

# K G DENIM LIMITED

CIN : L17115TZ1992PLC003798

THEN THIRUMALAI

METTUPALAYAM - 641 302.

COIMBATORE DISTRICT

TAMILNADU, INDIA.

GST No. : 33AAACK7940C1ZW

kg  
Denim

Phone : 0091-4254-235240  
Fax : 0091-4254-235400  
Email : cskgdl@kgdenim.in



KGDL/SECTL/2020

05.11.2020

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

Dear Sirs,

*Script Code : 500239*

*Sub: Submission of Annual Report of K G Denim Limited for the Financial Year 2019-20 and Notice of Annual General Meeting.*

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company hereby submits its Annual Report for the Financial Year 2019-20 along with the Notice of Annual General Meeting.

Kindly take note of the above.

Thanking you.

Yours Faithfully,  
For **K G DENIM LIMITED**

**M BALAJI**  
**COMPANY SECRETARY**  
**Membership No.8575**

Encl : As above



**ANNUAL REPORT**  
**2019-2020**

**K G DENIM LIMITED**



## K G DENIM LIMITED

### BOARD OF DIRECTORS

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

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

**Directors** Shri G P Muniappan (DIN : 01653599)  
Shri K N V Ramani (DIN : 00007931)  
Smt T Anandhi (DIN : 00050786)  
Shri M B N Rao (DIN : 00287260)  
Shri A Velusamy (DIN : 00002204)  
Shri A P Seturaaman (DIN : 07331898)  
Shri N Govindarajan (DIN : 00366402)

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

**Company Secretary** Shri M Balaji

**Chief Financial Officer** Shri S Muthuswamy

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

**Bankers** Indian Bank  
Indian Bank (e-Allahabad Bank)  
Union Bank of India (e-Andhra Bank)  
State Bank of India  
The South Indian Bank Limited

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

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# K G DENIM LIMITED

## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

We have pleasure in presenting the Twenty-Eighth Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2020.

### FINANCIAL RESULTS

(Rs. in lakhs)

PARTICULARS	Standalone		Consolidated	
	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 <sup>st</sup> March 2019
Revenue from Operations and Other Income	49556	69580	51228	72876
Profit before Finance Cost, Depreciation, Extraordinary Items and Tax Expense	2289	5887	1769	5691
Less : Finance Cost	2266	2499	2356	2592
Profit / loss before Depreciation, Extraordinary Items and Tax Expense	23	3388	-587	3099
Less : Depreciation	1923	1684	1932	1692
Profit / loss before Extraordinary Items and Tax Expense	-1900	1704	-2519	1407
Less : Exceptional Items	-450	163	-	163
Current, Deferred & earlier year tax	700	444	878	391
Profit / loss from continuing operations	-1650	1097	-1641	853
Add : Other Comprehensive Income	123	222	129	43
Net Profit / loss for the year	-1527	875	-1512	810

### STATE OF THE COMPANY'S AFFAIRS

During the period under review, the Company had earned revenue of Rs.49556 lakh and incurred Net Loss of Rs.1527 lakh on standalone basis and Rs.51228 lakh and Net Loss Rs.1512 lakh, respectively, on consolidated basis.

### PERFORMANCE OF THE COMPANY

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

There has been a drop in turnover by 29% compared to the previous year, mainly due to slump in export turnover by 53% from Rs.307.56 crore in 2018-19 to Rs.144.54 crore. The main contributory factors were tariff war between USA and China and fall in demand in US for home textiles.

During the year ended 31.03.2020 total Fabric production was 231 lakh meters as against 342 lakh meters in 2018-19. Drop in production was on account of drop in sales.

Sale of Fabric was 225 lakh meters in 2019-20 as against 338 lakh meters in 2018-19.

The Net Loss for the year is mainly due to fall in sales volumes.

### DIVIDEND

In view of the loss incurred by the Company, the Directors regret their inability to declare any dividend.

### INDUSTRY STRUCTURE AND DEVELOPMENT

The year began with a gloomy sentiment due to subdued demand and lower GDP across the world.

Trade / Tariff wars between countries and tensed Geo political situations had created a depression like scenario.

Government was working on various stimulus packages for demand spurt during the year.

To compound the already depressed economic conditions the world was afflicted with a monstrous epidemic COVID-19 towards the end of the Financial Year which had brought all activities to stand still.

The Company had also borne the brunt of the depressed economic conditions during the year.

There was a slow down with the brands and retailers in the domestic and export markets resulting in huge pressure on the denim mills to downsize the production by 40%. Huge quantity from all the mills were offered to the market at much lower prices than the usual market prices making sales difficult.

# K G DENIM LIMITED

The retail sales was struggling through out the year across all the brands barring a few thereby less volumes being sold to them by the mills. We expect this trend to continue for the next few months until there is correction in the retail industry. There is huge inventory with most of the mills due to the slowdown in the domestic market with the brands and retailers and this would improve only when the market stabilizes.

The prices in the export markets have come down drastically due to the sales pressure from our competitors in China, Bangladesh and Pakistan. Due to the ongoing China-US trade war, the fabrics are being shipped by China to major garment production centres like Bangladesh and Vietnam who work mainly for USA and European markets at low prices disturbing the trade from India to those production countries.

Europe market still continues to be stagnant and this scenario prevailed since the last year and now with the Covid-19 pandemic which hit the major European countries initially bringing the retail industry to a halt. We too received huge cancellations of orders from the European buyers for the orders which were under various stages of production and had to be completed.

The US market too is uncertain due to the Covid pandemic and buyers were filing for bankruptcy affecting exports.

## **OPPORTUNITIES AND THREATS**

There are signs of economic activities improving once the pandemic is brought under control.

We are coming up with new developments for the overseas buyers and we are also engaging ourselves to work closely with new buyers to produce fabrics matching their trends and competitive on prices.

Due to the Covid pandemic, we expect a slowdown in the business to continue until we see a dearth for fabrics in both overseas and domestic markets.

## **IMPACT OF COVID-19**

The world has been afflicted with an unprecedented epidemic COVID-19 which has adversely affected the lives and livelihood of the peoples of virtually all countries.

The operations of the Company were affected due to stoppage from 23<sup>rd</sup> March, 2020 to 03<sup>rd</sup> May, 2020 which will have adverse impact on the financial results for the year 2020-21.

The Company had resumed operations in a gradual manner effective from 4<sup>th</sup> May, 2020 with commensurate man power which is being ramped up in accordance with directives of the governments with due compliance with safety norms.

The epidemic has seriously affected the operations of the Company. Some of the customers had also cancelled orders during the period. Due to the lockdown, all our operations were shut down during the period. However, since the disturbance is temporary and the Company's products enjoy the same demand as hitherto and the clients, who have also been similarly affected, indicating resumption of business post normalisation the Company is confident that the adverse impact would be overcome in the times to come.

Company is also contemplating new range of products to enhance the area of operation.

RBI has announced moratorium of term loan and funding of interest on working capital for the period March 2020 to August 2020 which the company is availing. This will help in strengthening the company's finances / liquidity position. The profitability position will improve once the company's operations return to normal level which is expected by September, 2020.

Since all our channel partners are similarly affected due to the epidemic we are confident that normal business conditions would be restored once the epidemic is brought under control.

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

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

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

## **LISTING OF EQUITY SHARES**

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

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

The Company has paid the Annual Listing Fees to the said Stock Exchange for the Financial Year 2020-21.

## **PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES**

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

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

# K G DENIM LIMITED

During the year, the gross turnover in Trigger Apparels Limited was Rs.4656 lakh against Rs.4095 lakh during the previous year. The Subsidiary Company has registered a loss of Rs.418 lakh as against a loss of Rs.39 lakh in the previous year. The subsidiary is reorganising its products and marketing channels.

The overall loss for the year 2019-20 is on account of liquidation of stocks in the first quarter.

KG Denim (USA) Inc. had achieved a turnover of Rs.155 lakh and registered a loss of Rs.28 lakh during the year mainly on account of initial advertisement and sales promotion expenses.

The Company has made provisions for the impairment loss on investments in subsidiaries in view of accumulated losses eroding net worth.

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

## CONSOLIDATED FINANCIAL STATEMENTS

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

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

## CEO/CFO CERTIFICATION

The Managing Director and Chief Financial Officer of the Company have submitted a Certificate to the Board for the year ended 31<sup>st</sup> March, 2020.

## MEETINGS OF THE BOARD OF DIRECTORS

During the year ended 31<sup>st</sup> March, 2020, four Board Meetings were held.

The dates on which the Board meetings were held are 25<sup>th</sup> May 2019, 05<sup>th</sup> August 2019, 9<sup>th</sup> November 2019 and 14<sup>th</sup> February 2020.

A meeting of the Independent Directors of the Board was held on 14<sup>th</sup> February 2020.

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

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

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

- i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2020 and Statement of Profit and Loss Account of the Company for that period;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the Annual Accounts for the Financial Year ended 31<sup>st</sup> March, 2020 on a going concern basis;
- v) that the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi) that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

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

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

## NOMINATION AND REMUNERATION COMMITTEE

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

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With the demise of Shri G V S Desikan there had been a vacancy in the Committee which was filled up by appointing Shri AP Seturaaman as a member.

Brief description of terms of reference:

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

## **NOMINATION AND REMUNERATION POLICY**

### **THE OBJECTIVES OF THE POLICY**

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

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

The details of Loans, Guarantees given and Investments made during the Financial Year ended on 31<sup>st</sup> March, 2020 are given in the notes to Financial Statements in compliance with the provisions of Section 186 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014.

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

The Company adopted a Related Party Transaction Policy in terms of SEBI regulations for compliance with Corporate Governance. The policy has also been hosted on the Company's website. All transactions entered into with Related Parties for the year 2019-20 were on Arm's length basis.

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

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

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

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

### **EXTRACT OF ANNUAL RETURN**

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

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

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

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## RISK MANAGEMENT COMMITTEE

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

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

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

Consequent upon the demise of Shri G V S Desikan, Shri AP Seturaaman was appointed as member on Committee.

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

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

## EVALUATION OF BOARD

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

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

## DIRECTORS

Shri G V S Desikan, Independent Director expired on 16.01.2020.

The Board placed on record the valuable services rendered by him and prayed almighty for the eternal peace of the departed soul.

At its meeting held on 29.07.2020 Shri N Govindarajan (holding DIN : 00366402) was appointed as Additional Director (Independent).

His appointment is sought to be confirmed at the forthcoming Annual General Meeting.

Shri AP Seturaaman (DIN : 07331898), an Independent Director, was appointed on 05.11.2015 on a 5 year term.

His term ends on 04.11.2020.

At the Board Meeting held on 14.09.2020 his appointment was proposed to be extended for further period of 5 years with effect from 05.11.2020 subject to approval at the forthcoming Annual General Meeting.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Shri B Sriramulu retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

## KEY MANAGERIAL PERSONNEL

The following are the Key Managerial Personnel of the Company :

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

## DEPOSITS

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

## STATUTORY AUDITORS

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



# K G DENIM LIMITED

## AUDITORS REPORT

M/s. Mohan & Venkataraman, Chartered Accountants (ICAI Regn. No.007321S) have issued Auditors Report for the Financial Year ended 31<sup>st</sup> March, 2020.

There are no qualifications in Auditors' Report.

## INTERNAL AUDITORS

The Board of Directors of the Company had appointed M/s Gopalaiyer and Subramanian, Chartered Accountants (ICAI Regn. No.000960S) to conduct Internal Audit of the Company for the year 2019-20.

## COST AUDITORS

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

The Board of Directors, on the recommendation of Audit Committee, has appointed Messrs M Nagarajan, Cost Accountants, (Firm Registration Number 6384) as Cost Auditors to audit the cost accounts of the Company for the Financial Year 2020-21. As required under the Companies Act, 2013, a resolution seeking members approval for the remuneration payable to the Cost Auditors forms part of the Notice convening the Annual General Meeting for their ratification.

## AUDIT COMMITTEE

Audit Committee consisted of Shri G P Muniappan as Chairman with Shri K N V Ramani and Shri M B N Rao as members.

All the members of the Audit Committee are Independent Directors.

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

## CORPORATE GOVERNANCE

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

## VIGIL MECHANISM

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

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

## SECRETARIAL AUDITORS REPORT

As per the provisions of Section 204 of the Companies Act, 2013, the Board of Directors have appointed Shri M.R.L.Narasimha, Practicing Company Secretary (C.P.No:799) as Secretarial Auditor to conduct Secretarial Audit of the Company for the Financial Year ended on 31<sup>st</sup> March, 2020.

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

There are no qualifications in Secretarial Audit Report in the Secretarial Auditors Report.

## STATEMENT OF PARTICULARS OF APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL

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

## ENVIRONMENT

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

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The Company has again achieved one of the best scores in the apparel industry as verified by a leading brand assessor continuously this year also and has been meticulously following various environmental measures and reduction programs to achieve the above.

The company has introduced in house developed Agitated Thin Film Dryer (ATFD) to concentrate the RO reject water to fine tune the existing Zero Liquid Discharge system.

The highlighting of our sustainability effort can be seen in the link <https://youtu.be/uZGhiwq6XSM>.

## HEALTH AND SAFETY

The Company has obtained certification under Occupational Health and Safety Management System-ISO-45001 which is an Integrated Management System focusing on an organization's occupational health and safety management system. This standard guides us to identify and control the conditions and factors that affect the well-being of employees, contractors, visitors and any other person in the work place.

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

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

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

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

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

- ★ Social Distancing -distance marking at entrance and specific norms inside yard premises.
- ★ Temperature Measurements at entrance.
- ★ Compulsory Masks. Free mask supply at entrance.
- ★ Facility for hand washing and sanitizers provided at the workplace.
- ★ Those in containment zones shall not be coming to work. They need to inform their project HRs accordingly.
- ★ Movement within & outside the office will not be allowed unless absolutely required and with prior permission.

## POLICY ON SEXUAL HARASSMENT

The Company has adopted policy on Prevention of Sexual Harassment of Women at Workplace in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the Financial Year ended 31<sup>st</sup> March, 2020, the Company has not received any complaints pertaining to sexual harassment.

## SOCIAL RESPONSIBILITIES

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

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

## INSURANCE

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

## FINANCE

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

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

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

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

## **CHANGE IN THE NATURE OF BUSINESS**

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

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

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

Details of pending legal cases are furnished in Note No.44 to the accounts.

## **MATERIAL CHANGES AND COMMITMENTS**

There are no Material changes and commitments in the business operations of the Company from the Financial Year ended 31<sup>st</sup> March, 2020 to the date of signing of the Director's Report except the effect of COVID-19 outlined above.

