾	5.85	6.36
Earnings Per Share (in ₹) ^{(3) & (5)}	2.46	2.69
Book Value Per Share (in ₹) ^{(4) & (5)}	42.09	42.29
Price / Earnings ^{(6) & (7)}	17.24	15.76
Total Debt /Equity Ratio(total debt/net worth) ⁽⁸⁾	1.44	1.57

Consolidated

(₹ in Lakhs)

Parameters (based upon audited results for the year ended 31/03/2018)	Pre Buyback	Post Buyback (assuming full acceptance)
Net Worth (₹ in Lakhs) ⁽¹⁾	9,331.21	8,452.61
Return on the Net Worth (%) ⁽²⁾	1.32	1.46
Earnings Per Share (in ₹) ^{(3) & (5)}	0.48	0.53
Book Value Per Share (in ₹) ^{(4) & (5)}	36.37	36.03
Price / Earnings ^{(6) & (7)}	88.33	80.75
Total Debt /Equity Ratio(total debt/net worth) ⁽⁸⁾	1.81	1.99

Note –

- (1) Net Worth = Equity Capital + Reserves & Surplus – Preliminary Expenditure. The post Buy-back numbers are calculated by reducing the net worth by the amount of the Buy-back Size (assuming full acceptance) without factoring in any corresponding impact on the profit after tax post Buy-back
- (2) Return on Net Worth = Profit After Tax + Other Comprehensive Income / Net Worth (Equity Capital + Reserves & Surplus – Preliminary Expenditure)
- (3) Earnings Per Share = Profit After Tax + Other Comprehensive Income / Average number of shares outstanding for the period
- (4) Book Value Per Share = Net Worth (Equity Capital + Reserves & Surplus – Preliminary Expenditure) / Number of shares at the end of the period
- (5) Earnings Per Share/ Book Value, post buyback is computed after reducing proposed buyback shares from average outstanding shares for the year
- (6) Price / Earnings = Market value per share / Earnings per share
- (7) Market value has been taken as ₹42.40 i.e; price on BSE Limited as on November 16, 2018 (date of publication of public announcement) for both pre and post buy back
- (8) Total Debt/Equity Ratio = Total Debt / Networth (Equity Capital + Reserves & Surplus – Preliminary Expenditure)

10. BASIS OF CALCULATING THE BUYBACK PRICE

- 10.1. The buyback price is ₹ 40/- (Rupees Forty Only) per equity share. The Buyback Price has been arrived at after considering various factors including, but not limited to the trends in the volume weighted average market price of the Equity Shares on BSE Limited ("BSE") where the Equity Shares is listed, the networth of the Company, price earnings ratio, impact on other financial parameters and the possible impact of Buyback on the earnings per Share.
- 10.2. The equity shares are being offered for buyback at a premium of 11.11% over the closing price of equity shares on BSE, on the date of Board meeting to consider the proposal for buyback.
- 10.3. The book value per Equity Share of the Company pre-Buyback was ₹42.09 and ₹36.37 as on March 31, 2018, on Standalone and Consolidated basis respectively which will increase/decrease to ₹42.29 & ₹36.03, post Buyback Offer assuming full acceptance of the Buy-back as stated in paragraph 9.12 above.

- 10.4. The earnings per Equity Share of the Company Pre-Buyback was ₹2.46 and ₹0.48 as on March 31, 2018 on Standalone and Consolidated basis respectively which will increase to ₹2.69 and ₹0.53 as on March 31, 2018 on Standalone and Consolidated basis respectively, Post-Buyback, assuming full acceptance of the Buyback as stated in paragraph 9.12 above.
- 10.5. The return on net-worth of the Company Pre-Buyback was 5.85% and 1.32% as on March 31, 2018 on Standalone and Consolidated basis respectively which will increase to 6.36% and 1.46% as on March 31, 2018 on Standalone and Consolidated basis respectively, Post-Buyback, assuming full acceptance of the Buyback as stated in paragraph 9.12 above.

11. SOURCES OF FUNDS FOR THE BUY BACK

- 11.1. Assuming full acceptance, the funds that would be utilized by the Company for the purpose of the Buyback would be ₹ 8,78,60,000/- (Rupees Eight Crore Seventy Eight lakhs Sixty Thousand Only) .
- 11.2. The funds for the implementation of the proposed Buyback will be sourced out of the free reserves of the Company and no funds will be borrowed from Banks and Financial Institutions for the Buyback. The Company shall transfer from its free reserves a sum equal to the nominal value of the equity shares bought back through the Buyback to the Capital Redemption Reserve Account and details of such transfer shall be disclosed in its subsequent audited financial statement. The Company confirms that as required under Section 68(2) (d) of the Companies Act, 2013 and Regulation 4(ii) of the Buyback Regulations, the ratio of the aggregate of secured and unsecured debts owed by the Company will not be more than twice the paid up equity share capital and free reserves after the Buyback.

12. DETAILS OF THE ESCROW ACCOUNT AND THE AMOUNT DEPOSITED THEREIN

- 12.1. In accordance with Regulation 9(xi) of the Buyback Regulations, the Company has appointed IndusInd Bank Limited as the Escrow Agent for the aforementioned Buyback and the Company, the Manager to the Offer and the Escrow Agent have entered into an Escrow Agreement dated November 13, 2018 pursuant to which an Escrow Account in the name and style "Escrow Account – KG Denim Limited – Buy Back Offer" has been opened with the Escrow Agent. The Company has deposited an amount of ₹ 2,50,00,00 Crore (Two Crores and Fifty Lakhs Only) in the Escrow Account. This amount of cash deposited is more than 25% of the total Buy Back size that is the minimum amount required to be deposited in terms of the Buyback Regulations. Keynote Corporate Services Limited, being the Manager to the said Buyback Offer has been empowered to operate the Escrow Account in accordance with the Buyback Regulations.
- 12.2. The Company has adequate and firm financial resources to fulfill the obligations under the Buyback and the same has been certified by Mohan & Venkataraman , Statutory Auditors & Chartered Accountants, having its head office at Shree Chinmayam,152, Ramalingam Colony, SAHS College Post, Coimbatore – 641 043 vide their certificate dated November 16, 2018.
- 12.3. Based on the above and surplus available with the Company as per audited financials as on March 31, 2018, the Manager to the Buyback confirms that it is satisfied that firm arrangements for fulfilling the obligations under the Buyback are in place and that the Company has the ability to implement the Buyback in accordance with the Buyback Regulations.

13. CAPITAL STRUCTURE AND SHAREHOLDING PATTERN

- 13.1. The present capital structure of the Company is as follows:

Sr. No.	Particulars	Pre Buyback (Amount in ₹ in lakhs)
1	Authorized Share Capital:	
	3,10,00,000 Equity Shares of ₹10 each	3,100.00
	10,00,000 10% Cumulative Redeemable Preference Shares of ₹100 each	1,000.00
2	Issued	
	2,56,91,305 Equity Shares of ₹10 each	2,569.13
3	Subscribed and Paid-up Capital:	
	2,56,53,905 Equity Shares of ₹10 each fully paid	2,565.39
4	Forfeited Shares (Amount originally paid up)	1.12

13.2. Assuming full acceptance in the Buyback, the capital structure of the Company post Buyback would be as follows:

Sr. No.	Particulars	Post Buyback (Amount in ₹)
1	Authorized Share Capital:	
	3,10,00,000 Equity Shares of ₹10 each	3,100.00
	10,00,000 10% Cumulative Redeemable	1,000.00
2	Issued	
	2,56,91,305 Equity Shares of ₹10 each	2,569.13
3	Subscribed and Paid-up Capital:	
	2,34,57,405 Equity Shares of ₹ 10 each	2,345.74
4	Forfeited Shares (Amount originally paid up)	1.12

13.3. There are no partly paid up equity shares in the Company.

13.4. There are no outstanding instruments convertible into equity shares.

13.5. There are no amounts under calls in arrears

13.6. The shareholding pattern of the Company pre & post Buyback is as follows:

Category of Shareholder	Pre Buyback		Post Buyback *	
	Number of equity shares	% to the existing Equity Share	Number of equity shares	% to post Buyback Equity
Promoter and Promoter Group	1,50,31,403	58.59	1,50,31,403	64.08
Foreign Investors (Including ADRs, Non-Resident Indians, FIs, FPIs, Foreign Nationals, and Overseas Corporate Bodies)	1,06,22,502	41.41	84,26,002	35.92
Financial Institutions/Banks, NBFCs & Mutual Funds				
Others (Public, Bodies Corporate, Clearing Members, Trusts and HUF)				
Total	2,56,53,905	100.00	2,34,57,405	100.00

* Assuming response to the Buyback is to the extent of 100% (full acceptance) from all the Equity Shareholders of the Equity Shares up to their Buyback Entitlement.

13.7. There is no pending scheme of amalgamation or compromise or arrangement pursuant to any provisions of the Companies Act.

13.8. Assuming response to the Buyback to the extent of 100% (full acceptance) from all the Equity Shareholders upto their Buyback Entitlement, the aggregate shareholding of the Promoter and Promoter Group post the Buyback may increase to 64.08% from 58.59% prior to the Buyback.

13.9. The Promoters/ Promoter Group of the Company will comply with the applicable provisions of the SEBI Takeovers Regulations and subsequent amendments thereto, as per the specified timelines therein.

13.10. No Equity Shares of the Company have been purchased/sold by any Promoter and Promoter Group, the Directors of the Promoter Group Companies and Directors of the Company from a period of six months preceding the date of the Board meeting i.e. Wednesday, November 14, 2018 at which the Board approved the proposal for Buyback till the date of the Public Announcement i.e. Friday, November 16, 2018.

14. BRIEF INFORMATION OF THE COMPANY

14.1 History of the Company

- KG Denim Limited ("KGDL" / the "Company") was incorporated on June 25, 1992 at Coimbatore under the Companies Act, 1956. The registered office of the Company is situated at Then Thirumalai, Jadayampalayam, Coimbatore Tamil Nadu - 641 302.
- The company is into the business of manufacturing of denim fabrics and Non denim fabrics like dyed fabric and home textile products like Bed Linen and Terry towels. The Company produces specialized denim fabrics of different varieties and colors using state of the art plant and machinery. The company has acquired three star export house status and its products are exported to countries such as US, UK, Australia and South Africa.

- The Equity Shares of the Company are listed on the BSE since 1993.
- The Company has its factory at Then Thirumalai, Coimbatore and stitching/finishing unit for bed linen at, Peelamedu, Coimbatore. It has 256 looms and 3 Sizing machines. It also has a captive Power Plant of 10 MW. The Denim Fabric production capacity is 30 Million meters per year and Dyed Fabrics production capacity is 18 Million per year and Garment production capacity is 12 lakh pieces per year.
- The Company has a full-fledged laboratory with a qualified, experienced and dedicated team of technical experts. It has obtained National Accreditation Board for Testing and Calibration Laboratories accreditation in the field of chemical and mechanical testing, complying with the latest version of Quality system as per ISO/IEC17025:2005 as well as ISO9001:2005, ISO14001:2005. The inspection of the final product is done in 4 point grading system that helps to segregate products based on quality.