## **ACKNOWLEDGMENT**

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

## **PERSONNEL**

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

## **CAUTIONARY STATEMENT**

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

## **PARTICULARS OF EMPLOYEES**

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

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

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

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

On behalf of the Board  
**KG Baalakrishnan**  
Executive Chairman  
DIN: 00002174

Coimbatore  
14.09.2020

# K G DENIM LIMITED

Annexure - 1

Form AOC-1

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

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

Part "A": Subsidiaries													Rs. in lakh	
Sr. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total assets	Total liabilities	investments	Turn-over	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Shareholding
1	Trigger Apparels Limited			450.00	(1909.63)	2814.67	4274.30	-	4676.72	(592.70)	177.81	(409.17)	-	100%
2.	KG Denim (USA) Inc.		Exchange Rate Rs.75.32 per USD	0.46	(57.59)	213.05	270.18	-	154.65	(25.80)	-	(25.80)	-	100%

## Part "B": Associates and Joint Ventures

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

There are no Associates / Joint Ventures

**KG BAALAKRISHNAN**

**B SRIRAMULU**

**B SRIHARI**

**M BALAJI**

**S MUTHUSWAMY**

Executive Chairman

Managing Director

Managing Director

Company Secretary

Chief Financial Officer

DIN : 00002174

DIN : 00002560

DIN : 00002556

Coimbatore, 14<sup>th</sup> September, 2020

# K G DENIM LIMITED

Annexure - 2

Form No. MGT-9  
EXTRACT OF ANNUAL RETURN  
as on the Financial Year ended on 31.03.2020

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

**I. REGISTRATION AND OTHER DETAILS:**

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

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl.No.	Name and Description of main products / Services	NIC Code of the Product/ service	% to total turnover of the company
1	Denim Fabric	1312	60%
2	Home Textiles	1392	15%
3	Apparel Fabrics	1313	14%
4	Apparel Garments	14101	9%
5	Others		2%

**III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

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

# K G DENIM LIMITED

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

### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April 2019)				No. of Shares held at the end of the year (As on 31st March 2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Shareholding of Promoter and promoter group</b>									
(1) Indian									
a. Individuals/HUF	9869258	0	9869258	38.49	9869258	0	9869258	38.49	0
b. Central Govt/State Govt(s)	0	0	0	0	0	0	0	0	0
c. Bodies Corporate	5162145	0	5162145	20.13	5162145	0	5162145	20.13	0
d. Financial Institution/Banks	0	0	0	0	0	0	0	0	0
e. Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-total (A)(1):</b>	<b>15031403</b>	<b>0</b>	<b>15031403</b>	<b>58.63</b>	<b>15031403</b>	<b>0</b>	<b>15031403</b>	<b>58.63</b>	<b>0</b>
(2) Foreign									
a) Individuals (Non-Resident Individuals/Foreign Individuals	0	0	0	0	0	0	0	0	0
b)Bodies Corporate	0	0	0	0	0	0	0	0	0
c)Financial Institution/Banks	0	0	0	0	0	0	0	0	0
d)Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
e)Any other	0	0	0	0	0	0	0	0	0
<b>Sub-total (A)(2):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter and Promoter group (A)=(A)(1)+(A)(2)</b>	<b>15031403</b>	<b>0</b>	<b>15031403</b>	<b>58.63</b>	<b>15031403</b>	<b>0</b>	<b>15031403</b>	<b>58.63</b>	<b>0</b>
<b>B. Public Shareholding</b>									
(1) Institutions									
a) Mutual Funds / UTI	0	5100	5100	0.02	0	3300	3300	0.01	0.01
b) Financial Institution/Banks	0	500	500	0	0	500	500	0	0
c) Central Govt/State Govt(s)	0	0	0	0	0	0	0	0	0
d) Venture Capital Funds	0	0	0	0	0	0	0	0	0
e) Insurance Companies	0	0	0	0	0	0	0	0	0
f) Foreign Institutional Investors	0	2300	2300	0.01	0	0	0	0	-0.01
g) Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
h) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
i) Any other	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):</b>	<b>0</b>	<b>7900</b>	<b>7900</b>	<b>0.03</b>	<b>0</b>	<b>3800</b>	<b>3800</b>	<b>0.01</b>	<b>-0.02</b>
(2) Non Institutions									
a) Bodies Corporate	540293	34100	574393	2.24	517863	23800	541663	2.11	-0.13
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	3568053	1300274	4868327	18.99	3363449	817174	4180623	16.31	-2.68
ii) Individual shareholders holding nominal share capital excess of Rs.1 lakh	4171133	156100	4327233	16.88	4476868	111100	4587968	17.90	1.02
c) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
d) Any other									
Clearing Members	5705	0	5705	0.02	5234	0	5234	0.02	0
HUF	323091	0	323091	1.26	278297	0	278297	1.09	-0.17
IEPF	0	0	0	0	655270	0	655270	2.56	2.56
Non Resident Indians	190973	169500	360473	1.41	177567	38600	216167	0.84	-0.57
Others	0	6100	6100	0.02	0	4200	4200	0.02	0
Trusts	133200	0	133200	0.52	133200	0	133200	0.52	0
Others	652969	175600	828569	3.23	1249568	42800	1292368	5.04	1.81
<b>Sub-total (B)(2):</b>	<b>8932448</b>	<b>1666074</b>	<b>10598522</b>	<b>41.34</b>	<b>9607748</b>	<b>994874</b>	<b>10602622</b>	<b>41.36</b>	<b>0.02</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>8932448</b>	<b>1673974</b>	<b>10606422</b>	<b>41.37</b>	<b>9607748</b>	<b>998674</b>	<b>10606422</b>	<b>41.37</b>	<b>0</b>
<b>Total (A)+(B)</b>	<b>23963851</b>	<b>1673974</b>	<b>25637825</b>	<b>100</b>	<b>24639151</b>	<b>998674</b>	<b>25637825</b>	<b>100</b>	<b>0</b>
<b>C. Shares held by Custodians and against which depository receipts have been issued</b>									
Promoter and Promoter group	0	0	0	0	0	0	0	0	0
Public	0	0	0	0	0	0	0	0	0
<b>Total Custodian (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A)+(B)+(C)</b>	<b>23963851</b>	<b>1673974</b>	<b>25637825</b>	<b>100</b>	<b>24639151</b>	<b>998674</b>	<b>25637825</b>	<b>100</b>	<b>0</b>

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

# K G DENIM LIMITED

## ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April 2019)			Shareholding at the end of the year (As on 31st March 2020)			% Change in Shareholding during the year
		No. of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	KG BAALAKRISHNAN	2578560	10.06	0	2578560	10.06	0	0
2	B SATHYABAMA	1886500	7.36	0	1886500	7.36	0	0
3	B SRIRAMULU	2208659	8.61	0	2208659	8.61	0	0
4	B SRIHARI	2231859	8.71	0	2231859	8.71	0	0
5	T ANANDHI	150000	0.59	0	150000	0.59	0	0
6	NIRUPA SRIRAMULU	169185	0.66	0	169185	0.66	0	0
7	DEEPIKA KARTHIKEYAN	72600	0.28	0	72600	0.28	0	0
8	PRANAV SRIRAMAN	67736	0.26	0	67736	0.26	0	0
9	ADHYA SRIHARI	52050	0.20	0	52050	0.20	0	0
10	SRI KANNAPIRAN MILLS LIMITED	3065183	11.96	0	3065183	11.96	0	0
11	KG FABRIKS LIMITED	200000	0.78	0	200000	0.78	0	0
12	GANAPATHYKUMARAN INVESTMENTS PRIVATE LIMITED	1014255	3.96	0	1014255	3.96	0	0
13	KUMARANGANAPATHY INVESTMENTS PRIVATE LIMITED	882707	3.44	0	882707	3.44	0	0
14	G BAKTHAVATHSALAM	104609	0.41	0	104609	0.41	0	0
15	B DHANALAKSHMI	173400	0.68	0	173400	0.68	0	0
16	R VASANTHI	174100	0.68	0	174100	0.68	0	0
	<b>TOTAL</b>	<b>15031403</b>	<b>58.63</b>	<b>0</b>	<b>15031403</b>	<b>58.63</b>	<b>0</b>	<b>0</b>

(iii) Change in Promoter's Shareholding as on March 31, 2020 (please specify, if there is no change) : There is no change

(iv) Shareholding Pattern of top ten Shareholders as on 31st March, 2020 (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2019)	% of Total Shares of the Company	Date	Increase/ Decrease in shareholding	Reason	Cumulative shares during the year	% of total shares of the company during the year
1.	Mr Shivani Tejas Trivedi	662824	2.59				662824	2.59
				31.05.2019	12772	Purchase	675596	2.64
				07.06.2019	2893	Purchase	678489	2.65
				14.06.2019	3745	Purchase	682234	2.66
				21.06.2019	3605	Purchase	685839	2.68
				28.06.2019	12037	Purchase	697876	2.72
				05.07.2019	8505	Purchase	706381	2.76
				12.07.2019	5159	Purchase	711540	2.78
				16.08.2019	(711540)	Sale	0	0

# K G DENIM LIMITED

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2019)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
				13.09.2019	18628	Purchase	18628	0.07
				17.01.2020	19866	Purchase	38494	0.15
				24.01.2020	12437	Purchase	50931	0.20
				31.01.2020	1025	Purchase	51956	0.20
				07.02.2020	7200	Purchase	59156	0.23
				14.02.2020	13127	Purchase	72283	0.28
				21.02.2020	17729	Purchase	90012	0.35
				28.02.2020	15658	Purchase	105670	0.41
				06.03.2020	19400	Purchase	125070	0.49
				13.03.2020	3999	Purchase	129069	0.50
	At the end of the year (31.03.2020)						129069	0.50

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2019)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
2.	Mr Anil Kumar Goel	490000	1.91		No Change		490000	1.91

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2019)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
3.	Mr Kashish Jain	452139	1.76		No Change		452139	1.76

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2019)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
4.	M/s Rajasthan Global Securities Private Limited	254383	0.99				254383	0.99
				05.04.2019	(4180)	Sale	250203	0.98
				10.05.2019	(1942)	Sale	248261	0.97
	At the end of the year (31.03.2020)						248261	0.97



# K G DENIM LIMITED

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2019)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
5.	Mr V Rajesh K Shah	253100	0.99				253100	0.99
				05.04.2019	(15640)	Sale	237460	0.93
				12.04.2019	7103	Purchase	244563	0.95
				19.04.2019	5562	Purchase	250125	0.98
				26.04.2019	10909	Purchase	261034	1.02
				03.05.2019	2576	Purchase	263610	1.03
				10.05.2019	3374	Purchase	266984	1.04
				17.05.2019	2538	Purchase	269522	1.05
				24.05.2019	3728	Purchase	273250	1.07
				31.05.2019	(3654)	Sale	269596	1.05
				07.06.2019	(17845)	Sale	251751	0.98
				14.06.2019	1550	Purchase	253301	0.99
				21.06.2019	670	Purchase	253971	0.99
				28.06.2019	(525)	Sale	253446	0.99
				05.07.2019	(490)	Sale	252956	0.99
				12.07.2019	300	Purchase	253256	0.99
				19.07.2019	(2200)	Sale	251056	0.98
				26.07.2019	2505	Purchase	253561	0.99
				02.08.2019	(39271)	Sale	214290	0.84
				09.08.2019	(700)	Sale	213590	0.83
				30.08.2019	(1715)	Sale	211875	0.83
				27.09.2019	(323)	Sale	211552	0.83
				01.11.2019	(370)	Sale	211182	0.82
				08.11.2019	(557)	Sale	210625	0.82
				15.11.2019	(410)	Sale	210215	0.82
				03.01.2020	(8020)	Sale	202195	0.79
				10.01.2020	(2195)	Sale	200000	0.78
	At the end of the year (31.03.2020)						200000	0.78

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2019)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
6.	Mr Rajeev Jawahar	193740	0.76				193740	0.76
				05.04.2019	8000	Purchase	201740	0.79
				12.04.2019	1145	Purchase	202885	0.79
				19.04.2019	4000	Purchase	206885	0.81
				26.04.2019	250	Purchase	207135	0.81
				03.05.2019	4000	Purchase	211135	0.82

## K G DENIM LIMITED

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2019)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
				10.05.2019	4174	Purchase	215309	0.84
				17.05.2019	6792	Purchase	222101	0.87
				24.05.2019	10773	Purchase	232874	0.91
				21.06.2019	2399	Purchase	235273	0.92
				19.07.2019	355	Purchase	235628	0.92
				02.08.2019	1506	Purchase	237134	0.92
				09.08.2019	269	Purchase	237403	0.93
	At the end of the year (31.03.2020)						237403	0.93

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2019)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
7.	Mr Dheeraj Kumar Lohia	173500	0.68				173500	0.68
				18.10.2019	1833	Purchase	175333	0.68
	At the end of the year (31.03.2020)						175333	0.68

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2019)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
8.	Mr Shabbir Nazmuddin Paratha	153000	0.60		No Change		153000	0.60

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2019)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
9.	Mr Mohamed Yusuf Noorani	133000	0.52		No Change		133000	0.52

# K G DENIM LIMITED

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2019)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
10.	Mr Paras Vasantrai Shah	100001	0.39				100001	0.39
				15.11.2019	7	Purchase	100008	0.39
	At the end of the year (31.03.2020)						100008	0.39

Sl. No.	Shareholder's Name	No. of Shares at the beginning of the year (01.04.2019)	% of Total Shares of the Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative shares during the year	% of total shares of the company during the year
11.	Mr Shivani T Trivedi	0	0				0	0
				16.08.2019	711540	Purchase	711540	2.78
	At the end of the year (31.03.2020)						711540	2.78

(v) Shareholding of Directors and Key Managerial Personnel :

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

# K G DENIM LIMITED

## V. INDEBTEDNESS

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

Rs.in lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	18967.87	-	-	18967.87
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>18967.87</b>	<b>-</b>	<b>-</b>	<b>18967.87</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	2438.05	641.00	-	3079.05
Reduction	-2484.00	-	-	-2484.00
Net Change	-45.95	641.00	-	595.05
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	18921.92	-	-	18921.92
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	56.52	-	-	56.52
<b>Total (i+ii+iii)</b>	<b>18978.44</b>	<b>-</b>	<b>-</b>	<b>18978.44</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Shri KG Baalakrishnan Executive Chairman	Shri B Sriramulu Managing Director	Shri B Srihari Managing Director	
		Rs.	Rs.	Rs.	Rs.
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	60,00,000	48,00,000	48,00,000	1,56,00,000
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission -as % of profit -others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	<b>Total(A)</b>	<b>60,00,000</b>	<b>48,00,000</b>	<b>48,00,000</b>	<b>1,56,00,000</b>
	Ceiling as per the Act-				

# K G DENIM LIMITED

## B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Shri K N V Ramani	Shri G V S Desikan	Shri G P Muniappan	Shri A P Seturaaman	Shri M B N Rao	
1.	Independent Directors	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	Fee for attending board / Independent Directors / Committee Meetings	1,50,000	1,05,000	1,50,000	20,000	55,000	4,80,000
	Commission	-	-	-	-	-	-
	Others, Please Specify	-	-	-	-	-	-
	<b>Total(1)</b>	<b>1,50,000</b>	<b>1,05,000</b>	<b>1,50,000</b>	<b>20,000</b>	<b>55,000</b>	<b>4,80,000</b>
2.	Other Non-Executive Director						
	Fee for attending board / committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>1,50,000</b>	<b>1,05,000</b>	<b>1,50,000</b>	<b>20,000</b>	<b>55,000</b>	<b>4,80,000</b>
	Total Managerial Remuneration						<b>1,60,80,000</b>
	Overall Ceiling as per the Act						

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary M Balaji	Chief Financial Officer S Muthuswamy	Total Rs.
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	17,80,674	16,47,995	34,28,669
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	-as % of profit	-	-	-
	-others, specify...	-	-	-
5.	Others, please specify	-	-	-
	<b>Total</b>	<b>17,80,674</b>	<b>16,47,995</b>	<b>34,28,669</b>

# K G DENIM LIMITED

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

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

There are no penalties / punishment / compounding of offences during the year.

# K G DENIM LIMITED

## Annexure- 3

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

### A. CONSERVATION OF ENERGY:

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

a) Energy conservation measures taken :

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

2. The major efforts are mentioned below.

a) All the conventional lights have been changed to LED lights in mills area, only LED lights will be purchased and used hereafter. Solar cell is linked to LED street lights for energy conservation.

b) All our climate controlled Labs have been renovated with PUF insulation wall and ceiling panels for thermal insulation to bring down the energy consumption of HVAC equipment, minimum 10% reduction in energy has been achieved.

c) With the support of our employees, we have modified one of our climate controlled office into a naturally ventilated office and eliminating the 6 Ton HVAC system, resulting in 30% cost savings. This is a pilot project, more such energy conservation projects are in the drawing board.

d) Major investment has been done in Automatic Warehouse by Purchasing State of the Art System from Italy instead of conventional godowns which saves 40 % cost of lighting load (no lights needed inside automatic warehouse).

### B. TECHNOLOGY ABSORPTION:

i. The Efforts made towards technology absorption: NIL

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

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

No technology has been imported during the past 3 years.

a. The details of technology import: NIL

b. The year of import: NIL

c. Whether the technology has been fully absorbed: NIL

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

iv. The expenditure incurred on Research and Development: Nil

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

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

Particulars	(Rs. lakh)	
	March 31, 2020	March 31, 2019
Outgo	1858.22	2398.29
Earned	13364.97	28656.76

# K G DENIM LIMITED

## Annexure- 4

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

### ANNUAL REPORT DETAILS OF THE CSR ACTIVITIES

1. The CSR Policy is available on the Company's website. The web link of the same is www.kgdenim.com. A gist of the programs that the Company can undertake under the CSR policy is mentioned below.  
Rural development project (Health care) / eradication of hunger and poverty.  
The activities and funding are monitored internally by the Company.
2. The Composition of the CSR Committee.  
Shri KG Baalakrishnan (Executive Chairman);  
Shri A Velusamy (Director);  
Shri A P Seturaaman (Independent Director).
3. Average net profit of the Company for last three Financial Years.  
The average Net Profit for the last three years is Rs. 2103.73 lakh.
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above).  
The Company is required to spend Rs.42.07 lakh towards CSR for the Financial Year 2019-20.
5. Details of CSR spent during the Financial Year.
  - a. Total amount spent in the Financial Year was Rs.44 lakh for 2019-20.
  - b. Amount unspent, if any : Rs.Nil
  - c. Manner in which the amount spent during the Financial Year detailed below:

The details are as under:

(Rs. in Lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads : 1) Direct expenditure on projects 2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency
<b>Amount spent for 2019-20.</b>							
1)	Transfer to KG Denim Trust Foundation	Promoting health care	Rural Hospital Then Thirumalai, Mettupalayam Taluk, Coimbatore, Tamilnadu	43.00	43.00	43.95	Through KG Denim Trust Foundation
2)	World People Welfare Trust	Skill Development	Tamilnadu, Coimbatore	0.50	0.50		Through World People Welfare Trust
3)	The Head Master, Government Higher Secondary School, Alangombu	Skill Development	Alangombu, Tamilnadu, Coimbatore	0.45	0.45		Through The Head Master, Government Higher Secondary School

Amounts spent by KG Denim Trust Foundation in respect of contribution

-for 2014-15 - Rs. 30 lakh, 2015-16 - Rs.9.50 lakh, 2016-17 - Rs. 32.00 lakh, 2017-18 - Rs. 50.00 lakh, 2018-19 - Rs. 57 lakh and 2019-20 - Rs.43 lakh.