14.2 The details of changes in the share capital of the Company since incorporation is as follows:

Date of Allotment/ Forfeiture	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Reasons for Allotment	Cumulative number of Equity Shares
June 06, 1992	90	10	10	Subscription to Memorandum & Articles of Association	90
June 06, 1993	2,01,35,660	10	10	Initial Public Offer	2,01,35,750
March 03, 2005	(37,400)	10	N.A	Forfeiture	2,00,98,350
August 30, 2007	55,55,555	10	18	Preferential Allotment	2,56,53,905
Total	2,56,53,905				2,56,53,905

N.A- Not Applicable

14.3 The Details of the Board of Directors of the Company as on date are as follows:

Name, DIN, Age, Occupation and Experience	Designation	Qualification	Date of Appointment/ re-appointment	Other Directorship (name of the company & designation)
KG Baal Krishnan DIN-00002174 Age-78 years Occupation- Business Exp- 55 years Area of Exp- Textiles	Executive Chairman	B.com, B.L.	03.11.2018	<ul style="list-style-type: none"> • Sri Kannapiran Mills Ltd – Chairman • Ramhari Orchids LLP – Designated Partner • Sri Balamurugan Textile Processing Ltd- Director • Trigger Apparels Ltd- Director • Anandhi Power Ltd- Director • KG Fabriks Ltd- Chairman • K G B Securities and Investment Private Ltd- Director
B Sriramulu DIN-00002560 Age- 51 years Occupation- Business Exp 30 years Area of Exp- Textiles	Managing Director	B. Tech, MS (Textiles)	03.11.2018	<ul style="list-style-type: none"> • Sri Kannapiran Mills Ltd – Managing Director • Enterprise Telesys Ltd- Director • Ganapathykumaran Invesments Private Ltd- Director • K G B Securities and Investment Private Ltd- Director • Kumaranganapathy Invesments Private Ltd- Director
B Srihari DIN-00002556 Age- 50 years Occupation- Business	Managing Director	B. Tech, MS (Chemical Technology)	03.11.2018	<ul style="list-style-type: none"> • Sri Kannapiran Mills Ltd – Managing Director • Cotton Sourcing Company Ltd- Director

Name, DIN, Age, Occupation and Experience	Designation	Qualification	Date of Appointment/ re-appointment	Other directorship (name of the company & designation)
Exp- 30 years Area of Exp- Textiles				<ul style="list-style-type: none"> • KG Textile Processors Private Ltd- Director • Anandhi Power Ltd- Director • Enterprise Telesys Ltd- Director • Ganapathykumaran Investments Private Ltd- Director • K G B Securities and Investment Private Ltd- Director • Kumaranganapathy Invesments Private Ltd- Director • Leap Green Energy Private Ltd- Director • Textile Sector Skill Council – Nominee Director • Southern India Chambers of Commerce Industry- Director
G V S Desikan DIN-00050597 Age- 86 years Occupation- Service Exp- 50 years Area of Exp- Textiles	Independent Director	B.Sc (Tech)	08.09.2014	<ul style="list-style-type: none"> • Salona Cotspin Ltd –Director • Terravault Networks Private Ltd- Director
K N V Ramani DIN-00007931 Age- 87 years Occupation-Advocate Exp- 50 years Area of Exp-Advocate	Independent Director	M.A, B.L	08.09.2014	<ul style="list-style-type: none"> • Sri Kannapiran Mills Ltd – Director • Bannari Amman Spinning Mills Ltd - Director • K.P.R Mills Ltd- Director • Shiva Mills Ltd- Director • LGB Forge Ltd – Director • Shiva Texyarn Ltd - Director
G P Muniappan DIN-01653599 Age- 77 years Occupation-Service Exp- 50 years Area of Exp- Banking	Independent Director	M.A (Economics)	08.09.2014	<ul style="list-style-type: none"> • K.P.R Mills Ltd- Director • K.P.R Sugar Mills Ltd- Director • Quantum Knits Private Ltd – Director • Jahnvi Motor Private Ltd - Director
T Anandhi DIN-00050780 Age- 53 years Occupation- Business Exp- 30 years Area of Exp- Textiles	Director	Pre- Degree	28.09.2015	<ul style="list-style-type: none"> • Elijay Textiles Private Ltd – Director • Anandhi Power Ltd- Director • Thaniksha Textiles Private Ltd- Director
A Velusamy DIN-00002204 Age- 62 years Occupation- Service Exp- 30 years Area of Exp- Textiles	Director	B.Sc, B.L	27.09.2018	<ul style="list-style-type: none"> • Sri Kannapiran Mills Ltd – Director • Trigger Apparels Ltd- Director • Anandhi Power Ltd- Director • KG Fabriks Ltd- Director • K G B Securities and Investment Private Ltd- Director
A P Seturaaman DIN-07331898 Age- 58 years Occupation- Business Exp- 30 years Area of Exp- Medical	Independent Director	B.com	05.11.2015	<ul style="list-style-type: none"> • KG Fabriks Ltd- Director
M B N Rao DIN-00287260	Independent Director	Graduate in Agriculture,	27.09.2018	<ul style="list-style-type: none"> • The Ramco Cements Ltd – Director

Name, DIN, Age, Occupation and Experience	Designation	Qualification	Date of Appointment/ re-appointment	Other Directorship (name of the company & designation)
Age- 70 years Occupation- Service Exp- 30 years Area of Exp- Banking		Associate of the Chartered Institute of Bankers, London, Fellow Member of the Indian Institute of Bankers and Member of the Singapore Institute of Management. Degree in Computer Studies from university of Cambridge and National Computing Centre, London and Certificate in Industrial Finance		<ul style="list-style-type: none"> • Taj GVK Hotels and Resorts Ltd- Director • MMTC – Pamp India Private Ltd – Director • Mumbai International Airport Ltd- Director • Navi Mumbai International Airport Private Ltd- Additional Director • Apollo Munich Health Insurance Company Ltd- Director • Franklin Templeton Asset Management (India) Private Ltd- Director • Crisil Risk and Infrastructure Solutions Ltd- Director • Nuziveedu Seeds Ltd – Director • Apollo Health and Lifestyle Ltd- Director • Green Woods Palaces and Resorts Private Ltd- Director • National Stock Exchange of India Ltd – Expert Member

14.4 The details of changes in the Board of Directors during the last 3 (Three) years are as under:-

Name	Nature of Change	Effective date	Reasons
M J Vijayaraaghavan	Cessation	10.06.2015	Demise
Surinder Chhibber	Cessation	31.07.2015	Resigned
A P Seturaaman	Appointment as an Additional Director (Independent)	05.11.2015	Appointment
V Jagadisan	Cessation	16.03.2018	Demise
M B N Rao	Appointment as an Independent Director	01.08.2018	Appointment

15. FINANCIAL INFORMATION ABOUT THE COMPANY

15.1. The salient financial information of the Company as extracted from the standalone and consolidated audited financial statements for the last three years being March 31, 2018, March 31, 2017 and March 31, 2016 and financial statement subjected to Limited Review of Statutory Auditor, for the half year ended September 30, 2018 (Standalone) are as under:

Standalone

(₹ in Lakh unless stated otherwise)

Particulars	September 30, 2018	Year Ended		
		March 31, 2018	March 31, 2017	March 31, 2016
Total Income	34,520.00	63,867.37	62,148.82	65,779.51

Particulars	September 30, 2018	Year Ended		
		March 31, 2018	March 31, 2017	March 31, 2016
Total Expenses (Excluding Interest and Depreciation & Amortization)	31,470.00	59,165.16	54,248.00	56,952.86
Interest	1,108.00	2,434.94	2,603.23	3,241.24
Depreciation & Amortization	848.00	1,391.54	1,377.75	2,047.63
Profit before tax	914.00*	875.73	3,919.84	3,537.78
Provision for tax (including Deferred Tax)	225.00	292.74	1,461.53	1,425.71
Profit/ (Loss) after tax**	688.32	631.31	2,418.77	2,112.07
Equity Share Capital	2,566.51	2,566.51	2,566.51	2,566.51
Other Equity***	8,687.86	8,231.50	7,831.77	5,666.83
Networth	11,254.37	10,798.01	10,398.28	8,233.34
Loan Funds				
- Long term Loans & Advances	6,510.77	5,438.90	3,514.47	5,379.40
- Short term Loans & Advances	9,514.00	10,152.87	8,288.56	9,161.57

**Includes Other Comprehensive Income

***Other Equity includes Security Premium Reserves, General Reserves and Surplus

Key Financial Ratios

Particulars	September 30, 2018	Year		
		March 31, 2018	March 31, 2017	March 31, 2016
Key Ratios				
Earnings per Share – Basic & diluted (₹) ⁽¹⁾	2.68	2.46	9.43	8.23
Book Value Per Share (₹) ⁽²⁾	43.87	42.09	40.53	32.09
Return on Net worth (%) ⁽³⁾	6.12	5.85	23.26	25.65
Debt-Equity Ratio ⁽⁴⁾	1.42	1.44	1.14	1.77

Note: Below are the formulae used for computation of the above ratios:

- (1) Earnings Per Share = Profit After Tax (including Other Comprehensive Income)/ Average Number of Shares outstanding for the period
- (2) Book Value Per Share = Net Worth/ Number of Shares at the end of the period
- (3) Return on Net Worth = Profit After Tax (including Other Comprehensive Income)/ Net Worth
- (4) Debt-Equity Ratio = Total Debt/ Net Worth

Consolidated

(₹ in Lakh unless stated otherwise)

Particulars	Year Ended		
	March 31, 2018	March 31, 2017	March 31, 2016
Total Income	71,984.68	69,853.18	72,178.61
Total Expenses (Excluding Interest and Depreciation)	67,783.58	61,786.14	63,333.59
Interest	2,582.00	2,750.61	3,355.46
Depreciation	1,445.22	1,451.60	2,071.54
Profit before tax	173.88	3,864.83	3,418.02
Provision for tax (including Deferred Tax)	82.70	1,528.65	1,375.58
Profit/ (Loss) after tax*	123.17	2,273.77	2,042.44
Equity Share Capital	2,566.51	2,566.51	2,566.51
Other Equity**	6,764.70	6,873.11	5,187.73
Networth	9,331.21	9,439.62	7,754.24
Loan Funds			
- Long term Loans & Advances	6,195.76	4,246.74	5,836.49
- Short term Loans & Advances	10,708.97	8,730.13	9,738.12

*Includes Other Comprehensive Income

**Other Equity includes Security Premium Reserves, General Reserves and Surplus

Key Financial Ratios

Particulars	Year Ended		
	March 31, 2018	March 31, 2017	March 31, 2016
Key Ratios			
Earnings per Share – Basic & diluted (₹) ⁽¹⁾	0.48	8.86	7.96
Book Value Per Share (₹) ⁽²⁾	36.37	36.80	30.23
Return on Net worth (%) ⁽³⁾	1.32	24.09	26.34
Debt-Equity Ratio ⁽⁴⁾	1.81	1.37	2.01

Note: Below are the formulae used for computation of the above ratios:

(1) Earnings Per Share = Profit After Tax/ Average Number of Shares outstanding for the period

(2) Book Value Per Share = Net Worth/ Number of Shares at the end of the period

(3) Return on Net Worth = Profit After Tax/ Net Worth

(4) Debt-Equity Ratio = Total Debt/ Net Worth

(5) The Consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under relevant Indian Accounting Standards (Ind AS).