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

The Company has fully spent the CSR expenses for 2019-20. The Company has transferred Rs.43.00 lakh to KG Denim Foundation Trust. KG Denim Trust Foundation is a Trust set up exclusively for CSR activities. The said Trust has commenced activities by providing rural health checkup and giving medicines at its hospital where doctors and other staffs are employed. The trust also supplied medicines free/subsidized rates to deserving general public.

The project will be completed in phased manner.

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



# K G DENIM LIMITED

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

KG Baalakrishnan  
Executive Chairman  
DIN: 00002174  
Chairman of CSR Committee

Date : 14.09.2020  
Place : Coimbatore

## CONTENTS OF CSR POLICY

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

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

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

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

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

Annexure - 5

## CORPORATE GOVERNANCE REPORT

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2020, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

### 1. COMPANY'S PHILOSOPHY

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

### 2. GOVERNANCE STRUCTURE

#### BOARD OF DIRECTORS

The current Financial Year of the Company covers a period of 12 months from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020. The strength of the Board is 10 Directors, out of which 5 are Independent Directors. \*

4 (Four) Board Meetings were held during the year, as against the minimum requirement of 4 meetings. The dates on which the meetings held were as follows: 25<sup>th</sup> May 2019, 05<sup>th</sup> August 2019, 9<sup>th</sup> November 2019 and 14<sup>th</sup> February 2020. A meeting of Independent Directors was held on 14<sup>th</sup> February 2020 which was attended by three Independent Directors. The Annual General Meeting (AGM) was held on 26<sup>th</sup> September 2019. The table below gives the particulars of attendance of each Director at the Board Meetings held during the Financial Year and during their respective tenure of Directorship and at the last AGM, as also the number of Directorships in other Companies and membership in other Board Committees.

# K G DENIM LIMITED

Name of the Director	No. of Board Meetings held during the tenure of Directorship	No. of Board Meetings attended	Attendance of Last AGM	No. of Directorship in other Companies	No. of Membership in Board Committees of other Companies as	
					Chairman	Member
Shri KG Baalakrishnan-DIN:00002174	4	4	Present	8 (1 - Private)	1	-
Shri B Sriramulu-DIN : 00002560	4	4	Present	8 (4 - Private)	-	-
Shri B Srihari-DIN : 00002556	4	4	Not Present	11 (5 - Private)	1	-
Shri G V S Desikan-DIN : 00050597	4	3	Present	-	-	-
Shri K N V Ramani-DIN : 00007931	4	4	Present	6	5	-
Shri G P Muniappan-DIN : 01653599	4	4	Present	4 (2 - Private)	4	1
Shri M B N Rao-DIN : 00287260	4	2	Not Present	11 (3 - Private)	4	7
Smt T Anandhi-DIN:00050786	4	4	Present	3 (2 - Private)	-	-
Shri A Velusamy-DIN:00002204	4	4	Present	4 (1 - Private)	-	6
Shri A P Seturaaman-DIN:07331898	4	2	Present	1	-	2

\* There was a casual vacancy in the Board between January 2020 to July 2020 due to the demise of Shri G V S Desikan on 16.01.2020. This vacancy was since filled up.

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

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

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

Sr. No	Name of the Director	Name of the Listed Company	Category of Directorship
1.	Shri K N V Ramani	Bannari Amman Spinning Mills Limited	Non-Executive Independent Director
		Shiva Mills Limited	Non-Executive Independent Director
		LGB Forge Limited	Non-Executive Independent Director
		Shiva Txyarn Limited	Non-Executive Independent Director
		K.P.R. Mill Limited	Non-Executive Independent Director
2.	Shri G P Muniappan	K.P.R.Mill Limited	Non-Executive Independent Director
3.	Shri M B N Rao	The Ramco Cements Limited	Non-Executive Independent Director
		Taj GVK Hotels and Resorts Limited	Non-Executive Independent Director
		Apollo Hospitals Enterprises Limited	Non-Executive Independent Director

#### **Profile of Director to be reappointed on retirement basis**

Shri B Sriramulu aged 53 years is a Graduate Engineer in Textile Technology from Bharathiar University, Coimbatore and Master of Science (Textile Technology) from University of Manchester, UK. He has 27 years experience in textiles.

#### **Certificate from Practicing Company Secretary**

Certificate as required under Part C of Schedule V of Listing Regulations, received from Shri M.R.L. Narasimha, Practicing Company Secretary, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such Statutory Authority was placed before the Board of Directors at its meeting held on 14.09.2020.

#### **Code of Conduct**

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

# K G DENIM LIMITED

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

## Criteria for Evaluation of Board

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

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

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

### Criteria and compliance

#### Criteria

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

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

Laying of Adequate financial controls and effective operation of the same

Developing annual budgets and funding plan consistent with agreed corporate strategies

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

Ensuring significant development in human resources / Industrial relations

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

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

Interest of stake holders

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

Participation of Directors

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

### C) Criteria for evaluation of the Independent Directors

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

### Insider Trading Code

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

# K G DENIM LIMITED

## COMMITTEES OF THE BOARD

### a. Audit Committee

The terms of reference of the Audit Committee with the Stock Exchange and in Section 177 of the Companies Act, 2013 as follows:-

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

During the year, the Committee had met four times, which is the minimum requirement and the Audit Committee meetings were held on 25<sup>th</sup> May 2019, 05<sup>th</sup> August 2019, 14<sup>th</sup> November 2019 and 14<sup>th</sup> February 2020.

Composition of the Audit Committee as on 31<sup>st</sup> March, 2020 and the attendance during the year are as under:

Name of the Member	Position	Category	No. of Meetings held	No. of Meetings Attended
Shri G P Muniappan	Chairman	Independent, Non - Executive	4	4
Shri G V S Desikan*	Member	Independent, Non - Executive	4	3
Shri K N V Ramani	Member	Independent, Non - Executive	4	4
Shri M B N Rao	Member	Independent, Non - Executive	4	1

\* Shri G V S Desikan passed away on 16.01.2020

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

The Board of Directors appointed Shri M B N Rao as member of the said Committee on 05.08.2019, who fulfills the criteria specified under Section 177.

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

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

The Company Secretary acts as the Secretary to the Committee.

#### Familiarisation Programme

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

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

# K G DENIM LIMITED

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

## b. Nomination and Remuneration Committee

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

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

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

Details of Attendance of Nomination and Remuneration Committee :

Name of the Director	Position	Category	No. of Meetings held	No. of Meetings Attended
Shri K N V Ramani	Chairman	Independent, Non - Executive	1	1
Shri G V S Desikan*	Member	Independent, Non - Executive	1	0
Shri G P Muniappan	Member	Independent, Non - Executive	1	1

\* Shri G V S Desikan passed away on 16.01.2020

## c. Stakeholders Relationship Committee

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

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

During the year, the Stakeholders Relationship Committee met four times and meetings were held on 23.05.2019, 03.08.2019, 08.11.2019 and 12.02.2020.

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

The total number of complaints received and replied to the satisfaction of Shareholders during the year under review was one. Outstanding complaints as on 31<sup>st</sup> March 2020 were 'Nil'.

# K G DENIM LIMITED

Details of Attendance of Stakeholders Relationship Committee :

Name of the Member	Position	Category	No. of Meetings held	No. of Meetings Attended
Shri G P Muniappan	Chairman	Independent, Non - Executive	4	4
Shri A Velusamy	Member	Independent, Non - Executive	4	4
Shri A P Seturaaman	Member	Independent, Non - Executive	4	2

#### d. Corporate Social Responsibility Committee

The said Committee was constituted in the year 2016-17 comprising of Shri KG Balakrishnan, Shri G VS Desikan and Shri A Velusamy as members. Upon demise of Shri G V S Desikan on 16.01.2020, the committee had inducted Shri A P Seturaaman, Independent Director as a member. In terms of provisions of Section 135 of the Companies Act, 2013 the Company has constituted a trust under the name of 'KG Denim Trust Foundation' to carry out the Corporate Social Responsibility(CSR) activities. The following amounts were spent :

Sl.No.	For the Year	Amount Rs. lakh
1.	2014-15	30.00
2.	2015-16	9.50
3.	2016-17	32.27
4.	2017-18	51.00
5.	2018-19	59.10
6.	2019-20	43.95
	<b>Total</b>	<b>225.82</b>

Details of CSR activities undertaken are highlighted in Directors Report.

#### e. Transfer of Shares to Investor Education and Protection Fund (IEPF)

The Company has transferred 6,55,270 shares of Rs.10/- each to IEPF representing shareholders who have not encashed their dividend for a consecutive period of seven years starting from Financial Year 2011-12 in January, 2020.

#### f. Risk Management Committee

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

#### 4. GENERAL MEETINGS

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

Annual General Meeting for the Financial Year 2019-20

Type of Meeting	Date	Time	Venue	Details of Special Resolution passed
27 <sup>th</sup> AGM	26 <sup>th</sup> September 2019	4.30 p.m.	Registered Office premises, Then Thirumalai, Jadayampalayam, Coimbatore - 641 302.	Remuneration paid to Smt T Anandhi, Non-executive Director
26 <sup>th</sup> AGM	27 <sup>th</sup> September 2018	4.15 p.m.	-do-	1. Re-appointment of Shri KG Baalakrishnan as Executive Chairman 2. Re-appointment of Shri K N V Ramani, Shri G V S Desikan and Shri G P Muniappan as Independent Directors 3. Alteration of Memorandum and Articles of Association of the Company
25 <sup>th</sup> AGM	16 <sup>th</sup> September 2017	10.45 a.m.	-do-	Nil

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

# K G DENIM LIMITED

## ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR 2019-20

Day and Date	Monday, 30.11.2020
Time	3.00 p.m.
Mode	Video Conferencing (VC) or Other Audio Visual Means (OAVM)
Financial Year	01.04.2019 to 31.03.2020
Book Closure	24.11.2020 (Tuesday) to 30.11.2020 (Monday) (Both days inclusive)

### 5. DISCLOSURES

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

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

### 6. MEANS OF COMMUNICATION

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

### 7. REMUNERATION TO DIRECTORS

For the Financial Year ended 31<sup>st</sup> March 2020, the remuneration paid to the Directors is as indicated below:-

Name of the Director & Designation	Salary Amount (Rs.)	Perquisites and other benefits (Rs.)	Total (Rs.)
Shri KG Baalakrishnan, Executive Chairman	60,00,000	-	60,00,000
Shri B Sriramulu, Managing Director	48,00,000	-	48,00,000
Shri B Srihari, Managing Director	48,00,000	-	48,00,000

The details of sitting fees paid to Non-Executive Directors for attending the Board, Independent Directors or Committee Meetings during the Financial Year ended 31<sup>st</sup> March 2020 were as follows :-

Name of the Directors	Sitting Fee (Rs.)	No. of Shares held
Shri G V S Desikan	1,05,000	200
Shri K N V Ramani	1,50,000	10000
Shri G P Muniappan	1,50,000	Nil
Shri M B N Rao	55,000	Nil
Shri A P Seturaaman	20,000	Nil

# K G DENIM LIMITED

## 8. GENERAL SHAREHOLDER INFORMATION

1. 28 <sup>th</sup> AGM to be held on	:	30.11.2020
	at :	3 p.m.
	venue :	Registered Office Premises, Then Thirumalai, Jadayampalayam, Coimbatore 641 302
2. Financial Calendar-Board Meetings (Tentative)		First Quarter - 14.09.2020 Second Quarter - Second week of November 2020 Third Quarter - Second week of February 2021 Results for the year ending 31 <sup>st</sup> March 2021 last week of May 2021
3. Date of Book Closure		24.11.2020 to 30.11.2020 (Both days inclusive)
4. Listing of Equity Shares		Listed in BSE Ltd. The Company has paid the listing fees for the year 2019 - 2020.
5. Registrar and Share Transfer Agents		In accordance with SEBI's Circular dated 4th January 2003 directing that the work related to share registry, in physical & electronic modes, be maintained at a single point, as from 1st April 2003, both the above segments of share registry operations are now being handled by the SEBI Registered R & T Agent M/s Cameo Corporate Services Limited, at 'Subramanian Building', No.1 Club House Road, Chennai 600 002
6. Stock Code		BSE Ltd. - 500239
7. Demat ISIN No. for NSDL & CDSL		INE104A01012
8. Share Transfer System		The Company's shares are traded in the stock exchange compulsorily in demat mode. Both the physical and demat modes of share transfers are being handled by company's Share Transfer Agent M/s Cameo Corporate Services Limited, 'Subramanian Building', No.1 Club House Road, Chennai 600 002  The share transfer committee, which is a Board Committee, approves the transfer of shares.
9. Dematerialisation of Shares		96.10% of the total equity shares (24639151 Shares) were held in the dematerialised form as on 31 <sup>st</sup> March 2020. Trading in equity shares of the company is permitted only in dematerialised form w.e.f 26.06.2000, as per the notification of SEBI.
10. i. Details of Public Funding obtained in the last three years.		No capital from public was raised during the last three years.
ii. Outstanding GDRS/ADRS/Warrants or any convertible instrument		None
11. Plant Location		K G DENIM LIMITED, Then Thirumalai, Jadayampalayam, Coimbatore 641 302
12. Address for communication		K G DENIM LIMITED, Then Thirumalai, Jadayampalayam, Coimbatore 641 302
13. Website		www.kgdenim.com

## 9. DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH 2020

Category	No. of Shareholders	%	No. of Shares	%
Upto 5,000	10915	98.02	3773696	14.72
5,001 - 10,000	85	0.76	652469	2.54
10,001 - 20,000	74	0.66	1086936	4.24
20,001 - 30,000	19	0.17	481009	1.88
30,001 - 40,000	3	0.03	109595	0.43
40,001 - 50,000	6	0.05	280366	1.09
50,001 - 1,00,000	10	0.09	729714	2.85
1,00,001 and above	24	0.22	1852404	72.25
<b>Total</b>	<b>11136</b>	<b>100.00</b>	<b>25637825</b>	<b>100.00</b>



# K G DENIM LIMITED

## 10. CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2020

Sl.No.	Category	No.of Shares held	%
1	Shareholding of Promoter and Promoter Group	15031403	58.63
2	Public Shareholding		
A	Institutions		
(a)	Mutual Funds / Financial Institutions / Banks	3800	0.01
(b)	Foreign Institutional Investors	-	-
	Sub Total (A)	3800	0.01
B	Non-Institutions		
(a)	Bodies Corporate & Trusts	674863	2.63
(b)	Individuals	9927759	38.73
	Sub Total (B)	10602622	41.36
	Grand Total (1+2)	25637825	100.00

## 11. SHARE PRICE DATA

Market price data of the company's equity shares in Bombay Stock Exchange for the period from April 2019 to March 2020 is as below:

Month	BSE Price	
	High	Low
April 2019	51.85	45.05
May 2019	49.50	38.00
June 2019	46.10	34.00
July 2019	42.00	30.10
August 2019	37.00	25.00
September 2019	34.55	26.05
October 2019	32.05	18.20
November 2019	27.90	22.10
December 2019	26.00	17.50
January 2020	29.45	17.95
February 2020	31.80	26.70
March 2020	30.00	16.75

## 12. COMPLIANCE WITH NON MANDATORY REQUIREMENT

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

### COMPANY SECRETARYS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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

Dear Sir,

I have examined the compliance conditions of corporate governance by M/s. K G Denim Limited ("the Company") for the financial year ended March 31, 2020 as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the directors and management, I certify that the company has complied with the conditions of corporate governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Coimbatore  
14.09.2020

**M.R.L.Narasimha**  
Practicing Company Secretary  
Membership No:2851  
Certificate of Practice:799  
Place, 34-C, 3<sup>rd</sup> Cross, R.L. Nagar  
K.K.Pudur, Coimbatore - 641038  
UDIN : F002851B000707931

# K G DENIM LIMITED

Annexure - 6

FORM MR - 3

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members of K G DENIM LIMITED (CIN : L17115TZ1992PLC003798 )

I have conducted a secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by K G DENIM LIMITED (here in after called "the Company"). I have conducted the Secretarial Audit in a manner that provided me a reasonable basis for evaluating the Company's corporate conducts/statutory compliances and expressing my opinion there on.

I am issuing this report based on my verification of the books, papers, minutes books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company, during the Financial Year ended 31<sup>st</sup> March, 2020 and also after 31<sup>st</sup> March, 2020 but before the issue of this report and the information provided by the Company, its officers, agents and authorized representatives during my conduct of secretarial audit.