16. STOCK MARKET DATA

16.1. The Equity Shares are currently listed and traded on BSE.

16.2. The high, low and average market prices in preceding three calendar years and the monthly high, low and average market prices during the six months preceding the date of publication of Public Announcement and the corresponding volumes on BSE are as follows:

Period	High Price (₹)	Date of High Price & Number of shares traded on that date	Low Price (₹)	Date of Low Price & Number of shares traded on that date	Average Price (₹)	Total Volume Traded in the period (No. of shares)
PRECEDING 3 YEARS						
FY 2017-18	107.70	07/04/2017 (165469)	44.15	28/03/2018 (9077)	70.71	7908717
FY 2016-17	111.25	01/11/2016 (314410)	74.25	26/04/2016 (21824)	86.90	9848210
FY 2015-16	74.95	23/03/2016 (129253)	19.45	12/05/2015 (27686)	43.20	13565787
PRECEDING 6 MONTHS						
Oct 2018	30.95	09-10-2018 (11418)	24.00	01-10-2018 (20009)	27.03	241363
Sept 2018	35.80	03-09-2018 (7556)	26.00	28-09-2018 (26704)	32.57	178954
Aug 2018	38.90	01-08-2018 (8236)	33.40	23-08-2018 (905)	35.32	138300
July 2018	40.80	13-07-2018 (3034)	30.35	04-07-2018 (5089)	34.50	176969
June 2018	44.00	01-06-2018 (17308)	31.10	28-06-2018 (6724)	36.50	221705
May 2018	54.00	02-05-2018 (21645)	37.35	31-05-2018 (4608)	45.85	154934

Source: www.bseindia.com

Note: High and Low price for the period are based on intraday prices and Average Price is based on average of closing price.

16.3. As on November 13, 2018 i.e. the trading day immediately before November 14, 2018, being the date of Board Meeting approving the Buyback the closing price was ₹35.65 per Equity Share on BSE.

16.4. As on November 15, 2018 i.e. the trading day immediately after November 14, 2018 being the date of Board Meeting approving the Buyback the closing price was ₹40.50 per Equity Share on BSE.

17. DETAILS OF THE STATUTORY APPROVALS

- 17.1. The Buyback Offer is subject to approval, if any required, under the provisions of the Companies Act, FEMA, the Buyback Regulations and/or such other applicable rules and regulations in force for the time being.
- 17.2. Buyback from Non-Resident Shareholders will be subject to approvals, if any, of the appropriate authorities as applicable. NRIs and erstwhile OCBs must obtain all approvals required to tender the Equity Shares held by them in this Buyback (including without limitation the approval from the RBI). It is the obligation of such non-resident shareholders, NRI, OCB shareholders, to obtain such approvals and submit the same along with the Tender Form, so as to enable them to tender Equity Shares in the Buyback and for the Company to purchase such Equity Shares, tendered. The Company will have the right to make payment to the Eligible Shareholders in respect of whom no prior RBI approval is required and not accept Equity Shares from the Eligible Shareholders in respect of whom prior RBI approval is required in the event copies of such approvals are not submitted.
- 17.3. There are no directions subsisting or proceedings pending against the company, Manager and Registrar to the Buyback Offer under SEBI Act, 1992 and Regulations.
- 17.4. By agreeing to participate in the Buyback the Non-Resident Shareholders and NRI shareholders give the Company the authority to make, sign, execute, deliver, acknowledge and perform all applications to file regulatory reporting's, if required, including FC-TRS form, if necessary and undertake to provide assistance to the Company for such regulatory reporting, if required by the Company.
- 17.5. As of date of this Letter of Offer, there is no other statutory or regulatory approval required to implement the Buyback Offer, other than that indicated above. If any statutory or regulatory approval becomes applicable subsequently, the Buyback Offer will be subject to such statutory or regulatory approval(s). In the event of any delay in receipt of any statutory / regulatory approvals, changes to the proposed timetable of the Buyback Offer, if any, shall be intimated to the Stock Exchanges

18. DETAILS OF THE REGISTRAR TO THE BUY BACK

- 18.1. Eligible Sellers Brokers are required to send the Tender Form and requisite documents by superscribing the envelope as "K G Denim - Buyback Offer", either by hand delivery, registered post or courier, to the Registrar to the Buyback Offer at their address given below, so that the documents are received within 2 (Two) days from the Buyback Closing Date i.e. Wednesday, February 06, 2019 (by 5 PM):

REGISTRAR TO THE BUY BACK:

CAMEO
Cameo Corporate Services Limited
Subramanian Building
No. 1 Club House Road, Chennai
Tamil Nadu – 600 002

Tel: +91-44 - 2846 0390 (5 Lines)
Investor grievance email: priya@cameoindia.com
Contact Person: Ms. Sreepriya .K
Website: www.cameoindia.com
SEBI Registration Number: INR000003753

THE TENDER FORM AND OTHER RELEVANT DOCUMENTS SHOULD NOT BE SENT TO THE COMPANY OR TO THE MANAGER TO THE BUYBACK OFFER.

EQUITY SHAREHOLDERS ARE ADVISED TO ENSURE THAT THE TENDER FORM, TRS AND OTHER RELEVANT DOCUMENTS ARE COMPLETE IN ALL RESPECTS; OTHERWISE SUCH DOCUMENTS ARE LIABLE TO BE REJECTED

19. PROCESS AND METHODOLOGY FOR THE BUYBACK

- 19.1. The Company proposes to Buyback up to 21,96,500 (Twenty One Lakhs Ninety Six Thousand Five Hundred Only) fully paid-up Equity Shares from the Eligible Shareholders as on the Record Date, on a proportionate basis, through the Tender Offer route at the Buyback Price, i.e. ₹ 40/- (Rupees Forty Only) per Equity Share, payable in cash for an amount not exceeding ₹ 8,78,60,000/- (Rupees Eight Crore Seventy Eight lakhs Sixty Thousand Only) which represents 8.14% & 9.42% of the fully paid up equity share capital and free reserves as per audited standalone and consolidated financial statements for the financial year ended March 31, 2018 (the last audited financial statement available as on the date of Board Meeting approving the Buyback) is therefore within the limit of 10% (for a Buyback under the board approval route as provided for under the first proviso to Section 68(2)(b) of the Companies Act, 2013) of the Company's total paid-up equity share capital and free reserves as per the last audited accounts for the financial year ended March 31, 2018. The maximum number of Equity Shares proposed to be bought back represents 8.56% of the total paid-up equity share capital of the Company. The Buyback is in accordance with Article 44 of the Articles of Association of the Company and the provisions of Sections 68, 69, 70 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), the Companies (Share Capital and Debentures) Rules, 2014, the Companies (Management and Administration) Rules, 2014, including any amendments, statutory modifications or re-enactments thereof, for the time being in force and in compliance with the Buyback Regulations.
- 19.2. The aggregate shareholding of the Promoter and Promoter Group as at the date of the Public Announcement is 1,50,31,403 Equity Shares which represents 58.59 % of the existing equity share capital of the Company. In terms of the Buyback Regulations, under the Tender Offer route, the Promoter and Promoter Group of the Company have the option to participate in the Buyback. In this regard, the Promoter and Promoter Group Members have vide their letters dated November 14, 2018 communicated their intention not to participate in the Buyback
- 19.3. Assuming Acceptance of all Equity Shares tendered in the Buyback from the Eligible Shareholders up to their respective Buyback Entitlement, the shareholding of the Promoter and Promoter Group after the completion of the Buyback may increase from 58.59% to 64.08% of the post-Buyback total paid-up equity share capital of the Company.
- 19.4. The Promoters/ Promoter Group of the Company will comply with the applicable provisions of the SEBI Takeovers Regulations and subsequent amendments thereto, as per the specified timelines therein.

19.5. Record Date

19.4.1. The Board in its Buyback Committee Meeting held on November 14, 2018 has announced November 30, 2018 as Record Date for the purpose of determining the Buyback Entitlement and the names of the Equity Shareholders who are eligible to participate in the Buyback.

19.4.2. The Equity Shares proposed to be bought back by the Company as a part of this Buyback are divided into two categories:

- a) Reserved category for Small Shareholders ("**Reserved Category**"); and
- b) General Category for all Eligible Sellers/ Shareholders Other than Small Shareholders ("**General Category**").

19.4.3. As defined in Regulation 2(i)(n) of the Buyback Regulations, a "Small Shareholder" is a Shareholder who holds Equity Shares whose market value, on the basis of the closing price on the recognized Stock Exchange (in this case BSE) registering the highest trading volume on November 30, 2018, i.e., the Record Date, is not more than ₹ 200,000 (Rupees Two Lakhs only). As on Record Date, the closing on BSE was ₹40/- (Rupees Forty Only). Accordingly, all shareholders holding not more than 5,000 Equity Shares as on the Record Date are classified as 'Small Shareholders' for the purpose of the Buyback Offer.

19.4.4. Based on the above definition, there are 14,493 Small Shareholders, with an aggregate shareholding of 47,83,921 Equity Shares, as on the Record Date, which constitutes 18.65% of the outstanding paid up equity share capital of the Company and 217.80% of the maximum number of Equity Shares which are proposed to be bought back as part of this Buyback Offer.

19.4.5. In accordance with Regulation 6 of the Buyback Regulations, the reservation for the Small Shareholders will be higher of:

- a) Fifteen percent of the number of Equity Shares which the Company proposes to buy back, i.e., 15% of 21,96,500 (Twenty One Lakhs Ninety Six Thousand Five Hundred Only) Equity Shares, which works out to 3,29,475 Equity Shares; or
- b) The number of Equity Shares to which the Small Shareholders are entitled, as per their shareholding as on Record Date, [i.e., $(47,83,921 / 1,06,22,502 * (21,96,500))$], which works out to 9,89,210 Equity Shares.

*Note:-

All the outstanding Equity Shares except Equity Shares held by Promoter and Promoter Group have been used for computing the Buyback Entitlement of Small Shareholders as the Promoter and Promoter Group have vide their letter dated November 14, 2018 confirmed their intention not to participate in the Buyback Offer.

Based on the above and in accordance with Regulation 6 of the Buy-back Regulations, 9,89,210 Equity Shares will be reserved for Small Shareholders. Accordingly, General Category shall consist of 12,07,290 Equity Shares.

Based on the above Buyback Entitlements, the ratio of Buyback for both categories is decided as below:

Category of Shareholders	Ratio of Buyback
Reserved category for Small Shareholders	421 Equity Shares out of every 2,036 fully paid- up Equity Shares held on the Record Date.
General category for all other Equity Shareholders	421 Equity Shares out of every 2,036 fully paid- up Equity Shares held on the Record Date.

Note: The above ratio of Buy-back is approximate and provides an indicative Buy-back Entitlement. Any computation of entitled Equity Shares using the above ratio may provide a slightly different number due to rounding off. The actual buyback entitlement for reserved category for small shareholders is 0.2067780802% and General category for all other eligible shareholders is 0.2067779825%

19.5 Fractional Entitlements:

- 19.5.1. If the Buyback Entitlement under Buyback, after applying the above mentioned ratios to the Equity Shares held on Record Date is not a round number (i.e. not in the multiple of 1 Equity Share), then the fractional entitlement shall be ignored for computation of buy-back entitlement to tender equity shares in the buy-back offer for both categories of Shareholders.
- 19.5.2. On account of ignoring the fractional entitlement, those Small Shareholders who hold 4 or less Equity Shares as on Record Date, will be dispatched a Tender Form with zero entitlement. Such Small Shareholders are entitled to tender additional Equity Shares as part of the Buyback Offer and will be given preference in the acceptance of one Equity Share, if such Small Shareholders have tendered for additional Equity Shares.