I hereby report that, in my opinion, during the audit period covering the Financial Year ended on 31<sup>st</sup> March 2020 (hereinafter referred to as "the year"), the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made here in after. The members are requested to read this report along with my letter of even date annexed to this report as Annexure-A.

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

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

2. I am informed that, during the year the Company was not required to maintain any books, papers, minute books or other records or to file any forms / returns according to the provisions of:

The following Regulations and Guidelines prescribed under the SEBI Act:

- (a) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
- (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- (e) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations 2018

# K G DENIM LIMITED

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

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

5. During the period under review, and also considering the compliance related action taken by the Company after 31st March, 2020 but before the issue of this report, the Company has complied with the provisions of the Acts, Rules, Regulations and Agreements mentioned under paragraph 1 above, to the extent applicable.

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

6. I further report that:

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

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

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

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

(v) There were no instances of

- (a) Public/ Rights/Preference Issue of shares/ Debentures/ Sweat Equity
- (b) Redemption/ Buy-back of Securities.
- (c) Major decision taken by the members pursuant to section 180 of the Companies Act 2013
- (d) Merger/ Amalgamation/ Reconstruction etc
- (e) Foreign technical collaborations.

Place : Coimbatore  
Dated : 14.09.2020

**M.R.L.Narasimha**  
Practicing Company Secretary  
Membership No:2851  
Certificate of Practice:799  
UDIN : F002851B000707929

# K G DENIM LIMITED

## Annexure - A to Secretarial Audit Report of even date

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

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31<sup>st</sup> March, 2020 is to be read along with this letter.

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also taken into consideration the compliance related action taken by the Company after 31<sup>st</sup> March 2020 but before the issue of this report.
4. I have verified the records to see whether the correct facts are reflected in the secretarial records. I also examined the compliance procedures followed by the Company. I believe that the processes and practices I followed provide a reasonable basis for my opinion. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
5. I have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
6. My Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**M.R.L.Narasimha**  
Practising Company Secretary  
Membership No:2851  
Certificate of Practice:799  
Place, 34-C, 3rdCross, R.L.Nagar  
K.K.Pudur, Coimbatore - 641038.  
UDIN : F002851B000707929

Place : Coimbatore  
Dated : 14.09.2020

# K G DENIM LIMITED

## Annexure - 7

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

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

Sl.No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees
1.	Shri KG Baalakrishnan	43.29
2.	Shri B Sriramulu	34.63
3.	Shri B Srihari	34.63

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

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

The Board and Annual General Meeting had approved a fixed annual remuneration of Rs.60 lakh each to Shri KG Baalakrishnan, Shri B Sriramulu and Shri B Srihari, Directors from 01.04.2016 instead of 3% of Net Profit payable earlier. Shri B Sriramulu and Shri B Srihari have drawn Rs.48 lakh each in this Company after considering Rs.12 lakh each earned in Sri Kannapiran Mills Limited as Managing Directors.

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

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

Nil

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

1853

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

Sl.No.	Average increase in remuneration	Company performance
		Nil

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

Sl.No.	Remuneration of Key Managerial Personnel	Performance of the Company for the year ended 31st March, 2020
1.	Rs.1.30 Crore	(Rs.15.27 Crore)

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

Sl.No.	Particular	As at March 31, 2020		As at March 31, 2019	
		BSE	Rs.43.83 Crore	BSE	Rs.125.37 Crore
1.	Market Capitalisation	BSE	Rs.43.83 Crore	BSE	Rs.125.37 Crore
2.	Price Earnings Ratio	BSE	-ve	BSE	14.34

# K G DENIM LIMITED

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

The Company came with an Initial Public Offer in 1993 at the price of Rs.10/- per equity share. As on 31<sup>st</sup> March, 2020 the Market Quotation of the Company Share Price (Closing Price) is as follows:

BSE Limited : Rs.17.10

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

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

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

Sl.No.	Name	Remuneration of Key Managerial Personnel	Performance of the Company for the year ended 31 <sup>st</sup> March, 2020
1.	Shri B Sriramulu	Rs.48,00,000	(Rs.15.27 Crore)
2.	Shri B Srihari	Rs.48,00,000	(Rs.15.27 Crore)
3.	Shri S Muthuswamy	Rs.16,47,995	(Rs.15.27 Crore)
4.	Shri M Balaji	Rs.17,80,674	(Rs.15.27 Crore)

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

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

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

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

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

Place : Coimbatore

Date : 14.09.2020

# K G DENIM LIMITED

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF K G DENIM LIMITED

### REPORT ON THE STANDALONE FINANCIAL STATEMENTS

#### Opinion

1. We have audited the accompanying standalone financial statements of KG Denim Limited ('the Company'), which comprise the Balance sheet as at 31 March 2020, the statement of profit and loss (including Other Comprehensive Income), the Cash Flow statement and the statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS'), specified under Section 133 of the Act, of the state of affairs of the Company as at 31 March 2020, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

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

#### Emphasis of Matter

4. We draw attention to note 40 to the accompanying standalone financial statements, which describes the effects of uncertainties relating to Covid-19 pandemic outbreak on the company's operations and management's evaluation of its impact on the accompanying standalone financial statements as at 31<sup>st</sup> March 2020, the impact of which is dependent on future developments. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

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

Sr.No	Key Audit Matter	Auditor's Response
1.	<p><b>Litigations - Contingencies</b></p> <p>The Company has ongoing litigations with various authorities and third parties which could have a significant impact on the results, if the potential exposures were to materialise.</p> <p>The amounts involved are significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability or disclosed as a contingent liability, is inherently subjective.</p> <p>Claims against the Company not acknowledged as debts are disclosed in the Financial Statements by the Company after a careful evaluation of the facts and legal aspects of the matters involved. The outcome of such litigation is uncertain and the position taken by management involves significant judgement and estimation to determine the likelihood and/or timing of cash outflows and the interpretation of preliminary and pending court rulings.</p> <p>Refer Note 44 to the Financial Statements</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit approach was a combination of test of internal controls and substantive procedures including:</p> <p>Assessing the appropriateness of the design and implementation of the Company's controls over the assessment of litigations and completeness of disclosures. Supporting documentation are tested for the positions taken by the management, meetings are conducted with in-house legal counsel and/or legal team and minutes of Board to confirm the operating effectiveness of these controls.</p> <p>Involving our direct and indirect tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures.</p>

# K G DENIM LIMITED

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

6. The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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



# K G DENIM LIMITED

- ★ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

## Report on Other Legal and Regulatory Requirements

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

16. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143 (11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.

17. As required by Section 143 (3) of the Act, based on our audit, we report that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the accompanying standalone financial statements.
- (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the balance sheet, the statement of profit and loss (including other comprehensive income), the cash flow statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder;
- (e) on the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31<sup>st</sup> March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report as per "Annexure B"; expressed an unmodified opinion; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
  - i. the Company has disclosed the impact of pending litigations on its financial position as at 31<sup>st</sup> March 2020 in the standalone financial statements;
  - ii. the Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
  - iii. Amount of Rs. 8,59,424 was transferred in delay of one day to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.
  - iv. the disclosure requirements regarding specified bank notes held and transacted during the period from 8<sup>th</sup> November 2016 to 30 December 2016 has not been made since the requirement does not pertain to the year ended 31st March 2020.

For MOHAN & VENKATARAMAN  
Chartered Accountants  
Firm Regn. No.007321S

V KARTHIKEYAN  
Partner  
Membership No.208828  
UDIN : 20208828AAAAAT2873

COIMBATORE  
29<sup>th</sup> July 2020

# K G DENIM LIMITED

## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 16 of the Independent Auditors' Report of even date to the members of K G Denim Limited on the standalone financial statements for the year ended March 31, 2020.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
  - (b) The property, plant and equipment are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the property, plant and equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- iii. The Company has not granted unsecured loans to companies, firms, LLPs or other parties covered in the register maintained under Section 189 of the Act.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans, investments made and the guarantees provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The company has maintained the cost records prescribed by the Central Government under Section 148 (1) of the Act, however, we have not made detailed examination of such records.
- vii.(a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of sales tax, goods and services tax, VAT, provident fund, employees' state insurance, income tax, service tax, duty of customs, duty of excise, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
  - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of, sales tax, service tax and VAT which have not been deposited on account of any dispute. The particulars of dues of Income tax, duty of customs and duty of excise as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

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

# K G DENIM LIMITED

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

COIMBATORE  
29<sup>th</sup> July 2020

**For MOHAN & VENKATARAMAN**  
Chartered Accountants  
Firm Regn. No.0073215  
**V KARTHIKEYAN**  
Partner  
Membership No.208828  
UDIN : 20208828AAAAAT2873

# K G DENIM LIMITED

## ANNEXURE - B TO THE AUDITORS' REPORT

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

1. We have audited the internal financial controls with reference to financial statements of KG Denim Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Responsibility of Management and Those charged with Governance for Internal Financial Controls

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

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

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

#### Meaning of Internal Financial Controls with Reference to Financial Statements

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

# K G DENIM LIMITED

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

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

## Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

COIMBATORE  
29<sup>th</sup> July 2020

For **MOHAN & VENKATARAMAN**  
Chartered Accountants  
Firm Regn. No.0073215

**V KARTHIKEYAN**  
Partner  
Membership No.208828  
UDIN : 20208828AAAAAT2873

# K G DENIM LIMITED

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2020

PARTICULARS	NOTE NO.	AS AT 31.03.2020	AS AT 31.03.2019
<b>I. ASSETS</b>			
(Rs. in lakhs)			
<b>1 NON-CURRENT ASSETS</b>			
(a) Property, plant and equipment	1	18439.58	16620.70
(b) Capital Work-in-Progress	1	-	3034.84
(c) Right of Use Assets	2	75.78	-
(d) Financial Assets			
Non-Current Investments	3	329.32	781.05
(e) Other non-current assets	4	433.06	528.35
<b>TOTAL</b>		<b>19277.74</b>	<b>20964.94</b>
<b>2 CURRENT ASSETS</b>			
(a) Inventories	5	12717.29	13023.78
(b) Financial Assets			
(i) Trade Receivables	6	8480.56	8574.38
(ii) Cash and cash equivalents	7	92.59	465.43
(iii) Bank balance other than (ii) above	8	347.80	333.03
(c) Current tax assets (net)	9	98.70	23.77
(d) Other Current Assets	10	4726.05	3683.63
<b>TOTAL</b>		<b>26462.99</b>	<b>26104.02</b>
<b>GRAND TOTAL</b>		<b>45740.73</b>	<b>47068.96</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
(a) Equity Share Capital	11	2564.90	2564.90
(b) Other Equity	12	7110.62	8869.91
<b>TOTAL EQUITY</b>		<b>9675.52</b>	<b>11434.81</b>
<b>2 LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	13	6373.99	6906.47
(ii) Lease Liabilities	14	12.21	0.00
(b) Long-term Provisions	15	638.03	638.66
(c) Deferred Tax Liabilities (Net)	16	1186.48	1860.92
(d) Government grants	17	582.70	791.58
<b>TOTAL</b>		<b>8793.41</b>	<b>10197.63</b>
<b>CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	18	11444.47	10076.83
(ii) Lease Liabilities	19	67.30	0.00
(ii) Trade payable - Micro and Small Enterprises	20	25.69	29.01
(iii) Trade payable - Others	20	13931.40	12769.61
(iv) Other financial liabilities	21	1192.42	1996.74
(b) Other current liabilities	22	406.79	442.52
(c) Short-term provisions	23	67.93	64.10
(d) Government grants	24	135.80	57.71
<b>TOTAL</b>		<b>27271.80</b>	<b>25436.52</b>
<b>GRAND TOTAL</b>		<b>45740.73</b>	<b>47068.96</b>
Significant Accounting Policies	35		
The notes form an integral part of these financial statements	36 to 48		

As per our report of even dated

For **MOHAN & VENKATARAMAN**  
Chartered Accountants

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**B SRIHARI**  
Managing Director  
DIN : 00002556

**V KARTHIKEYAN**  
Partner

**M BALAJI**  
Company Secretary

**S MUTHUSWAMY**  
Chief Financial Officer

Coimbatore  
29th July, 2020

Membership No.208828  
Firm Regn. No.007321S

# K G DENIM LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

PARTICULARS	NOTE NO.	31.03.2020	31.03.2019
		(Rs.in lakhs)	
<b>I INCOME</b>			
Revenue from operations	25	49253.40	69286.62
Other Income	26	302.91	293.83
<b>Total Income</b>		<u>49556.31</u>	<u>69580.45</u>
<b>II EXPENSES</b>			
Cost of materials consumed	27	25765.97	39252.91
Purchases of Stock-in-Trade	28	12.84	17.66
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	29	28.90	668.43
Other Manufacturing Expenses	30	13455.71	14596.59
Employee Benefits Expenses	31	5255.72	5607.45
Finance Costs	32	2266.21	2499.36
Depreciation and Amortization Expense		1923.28	1682.63
Other Expenses	33	2748.53	3551.12
<b>Total Expenses</b>		<u>51457.16</u>	<u>67876.15</u>
<b>III Profit before exceptional items and tax</b>		<u>(1900.85)</u>	1704.30
<b>IV Exceptional Items</b>	34	450.46	162.54
<b>V Profit before tax (III-IV)</b>		<u>(2351.31)</u>	1541.76
<b>VI Tax Expense :</b>			
(1) Current Tax		-	572.42
(2) Deferred Tax		(674.44)	(62.38)
(3) Prior Year Tax		(25.97)	(65.76)
		<u>(700.41)</u>	<u>444.28</u>
<b>VII Profit / (Loss) (after tax) (V-VI)</b>		<u>(1650.90)</u>	1097.48
<b>VIII Other Comprehensive Income</b>			
<b>Items that will not reclassified to Profit or Loss</b>			
Fair value of Equity Instruments		(1.27)	(0.42)
Gratuity valuations through OCI		124.69	(221.84)
Tax expense on above		-	-
		<u>123.42</u>	<u>(222.26)</u>
<b>IX Total Comprehensive Income for the year (VII+VIII)</b>		<u>(1527.48)</u>	875.22
<b>X Earnings per equity share</b>			
(1) Basic		(6.44)	4.28
(2) Diluted		(6.44)	4.28
<b>Weighted Number of Equity Shares</b>		<b>25637825</b>	<b>25637825</b>
Significant Accounting Policies	35		
The notes form an integral part of these financial statements	36 to 48		

As per our report of even dated

For **MOHAN & VENKATARAMAN**  
Chartered Accountants

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**B SRIHARI**  
Managing Director  
DIN : 00002556

**V KARTHIKEYAN**  
Partner

**M BALAJI**  
Company Secretary

**S MUTHUSWAMY**  
Chief Financial Officer

Coimbatore  
29th July, 2020

Membership No.208828  
Firm Regn. No.0073215

# K G DENIM LIMITED

## STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31.03.2020

PARTICULARS	31.03.2020	31.03.2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>	(Rs.in lakhs)	
Net profit before tax and extraordinary items	(2351.31)	1541.76
Adjustments for:		
Fair Valuation of Instruments	(1.27)	(0.42)
Depreciation and Amortization expenses	1923.28	1682.63
Finance Cost	2266.21	2499.36
Profit on sale of Fixed Assets	(2.53)	0.00
Apportioned on Government Grants	(130.79)	(57.71)
Impairment Loss on Investment	450.46	0.00
ITC reversal in GST and Share buy back Expenses	0.00	162.54
<b>Operating Profit before working capital changes</b>	<b>2154.05</b>	<b>5828.16</b>
Adjustments for:		
(Increase)/Decrease in Trade and other receivables	93.83	690.59
(Increase)/Decrease in Inventories	306.49	1349.16
(Increase)/Decrease in Other Non current assets	95.29	5.82
(Increase)/Decrease in Other current assets	(1117.35)	(922.97)
Increase/(Decrease) in Trade and other payables	1122.74	(4402.78)
Increase/(Decrease) in Provisions and Others	3.20	775.65
Increase/(Decrease) in Gratuity Valuation through OCI	124.69	(221.84)
<b>Cash generated from operations</b>	<b>2782.92</b>	<b>3101.80</b>
<b>Cash flow before extraordinary items</b>	<b>2782.92</b>	<b>3101.80</b>
<b>Cash flow after extraordinary items</b>	<b>2782.92</b>	<b>3101.80</b>
Income Tax	25.97	(506.66)
<b>Net cash (used in)/generated from operating activities</b>	<b>2808.89</b>	<b>2595.14</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Share buy back	0	(6.43)
Non Current Investments	1.27	0.42
Sale of Fixed Assets	4.18	-
Purchase of property, plant and equipment	(784.77)	(4196.64)
Margin money Deposit with bank	(14.77)	777.99
<b>Net cash (used in)/generated from investing activities</b>	<b>(794.09)</b>	<b>(3424.66)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds / Repayment from Long Term Borrowings	(1324.59)	1847.58
Proceeds from Short Term Borrowings	1512.28	1848.96
Payment for Equity Dividend	(192.28)	(192.40)
Distribution Tax on Equity Dividend	(39.52)	(39.56)
Interest paid	(2266.21)	(2499.36)
Repayment towards lease liabilities	(77.34)	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(2387.66)</b>	<b>965.22</b>
<b>Net Increase in cash and cash equivalents</b>	<b>(372.84)</b>	<b>135.70</b>
Cash and cash equivalents as at 1st April, 2019 / 2018 (Opening Balance)	465.43	329.73
Cash and cash equivalents as at 31st March, 2020 / 2019 (Closing Balance)	92.59	465.43
<b>Cash and cash equivalents as per above comprises of the following</b>		
Cash and cash equivalents (Refer Note 7)	92.59	465.43
<b>Balance as per Statement of Cash Flows</b>	<b>92.59</b>	<b>465.43</b>

As per our report of even dated

For **MOHAN & VENKATARAMAN**  
Chartered Accountants

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**B SRIHARI**  
Managing Director  
DIN : 00002556

**V KARTHIKEYAN**  
Partner

**M BALAJI**  
Company Secretary

**S MUTHUSWAMY**  
Chief Financial Officer

Coimbatore  
29th July, 2020

Membership No.208828  
Firm Regn. No.0073215



# K G DENIM LIMITED

## STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### A. EQUITY SHARE CAPITAL

(Rs in lakhs)

	Notes	Amount
As at 1st April, 2018		2566.51
Changes in equity share capital		-
Shares buy backs (16080 shares)	11	1.61
As at 31st March, 2019		2564.90
Changes in equity share capital		-
As at 31st March, 2020		2564.90

### B. OTHER EQUITY

(Rs in lakhs)

	Capital Redemption Reserve	Securities Premium Reserve	General Reserves	Surplus	Total
<b>Balance as at 1st April, 2018</b>	-	444.44	1555.71	6231.31	8231.46
Capital Redemption Reserve (Buy Back of Shares )	1.61	-	-	-	1.61
Buy back shares expenses	-	-	-6.43	-	-6.43
Profit for the year	-	-	-	1097.48	1097.48
Other Comprehensive income for the year	-	-	-	-222.26	-222.26
<b>Total Comprehensive Income for the year</b>	-	-	-	875.22	875.22
Dividends	-	-	-	192.40	192.40
Dividend distribution tax	-	-	-	39.56	39.56
<b>Balance as at 31st March, 2019</b>	1.61	444.44	1549.28	6874.57	8869.91
<b>Balance as at 1st April, 2019</b>	1.61	444.44	1549.28	6874.57	8869.91
Profit (loss) for the year	-	-	-	-1650.90	-1650.90
Other Comprehensive Income for the year	-	-	-	123.42	123.42
<b>Total Comprehensive Income for the year</b>	-	-	-	-1527.48	-1527.48
Dividends	-	-	-	192.28	192.28
Dividend distribution tax	-	-	-	39.52	39.52
<b>Balance as at 31st March, 2020</b>	1.61	444.44	1549.28	5115.29	7110.62

As per our report of even dated

For **MOHAN & VENKATARAMAN**  
Chartered Accountants

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**B SRIHARI**  
Managing Director  
DIN : 00002556

**V KARTHIKEYAN**  
Partner  
Membership No.208828  
Coimbatore  
29th July, 2020  
Firm Regn. No.007321S

**M BALAJI**  
Company Secretary

**S MUTHUSWAMY**  
Chief Financial Officer

# K G DENIM LIMITED

## Note 1 - Property Plant & Equipment - Standalone

(Rs.in lakhs)

Fixed Assets	Land	Buildings	Plant & Equipment	Electrical Machinery	Furniture & Fixtures	Vehicles	Office Equipment	other (Specify nature)	Total	Capital Work in progress
<b>Gross Carrying Value</b>										
Deemed Cost as at April 1, 2019	1097.98	5403.39	12943.07	628.50	174.62	555.67	127.84	7.74	20938.81	3034.84
Additions	-	639.65	2819.59	86.30	7.79	91.84	23.05	2.63	3670.85	406.78
brought in to use	-	-	-	-	-	-	-	-	-	3441.62
(-) Disposals	-	-	-	-	-	2.85	-	-	2.85	-
<b>As at March 31, 2020</b>	<b>1097.98</b>	<b>6043.04</b>	<b>15762.66</b>	<b>714.80</b>	<b>182.41</b>	<b>644.66</b>	<b>150.89</b>	<b>10.37</b>	<b>24606.81</b>	<b>0.00</b>
<b>Depreciation</b>										
As at April, 2019	-	618.48	3217.38	161.95	45.19	203.77	69.86	1.48	4318.11	-
Depreciation for the year	-	237.02	1430.45	61.09	18.28	84.32	17.35	1.80	1850.31	-
(-) On Disposals	-	-	-	-	-	1.20	-	-	1.20	-
<b>As at March 31, 2020</b>	<b>-</b>	<b>855.50</b>	<b>4647.83</b>	<b>223.04</b>	<b>63.47</b>	<b>286.89</b>	<b>87.21</b>	<b>3.28</b>	<b>6167.22</b>	<b>-</b>
<b>Net Carrying Value</b>										
As at March 31, 2020	<b>1097.98</b>	<b>5187.54</b>	<b>11114.83</b>	<b>491.76</b>	<b>118.93</b>	<b>357.77</b>	<b>63.68</b>	<b>7.09</b>	<b>18439.58</b>	<b>0.00</b>
As at March 31, 2019	1097.98	4784.91	9725.69	466.55	129.43	351.90	57.98	6.26	16620.70	3034.84

Note :

Building includes Prayer Hall and Gold plating theron of Rs. 109.14 Lakhs in Gross Carrying value, Rs. 19.17 Lakhs in Depreciation block and Rs.89.97 Lakhs in Net Block (Previous year Rs. 109.14 Lakhs in Gross Carrying value, Rs.10.98 Lakhs in Depreciation and Rs.98.16 lakhs in Net Block )

Furniture & Fittings includes Prayer Hall of Rs. 4.53 Lakhs in Gross Carrying value, Rs. 3.84 Lakhs in Depreciation Block and Rs.0.69 Lakhs in Net Block (Previous year Rs. 4.53 Lakhs in Gross Carrying Value, Rs. 3.80 Lakhs in Depreciation and Rs.0.73 Lakhs in Net Block)

Office Equipment includes Prayer Hall of Rs. 0.47 Lakhs in Gross Carrying Value, Rs. 0.38 Lakhs in Depreciation Block and Rs.0.09 Lakhs in Net Block (Previous year Rs. 0.47 Lakhs in Gross Carrying Value, Rs. 0.29 Lakhs in Depreciation and Rs.0.18 lakhs in Net Block)

# K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
<b>NOTE 2 - RIGHT TO USE ASSETS</b>		
<b>Movement during the year</b>		
Account of Transition to Ind As-1st April 2019	140.92	-
Addition	7.83	-
Disposals	-	-
<b>Balance as at 31st March 2020</b>	<b>148.75</b>	<b>-</b>
<b>Accumulated Depreciation</b>		
Additions	72.97	-
Disposals	-	-
<b>Balance as at 31st March 2020</b>	<b>72.97</b>	<b>-</b>
<b>Net Block as at 31st March 2020</b>	<b>75.78</b>	<b>-</b>
<b>NOTE 3 - INVESTMENTS-NON CURRENT</b>		
<b>A NON-TRADE INVESTMENTS</b>		
Equity (Quoted)		
i Allahabad Bank -5,265 Equity Shares of Rs.10/- each	1.61	2.88
<b>TOTAL - A</b>	<b>1.61</b>	<b>2.88</b>
<b>B TRADE INVESTMENTS</b>		
<b>I Investments in Subsidiary Companies</b>		
i Trigger Apparels Limited - Wholly Owned Subsidiary 45,00,000 Equity Shares of Rs.10/- each - unquoted Less : Provision for impairment	450.00 (-) 450.00 -	450.00 - 450.00
ii KG Denim (USA) Inc. - Wholly Owned subsidiary unquoted Less : Provision for impairment	0.46 (-) 0.46 -	0.46 - 0.46
<b>SUB TOTAL</b>	<b>-</b>	<b>450.46</b>
<b>II OTHER TRADE INVESTMENTS</b>		
i KG Fabriks Limited (Nil) (P.Y. 32,70,000 Equity Shares of Rs.10/- each - Un quoted)	-	327.00
ii Sri Kannapiran Mills Limited (*) 3,31,588 Equity Shares of Rs.10/- each - Un quoted (P.Y. 4588 Shares of) Ref Note No.	327.46 -	0.46 -
iii Cotton Sourcing Company Ltd 10,000 Equity Shares of Rs.10/- each - Un quoted Less : Provision for impairment	1.00 0.75 0.25	1.00 0.75 0.25
<b>SUB-TOTAL</b>	<b>327.71</b>	<b>327.71</b>
<b>TOTAL (B = I + II)</b>	<b>327.71</b>	<b>778.17</b>
<b>GRAND TOTAL (A+B)</b>	<b>329.32</b>	<b>781.05</b>
Aggregate amount of quoted investments	4.32	4.32
Market value of quoted investments	1.61	2.88
Aggregate amount of unquoted investments at cost	778.92	778.92
Aggregate Value of impaired Investments	451.21	0.75



# K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
<b>NOTE 9 - CURRENT TAX ASSETS (NET)</b>		
Tax Paid in advance (net)		
For Duties & Taxes	98.70	23.77
<b>TOTAL</b>	<b>98.70</b>	<b>23.77</b>
<b>NOTE 10 - OTHER CURRENT ASSETS</b>		
a. Export Incentives Receivable	362.39	580.68
b. IGST Refund Receivable	157.33	231.76
c. Interest Receivable	-	1.89
d. Input Credit GST Receivable	1463.80	1095.70
e. Advance for Material Purchase	1854.60	1188.02
f. Advance for Expenses / Others	723.57	485.44
g. Prepaid Expenses	164.36	100.15
<b>TOTAL</b>	<b>4726.05</b>	<b>3683.63</b>
<b>NOTE 11 - SHARE CAPITAL</b>		
<b><u>Authorised</u></b>		
31000000 Equity Shares of Rs.10 each	3100.00	3100.00
1000000 10% Cumulative Redeemable Preference Shares Rs.100 each	1000.00	1000.00
<b><u>Issued</u></b>		
25675225 Equity Shares of Rs.10 each	2567.52	2567.52
<b><u>Subscribed &amp; Paid up</u></b>		
25637825 Equity Shares of Rs.10 each fully paid	2563.78	2563.78
<b><u>Forfeited Shares</u></b>		
(Amount originally paid up)	1.12	1.12
<b>TOTAL</b>	<b>2564.90</b>	<b>2564.90</b>
<b>Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period</b>		
<b>Particulars</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
Shares outstanding at the beginning of the year 25637825 Number (previous year 25653905)	2563.78	2565.39
Less : 16080 Shares Buy back of shares during the year	-	1.61
Shares outstanding at the end of the year 25637825 Number	2563.78	2563.78
<b>Shares in the company held by each shareholder holding more than 5 percent shares</b>		
	<b>31.03.2020</b>	<b>31.03.2019</b>
Name of Shareholder	No. of Shares held & % of holding	No. of Shares held & % of holding
1 Sri Kannapiran Mills Limited	3065183 - 11.96%	3065183 - 11.96%
2 Shri KG Baalakrishnan	2578560 - 10.06%	2578560 - 10.06%
3 Shri B Srihari	2231859 - 8.71%	2231859 - 8.71%
4 Shri B Sriramulu	2208659 - 8.61%	2208659 - 8.61%
5 Smt B Sathyabama	1886500 - 7.36%	1886500 - 7.36%
<b>Terms and conditions of equity shares :</b>		
The company has only one class of equity shares having a par value of Rs.10 per share. Each share holder is eligible for one vote per share. In the event of liquidation the equity share holders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion of their shareholding. There are no shares allotted as fully paid without payments being received in cash, bonus shares or shares bought back.		

# K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
<b>NOTE 12 - OTHER EQUITY</b>		
<b>a. Securities Premium Reserves</b>		
Opening Balance	444.44	444.44
Add : Addition / Deletion	-	-
Closing Balance	<u>444.44</u>	<u>444.44</u>
<b>b. Other Reserves</b>		
<b>Capital Redemption Reserve</b>		
Opening Balance	1.61	-
(+) Current Year Transfer	-	1.61
(-) Written Back in Current Year	-	-
Closing Balance	<u>1.61</u>	<u>1.61</u>
<b>General Reserve</b>		
Opening Balance	1549.28	1555.71
(+) Current Year Transfer	-	-
(-) Written Back in Current Year (Capital Redemption)	-	1.61
(-) Written Back in Current Year (Share Buy Back Exp)	-	4.82
Closing Balance	<u>1549.28</u>	<u>1549.28</u>
<b>c. Surplus</b>		
Opening Balance	6874.57	6231.31
(+) Comprehensive Income for the current year	(1527.48)	875.22
(-) Equity Dividends Paid	192.28	192.40
(-) Tax on Equity Dividend	39.52	39.56
Closing Balance	<u>5115.29</u>	<u>6874.57</u>
<b>TOTAL</b>	<u><b>7110.62</b></u>	<u><b>8869.91</b></u>
<b>NOTE 13 - FINANCIAL LIABILITIES</b>		
<b>LONG TERM BORROWINGS</b>		
<b><u>Secured</u></b>		
<b>a) Term Loans</b>		
Indian Rupee Loan		
from banks (Secured)	5457.36	6847.70
from Others - property loan	845.57	20.56
<b>b) Long term maturities of finance lease</b>		
(Secured By Vehicles on Hire purchase loan)	71.06	38.21
There is no case of continuing default as on the balance sheet date in repayment of loans and interest		
<b>TOTAL</b>	<u><b>6373.99</b></u>	<u><b>6906.47</b></u>

# K G DENIM LIMITED

## Security Clause

### Bank borrowings of Term Loans

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

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

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

(Rs. in lakhs)

Term Loan Bank	Outstanding	Previous Year	Repayment Months	Commencement from	Last Instalment	Rate of Interest	Previous Rate of interest
Indian Bank TL - IV	201.49	344.81	72	03.10.2015	03.10.2021	10.25%	10.25%
Indian Bank TL - VI	534.34	636.72	96	25.12.2015	25.12.2023	10.20%	10.25%
Indian Bank TL - VII	1536.85	1802.45	84	15.05.2017	15.05.2024	9.55%	10.25%
Indian Bank TL - VIII	356.76	357.95	84	02.02.2018	02.02.2025	9.65%	10.25%
Indian Bank Corp. Loan	2186.16	2509.21	48	01.04.2018	01.04.2022	10.50%	10.50%
The South Indian Bank Ltd	405.81	523.32	84	25.12.2015	25.12.2022	11.95%	12.05%

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

(Rs. in lakhs)

Term Loan Bank	Outstanding	Previous Year	Repayment Months	Commencement from	Last Instalment	Rate of Interest	Previous Rate of interest
ICICI Bank Ltd	235.95	235.42	120	05.05.2017	05.05.2017	8.60%	8.50%
Tata Capital Financial Services Ltd	845.57	0.00	84	15.10.2019	15.09.2026	11.00%	11.00%
HDFC	0.00	20.56	84	20.11.2014	20.11.2021	12.50%	12.50%

# K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
<b>NOTE 14 - LEASE LIABILITIES</b>		
Lease Liabilities	12.21	-
<b>TOTAL</b>	<u>12.21</u>	<u>-</u>
<b>NOTE 15 - LONG TERM PROVISIONS</b>		
a) Provision for employee benefits		
Gratuity (unfunded)	638.03	638.66
<b>TOTAL</b>	<u>638.03</u>	<u>638.66</u>
<b>NOTE 16 - DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred Tax Liabilities (Net)</b>		
On Depreciation Opening Balance	1860.92	1923.29
Less :		
Deferred Tax Assets as at On carry forward Tax loss	(672.68)	-
Deferred Tax Liabilities on depreciation	(1.76)	(62.37)
<b>Net Deferred Tax Liabilities (Net)</b>	<u>1186.48</u>	<u>1860.92</u>
Amount recognised in Profit & Loss Account for the year end		
Deferred Tax Liabilities on depreciation	(1.76)	(62.37)
Deferred Tax Assets Carry forward tax loss	(672.68)	-
<b>Net Amount</b>	<u>(674.44)</u>	<u>(62.37)</u>
<b>NOTE 17 - GOVERNMENT GRANTS</b>		
Government Grants	582.70	791.58
<b>TOTAL</b>	<u>582.70</u>	<u>791.58</u>
<b>NOTE 18 - SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
a) Loans repayable on demand		
Working Capital Loan from Banks (Secured)	10803.26	10076.83
<b>Un Secured</b>		
a) Loans repayable on demand		
Working Capital Loan from Banks (Un Secured)	641.21	-
There are no case of default in repayment of loan and interest as on date of Balance Sheet.		
<b>TOTAL</b>	<u>11444.47</u>	<u>10076.83</u>
<b>Security Clause</b>		
Working Capital facilities from Indian Bank Consortium (Indian Bank, Andhra Bank, Allahabad Bank, State Bank of India and The South Indian Bank Limited) are secured by a first pari passu charge on the whole of the current assets through Deed of Hypothecation and second pari passu charge on (a) all the immovable properties situated in (i) 102.1897 acres of land at Jadayampalayam, Alangombu and Karamadai Villages in Mettupalayam Taluk, Coimbatore District, Tamil Nadu and (ii) 2155.62 sq. meters of land at Amdha Village, Dharampur Taluk, Valsad District, Gujarat through equitable mortgage created with Indian Bank and (b) all plant and machineries (excluding vehicles charged to financiers, Peelamedu property & Mumbai & Bangalore property) through Deed of Hypothecation. The entire working capital facilities are also guaranteed by Shri KG Baalakrishnan, Executive Chairman.		
<b>NOTE 19 - LEASE LIABILITIES</b>		
Lease Liabilities	67.30	-
<b>TOTAL</b>	<u>67.30</u>	<u>-</u>