19.6 Basis of Acceptance of Equity Shares validly tendered in the Reserved Category for Small Shareholders:

- 19.6.1. Subject to the provisions contained in this Letter of Offer, the Company will accept the Equity Shares tendered in the Buyback by the Small Shareholders in the Reserved Category in the following order of priority:
- (a) Acceptance of 100% Equity Shares from Small Shareholders in the Reserved Category, who have validly tendered their Equity Shares to the extent of their Buyback Entitlement or the number of Equity Shares tendered by them, whichever is less.
- (b) Post the acceptance as described in paragraph (a) above, in case there are any Equity Shares left to be bought back in the Reserved Category, the small shareholders who were entitled to zero shares (on account of ignoring the fractional entitlement), and have tendered additional shares, shall be given preference and one equity share each from the additional shares tendered by these small shareholders shall be bought back in the reserved category.
- (c) Post the Acceptance as described in paragraph (a) and (b) above, in case there are any Equity Shares left to be bought back in the Reserved Category, the Additional Equity Shares tendered by the Small Shareholders over and above their Buyback Entitlement, shall be Accepted in proportion of the Additional Equity Shares tendered by them and the Acceptances per Small Shareholders shall be made in accordance with the Buyback Regulations, i.e. valid Acceptances per Small Shareholder shall be equal to the Additional Equity Shares validly tendered by the Small Shareholder divided by the total Additional

Equity Shares validly tendered and multiplied by the total pending number of Equity Shares to be Accepted in Reserved Category. For the purpose of this calculation, the Additional shares taken into account for such small shareholders, from whom one equity share has been accepted in accordance with paragraph 19.6.1(b), shall be reduced by one.

- (d) Adjustment for fractional result in case of proportionate Acceptance, as described in Clause 19.6.1. b above:
- i. For any Small Shareholder, if the number of Additional Equity Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional Acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
 - ii. For any shareholder, if the number of Additional Equity Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional Acceptance is less than 0.50, then the fraction shall be ignored.

19.7 Basis of Acceptance of Shares validly tendered in the General Category:

19.7.1 Subject to the provisions contained in this Letter of Offer, the Company will accept the Equity Shares tendered in the Buyback by all other Eligible Sellers in the General Category in the following order of priority:

- (a) Acceptance of 100% Equity Shares from other Eligible Sellers in the General Category who have validly tendered their Equity Shares, to the extent of their Buyback Entitlement, or the number of Equity Shares tendered by them, whichever is less.
- (b) Post the Acceptance as described in Clause 19.7.1.(a) above, in case there are any Equity Shares left to be bought back in the General Category, the Additional Equity Shares tendered by the other Eligible Sellers over and above their Buyback Entitlement shall be Accepted in proportion of the Additional Equity Shares tendered by them and the acceptances per shareholder shall be made in accordance with the Regulations, i.e. valid acceptances per shareholder shall be equal to the Additional Equity Shares validly tendered by the Eligible Sellers divided by the total Additional Equity Shares validly tendered in the General Category and multiplied by the total pending number of Equity Shares to be Accepted in General Category.
- (c) Adjustment for fractional results in case of proportionate acceptance as described in Clause 19.7.1 (a) and (b) above:
 - i) For any Eligible Seller, if the number of Additional Equity Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional Acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
 - ii) For any Eligible Seller if the number of Additional Equity Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional Acceptance is less than 0.50, then the fraction shall be ignored.

19.8 Basis of Acceptance of Equity Shares between Categories

19.8.1 In case there are any Equity Shares left to be bought back in one category ("Partially filled Category") after Acceptance in accordance with the above described methodology for both the categories, and there are additional unaccepted validly tendered Equity Shares in the

second category, then the Additional Equity Shares in the second category shall be accepted proportionately, i.e. valid Acceptances per Eligible Seller shall be equal to the additional outstanding Equity Shares validly tendered by a Eligible Seller in the second category divided by the total additional outstanding Equity Shares validly tendered in the second category and multiplied by the total pending number of Equity Shares to be bought back in the partially filled category.

19.8.2 If the Partially Filled category is the General Category and the Over Tendered Category is the reserved category, then any small shareholder who has received a Tender Form with zero Buyback entitlement and who has tendered Additional shares shall be eligible for priority acceptance of one Equity share before acceptance in paragraph 19.8.1 out of the shares left to be bought back in the partially filled category provided no acceptance could take place from such shareholder in accordance with paragraph 19.6.

19.8.3 Adjustment for fraction results in case of proportionate Acceptance, as defined in clause 19.8.1 above:

- i) For any shareholder, if the number of Additional Equity Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional Acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
- ii) For any shareholder, if the number of Additional Equity Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional Acceptance is less than 0.50, then the fraction shall be ignored.

In case of any practical issues, resulting out of rounding off of shares or otherwise, the Buyback committee or any person(s) authorized by the Buyback Committee will have the authority to decide such final allocation with respect to such rounding off or any excess of Equity shares or any shortage of Equity shares after allocation of Equity shares as set out in the process described in paragraph 19.

19.9 For avoidance of doubt, it is clarified that:

19.9.1 The Equity Shares accepted under the Buyback from each Eligible Seller, in accordance with clauses above, shall not exceed the number of Equity Shares tendered by the respective Eligible Seller;

19.9.2 The Equity Shares accepted under the Buyback from each Eligible Seller, in accordance with clauses above, shall not exceed the number of Equity Shares held by respective Eligible Seller as on the Record Date; and

19.9.3 The Equity Shares tendered by any Eligible Seller over and above the number of Equity Shares held by such Eligible Seller as on the Record Date shall not be considered for the purpose of Acceptance in accordance with the clauses above.

19.9.4 Post allocation, up to the entitlement of each Shareholder or the number of Shares tendered by each Shareholder, whichever is lower, all over-tendered Shares will be accepted by the Company on a proportionate basis. The ratio computed for over-tendered Equity Shares will be computed separately for the Reserved Category and the General Category.

19.10 Clubbing of Entitlement: In order to ensure that the same Shareholders with multiple demat accounts/ folios do not receive a higher entitlement under the Small Shareholder category, the

- 5 Company will club together the Equity Shares held by such Shareholders with a common PAN for determining the category (Small Shareholder or General Category) and entitlement under the Buyback. In case of joint shareholding, the Company will club together the Equity Shares held in cases where the sequence of the PANs of the joint Shareholders is identical. In case of physical Shareholders, where the sequence of PANs is identical and where the PANs of all joint Shareholders are not available, the Company will check the sequence of the names of the joint holders and club together the Equity Shares held in such cases where the sequence of the PANs and name of joint shareholders are identical. The shareholding of institutional investors like mutual funds, pension funds / trusts, insurance companies etc., with a common PAN will not be clubbed together for determining the category and will be considered separately, where these Equity Shares are held for different schemes and have a different demat account nomenclature based on information prepared by the Registrar as per the shareholder records received from the Depositories

20 PROCEDURE FOR TENDER OFFER AND SETTLEMENT

- 20.1.** The Buyback is open to all Eligible Sellers, who hold Equity Shares in both physical form and dematerialized form as on the record date.
- 20.2.** The Company proposes to effect the Buyback through a tender offer method, on a proportionate basis. The Letter of Offer and Tender Form, outlining the terms of the Buyback as well as the detailed disclosures as specified in the Buyback Regulations, will be mailed/ dispatched to Eligible Sellers of the Company whose names appear on the register of members of the Company, or who are beneficial owners of Equity Shares as per the records of Depositories, on the Record Date.
- 20.3.** The Eligible Shareholders who have registered their email IDs with the depositories / the Company may dispatch the Letter of Offer through electronic means. The Eligible Shareholders who have not registered their email ids with the depositories / the Company, shall be dispatched the Letter of Offer through physical mode by registered post / speed post / courier. In case of non-receipt of Letter of Offer and the Tender Form, please follow the procedure as mentioned in paragraph 20.25 below. The Company shall accept all the Equity Shares validly tendered in the Buyback by Eligible Shareholders, on the basis of their Buyback Entitlement as on the Record Date.
- 20.4.** The Company will not accept any Equity Shares offered for Buyback where there exists any restraint order of a Court for transfer / disposal/ sale or where loss of share certificates has been notified to the Company or where the title to the Equity Shares is under dispute or otherwise not clear or where any other restraint subsists
- 20.5.** The Company shall comply with Regulation 24(v) of the Buyback Regulations which states that the Company shall not buyback the locked-in Equity Shares and non-transferable Equity Shares till the pendency of the lock-in or till the Equity Shares become transferable. The Company shall accept all the Equity Shares validly tendered for the Buyback by Eligible Shareholders, on the basis of their Buyback Entitlement as on the Record Date.
- 20.6.** Eligible Shareholders will have to transfer the Equity Shares from the same demat account in which they were holding the Equity Shares as on the Record Date and in case of multiple demat accounts, Eligible Shareholders are required to tender the applications separately from each demat account. In case of any changes in the demat account in which the Equity Shares were held as on Record Date, such Eligible Shareholders should provide sufficient proof of the same to the Registrar to the Buyback and such tendered Equity Shares may be accepted subject to appropriate verification and

validation by the Registrar to the Buyback. The Board or Buyback Committee authorized by the Board will have the authority to decide such final allocation in case of non-receipt of sufficient proof by such Eligible Shareholder.

- 20.7. Shareholders' participation in Buyback will be voluntary. Shareholders can choose to participate, in part or in full, and get cash in lieu of the Equity Shares accepted under the Buyback or they may choose not to participate and enjoy a resultant increase in their percentage shareholding, post Buyback, as a result of the decrease in the paid-up Equity Share Capital, without additional investment. Shareholders may also accept a part of their Buyback Entitlement. Shareholders also have the option of tendering additional Shares (over and above their Buyback Entitlement) and participate in the shortfall created due to non-participation of some other Shareholders, if any. Acceptance of any Shares tendered in excess of the Buyback Entitlement by the Shareholder, shall be in terms of procedure outlined in section 19 (**Process and Methodology for the buyback**) of this Letter of Offer.
- 20.8. The tender in the Buyback Offer should be unconditional, on the enclosed Tender Form and sent along with other documents duly filled and signed by all the Equity Shareholder(s). The process of Acceptance shall be as disclosed in paragraphs 19.6, 19.7 and 19.8.
- 20.9. Shareholders, to whom the Offer is made, are free to tender Shares to the extent of their Buyback Entitlement, in whole or in part or in excess of their Buyback Entitlement subject to a maximum of their full holding, as on the Record Date. Acceptance of any Shares tendered in excess of the Buyback Entitlement of the Shareholder, shall be in terms of procedure outlined in paragraph 19.8
- 20.10. Equity Shareholders who have accepted the Buyback Offer by tendering their Equity Shares and requisite documents in terms of the Public Announcement, Corrigendum to the Public Announcement and this Letter of Offer are entitled to cancel/modify such tenders during the Tendering Period.
- 20.11. As elaborated under paragraph 19.4 above, the Equity Shares proposed to be bought as a part of the Buyback is divided into two categories: (a) Reserved Category for Small Shareholders and (b) the General Category for other Eligible Shareholders, and the Buyback Entitlement of a Eligible Person in each category shall be calculated accordingly.
- 20.12. After accepting the Equity Shares tendered on the basis of Buyback Entitlement, Equity Shares left to be bought as a part of the Buyback, if any, in one category shall first be accepted, in proportion to the Equity Shares tendered, over and above their Buyback Entitlement, by Eligible Shareholders in that category, and thereafter, from Eligible Shareholders who have tendered over and above their Buyback Entitlement, in other category.
- 20.13. The Buyback shall be implemented using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 and following the procedure prescribed in the Companies Act and the Buyback Regulations and as may be determined by the Board (including the Committee authorized to complete the formalities of the Buyback) and on such terms and conditions as may be permitted by law from time to time.
- 20.14. For implementation of the Buyback, the Company has appointed Keynote Capitals Limited as the registered broker to the Company (the "**Company's Broker**") through whom the purchases and settlements on account of the Buyback would be made by the Company. The contact details of the Company's Broker are as follows:

KEYNOTE

Keynote Capitals Limited

The Ruby, 9th Floor,
Senapati Bapat Marg,
Dadar (W), Mumbai – 400 028

Contact Person: Mr. Alpesh Mehta

Email ID: alpesh@keynoteindia.net

Tel No: +91-22-30266000

- 20.15.** The Company will request BSE Limited to provide a separate acquisition window (“Acquisition Window”) to facilitate placing of sell orders by Shareholders who wish to tender Equity Shares in the Buyback. All Eligible Shareholders may place orders in the Acquisition Window of BSE, through their respective stock brokers (“Seller Broker”). In case any Eligible Shareholder’s stock broker is not registered with BSE, for additional procedural requirements, in addition to requirements stated in paragraph 20.21 and 20.22, please refer to paragraph 20.24 below.
- 20.16.** During the Tendering Period, the order for selling the Shares will be placed in the Acquisition Window of BSE by Eligible Shareholders through their respective Seller Broker during normal trading hours of the secondary market.
- 20.17.** Seller Broker can enter orders for demat Shares as well as physical Shares.
- 20.18.** Modification / cancellation of orders and multiple bids from a single Shareholder will be allowed during the Tendering Period of the Buyback Offer. Multiple bids made by single Shareholder for selling the Shares shall be clubbed and considered as ‘one’ bid for the purposes of Acceptance
- 20.19.** The cumulative quantity tendered shall be made available on the website of the BSF at www.bseindia.com throughout the trading session and will be updated at specific intervals during the Tendering Period.
- 20.20.** All documents sent by the Eligible Sellers will be at their own risk. Eligible Sellers are advised to safeguard adequately their interests in this regard.
- 20.21. Procedure to be followed by Equity Shareholders holding Equity Shares in the dematerialized form**
- (a) Eligible Shareholders who desire to tender their Equity Shares in the electronic form under the Buyback would have to do so through their respective Seller Broker by indicating to the concerned Seller Broker, the details of Equity Shares they intend to tender under the Buyback.
- (b) The Seller Broker would be required to place a bid on behalf of the Shareholders who wish to tender Equity Shares in the Buyback using the Acquisition Window of BSE. Before placing the bid, the concerned Seller Broker would need to transfer the tendered Equity Shares to the special account of Clearing Corporation of India Limited (“Clearing Corporation”), by using the settlement number and the procedure prescribed by the Clearing Corporation. This shall be validated at the time of order/bid entry. The details of the settlement number for the Buyback shall be informed in the issue opening circular that will be issued by BSE/Clearing Corporation.

- (c) For custodian participant orders for demat Equity Shares, early pay-in is mandatory prior to confirmation of order/bid by custodians. The custodian shall either confirm or reject the orders not later than the closing of trading hours on the last day of the Tendering Period. Thereafter, all unconfirmed orders shall be deemed to be rejected. For all confirmed custodian participant orders, any order modification shall revoke the custodian confirmation and the revised order shall be sent to the custodian again for confirmation.
- (d) Upon placing the bid, the Seller Broker shall provide a TRS generated by the exchange bidding system to the Shareholder on whose behalf the bid has been placed. TRS will contain details of order submitted like Bid ID No., Application No., DP ID, Client ID, No. of Equity Shares tendered, etc.
- (e) Eligible Shareholders who have tendered their Equity Shares in the Buyback may deliver the Tender Form duly signed (by all Equity Shareholders in case shares are in joint names) in the same order in which they hold the shares, along with the TRS generated by the exchange bidding system either by registered post or courier or hand delivery to the Registrar to the Buyback Offer at the address mentioned on the cover page of this Letter of Offer) not later than 2 (Two) days from the Buyback Closing Date i.e. Wednesday, February 06, 2019 (by 5:00 PM). The envelope should be superscribed as "K G Denim Limited - Buyback Offer".
- (f) The Eligible Shareholders will have to ensure that they keep the depository participant account active and unblocked to receive credit in case of return of Equity Shares due to rejection or partial Acceptance.
- (g) All the Eligible Shareholders shall also provide all relevant documents, which are necessary to ensure transferability of the Equity Shares in respect of the Tender Form to be sent. Such documents may include (but not be limited to):
- i) The Tender Form duly signed (by all Equity Shareholders in case shares are in joint names) in the same order in which they hold the shares;
 - ii) Duly attested power of attorney, if any person other than the Eligible Person has signed the Tender Form;
 - iii) Duly attested death certificate and succession certificate / legal heirship certificate, in case any Eligible Person has expired; and
 - iv) In case of companies, the necessary certified corporate authorizations (including board and/ or general meeting resolutions).
- (h) In case of demat equity shares, submission of Tender Form and TRS is not mandatory. Receipt of Equity Shares in the special account of the Clearing Corporation and a valid bid in the exchange bidding system, shall be deemed to be valid tender and acceptance by the demat Shareholders.
- (i) In case any Eligible Shareholder's stock broker is not registered with BSE, for additional procedural requirements, please refer to paragraph 20.24 (**Additional procedural requirements for Eligible Shareholders, whose stock broker are not registered with BSE**) below.

20.22. Procedure to be followed by Registered Equity Shareholders holding Equity Shares in physical form

- (a) Eligible Shareholders who are holding physical Equity Shares and intend to participate in the Buyback will be required to approach their respective Seller Broker along with the complete set of documents for verification procedures to be carried out before placement of the bid. Such documents will include:
- i) The Tender Form duly signed (by all Equity Shareholders in case Equity Shares are in joint names) the same order in which they hold the Equity Shares;
 - ii) Original share certificates;
 - iii) Self-attested copy of the Equity Shareholder's PAN Card;
 - iv) Any other relevant documents such as (but not limited to):
 - Duly attested Power of Attorney if any person other than the Equity Shareholder has signed the relevant Tender Form;
 - Notarized copy of death certificate/ succession certificate or probated will, if the original Equity Shareholder has deceased;
 - Necessary corporate authorisations, such as Board Resolutions etc., in case of companies;
- (b) In addition to the above, if the address of the Shareholder has undergone a change from the address registered in the register of members of the Company, the Shareholder would be required to submit a self-attested copy of address proof consisting of any one of the following documents: valid aadhar card, voter identity card or passport.
- (c) Based on these documents, the concerned Seller Broker shall place a bid on behalf of the physical Equity Shareholders who wish to tender Equity Shares in the Buyback, using the Acquisition Window of BSE. Upon placing the bid, the Seller Broker shall provide a TRS generated by the exchange bidding system to the Shareholder. TRS will contain the details of order submitted like Folio No., Certificate No., Distinctive No., No. of Equity Shares tendered etc.
- (d) Any Seller Broker who places a bid for physical Equity Shares, is required to deliver Tender Form, TRS, original share certificate(s) & other documents (as mentioned in this paragraph) either by registered post, speed post or courier or hand delivery to the Registrar to the Buyback Offer at the address mentioned on the cover page of this Letter of Offer not later than 2 (Two) days from the Buyback Closing Date i.e. Wednesday, February 06, 2019. The envelope should be superscribed as "K G Denim Limited - Buyback Offer". One copy of the TRS will be retained by Registrar to the Buyback Offer and it will provide acknowledgement to the Seller Broker.
- (e) Shareholders holding physical shares should note that physical Shares will not be accepted unless the complete set of documents is submitted. Acceptance of the physical Shares for Buyback by the Company shall be subject to verification as per the Buyback Regulations and any further directions issued in this regard.
- (f) Registrar to the Buyback Offer will verify such bids based on the documents submitted on a daily basis and till such verification, BSE shall display such bids as 'unconfirmed physical bids'. Once Registrar to the Buyback Offer confirms the bids, they will be treated as

'Confirmed Bids'. Modification/cancellation of orders will be allowed during the Tendering Period of the Buyback.

- (g) The equity shares shall be liable for rejection on the following ground among others
- If there is any other company's equity share certificate enclosed with the Tender Form instead of the Equity Share certificate of the Company;
 - If the transmission of Equity Shares is not completed, and the Equity Shares are not in the name of the Eligible Shareholders;
 - If the Eligible Shareholders tender Equity Shares but the Registrar does not receive the Equity Share certificate;
 - The documents mentioned in the Tender Form for Eligible Shareholders holding Equity Shares in physical form are not received by the Registrar within 2 (Two) days from the Buyback Closing Date i.e. Wednesday, February 06, 2019 by 5:00 p.m.;
 - In the event the signature in the Tender Form do not match as per the specimen signature recorded with Company or Registrar and Transfer Agent.
 - Where there exists any restraint order of a Court/ any other competent authority for transfer / disposal/ sale or where loss of share certificates has been notified to the Company or where the title to the Equity Shares is under dispute or otherwise not clear or where any other restraint subsists.
- (h) In case any person has submitted Equity Shares in physical form for dematerialisation, such Equity Shareholders should ensure that the process of getting the Equity Shares dematerialised is completed well in time so that they can participate in the Buyback Offer before Buyback Closing Date.
- (i) In case any Eligible Shareholder's stock broker is not registered with BSE, for additional procedural requirements, please refer to paragraph 20.24 **(Additional procedural requirements for Eligible Shareholders, whose stock broker are not registered with BSE)** below.

20.23. For Equity Shares held by Eligible Sellers, being Non-Resident Shareholders of Equity Shares (Read with clause 17 "DETAILS OF THE STATUTORY APPROVALS"):

- a) While tendering their Equity Shares under the Buyback Offer, all Non-Resident Equity Shareholders should provide relevant confirmations/ declarations vide the duly filled-in and signed (by all Shareholders in case the Equity Shares are held in joint names) Tender Forms. In the event relevant confirmations / declarations are not provided in the Tender Forms or there is ambiguity in the information provided, the Company reserves the right to reject such Tender Forms.
- b) FIJ/FPI Shareholders should also enclose a copy of their SEBI registration certificate. Erstwhile OCBs are required to obtain specific prior approval from RBI for tendering Equity Shares in the Buyback Offer. OCBs are required to obtain and enclose RBI approval for tendering Shares in

the Buyback Offer. The Company shall not accept Equity Shares from OCBs/ NRIs in respect of whom such RBI approval is required and copies of such approvals are not submitted.

- c) Where Non-Resident Shareholder is tax resident of a country which has entered into a DTAA with India, it may be possible for the Non-Resident Shareholder to avail the beneficial provisions, if any, under the DTAA. If the Non-Resident Shareholder opts to avail the beneficial provisions as per DTAA, a tax residency certificate of such person from the tax authorities of the country of which such person is the tax resident and prescribed Form 10F, along with all the other prescribed information, as also a copy of the self-certified declaration for non-existence of a permanent establishment should be submitted along with the Tender Form. A copy of the Tender Form must also be rovided to the relevant Seller Broker.
- d) If the Non-Resident Shareholder requires the Seller Broker not to deduct tax, or to deduct tax at a lower rate, or on a lower amount, for any reason, they would need to obtain a certificate from the Income- tax authorities, either under Section 195(3) or under Section 197 of the Income Tax Act, and submit this to Company and the Shareholders' Broker while submitting the Tender Form. In absence of such certificate from the Income-tax authorities, the Shareholders' Broker shall deduct tax on gross consideration at the prescribed rate of tax.
- e) it is recommended that the Non-Resident Shareholders submit a copy of the PAN card along with the Tender Form as PAN verification is necessary for the Company and Shareholders' Broker to deduct taxes at the appropriate rate as well as to avoid queries regarding availability of tax credit on the TRACES website. In the absence of PAN, a different rate may be applicable as per the provisions of the Indian tax laws.
- f) Non-Resident Shareholders who have acquired Equity Shares of the Company under the approval route of the RBI and erstwhile OCBs are required to submit copies of earlier RBI approvals along with their respective Tender Forms.
- g) In case the Equity Shares are held on repatriation basis, the Non-Resident Shareholders should enclose the supporting documents. Such documents could include:
 - i) a copy of the permission received by them from RBI at the time of the original acquisition of Shares.
 - ii) a letter from the Shareholder's authorized dealer/bank confirming that at the time of acquiring the said Equity Shares, payment for this was made by the Non-Resident Shareholder from the appropriate account as specified by RBI in its approval.
 - iii) any other document which evidences repatriability of sale proceeds in respect of the tendered Shares.
- h) In case the Non-Resident Shareholder is not in a position to produce supporting documents towards enabling repatriation, the Shares would be deemed to have been acquired on non-repatriation basis and in that case the Shareholder shall submit a consent letter addressed to the Company, allowing the Company to make the payment on a non-repatriation basis in respect of the valid Shares accepted under the Offer i.e. by way of credit to an non-repatriation bank account or issuance of rupee demand draft.