# K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
<b>NOTE 20 - TRADE PAYABLES</b>		
For Dues of Micro Enterprises and Small	25.69	29.01
For Other Dues	<u>13931.40</u>	<u>12769.61</u>
<b>TOTAL</b>	<u><b>13957.09</b></u>	<u><b>12798.63</b></u>
<b>Note :</b> Dues to Micro and Small Enterprises		
The Company has certain dues to suppliers registered under Micro Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows.		
	As at 31.03.2020 Current	As at 31.03.2019 Current
a) The principal amount remaining unpaid to any supplier at the end of the year	25.69	29.01
b) Interest due remaining unpaid to any supplier at the end of the year	-	-
c) The amount of interest paid by the buyer in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
e) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
f) The amount of further interest due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act, 2006	-	-
Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per intimation received from them on requests made by the Company.		
<b>NOTE 21 - OTHER FINANCIAL LIABILITIES</b>		
a) Current Maturities of long-term debt-Secured	1125.00	1962.74
b) Current Maturities of finance lease	20.13	34.00
c) Current maturities of financial institutions	28.00	-
d) Interest accrued and due on borrowings	<u>19.29</u>	<u>-</u>
<b>TOTAL</b>	<u><b>1192.42</b></u>	<u><b>1996.74</b></u>
<b>NOTE 22 - OTHER CURRENT LIABILITIES</b>		
a) Customer Credit Balance	83.83	99.94
b) Duties and Taxes	27.57	76.06
c) Creditors for Capital goods	227.68	198.06
d) Unpaid (Unclaimed) Equity Dividend	<u>67.71</u>	<u>68.46</u>
<b>TOTAL</b>	<u><b>406.79</b></u>	<u><b>442.52</b></u>
There has been delay of 1 day in transferring funds to IEPF Account Rs. 8,59,424/- (previous year Rs. Nil)		
<b>NOTE 23 - SHORT TERM PROVISIONS</b>		
a) Provision for employee benefits		
Gratuity (unfunded)	<u>67.93</u>	<u>64.10</u>
<b>TOTAL</b>	<u><b>67.93</b></u>	<u><b>64.10</b></u>
<b>NOTE 24 - GOVERNMENT GRANTS</b>		
Government Grants	<u>135.80</u>	<u>57.71</u>
	<u><b>135.80</b></u>	<u><b>57.71</b></u>

# K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	31.03.2020	31.03.2019
<b>NOTE 25 - REVENUE FROM OPERATIONS</b>		
Sale of products	44401.03	64932.59
Sale of services - Job work	1407.18	1032.36
Other operating revenues : Waste Cotton / Yarn / Accessories sales	2793.38	2010.26
Export Incentives	651.81	1311.41
<b>TOTAL</b>	<u>49253.40</u>	<u>69286.62</u>
<b>NOTE 26 - OTHER INCOME</b>		
Interest Income	20.77	49.22
Apportioned income from Govt Grant	130.79	57.71
Miscellaneous Income	118.14	113.54
Insurance Claim Received	16.51	5.24
Profit on sale of fixed assets	2.53	-
Exchange Gain on Export Sales	13.01	20.81
Other non-operating income (net of expenses directly attributable to such income)	1.16	47.32
<b>TOTAL</b>	<u>302.91</u>	<u>293.83</u>
<b>NOTE 27 - COST OF MATERIALS CONSUMED</b>		
Opening Stock	3726.59	4433.28
Purchases	25119.40	38546.22
<b>Sub-total</b>	<u>28845.99</u>	<u>42979.50</u>
Less : Closing stock	3080.02	3726.59
<b>Raw materials consumed</b>	<u>25765.97</u>	<u>39252.91</u>
<b>NOTE 28 - PURCHASES OF STOCK-IN-TRADE</b>		
Garments purchase	12.84	17.66
<b>TOTAL</b>	<u>12.84</u>	<u>17.66</u>
<b>NOTE 29 - CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Opening Stock :</b>		
Work-in-process	1625.45	2702.46
Finished Goods	7016.28	6607.70
	<u>8641.73</u>	<u>9310.16</u>
<b>Closing Stock :</b>		
Work-in-process	1928.10	1625.45
Finished Goods	6684.73	7016.28
	<u>8612.83</u>	<u>8641.73</u>
<b>TOTAL</b>	<u>28.90</u>	<u>668.43</u>

# K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	31.03.2020	31.03.2019
<b>NOTE 30 - OTHER MANUFACTURING EXPENSES</b>		
a) Power & Fuel	7194.10	6406.79
b) Consumptions of Stores & Spare Parts	372.18	350.84
c) Processing Charges	4313.67	6057.28
d) Repairs of Maintenance		
For Plant & Machinery	1153.52	1375.37
For Buildings	163.00	127.33
For Others	259.24	278.99
<b>TOTAL</b>	<u>13455.71</u>	<u>14596.59</u>
<b>NOTE 31 - EMPLOYEE BENEFITS EXPENSES</b>		
a) Salaries and Wages	4571.18	5129.47
b) Salaries - Managing Directors / Whole-time Directors	156.00	165.79
c) Contributions to Provident fund and other funds	188.22	158.19
d) Gratuity as per actuarial valuations	150.82	76.99
e) Staff welfare expenses	189.50	77.01
<b>TOTAL</b>	<u>5255.72</u>	<u>5607.45</u>
<b>NOTE 32 - FINANCE COSTS</b>		
Interest Expense	2018.43	2,097.25
Other borrowing costs	240.11	364.66
Applicable net gain/loss on foreign currency Transactions and Translation	7.67	37.45
<b>TOTAL</b>	<u>2266.21</u>	<u>2499.36</u>
<b>NOTE 33 - OTHER EXPENSES</b>		
Rent	100.47	207.93
Insurance	229.73	213.48
Rates and taxes, excluding, taxes on income.	146.19	109.34
Payments to the auditor as		
a) As Statutory Auditor	5.00	5.00
b) For Taxation Matters	-	-
c) For Other Services	2.00	0.38
Legal, Professional & Consultancy Charges	77.35	85.74
Printing and Stationery	42.64	58.55
Postage, Telegrams and Telephones	159.44	185.38
Traveling Expenses and Maintenance of Vehicles	559.96	620.00
Director Sitting Fees	4.89	5.31
Software Maintenance Expenses	6.50	6.12
Brokerage	22.84	37.38
Commission on Sales	342.21	504.64
Discount on Sales	167.45	181.39
Selling Expenses	359.46	470.24
Freight Outwards	269.52	422.72
Prayer Hall Repairs and maintenance	14.82	19.84
Corporate Social Responsibility Expenses	43.95	89.10
Bad Debts Written off	0.01	188.02
Miscellaneous expenses	170.30	128.23
Loss on sale of MEIS Licenses	23.80	12.35
<b>TOTAL</b>	<u>2748.53</u>	<u>3551.12</u>
<b>NOTE 34 - EXCEPTIONAL ITEMS</b>		
ITC Revesal in GST	-	118.79
Share Buy Back Expenses	-	43.76
Provision for impairment in value of Investments	450.46	-
<b>TOTAL</b>	<u>450.46</u>	<u>162.54</u>

# K G DENIM LIMITED

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note:- 35: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

##### (a) Basis of preparation

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

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

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 "Leases" and related Interpretations and guidance.

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

###### (ii) Historical cost conventions

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

###### (iii) Going Concern

The accounts are prepared on the basis of going concern concept

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

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

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

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

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

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

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

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

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

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

Depreciation methods, estimated useful lives and residual value

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

# K G DENIM LIMITED

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

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

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

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

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

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

## (d) Cash and Cash Equivalents

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

## (e) Inventories

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

## (f) Lease

### Operating Lease

The Company has adopted the new accounting standard Ind AS 116 "Leases" on April 1, 2019 as per Companies (Indian Accounting Standards) amendment Rules, 2019, notified by MCA on March 30, 2019. Ind AS 116 is a single lessee accounting model and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

**Transition to Ind AS 116:** The Company has adopted Ind AS 116, effective annual reporting period beginning on April 1, 2019 and applied the standard to its leases, retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application without making any adjustment to opening balance of retained earnings. The adoption of the standard did not have any material impact on the Standalone Financial Statement of the Company.

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

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent

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of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option. Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

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

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

## **(g) Investments in subsidiaries,**

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

## **(h) Investments and other financial assets**

### **(i) Classification**

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

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

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

### **(ii) Measurement**

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

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

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

### **(iv) Income recognition**

Dividends

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

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

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

### **(j) Derivative financial instruments**

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

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## **(k) Segment Reporting:**

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

## **(l) Borrowings**

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

## **(m) Borrowing costs**

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

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

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

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

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

## **(o) Revenue recognition**

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

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

### **Sale of goods**

The Company earns revenue primarily from sale of manufactured goods (fabric, home textiles and garments). It has applied the principles laid down in Ind AS 115 and determined that there is no change require in the existing revenue recognition methodology. In case of sale to domestic customers, sale is made on ex-factory basis and revenue is recognized when the goods are dispatched from the factory gate. In case of export sales, revenue is recognized on shipment date, when performance obligation is met.

### **Revenue from services**

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

### **Export Incentive**

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

### **Dividend Income**

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

### **Insurance claims**

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

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## (p) Employee benefits

### (i) Short-term obligations

Short term employee benefits (other than termination benefits) which are payable within 12 months after the end of the period in which the employees render service are accounted on accrual basis. Company's contributions paid / payable during the year to Provident Fund and ESIC are recognized in the statement of profit and loss account. All leave encashment dues for the year are settled within the same year.

### (ii) Employment retirement benefits

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

## (q) Foreign currency translation

### (i) Functional and presentation currency

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

### (ii) Transactions and balances

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

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

## (r) Income tax

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

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

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

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

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

## (s) Earnings Per Share

### Basic earnings per share

Basic earnings per share is calculated by dividing:

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



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## Diluted earnings per share

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

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

## (t) Government Grants

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

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

## (u) Critical estimates and judgements

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

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

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

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

Estimation of current tax expenses and Payable.

Estimation of defined benefit obligation.

## Note :- 36 : FAIR VALUE MEASUREMENT

### Financial Instrument by category and hierarchy

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

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

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

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

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

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

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

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

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

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

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(Rs. in lakhs)

Financial Assets and Liabilities as at 31st March 2020	Non current	Current	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>							
<b>Investments</b>							
Equity instruments	329.32	-	329.32	1.61	-	327.71	329.32
<b>Other Assets</b>							
Trade Receivables	-	8480.56	8480.56	-	-	8480.56	8480.56
Cash and cash equivalents	-	92.59	92.59	-	-	92.59	92.59
Other Bank Balances	-	347.80	347.80	-	-	347.80	347.80
Other Financial Assets	-	-	-	-	-	-	-
<b>Sub-total</b>	-	<b>8920.95</b>	<b>8920.95</b>	-	-	<b>8920.95</b>	<b>8920.95</b>
<b>Total</b>	<b>329.32</b>	<b>8920.95</b>	<b>9250.27</b>	<b>1.61</b>	-	<b>9248.66</b>	<b>9250.27</b>
<b>Financial Liabilities</b>							
Borrowings	6373.99	11444.47	17818.46	-	-	17818.46	17818.46
Lease Liability	12.21	67.30	79.51	-	-	79.51	79.51
Trade payables	-	13957.09	13957.09	-	-	13957.09	13957.09
Other Financial Liabilities	-	1192.42	1192.42	-	-	1192.42	1192.42
<b>Total</b>	<b>6386.20</b>	<b>26661.28</b>	<b>33047.48</b>	-	-	<b>33047.48</b>	<b>33047.48</b>

(Rs. in lakhs)

Financial Assets and Liabilities as at 31st March 2019	Non current	Current	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>							
<b>Investments</b>							
Equity instruments	781.05	-	781.05	2.88	-	778.17	781.05
<b>Other Assets</b>							
Trade Receivables	-	8574.38	8574.38	-	-	8574.38	8574.38
Cash and cash equivalents	-	465.43	465.43	-	-	465.43	465.43
Other Bank Balances	-	333.03	333.03	-	-	333.03	333.03
Other Financial Assets	-	-	-	-	-	-	-
<b>Sut-total</b>	-	<b>9372.84</b>	<b>9372.84</b>	-	-	<b>9372.84</b>	<b>9372.84</b>
<b>Total</b>	<b>781.05</b>	<b>9372.84</b>	<b>10153.89</b>	<b>2.88</b>	-	<b>10151.01</b>	<b>10153.89</b>
<b>Financial Liabilities</b>							
Borrowings	6906.47	10076.83	16983.30	-	-	16983.30	16983.30
Trade payables	-	12798.62	12798.62	-	-	12798.62	12798.62
Other Financial Liabilities	-	1996.74	1996.74	-	-	1996.74	1996.74
<b>Total</b>	<b>6906.47</b>	<b>24872.19</b>	<b>31778.66</b>	-	-	<b>31778.66</b>	<b>31778.66</b>

**Note: - 37 : FINANCIAL RISK MANAGEMENT**

**Credit risk**

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

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

- i) Actual or expected significant adverse changes in business,
  - ii) Actual or expected significant changes in the operating results of the counterparty,
  - iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
  - iv) Significant increase in credit risk on other financial instruments of the same counterparty,
- Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company.

## Trade Receivables

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

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

## Liquidity Risk

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

### (i) Financing arrangements

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

(Rs. in lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Expiring within one year (term loan)	-	113
Expiring beyond one year (bank loans)	-	-

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

### (ii) Maturity patterns of borrowings

(Rs. in lakhs)

	As at 31st March, 2020				As at 31st March, 2019			
	0-1 years	1-5 years	beyond 5 years	Total	0-1 years	1-5 years	beyond 5 years	Total
Long term borrowings (Including current maturity of long term debt)	1173	6225	168	7566	1997	6580	326	8903
Short term borrowings	11444	-	-	11444	10077	-	-	10077
<b>Total</b>	<b>12617</b>	<b>6225</b>	<b>168</b>	<b>19010</b>	<b>12074</b>	<b>6580</b>	<b>326</b>	<b>18980</b>

## Maturity patterns of other Financial Liabilities

As at 31st March, 2020

(Rs. in lakhs)

	0-3 months	3-6 months	6 months to 12 Months	beyond 12 Months	Total
Trade Payable	8596	2980	2381	-	13957
Lease Liability (Current and Non Current)	16	17	35	12	80
Other Financial liability (Current and Non current)	-	-	-	-	-
<b>Total</b>	<b>8612</b>	<b>2997</b>	<b>2416</b>	<b>12</b>	<b>14037</b>

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As at 31st March, 2019

(Rs. in lakhs)

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

## Financial risk management objectives and policies

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

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

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

## Market Risk- Foreign currency risk.

The company manages foreign currency risk primarily through forward contracts

## Derivative instruments and unhedged foreign currency exposure

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

Foreign currency in lakhs

	As at 31st March, 2020		As at 31st March, 2019	
Forward contracts to buy USD	USD	9.87	USD	23.02

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

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

As at 31st March, 2020

Foreign currency in lakhs

Particulars	USD	EURO	GBP
Trade Receivables	20.57	0.57	0.36
Trade payables	-	0.14	-

As at 31st March, 2019

Foreign currency in lakhs

Particulars	USD	EURO	GBP
Trade Receivables	30.81	0.84	0.23
Trade payables	0.99	2.84	-

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

#### (a) Exposure

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

#### (b) Sensitivity

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

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## Impact on profit before tax

(Rs. in lakhs)

	31st March, 2020	31st March, 2019
BSE Sensex -30 - increase in 5%	0.08	0.14
BSE Sensex -30 - decrease in 5%	-0.08	-0.14

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

## (c) Foreign currency Risk Sensitivity

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

(Rs. in lakhs)

Particulars	2019 - 20		2018-19	
	5% increase	5% decrease	5% increase	5% decrease
USD	77.47	-77.47	103.70	-103.70
EURO	2.40	-2.40	7.81	-7.81
GBP	1.67	-1.67	1.04	-1.04
Increase / (decrease) in profit or loss	<b>81.54</b>	<b>-81.54</b>	<b>112.55</b>	<b>-112.55</b>

## Note :- 38 : CAPITAL RISK MANAGEMENT

### (a) Risk Management

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

(Rs. in lakhs)

(b) Dividend	31st March, 2020	31st March, 2019
Equity shares		
Final dividend for the year ended 31st March, 2019 of INR 0.75 (31st March, 2018 - INR 0.75) per fully paid share	192.28	192.40

## Note:- 39 : INVESTMENTS

KG Fabriks Limited, a Company in which KG Denim Limited had invested, was merged with Sri Kannanpiran Mills Limited vide the order of National Company Law Tribunal, Chennai Branch, dated 21<sup>st</sup> February 2020. Sri Kannanpiran Mills Limited issued the letter of allotment to KG Denim Limited for 327000 shares in the ratio of 1:10. Hence, the above allotment is disclosed in the financial statements as on 31.3.2020.