20.24. Additional procedural requirements for Eligible Shareholders, whose stock broker are not registered with BSE

- a) In the event the stock broker of any Eligible Shareholder is not registered with BSE, such Eligible Shareholder can approach any BSE registered stock broker and can make a bid by using quick unique client code ("UCC") facility through that BSE registered stock broker after submitting the details as may be required by the stock broker (so that such stock broker is in compliance with the applicable regulations of SEBI). An indicative list of such documents is given as under.

1. In case of Eligible Seller being an individual or HUF:**A. If Eligible Shareholder is registered with KYC Registration Agency ("KRA"):****(a) Forms required:**

- 1) Central Know Your Client (CKYC) form
- 2) Know Your Client (KYC) form

(b) Documents required (all documents self-attested):

- 1) Bank details (cancelled cheque)
- 2) Demat details, only if Equity Shares are in demat mode (Demat master /Latest Demat statement)

B. If Eligible Shareholder is not registered with KRA:**(a) Forms required:**

- 1) CKYC form
- 2) KRA form
- 3) KYC form

(b) Documents required (all documents self-attested):

- 1) PAN card copy
- 2) Address proof
- 3) Bank details (cancelled cheque)
- 4) Demat details, only if Equity Shares are in demat mode (Demat master /Latest Demat statement)

It may be noted that other than submission of above forms and documents in person verification may also be required.

2. In case of Eligible Seller other than Individual and HUF:**A. If Eligible Shareholder is KRA registered:****(a) Form required**

- 1) KYC Form

(b) Documents required (all documents self-attested)

- 1) Bank details (cancelled cheque)
- 2) Demat details, only if Equity Shares are in demat mode (Demat master /Latest Demat statement)

- 3) Latest list of directors/authorised signatories
- 4) Latest shareholding pattern
- 5) Board resolution
- 6) Details of ultimate beneficial owner along with PAN card and address proof
- 7) Last 2 years financial statements

B. If Eligible Shareholder is not KRA registered:

(a) Forms required:

- 1) KRA form
- 2) KYC form

(b) Documents required (all documents self-attested):

- 1) PAN card copy
- 2) Address proof
- 3) Bank details (cancelled cheque)
- 4) Demat details, only if Equity Shares are in demat mode (Demat master /Latest Demat statement)
- 5) Latest list of directors/authorised signatories /partners
- 6) PAN card copies & address proof of directors/authorised signatories/partners
- 7) Latest shareholding pattern
- 8) Board resolution/partnership declaration
- 9) Details of ultimate beneficial owner along with PAN card and address proof
- 10) Last 2 years financial statements
- 11) MOA/Partnership deed

- b) Non-receipt of the Letter of Offer by, or accidental omission to dispatch the Letter of Offer to any Eligible Person, shall not invalidate the Buyback Offer in any way. Shareholders not receiving the Letter of Offer, if they so desire, may also apply on the Tender Form downloaded from SEBI website (www.sebi.gov.in) or obtain a duplicate copy by writing to the Registrar to the Buyback Offer. Please note that the Company shall accept Equity Shares validly tendered for the Buyback Offer on the basis of their holding and entitlement as appearing in the records of the Company as on the Record Date.
- c) The Acceptance of the Buyback Offer made by the Company is entirely at the discretion of the Equity Shareholders of the Company. The Company does not accept any responsibility for the decision of any Equity Shareholder to either participate or to not participate in the Buyback Offer. The Company will not be responsible in any manner for any loss of Share certificate(s) and other documents during transit and the Equity Shareholders are advised to adequately safeguard their interest in this regard.
- d) The instructions and authorizations contained in the Tender Form constitute an integral part of the terms of this Buyback Offer.

20.25. In case of non-receipt of the Letter of Offer:

- a. **In case the Equity Shares are in dematerialized form:** An Equity Shareholder may participate in the Offer by downloading the Tender Form from the website of the Company i.e. www.kgdenim.com or send an application in writing on plain paper signed by all Equity

Shareholders stating name, address, number of Equity Shares held as on the Record Date, Client ID number, DP Name/ID, beneficiary account number, number of Equity Shares tendered for the Buyback (along with the necessary documents mentioned in paragraph 20.21, 20.23 and 20.24). The Tender Form along with necessary documents should reach the Registrar to the Buyback Offer no later than 2(Two) days from the Buyback Closing Date i.e., Wednesday, February 06, 2019 (by 5.00 PM). Equity Shareholders must also ensure that credit of dematerialized Shares in the special account of the Clearing Corporation, by using the settlement number and the procedure prescribed by the Clearing Corporation takes place before 5:00 PM on the Buyback Closing Date.

- b. **In case the Equity Shares are in physical form:** A registered Equity Shareholder may send an application in writing on a plain paper signed by all Equity Shareholders stating name, address, folio number, number of Equity Shares held, share certificate number, number of Equity Shares tendered for the Buyback Offer and the distinctive numbers thereof, bank account particulars for payment of consideration, enclosing the original share certificate(s), copy of Equity Shareholders' PAN card(s) and other necessary documents. Seller Broker must ensure that the Tender Form, along with the requisite documents (mentioned in paragraph 20.22, 20.23 and 20.24), reach the Registrar to the Buyback Offer no later than 2(Two) days from the Buyback Closing Date i.e., Wednesday, February 06, 2019 (by 5.00 PM). If the signature(s) of the Equity Shareholders provided in the plain paper application differs from the specimen signature(s) recorded with the Registrar of the Company or are not in the same order (although attested), such applications are liable to be rejected under this Buyback Offer.

Eligible Person(s) who intend to participate in the Buyback using the 'plain paper' option as mentioned in this paragraph are advised to confirm their entitlement from the Registrar to the Buyback Offer, before participating in the Buyback.

Please note that Eligible Person(s) who intend to participate in the Buyback will be required to approach their respective Seller Broker (along with the complete set of documents for verification procedures) and have to ensure that their bid is entered by their respective Seller Broker or broker in the electronic platform to be made available by BSE before the Buyback Closing Date, otherwise such documents are liable to be rejected.

The Company shall accept Equity Shares validly tendered by the Shareholder(s) in the Buyback on the basis of their shareholding as on the Record Date and the Buyback Entitlement.

The non-receipt of this Letter of Offer by, or accidental omission to dispatch this Letter of Offer to any Eligible Shareholder, shall not invalidate the offer to any person who is eligible to receive this offer under the Buyback.

The acceptance of the Buyback Offer made by the Company is entirely at the discretion of the Eligible Shareholders of the Company. The Company does not accept any responsibility for the decision of any Eligible Shareholder to either participate or to not participate in the Buyback Offer. The Company will not be responsible in any manner for any loss of share certificate(s) and other documents during transit and the Eligible Shareholders are advised to adequately safeguard their interest in this regard.

Depositories are required to provide information to the Clearing Corporation about the shareholder on whose behalf the Seller Broker has placed a sell order. This information shall include investor PAN, beneficiary account details and bank details including IFSC code.

20.26. Method of Settlement

Upon finalization of the basis of Acceptance as per Buyback Regulations:

- (a) The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market and as intimated by the Clearing Corporation from time to time.
- (b) The Company will pay the consideration to the Company's Broker on or before the pay-in date for settlement as per the secondary market mechanism. For Equity Shares accepted under the Buyback, the Seller Broker will receive funds payout in their bank account attached with Depository Account from the Clearing Corporation. If bank account details of any Shareholder are not available or if the fund transfer instruction is rejected by the Reserve Bank of India or relevant Bank, due to any reasons, then the amount payable to the Eligible Shareholders will be transferred to the concerned Seller Brokers for onward transfer to such Eligible Shareholder. In case of physical shares, the Clearing Corporation will release the funds to the Seller broker as per the secondary market mechanism. The Seller Broker / custodian participants would pay the consideration to their respective clients. The payment of consideration to all Shareholders validly participating in the Buyback will be made in INR.
- (c) The Equity Shares bought back in the demat form would be transferred directly to the demat account of the Company (the "Company Demat Account") provided it is indicated by the Company's Broker or it will be transferred by the Company's Broker to the Company Demat Account on receipt of the Equity Shares from the clearing and settlement mechanism of BSE.
- (d) Excess demat Equity Shares or unaccepted demat Equity Shares, if any, tendered by the Shareholders would be returned to the respective Seller Broker by Clearing Corporation as part of the exchange payout process, not later than Wednesday, February 13, 2019. If the Share transfer instruction is rejected in the depository system, due to any issue, then such Shares will be transferred to the Seller Brokers depository pool account for onward transfer to the Shareholder. In case of custodian participant orders, excess demat shares or unaccepted demat Shares, if any, will be returned to the respective custodian participant depository pool account. The Seller Broker / custodian participants would return these unaccepted shares to their respective clients on whose behalf the bids have been placed.
- (e) Physical Shares, to the extent tendered but not accepted, will be returned back to the concerned Shareholders directly by Registrar to the Buyback Offer. The Company will issue a new single share certificate for all the unaccepted physical Shares and return them to the sole/first Shareholder (in case of joint Shareholders). Share certificates in respect of unaccepted / rejected Shares and other documents, if any, will be sent by registered post / speed post at the Shareholders' sole risk to the sole/first Shareholder (in case of joint Shareholders), at the address recorded with the Company, not later than Wednesday, February 13, 2019.
- (f) Seller Broker will issue contract notes and pay the consideration for the Equity Shares accepted under the Buyback and return the balance unaccepted demat Equity Shares to their respective clients. Company's Broker would also issue a contract note to the Company for the Equity Shares accepted under the Buyback.

- (g) Shareholders who intend to participate in the Buyback should consult their respective Seller Broker for payment to them of any cost, charges and expenses (including brokerage) or any tax required to be withheld from the Buyback Consideration that may be levied by the Seller Broker upon the selling Shareholders or withheld from the Buyback consideration for tendering Equity Shares in the Buyback (secondary market transaction). The Buyback consideration received by the selling Shareholders from their respective Seller Broker, in respect of accepted Equity Shares, could be net of such costs, charges expenses (including brokerage) and tax and the Company accepts no responsibility to bear or pay such additional cost, charges expenses (including brokerage) and tax liability incurred solely by the selling Shareholders.
- (h) The Equity Shares lying to the credit of the Company Demat Account and the Equity Shares bought back and accepted in physical form will be extinguished in the manner and following the procedure prescribed in the Buyback Regulations.

21. NOTE ON TAXATION

THE SUMMARY OF THE TAX CONSIDERATIONS IN THIS SECTION ARE BASED ON THE CURRENT PROVISIONS OF THE TAX LAWS OF INDIA AND THE REGULATIONS THEREUNDER, THE JUDICIAL AND THE ADMINISTRATIVE INTERPRETATIONS THEREOF, WHICH ARE SUBJECT TO CHANGE OR MODIFICATION BY SUBSEQUENT LEGISLATIVE, REGULATORY, ADMINISTRATIVE OR JUDICIAL DECISIONS. ANY SUCH CHANGES COULD HAVE DIFFERENT TAXIMPLICATIONS.

IN VIEW OF THE SPECIFIC NATURE OF TAX CONSEQUENCES, SHAREHOLDERS ARE REQUIRED TO CONSULT THEIR TAX ADVISORS FOR THE APPLICABLE TAX PROVISIONS INCLUDING THE TREATMENT THAT MAY BE GIVEN BY THEIR RESPECTIVE TAX OFFICERS IN THEIR CASE, AND THE APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE.

THE COMPANY DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR OTHERWISE OF SUCH ADVICE.THEREFORE, SHAREHOLDERS CANNOT RELY ON THIS ADVICE AND THE SUMMARY TAX IMPLICATIONS RELATING TO THE TREATMENT OF INCOME TAX IN THE CASE OF BUY-BACK OF LISTED EQUITY SHARES ON THE STOCKEXCHANGE SET OUT BELOW SHOULD BE TREATED AS INDICATIVE AND FOR GUIDANCE PURPOSES ONLY.

1. GENERAL

The indian tax year is from 1st April to 31st March. The basis of charge of Indian income-tax depends upon the residential status of the taxpayer during a tax year. A person who is a tax resident of India is liable to taxation in India on his worldwide income, subject to certain prescribed tax exemptions provided under the Income Tax Act,1961 ('Income Tax Act' or 'ITA').

A person who is treated as a non-resident for Indian tax purposes is generally liable to tax in India only on his/her income sourced from India or income received by such person in India. In case of shares of a company, the source of income from shares would depend on the 'situs' of the shares. As per judicial precedents, generally the "situs" of the shares is where company is "incorporated" and where its shares can be transferred. Accordingly, since the Company is incorporated in India, the shares of the Company would be "situated" in India and any gains arising to a non-resident on transfer of such shares would be taxable in India under the ITA subject to any specific exemption in this regard. Further, the non-resident can avail the beneficial tax treatment prescribed under the relevant Double Taxation Avoidance Agreement ("DTAA") subject to satisfaction of the relevant conditions and documentary compliance requirements prescribed under the ITA.

The ITA also provides for different tax regimes / rates applicable to the gains arising on buy-back of shares based on the period of holding, residential status and category of the shareholder, nature of the income earned, etc. The summary tax implications on buy-back of equity shares listed on the stock exchanges in India is set out below.

All references to equity shares in this note refer to equity shares listed on the stock exchanges in India unless stated otherwise.

2. CLASSIFICATION OF SHARES AND SHAREHOLDERS

Shareholders can be classified under the following categories

- A) Resident Shareholders being:
 - Individuals, Hindu Undivided Family (HUF), Association of Persons (AOP) and Body of Individuals (BOI)
 - Others:
 - Company
 - Other than Company
- B) Non-Resident Shareholders being:
 - Non-Resident Indians (NRIs)
 - Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)
 - Others:
 - Company
 - Other than Company

3. CLASSIFICATION OF INCOME

Shares can be classified under the following two categories:

- a. Shares held as investment (Income from transfer is taxable under the head "Capital Gains")
- b. Shares held as stock-in-trade (Income from transfer is taxable under the head "Profits and Gains of Business or Profession", hereinafter referred to as "business income")

Gains arising from the transfer of shares may be treated either as "capital gains" or as "business income" for tax purposes, depending upon whether such shares were held as a capital asset or trading asset (i.e. stock-in-trade).

Further, investments by FII / FPI in any securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 would be treated as capital asset and the transfer of such shares would be treated as "capital gains" under the provisions of the Income Tax Act.

SHARES HELD AS INVESTMENT

- i. As per the provisions of the Income Tax Act, where the shares are held as investments, income arising from the transfer of such shares is taxable under the head "Capital Gains". Capital Gains on Buy-back of shares are governed by the provisions of Section 46A of the Income Tax Act and would attract capital gains in the hands of shareholders as per provisions of computation of Capital Gain contained in Section 48 of the Income Tax Act. The provisions of buy-back tax on the Company under Section 115QA in

Chapter XIIDA of the Income Tax Act do not apply for shares listed on the stock exchange.

ii. Period of holding :

Depending on the period for which the shares are held, the gains would be taxable as 'short term capital gain' or 'long term capital gain' as stated below:

- In respect of equity shares held for a period of less than or equal to 12 months prior to the date of transfer, the same shall be treated as a 'short-term capital asset', and the gains arising therefrom shall be taxable as 'short term capital gains' ("STCG").
- Similarly, where equity shares are held for a period of more than 12 months prior to the date of transfer, the same shall be treated as a 'long-term capital asset', and the gains arising therefrom shall be taxable as 'long-term capital gains' ("LTCG").

iii. Buy-back of shares through a recognized stock exchange

Where transaction for transfer of such equity shares (i.e. buy-back) is executed through a recognized stock exchange, they are liable to Securities Transaction Tax ('STT') a tax payable in India on the value of securities on every purchase or sale of securities that are listed on the recognized stock exchanges in India, the taxability is as follows:

- With effect from 1st April 2018 the exemption provided u/s. 10(38) of ITA has been withdrawn and levy tax on LTCG exceeding ₹ 1 Lakh in a financial year arising on transfer of listed equity shares @ 10% without allowing the benefit of indexation as per Sec 112A of ITA. However, gains accrued on such equity shares till 31st January, 2018 have been exempted by providing that the cost of acquisition in respect of such equity shares which would be transferred on or after 1st April, 2018 shall be higher of i) the actual cost of acquisition of such equity shares acquired before 1st February, 2018 or ii) the lower of a) the highest price of such equity shares quoted on the recognised stock exchange on the 31st January, 2018; or b) the actual sale value of such equity shares. Further securities transaction tax to have been paid at the time of acquisition as well as transfer.
- LTCG not exceeding ₹1 Lakh arising from such transaction would continue to be exempted under Section 10(38) of the Income Tax Act subject to fulfilment of certain conditions which mainly included that such sale transaction is chargeable to securities transaction tax. In case of Buy-back herein, securities transaction tax is chargeable and accordingly the LTCG up to the monetary limited stated above arising on tendering of shares under Buy-back would be exempted. With effect from 1st April, 2017, a third proviso has been inserted in Section 10(38) of ITA vide Finance Act, 2017 which additionally requires that the exemption u/s. 10(38) of ITA on sale of equity shares would be available if acquisition of such equity shares was chargeable to securities transaction tax in cases of acquisition of equity shares on or after 1st October, 2004, other than such acquisition which may be notified by the Central Government. Pursuant to such powers conferred by third proviso to Section 10(38), the Central Government has exempted all transactions of acquisition of equity shares on or after 1st October, 2004 except few transactions vide Notification No. S.O. 1789(E) dated June 5, 2017. Therefore, tax treatment of LTCG may be different for each Shareholder depending on whether the transaction

of acquisition of equity shares which are tendered in the Buy-back falls under the exemption u/s. 10(38) or otherwise. In case, LTCG arising from tendering of equity shares under the Buy-back doesn't fall under tax exemption u/s. 10(38) or taxable at 10% u/s 112A, such LTCG shall be subject to tax u/s. 112 of the Income Tax Act @ 20% with indexation benefit or @ 10% without indexation benefit.

- STCG arising from such transaction would be subject to tax @ 15% under Section 111A of the Income Tax Act.
- iv. Further, in case of resident Individual or HUF, the benefit of maximum amount which is not chargeable to income-tax is considered while computing the tax on such STCG taxable under Section 111A of the Income Tax Act. In such cases, where the total income as reduced by such STCG is below the maximum amount not chargeable to tax, then such STCG shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income tax and on the balance of STCG, if any, income tax @ 15% is charged. In addition to the above STCG tax, surcharge, education cess and secondary and higher education cess are leviable (Please refer to paragraph 5. below for rate of surcharge and cess). Further, in case of resident Individual or HUF, the benefit of maximum amount which is not chargeable to income-tax is considered while computing the tax on such STCG taxable under Section 111A of the Income Tax Act i.e. the balance maximum limit not chargeable to tax will be first reduced from STCG taxable u/s 115A and the remaining STCG will be chargeable to tax @ 15%. In addition to the above STCG tax, Surcharge and Health and Education Cess are leviable.
- v. Further in case of Eligible Shareholders being companies as defined under the Income Tax Act, the tax provisions of minimum alternate tax on book profits as provided u/s. 115JB of the Income Tax Act need to be considered depending on their income and losses, etc. for the year.
- vi. Non-resident shareholders can avail beneficial provisions of the applicable DTAA, if any, entered into by India with relevant country in which the shareholder is resident but subject to fulfilling relevant conditions and submitting/ maintaining necessary documents prescribed under the Income Tax Act.

SHARES HELD AS STOCK-IN-TRADE

If the shares are held as stock-in-trade by any of the shareholders of the Company, then the gains would be characterized as business income and taxable under the head "Profits and Gains of Business or Profession". In such a case, the provisions of Section 46A and Section 48 of the Income Tax Act will not apply.

i) Resident Shareholders

- a) For individuals, HUF, AOP, BOI, profits would be taxable at slab rates.
- b) Domestic company having turnover or gross receipts not exceeding ₹ 250 Crore in the previous year i.e. 2016-17 would be taxable @ 25%.
- c) For persons other than stated in (a) and (b) above, profits would be taxable @ 30% or other applicable tax rate.

No benefit of indexation by virtue of period of holding would be available in any case.

ii) Non-Resident Shareholders

- a) Non-resident shareholders can avail beneficial provisions of the applicable DTAA, if any, entered into by India with relevant shareholder country but subject to fulfilling relevant conditions and submitting/ maintaining necessary documents prescribed under the Income Tax Act.
- b) Where DTAA provisions are not applicable:
 - For non-resident individuals, HUF, AOP, BOI, profits would be taxable at slab rates.
 - For foreign companies, profits would be taxed in India @ 40%.
 - For other non-resident shareholders, such as foreign firms, profits would be taxed in India @ 30%.

In addition to the above, surcharge, education cess and secondary and higher education cess are leviable (Please refer to paragraph 5 below for rate of surcharge and cess).

4. TAX DEDUCTION AT SOURCE

- A) In case of Resident Shareholders in absence of any specific provision under the Income Tax Act, the Company is not required to deduct tax at source on the consideration payable to resident shareholders pursuant to the Buy-back.
- B) In case of Non-resident Shareholders Since the Buy-back is undertaken through the stock exchange, the responsibility of discharge of the tax due on the gains (if any) is primarily on the Non-Resident Shareholder. It is therefore important for the Non-Resident Shareholders to appropriately compute such gains (if any) on this transaction and immediately pay taxes in India (either through deduction at source or otherwise) in consultation with their custodians/authorized dealers/ tax advisors appropriately.

The non-resident shareholders undertake to indemnify the Company, if any tax demand is raised on the Company on account of gains arising to the non-resident shareholders on buy-back of Equity Shares by the Company. The non-resident shareholders also undertake to provide the Company, on demand, the relevant details in respect of the taxability / non-taxability of the proceeds arising on buy-back of Equity Shares by the Company, copy of tax return filed in India, evidence of the tax paid etc.

5. RATE OF SURCHARGE AND CESS

In addition to the basic tax rate, surcharge, health and education cess is leviable as under:

a) Surcharge

- In case of domestic companies: Surcharge @ 12% is leviable where the taxable income exceeds ₹10 crore and @ 7% where the taxable income exceeds ₹1 crore but does not exceed ₹10 crore.
- In case of companies other than domestic companies: Surcharge @ 5% is leviable where the taxable income exceeds ₹10 crore and @ 2% where the taxable income exceeds ₹1 crore but does not exceed ₹10 crore.
- In case of individual, HUF, AOP, BOI: Surcharge @15% is leviable where the taxable income exceeds ₹1 crore and @ 10% where the taxable income exceeds ₹50 lakh but does not exceed ₹1 crore

- In case of Firm, Local Authority: Surcharge @12% is leviable where the taxable income exceeds ₹1 crore.

b) Cess

With effect from 1st April 2018 cess is levy as "Health and Education Cess" @ 4%.

The above note on taxation sets out the provisions of law in a summary manner only and is not a complete/exhaustive analysis or listing of all potential tax consequences on the disposal of equity shares under the Buy-back. This note is neither binding on any regulators nor can there be any assurance that they will not take a position contrary to the comments mentioned herein. Hence, Eligible Shareholders should consult with their own tax advisors for the tax provisions applicable to their particular circumstances.

22. DECLARATION BY THE BOARD OF DIRECTORS

The Board of Directors of the Company have confirmed that they have made a full enquiry into the affairs and prospects of the Company and have formed the opinion that:

- a. Immediately following the date of the Board Meeting held on November 14, 2018 with regard to the proposed Buyback , there will be no grounds on which the Company can be found unable to pay its debts;
- b. As regards the Company's prospects for the year immediately following the date of the Board meeting held on November 14, 2018 with regard to the proposed Buyback , approving the Buyback and having regards to the Board's intention with respect to the management of the Company's business during that year and to the amount and character of the financial resources, which will, in the Board's view, be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of the Board meeting approving the Buyback;
- c. In forming its opinion aforesaid, the Board has taken into account the liabilities (including prospective and contingent liabilities) as if the Company were being wound up under the provisions of the Companies Act, and the Insolvency and Bankruptcy Code, 2016 (to the extent notified and in force).

23. AUDITORS CERTIFICATE

The text of the Report dated November 14, 2018 received from Mohan & Venkataraman, Chartered Accountants, the Statutory Auditors of the Company, addressed to the Board of Directors of the Company is reproduced below

The Board of Directors
K G Denim Ltd.
Then Thirumalai
Jadayampalayam
Coimbatore 641302

Dear Sirs /Madam,

Subject: Statutory Auditor's Report in respect of proposed buyback of equity shares by KG Denim Limited ('the Company') in terms of clause (xi) of Schedule I of Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 ("Buyback Regulations").

1. This Report is issued in accordance with the terms of our engagement letter dated November 10, 2018.
2. The Board of Directors of the Company have approved a proposal for buy-back of Equity shares by the Company at its meeting held on 14th November, 2018 in pursuance of Section 68, 69 and 70 of the Companies Act, 2013 ("the Act") and the Buyback Regulations.
3. We have been requested by the Management of the Company to provide a report on the accompanying Statement of permissible capital payment (including premium) (Annexure A) as at March, 2018 (hereinafter referred together as the "Statement"). This Statement has been prepared by the Management of the Company, which we have initialed for identification purposes only.

Management Responsibility for the Statement

4. The preparation of the Statement in accordance with Section 68(2) of the Act and the compliance with Buy back Regulations is the responsibility of the Management of the Company, including the computation of the amount of the permissible capital payment, the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances.

Auditors Responsibility

5. Pursuant to the requirements of the SEBI Buyback Regulations, it is our responsibility to provide a reasonable assurance:
 2. Whether we have inquired into the state of affairs of the Company in relation to the audited standalone financial statements as at and for the year ended March 31, 2018.
 - ii. if the amount of permissible capital payment as stated in Annexure A has been properly determined considering the audited standalone financial statements as at March 31, 2018 in accordance with Section 68(2) of the Act; and
 - iii. if the Board of Directors of the Company, in their meeting held on 14th November, 2018 have formed the opinion as specified in Clause (x) of Schedule I to the Buyback Regulations, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from that date and from the date on which the results of the Board resolution with regards to the proposed buyback are declared.
6. The standalone financial statements referred to in clause 5 above have been audited by us, on which we issued an unmodified audit opinion vide our report dated May 25, 2018. We conducted our audit of standalone financial statements in accordance with Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ("the ICAI"). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
7. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI ("Guidance Note"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services engagements.

Opinion

9. Based on enquiries conducted and our examination as above, we report that:
- i) We have enquired into the state of affairs of the Company in relation to its audited standalone financial statements as at and for the year ended March 31, 2018 which has been approved by the Board of Directors of the Company on May 25, 2018.
 - ii) The amount of permissible capital payment (including premium) towards the proposed buy back of equity shares as computed in the Statement attached herewith, is properly determined in our view in accordance with Section 68(2)(b) of the Act. The amounts of Share Capital and free reserves have been extracted from the audited standalone financial statements of the Company as at and for the year ended March 31, 2018.
 - iii) The Board of Directors of the Company, in their meeting held on November 14, 2018, have formed their opinion as specified in Clause (x) of Schedule I to the SEBI Buyback Regulations, on reasonable grounds and that the Company, having regard to its state of affairs, will not be rendered insolvent within a period of one year from the date of passing the Board Meeting resolution dated November 14, 2018 and from the date on which the results of the Board resolution with regards to the proposed buyback are declared.

Restriction on Use

This report has been issued at the request of the Company solely for use of the Company (i) in connection with the proposed buy-back of equity shares of the Company in pursuance to the provisions of Section 68 and other applicable provisions of the Act and the SEBI Buyback Regulations, (ii) to enable the Board of Directors of the Company to include in the public announcement, draft letter of offer, letter of offer and other documents pertaining to buy back to be sent to the shareholders of the Company or filed with (a) the Registrar of Companies, Securities and Exchange Board of India, Stock exchanges, public shareholders and any other regulatory authority as per applicable law and (b) the Central Depository Services (India) Limited, National Securities Depository Limited and (iii) for providing to the Managers, each for the purpose of extinguishment of equity shares and may not be suitable for any other purpose.

For Mohan & Venkataraman
Chartered Accountants
FRN 007321S

Sd/-
V. Karthikeyan
Partner
M No. 208828

Place: Coimbatore
Date: 14th November 2018

**Annexure A
K G Denim Limited**

Particulars as on March 31, 2018	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Paid up Share Capital of face value of ₹10 each Including forfeited shares value of ₹1.12 lakhs		2566.51
Free Reserves:		
a) Securities Premium Reserves	444.44	
b) General Reserves	1555.71	
c) Surplus	6231.35	
Total Free Reserves		8231.50
Total Paid up Capital & Free Reserves		10798.01
Maximum amount permissible for Buyback under Section 68 of the Act i.e 10% of the total Paid up Capital and Free Reserves with Board approval		1079.80

24. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the Registered Office of the Company between 10 a.m. and 5.00 p.m. on all working days (Monday to Friday) during the offer period:

- i) Certificate of Incorporation of the Company.
- ii) Memorandum and Articles of Association of the Company.
- iii) Annual reports of the Company for the last three financial year's viz. March 31, 2018, 2017 and 2016 and the limited review results for the six months / half year period ended September, 30, 2018.
- iv) Copy of resolution passed by the Board of Directors at its meeting held on November 14, 2018 approving the proposal of the Buyback.
- v) Copy of resolution passed by the Board of Directors at its meeting held on January 03, 2019 with regards to revision in the Buyback Size.
- vi) Copy of resolution passed by the Buyback Committee of the Board of Directors at its meeting held on November 14, 2018 announcing the Record date for determining the Buyback Entitlement and the names of Eligible Sellers.
- vii) Certificate dated November 14, 2018 received from Mohan & Venkataraman Chartered Accountants, the Statutory Auditors of the Company, in terms of clause (xi) of Schedule I of the Buyback Regulations.
- viii) Copy of Public Announcement dated November 15, 2018 published in the newspapers on November 16, 2018 regarding Buyback
- ix) Copy of Corrigendum to the Public Announcement dated January 10, 2019, published in the newspapers on January 11, 2019 regarding revision in the Buyback Size

- x) Copy of Declaration of Solvency and an affidavit verifying the same as per Form SH-9 of the Companies (Share Capital and Debentures) Rules, 2014.
- xi) Certificate from Mohan & Venkataraman Chartered Accountants, dated November 16, 2018, certifying that the Company has made firm financing arrangements for fulfilling the obligations under the Buyback, in accordance with the Regulations.
- xii) Copy of Escrow Agreement dated November 13, 2018 between KG Denim Limited (Company), Indusind Bank Limited (Escrow Bank) and Keynote Corporate Services Limited (Manager to the Buy Back).
- xiii) Confirmation letter by the Escrow Bank dated November 16, 2018 that the Escrow Account has been opened and Escrow Amount has been deposited.
- xiv) SEBI comments vide letter dated January 08, 2019 issued in terms of the Buyback Regulations.

25. DETAILS OF THE COMPLIANCE OFFICER

The Company has designated Mr. M. Balaji, Company Secretary as the Compliance Officer for the Buyback.

The contact details are as given below

Name	Mr. M. Balaji
Designation	Company Secretary & Compliance Officer
Address	Then Thirumalai, Jadayampalayam, Coimbatore Tamil Nadu - 641 302
Email	cskgdl@kgdenim.in
Contact	(04254) 235401 / 235240

In case of any clarifications or to address investor grievance, the Shareholders may contact the Compliance Officer, from Monday to Friday between 10 am & 5 pm on all working days, at the above mentioned address.

26. DETAILS OF THE REMEDIES AVAILABLE TO THE EQUITY SHAREHOLDERS

In case of any grievances relating to the Buyback (e.g. non-receipt of the Buyback consideration, share certificate, demat credit, etc.), the investor can approach the Manager to the Buyback and/ or Registrar to the Buyback and/ or Compliance Officer of the Company for redressal.

If the Company makes any default in complying with the provisions of Section 68 of the Companies Act or any rules made there-under, for the purposes of clause (f) of sub-section (2) of Section 68 of the Companies Act, the Company or any officer of the Company who is in default shall be punishable with imprisonment for a term and its limit, or with a fine and its limit or with both in terms of the Companies Act, as the case may be.

27. DETAILS OF INVESTOR SERVICE CENTRE

The Company has appointed Cameo Corporate Services Limited as the Registrars to the Buyback. Their contact details are as under

REGISTRAR TO THE BUY BACK:

Cameo Corporate Services Limited
Subramanian Building, No. 1, Club House Road, Chennai
Tamil Nadu – 600 002
Tel: +91-44 - 2846 0390 (5 Lines)
E-mail: priya@cameoindia.com
Contact Person: Ms. Sreepriya .K

28. DETAILS OF THE MANAGER TO THE BUY BACK

The Company has appointed Keynote Corporate Services Limited as Manager to the Buyback. Their contact details are as under

KEYNOTE

Keynote Corporate Services Limited,
The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai – 400028;
Tel: +91–22– 30266000-3; Fax: +91–22– 3026 6088;
E-mail: mbd@keynoteindia.net; Website: www.keynoteindia.net;
Contact Person: Ms. Pooja Sanghvi / Mr. Shashank Pisat;
SEBI Registration No.: INM 000003606;

29. DECLARATION BY THE DIRECTORS REGARDING AUTHENTICITY OF THE INFORMATION IN THE LETTER OF OFFER.

As per Regulation 24(i)(a) of the Buyback Regulations, the Directors of the Company accept full responsibility for the information contained in this Letter of Offer. This Letter of Offer is issued under the authority of the Board and in terms of the resolution passed by the Board on November 14, 2018.

For and on behalf of Board of Directors of K G Denim Limited

Sd/-	Sd/-	Sd/-
B Srihari Managing Director (DIN: 00002560)	A Velusamy Director (DIN: 00002204)	M Balaji Company Secretary

Place: Coimbatore

Date: January 11, 2019