A provision of impairment losses for Rs. 450.46 Lakh is recognized on account of erosion in networth of its wholly owned subsidiaries, Trigger Apparels Ltd and KG Denim (USA) inc.

## Note:- 40 : COVID

The Ministry of Home Affairs vide order No. 40-3/2020-DM-I(A) dated 24th March 2020 announced a nation-wide lockdown as a measure to contain the spread of COVID 19 which was declared a global pandemic by the World Health Organisation. Owing to the lockdown, the operations of the Company were impacted due to shutting down of its factory and offices, except power plant operations. The Company has resumed its operations in a phased manner as per directives issued by the Central Government and the Tamil Nadu Government and is closely monitoring the impact of the pandemic on all aspects of its business. The Company is taking appropriate measures to ensure the safety and well-being of all its employees and ensuring full compliances with the directives issued by the Government in this regard.

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The Management has exercised due care, in concluding on significant accounting judgements and estimates, inter-alia, recoverability of receivables, assessment for impairment of inventory based on the information available to date, both internal and external, to the extent relevant, while preparing these financial results as of and for the year ended March 31, 2020. Based on the assessment of current indicators of future economic conditions, the Management does not envisage any significant impact on its financial results and financial position as on March 31, 2020. The impact COVID 19 is a continuing process given the uncertainties associated with its nature and duration and accordingly, the eventual outcome may be different from those estimated as on the date of approval of these financial results.

**Note :- 41 : EARNINGS PER SHARE**

(Rs.in lakhs)

	31st March, 2020	31st March, 2019
Earnings Per Share has been computed as under :		
Profit / (Loss) for the year	(1650.90)	1097.48
Weighted average number of equity shares outstanding	25637825	25637825
Earnings Per Share - Basic (Face Value of Rs.10 per share)	(6.44)	4.28
Diluted earning per share is same as basic earning per share	(6.44)	4.28

**Note :- 42 : EXPORT PROMOTION CAPITAL GOODS (EPCG)**

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

**Note :- 43 : DETAILS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE**

(Rs.in lakhs)

	31st March, 2020	31st March, 2019
Amount required to be spent as per Section 135 of the Act	42.07	56.33
Amount spent during the on:		
(i) Transfer to KG Denim Trust Foundation (CSR Trust) for rural hospital	43.00	57.00
(ii) On purpose other than (i) above	0.95	2.10
Amount spent for the Financial Year 2014-2015 (Transfer to KG Denim Trust Foundation - CSR Trust) for making available safe drinking water	-	30.00
<b>Total</b>	<b>43.95</b>	<b>89.10</b>

**NOTE 44 : CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)**

**(I) Contingent Liabilities**

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

(Rs. in lakhs)

	2019 - 2020	2018-2019
Disputed Excise / Customs duties	120.43	131.22
Disputed Income Tax	20.15	20.15

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

**(b) Guarantees**

(Rs. in lakhs)

	2019 - 2020	2018-2019
Guarantees given to Bank for loan to subsidiary	551.00	551.00

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

(Rs. in lakhs)

	2019 - 2020	2018-2019
Bills discounted with banks	1199.86	2247.45

# K G DENIM LIMITED

## (II) Commitments

(Rs. in lakhs)

	2019 - 2020	2018-2019
Estimated amount of contracts remaining to be executed in capital account and not provided for	-	504.58

### Note 45: SEGMENT REPORTING :

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

### Note 46: TRADE PAYABLE

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

### Note :- 47 : GRATUITY

I Principal Actuarial Assumptions (Expressed as weighted averages)	31.03.2020	31.03.2019
Discount Rate	6.62%	7.57%
Salary Escalation Rate	5.00%	8.00%
Attrition Rate	5.00%	5.00%
Expected Rate of Return on Plan Assets	0.00%	0.00%
II Changes in the present value of the obligation (PVO)	(Rs. lac)	(Rs. lac)
Reconciliation of Opening and Closing Balances		
PVO as at the beginning of the period	702.76	409.89
Interest Cost	52.33	31.33
Current Service Cost	98.48	45.65
Past Service Cost - (Non Vested Benefits)	0	0
Past Service Cost - (Vested Benefits)	0	0
Benefits Paid	-22.92	-5.96
Actuarial Loss / (Gain) on obligation (Balancing figure)	-124.69	221.83
PVO as at the end of the period	705.96	702.75
III Change in the fair value of Plan Assets	(Rs.lac)	(Rs.lac)
Reconciliation of Opening and Closing Balances	0	0
Fair value of plan assets as at the beginning of the period	0	0
Expected return on plan assets	0	0
Contributions	22.92	5.96
Benefits Paid	-22.92	-5.96
Actuarial Gain / (Loss) on plan assets (Balancing Figure)	0	0
Fair value of plan assets as at the end of the period	0	0
IV Actual return on plan assets		
Expected return on plan assets	0	0
Actual Gain / (Loss) on plan assets	0	0
Actual return on plan assets	0	0
V Actuarial Gain / Loss Recognized	(Rs. lac)	(Rs. lac)
Actuarial Gain / (Loss) for the period - obligation	124.69	-221.84
Actuarial Gain / (Loss) for the period - plan assets	0	0
Total Gain / (Loss) for the period	124.69	-221.84
Actuarial (Gain)/ Loss recognized	-124.69	221.84
Unrecognized Actuarial (Gain) / Loss at the end of the year	0	0

# K G DENIM LIMITED

	31.03.2020	31.03.2019
<b>VI Amounts recognized in the Balance sheet and related analysis</b>	<b>(Rs. lac)</b>	<b>(Rs. lac)</b>
Present value of the obligation	705.96	702.76
Fair vale of plan assets	0	0
Difference	705.96	702.76
Unrecognized transitional Liability	0	0
Unrecognized past service cost-non vested benefits	0	0
<b>VII Expenses recognized in the statement of profit and Loss</b>	<b>(Rs. lac)</b>	<b>(Rs. lac)</b>
Current Service Cost	98.48	45.66
Interest Cost	52.33	31.33
Expected return on plan assets	0	0
Past Service Cost - Non-vested benefits	0	0
Expenses recognized in the statement of profit and loss	150.82	76.99
<b>VIII Amount recognised for the current period the statement of other comprehensive income (OCI)</b>	<b>(Rs. Lac)</b>	<b>(Rs. Lac)</b>
Actuarial (gain)/ loss on plan oblignations	-124.69	221.84
Difference between actual return and interest income on plan Assets (gain) / loss	0	0
Effect of Balance sheet asset limit	0	0
Amount recognised in OCI for the current period	-124.69	221.84
<b>IX Movements in the liability recognised in the balance sheet</b>	<b>(Rs. lac)</b>	<b>(Rs. lac)</b>
Opening net liability adjusted for effect of balance sheet	702.76	409.89
Amount recognised in profit and loss	150.82	76.99
Amount recognised in OCI	-124.69	221.84
Contributions paid	-22.92	-5.96
<b>Closing net liability</b>	<b>705.96</b>	<b>702.76</b>
<b>X Amount for the current period</b>	<b>(Rs. lac)</b>	<b>(Rs. lac)</b>
Present value of obligation	705.96	702.76
Plant assets	0	0
Surplus / (Deficit)	-705.96	-702.76
Experience adjustments on plan liabilities - (Loss) / gain	-17.74	-213.15
Impact of change in assumption on plan liabilities - (loss) / gain	142.43	-8.69
Experience adjustments on plan assets - (loss) / gain	0	0
<b>XI Major categories of plan Assets (As percentage of total plan Assets)</b>		
Government of India Securities	0.00%	0.00%
State Government Securities	0.00%	0.00%
High Quality Corporate Bonds	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Special Deposit Scheme	0.00%	0.00%
Funds managed by Insurer	0.00%	0.00%
Other (to specify)	0.00%	0.00%
Total	0.00%	0.00%
<b>XII Enterprise's best estimate of contribution during next year</b>	<b>NA</b>	<b>NA</b>



# K G DENIM LIMITED

1.0 The following tabales set out the additional disclosures required under IND AS 19	(Rs. lac)	(Rs. lac)
1.1 Date of Valuation	31.03.2020	31.03.2019
1.2 Average Duration of Defined Benefit Obligations (in years)	9.30	10.07
1.3 Sensitivity Analyses		
Discount + 50 BP	7.12%	8.07%
Defined Benefit obligation (PVO)	677.22	670.27
Current service cost	66.67	92.45
Discount rate - 50 BP	6.12%	7.07%
Defined Benefit obligation (PVO)	736.76	737.89
Current service cost	74.34	105.15
Salary Escalation rate +50BP	5.50%	8.50%
Defined Benefit obligaiton (PVO)	737.76	738.52
Current service cost	74.43	105.24
Salary Escalation rate -50BP	4.50%	7.50%
Defined Benefit obligation (PVO)	675.83	669.38
Current service cost	66.71	92.31
1.4 Expected contributions in following years (mid - year cash flows)	(Rs. lac)	(Rs. lac)
Year 1	42.68	41.87
Year 2	63.44	58.26
Year 3	46.00	44.87
Year 4	60.30	42.40
Year 5	63.01	55.58
Next 5 years	380.43	347.17
1.5 Expected benefit payments in following years (mid - year cash flows)	(Rs. lac)	(Rs. lac)
Year 1	42.68	41.87
Year 2	63.44	58.26
Year 3	46.00	44.87
Year 4	60.30	42.40
Year 5	63.01	55.58
Next 5 years	380.43	347.17

# K G DENIM LIMITED

NOTE :- 48 : RELATED PARTY DISCLOSURES AS PER Ind AS 24

(Rs. in lakhs)

Particulars	2019 - 2020				2018 - 2019			
	Subsidiary	Other Related Party	Key Management Personnel	Relative of Key Management Personnel	Subsidiary	Other Related Party	Key Management Personnel	Relative of Key Management Personnel
Purchase of Goods								
Trigger Apparels Limited	9.83	-	-	-	17.24	-	-	-
Sri Kannapiran Mills Limited	-	1050.51	-	-	-	21.47	-	-
Other related party	-	-	-	-	-	143.19	-	-
Sale of Goods								
Trigger Apparels Limited	3100.40	-	-	-	944.98	-	-	-
KG Denim USA Inc	199.32	-	-	-	83.96	-	-	-
Sri Kannapiran Mills Limited	-	123.34	-	-	-	634.06	-	-
Other related party	-	-	-	-	-	84.38	-	-
Processing / other Charges Paid								
Trigger Apparels Limited	-	-	-	-	-	-	-	-
Sri Kannapiran Mills Limited	-	2779.08	-	-	-	3587.59	-	-
Other related party	-	-	-	-	-	255.50	-	-
Processing / Other Charges Received								
Trigger Apparels Limited	-	-	-	-	-	-	-	-
Sri Kannapiran Mills Limited	-	37.66	-	-	-	-	-	-
Other related party	-	-	-	0.40	-	6.73	-	0.36
Remuneration	-	-	190.29	-	-	-	209.26	7.00

NOTE :- 48.1 : Balance Outstanding

(Rs. in lakhs)

Particulars	as on 31.03.2020				as on 31.03.2019			
	Subsidiary	Other Related Party	Key Management Personnel	Relative of Key Management Personnel	Subsidiary	Other Related Party	Key Management Personnel	Relative of Key Management Personnel
Trade Receivable	3846.00	-	-	-	2911.93	-	-	-
Trade Payable	-	613.55	-	-	-	504.51	-	-
Investments	450.46	327.46	-	-	450.46	327.46	-	-
Loans and Advances	-	-	-	-	-	-	-	-
Guarantee	551.00	-	-	-	551.00	-	-	-

# K G DENIM LIMITED

## NOTE :- 48.2

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

As per our report of even dated

For **MOHAN & VENKATARAMAN**  
Chartered Accountants

**V KARTHIKEYAN**  
Partner

Coimbatore  
29th July, 2020

Membership No.208828  
Firm Regn. No.0073215

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**M BALAJI**  
Company Secretary

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**S MUTHUSWAMY**  
Chief Financial Officer

**B SRIHARI**  
Managing Director  
DIN : 00002556

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## INDEPENDENT AUDITORS' REPORT

To the Members of K G Denim Limited

Report on the Consolidated Financial Statements

### Opinion

1. We have audited the accompanying Consolidated financial statements of KG Denim Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance sheet as at 31 March 2020, the Consolidated statement of profit and loss (including Other Comprehensive Income), the Consolidated Cash Flow statement and the Consolidated statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor on separate financial statements and on the other financial information of the subsidiaries, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS'), specified under Section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2020, and their consolidated loss (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in paragraph 15 of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

4. We draw attention to note 42 to the accompanying consolidated financial statements, which describes the effects of uncertainties relating to COVID -19 pandemic outbreak on the Group's operations and management's evaluation of its impact on the accompanying consolidated financial statements as at 31<sup>st</sup> March 2020, the impact of which is dependent on future developments. Our opinion is not modified in respect of this matter.

### Key Audit Matters

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

Sr.No	Key Audit Matter	Auditor's Response
1.	<p><b><i>Litigations - Contingencies</i></b></p> <p>The Company has ongoing litigations with various authorities and third parties which could have a significant impact on the results, if the potential exposures were to materialise.</p> <p>The amounts involved are significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability or disclosed as a contingent liability, is inherently subjective.</p> <p>Claims against the Company not acknowledged as debts are disclosed in the Consolidated Financial Statements by the Group after a careful evaluation of the facts and legal aspects of the matters involved. The outcome of such litigation is uncertain and the position taken by management involves significant judgement and estimation to determine the likelihood and/or timing of cash outflows and the interpretation of preliminary and pending court rulings. Refer Note 44 to the Financial Statements</p>	<p><b><i>Principal Audit Procedures</i></b></p> <p>Our audit approach was a combination of test of internal controls and substantive procedures including:</p> <p>Assessing the appropriateness of the design and implementation of the Group's controls over the assessment of litigations and completeness of disclosures. Supporting documentation are tested for the positions taken by the management, meetings are conducted with in-house legal counsel and/or legal team and minutes of Board to confirm the operating effectiveness of these controls.</p> <p>Involving our direct and indirect tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures.</p>

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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

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

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

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

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

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

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

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

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

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

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

- ★ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- ★ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- ★ Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of consolidated financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

## Other Matter

15. We did not audit the financial statements of two wholly owned subsidiaries, Trigger Apparels Limited and KG Denim (USA) Inc., whose financial statements (before eliminating intercompany balances / transactions ) reflect total assets of Rs.3027.72 lakhs as at March 31, 2020, total revenues of Rs.4831.37 lakhs (before eliminating intercompany transactions) for year ended March 31, 2020, and net cash inflows of Rs. 160.01 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statement also includes total net loss after tax (including other comprehensive income) of Rs. 434.97 Lakhs (before eliminating intercompany transactions) for the year ended March 31, 2020 as considered in the consolidated financial statements.

- a) In respect of Trigger Apparels Limited, the financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and matters identified and disclosed under key audit matters section above and our report in terms of subsection (3) of section 143 of the Act in so far as it related to the subsidiary is based solely on the reports of the other auditor.
- b) In respect of the company's foreign subsidiary KG Denim (USA) Inc, the financial statements have been certified by the management and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and matters identified and disclosed under key audit matters section above and our report in terms of subsection (3) of section 143 of the Act in so far as it related to the subsidiary is based solely on such approved unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, this financial statement / financial information is not material to the Group.

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

## Report on Other Legal and Regulatory Requirements

16. As required by Section 197(16) of the Act, based on our audit and on the consideration of the report of the other auditor, referred to in paragraph 15, on separate financial statement of the subsidiaries, we report that the Holding Company has paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act. During the year subsidiary companies has not paid Managerial remuneration.

## CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

17. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor;
- c) the consolidated balance sheet, the consolidated statement of profit and loss (including consolidated other comprehensive income), the consolidated cash flow statement and the consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder;
- e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditor of its subsidiary companies covered under the Act, none of the directors is of the Group companies covered under the Act, are disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the subsidiaries:
  - i the Consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
  - ii the Holding Company and its subsidiaries did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
  - iii Amount of Rs. 8,59,424 was transferred in delay of one day to the Investor Education and Protection Fund by the holding company during the year ended March 31, 2020. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by its subsidiaries during the year ended March 31, 2020.
  - iv the disclosure requirements regarding specified bank notes held and transacted during the period from 8<sup>th</sup> November 2016 to 30 December 2016 has not been made since the requirement does not pertain to the year ended 31st march 2020.

COIMBATORE  
29.07.2020

For MOHAN & VENKATARAMAN  
Chartered Accountants  
Firm Regn. No.007321S  
V KARTHIKEYAN  
Partner  
Membership No.208828  
UDIN: 20208828AAAAAU9772

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## Annexure - A to the Auditors' Report

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

1. In conjunction with our audit of the Consolidated financial statements of KG Denim Limited (the 'Holding Company') and its subsidiaries (the Holding company and its subsidiaries together referred to as the 'Group') as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the holding company and its subsidiaries which are companies covered under the Act, as on that date.

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

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

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

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

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



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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

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

## **Opinion**

8. In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor referred to in the Other Matters paragraph below, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, adequate internal financial controls with reference financial statements and such controls were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary companies, considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

## **Other Matters**

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

COIMBATORE  
29.07.2020

For MOHAN & VENKATARAMAN  
Chartered Accountants  
Firm Regn. No.007321S  
V KARTHIKEYAN  
Partner  
Membership No.208828  
UDIN: 20208828AAAAAU9772

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2020

PARTICULARS	NOTE NO.	AS AT 31.03.2020	AS AT 31.03.2019
(Rs.in lakhs)			
<b>I. ASSETS</b>			
<b>1 NON-CURRENT ASSETS</b>			
(a) Property, plant and equipment	1	18506.06	16692.62
(b) Capital Work-in-Progress	1	-	3034.84
(c) Right to Use Assets	2	75.78	-
(d) Financial Assets			
Non-Current Investments	3	329.32	330.59
(e) Other non-current assets	4	433.76	529.05
<b>TOTAL</b>		<u>19344.92</u>	<u>20587.10</u>
<b>2 CURRENT ASSETS</b>			
(a) Inventories	5	14352.78	14488.07
(b) Financial Assets			
(i) Trade Receivables	6	5232.99	6467.25
(ii) Cash and cash equivalents	7	377.14	589.97
(iii) Bank balance other than (ii) above	8	366.11	350.43
(c) Current tax assets (net)	9	98.70	23.77
(d) Other Current Assets	10	5144.03	3931.57
<b>TOTAL</b>		<u>25571.75</u>	<u>25851.06</u>
<b>GRAND TOTAL</b>		<u>44916.67</u>	<u>46438.16</u>
<b>II. EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
(a) Equity Share Capital	11	2564.90	2564.90
(b) Other Equity	12	5593.76	7337.55
<b>TOTAL</b>		<u>8158.66</u>	<u>9902.45</u>
<b>2 LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	13	6373.99	6906.47
(ii) Lease Liabilities	14	12.21	-
(iii) Other financial liabilities	15	469.94	512.25
(b) Long-term Provisions	16	663.43	663.70
(c) Deferred Tax Liabilities (Net)	17	623.01	1475.26
(d) Government grants	18	582.70	791.58
<b>TOTAL</b>		<u>8725.28</u>	<u>10349.26</u>
<b>CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	19	11935.59	10642.79
(ii) Lease Liability	20	67.30	-
(iii) Trade payable Micro and Small Enterprises	21	25.69	29.01
(iv) Trade Payable - Others	21	14179.05	12936.17
(v) Other financial liabilities	22	1192.42	1996.74
(b) Other current liabilities	23	427.39	458.22
(c) Short-term provisions	24	69.49	65.81
(d) Government grants	25	135.80	57.71
<b>TOTAL</b>		<u>28032.73</u>	<u>26186.45</u>
<b>GRAND TOTAL</b>		<u>44916.67</u>	<u>46438.16</u>
Significant of Accounting Policies <span style="float: right;">36</span>			
The notes form an integral part of these financial statements <span style="float: right;">37 to 48</span>			

As per our report of even dated

For **MOHAN & VENKATARAMAN**  
Chartered Accountants

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**B SRIHARI**  
Managing Director  
DIN : 00002556

**V KARTHIKEYAN**  
Partner

**M BALAJI**  
Company Secretary

**S MUTHUSWAMY**  
Chief Financial Officer

Coimbatore  
29th July, 2020

Membership No.208828  
Firm Regn. No.0073215

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

PARTICULARS	NOTE NO.	31.03.2020	31.03.2019
		(Rs.in lakhs)	
<b>I INCOME</b>			
Revenue from operations	26	50921.22	72526.08
Other Income	27	306.45	349.61
<b>Total Income</b>		<u>51227.67</u>	<u>72875.69</u>
<b>II EXPENSES</b>			
Cost of materials consumed	28	25816.35	39322.71
Purchases of Stock-in-Trade	29	1075.15	1100.93
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	30	(143.73)	1424.65
Other Manufacturing Expenses	31	13455.71	14602.32
Employee Benefits Expense	32	5537.28	5978.60
Finance Costs	33	2356.31	2592.39
Depreciation and Amortization Expense		1931.99	1692.02
Other Expenses	34	3717.96	4756.00
<b>Total Expenses</b>		<u>53747.02</u>	<u>71469.62</u>
<b>III Profit before exceptional items and tax</b>		(2519.35)	1406.07
<b>IV Exceptional Items</b>	35	0.00	162.54
<b>V Profit before tax (III-IV)</b>		<u>(2519.35)</u>	<u>1243.53</u>
<b>VI Tax Expense :</b>			
(1) Current Tax		0.00	572.42
(2) MAT Credit Entitlement		-	-
(3) Deferred Tax		(852.25)	(115.72)
(4) Prior Year Tax		(25.97)	(65.76)
<b>Total</b>		<u>(878.22)</u>	<u>390.94</u>
<b>VII Profit (Loss) for the period from continuing operations (V-VI)</b>		(1641.13)	852.59
<b>VIII Other Comprehensive Income</b>			
<b>Items that will not reclassified to Profit or Loss</b>			
Fair value of Equity Instruments		(1.27)	(0.42)
Gratuity valuations through OCI		130.41	(42.48)
Tax expense on above		-	-
<b>Profit/(loss) (after tax) (VII)</b>		<u>129.14</u>	<u>(42.90)</u>
<b>IX Total Comprehensive Income for the year (VII+VIII)</b>		<u>(1511.99)</u>	<u>809.69</u>
<b>X Earnings per equity share</b>			
(1) Basic		(6.40)	3.32
(2) Diluted		(6.40)	3.32
Weighted Number of Equity Shares		25637825	25637825

Significant Accounting Policies 36  
The notes form an integral part of these financial statements 37 to 48

As per our report of even dated For <b>MOHAN &amp; VENKATARAMAN</b> Chartered Accountants  Coimbatore 29th July, 2020	<b>KG BAALAKRISHNAN</b> Executive Chairman DIN : 00002174  <b>V KARTHIKEYAN</b> Partner Membership No.208828 Firm Regn. No.0073215	<b>B SRIRAMULU</b> Managing Director DIN : 00002560  <b>S MUTHUSWAMY</b> Chief Financial Officer	<b>B SRIHARI</b> Managing Director DIN : 00002556
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# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2020

(Rs.in Lakhs)

PARTICULARS	31.03.2020	31.03.2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before tax and extraordinary items	(2519.35)	1243.53
Adjustments for:		
Fair Valuation of Receivables	(1.27)	(0.42)
Depreciation and Amortization expenses	1931.99	1692.02
Loss/Profit on Sale of Fixed Assets	(2.53)	-
Apportioned on Government Grants	(130.79)	(57.71)
ITC Reversal in GST and Share buy back Expenses	-	(162.54)
Finance Cost	2356.31	2592.39
<b>Operating Profit before working capital changes</b>	<b>1634.36</b>	<b>5307.27</b>
Adjustments for:		
(Increase)/Decrease in Trade and other receivables	1234.27	871.85
(Increase)/Decrease in Inventories	135.29	2108.83
(Increase)/Decrease in Other Non current assets	96.56	(0.35)
(Increase)/Decrease in Other current assets	(1287.40)	(119.01)
Increase/(Decrease) in Trade and other payables	1208.62	(5322.18)
Increase/(Decrease) in Provisions	3.41	314.61
Increase/(Decrease) in Gratuity Valuation through OCI	130.41	(42.48)
<b>Cash generated from operations</b>	<b>3155.52</b>	<b>3118.54</b>
<b>Cash flow before extraordinary items</b>	<b>3155.52</b>	<b>3118.54</b>
<b>Cash flow after extraordinary items</b>	<b>3155.52</b>	<b>3118.54</b>
Income Tax	25.97	(506.66)
<b>Net cash (used in)/generated from operating activities</b>	<b>3181.49</b>	<b>2611.88</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Sale proceeds of property, plant and equipment	4.18	-
Share buy back	-	(6.43)
Investments	1.27	0.42
Purchase of property, plant and equipment	(788.03)	(4215.54)
Margin money deposit with bank	(15.68)	777.07
<b>Net cash (used in)/generated from investing activities</b>	<b>(798.26)</b>	<b>(3444.48)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Long Term Borrowings	(1324.59)	1847.57
Proceeds from Short Term Borrowings	1393.98	1858.07
Provision for Equity Dividend	(192.28)	(192.40)
Distribution Tax on Equity Dividend	(39.52)	(39.56)
Interest paid	(2356.31)	(2592.39)
Lease Payment Made	(77.34)	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(2596.06)</b>	<b>881.29</b>
<b>Net Increase in cash and cash equivalents</b>	<b>(212.83)</b>	<b>48.69</b>
Cash and cash equivalents as at 1st April, 2019 (Opening Balance)	589.97	541.28
Cash and cash equivalents as at 31st March, 2020 (Closing Balance)	377.14	589.97
<b>Cash and cash equivalents as per above comprises of the following</b>		
Cash and cash equivalents (Refer Note 5)	377.14	589.97
<b>Balance as per Statement of Cash Flows</b>	<b>377.14</b>	<b>589.97</b>

As per our report of even dated

For **MOHAN & VENKATARAMAN**  
Chartered Accountants

**V KARTHIKEYAN**  
Partner

Coimbatore  
29th July, 2020

Membership No.208828  
Firm Regn. No.0073215

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**M BALAJI**  
Company Secretary

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**S MUTHUSWAMY**  
Chief Financial Officer

**B SRIHARI**  
Managing Director  
DIN : 00002556

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### A. EQUITY SHARE CAPITAL

(Rs in lakhs)

	Notes	Amount
As at 1st April, 2018		2566.51
Changes in equity share capital		-
Shares Buy Back (16080 Shares)	11	1.61
As at 31st March, 2019		2564.90
Changes in equity share capital		-
As at 31st March, 2020		2564.90

### B. OTHER EQUITY

(Rs in lakhs)

	Capital Redemption Reserve	Securities Premium Reserve	General Reserves	Surplus	Total
Balance as at 1st April, 2018	-	444.44	1555.71	4764.49	6764.64
Capital Redemption Reserve ( Buy back shares)	1.61	-	-	-	1.61
Buy back shares expenses	-	-	(6.43)	-	(6.43)
Profit for the year	-	-	-	852.59	852.59
Other Comprehensive Income for the year	-	-	-	(42.90)	(42.90)
<b>Total Comprehensive Income for the year</b>	-	-	-	<b>809.69</b>	<b>809.69</b>
Dividends	-	-	-	(192.40)	(192.40)
Dividend distribution tax	-	-	-	(39.56)	(39.56)
Balance as at 31st March, 2019	1.61	444.44	1549.28	5342.22	7337.55
<b>Balance as at 1st April, 2019</b>	<b>1.61</b>	<b>444.44</b>	<b>1549.28</b>	<b>5342.22</b>	<b>7337.55</b>
Profit for the year	-	-	-	(1641.13)	(1641.13)
Other Comprehensive Income for the year	-	-	-	129.14	129.14
<b>Total Comprehensive Income for the year</b>	-	-	-	<b>(1511.99)</b>	<b>(1511.99)</b>
Dividends	-	-	-	(192.28)	(192.28)
Dividend distribution tax	-	-	-	(39.52)	(39.52)
<b>Balance as at 31st March, 2020</b>	<b>1.61</b>	<b>444.44</b>	<b>1549.28</b>	<b>3598.43</b>	<b>5593.76</b>

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

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**B SRIHARI**  
Managing Director  
DIN : 00002556

**V KARTHIKEYAN**  
Partner  
Membership No.208828

**M BALAJI**  
Company Secretary

**S MUTHUSWAMY**  
Chief Financial Officer

Coimbatore  
29th July, 2020

Firm Regn. No.0073215

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## Note 01 - Property Plant & Equipment - Consolidated

(Rs.in lakhs)

Fixed Assets	Land	Buildings	Plant & Equipment	Electrical Machinery	Furniture & Fixtures	Vehicles	Office Equipment	other (Specify nature)	Total	Capital Work in progress
<b>Gross Carrying Value</b>										
Deemed Cost as a April 1, 2019	1097.98	5403.39	13027.19	632.93	242.64	557.76	178.01	7.74	21147.64	3034.84
Additions brought in to use	-	639.65	2819.59	86.30	7.79	91.84	26.31	2.63	3674.11	406.78
(-) Disposals	-	-	-	-	-	2.85	-	-	2.85	-
<b>As at March 31, 2020</b>	<b>1097.98</b>	<b>6043.04</b>	<b>15846.78</b>	<b>719.23</b>	<b>250.43</b>	<b>646.75</b>	<b>204.32</b>	<b>10.37</b>	<b>24818.90</b>	<b>-</b>
<b>Depreciation</b>										
As at April, 2019	-	618.48	3291.80	162.80	76.97	204.85	98.64	1.48	4455.02	-
Depreciation for the year	-	237.02	1431.36	61.43	20.87	84.41	22.13	1.80	1859.02	-
(-) On Disposals	-	-	-	-	-	1.20	-	-	1.20	-
<b>As at March 31, 2020</b>	<b>-</b>	<b>855.50</b>	<b>4723.16</b>	<b>224.23</b>	<b>97.84</b>	<b>288.06</b>	<b>120.77</b>	<b>3.28</b>	<b>6312.84</b>	<b>-</b>
<b>Net Carrying Value</b>										
As at March 31, 2020	<b>1097.98</b>	<b>5187.54</b>	<b>11123.62</b>	<b>495.00</b>	<b>152.59</b>	<b>358.69</b>	<b>83.55</b>	<b>7.09</b>	<b>18506.06</b>	<b>-</b>
As at March 31, 2019	<b>1097.98</b>	<b>4784.91</b>	<b>9735.39</b>	<b>470.13</b>	<b>165.67</b>	<b>352.91</b>	<b>79.37</b>	<b>6.26</b>	<b>16692.62</b>	<b>3034.84</b>

**Note :**

Building includes Prayer Hall and Gold plating theron of Rs. 109.14 Lakhs in Gross Carrying value, Rs. 19.17 Lakhs in Depreciation block and Rs.89.97 Lakhs in Net Block (Previous year Rs. 109.14 Lakhs in Gross Carrying value, Rs.10.98 Lakhs in Depreciation and Rs.98.16 lakhs in Net Block )

Furniture & Fittings includes Prayer Hall of Rs. 4.53 Lakhs in Gross Carrying value, Rs. 3.84 Lakhs in Depreciation Block and Rs.0.69 Lakhs in Net Block (Previous year Rs. 4.53 Lakhs in Gross Carrying Value, Rs. 3.80 Lakhs in Depreciation and Rs.0.73 Lakhs in Net Block)

Office Equipment includes Prayer Hall of Rs. 0.47 Lakhs in Gross Carrying Value, Rs. 0.38 Lakhs in Depreciation Block and Rs.0.09 Lakhs in Net Block (Previous year Rs. 0.47 Lakhs in Gross Carrying Value, Rs. 0.29 Lakhs in Depreciation and Rs.0.18 lakhs in Net Block)

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
<b>NOTE 2 - RIGHT TO USE ASSETS</b>		
<b>Movement during the year</b>		
Account of Transition to Ind As-1st April 2019	140.92	-
Addition	7.83	-
Disposals	-	-
<b>Balance as at 31st March 2020</b>	<b>148.75</b>	<b>-</b>
<b>Accumulated Depreciation</b>		
Additions	72.97	-
Disposals	-	-
<b>Balance as at 31st March 2020</b>	<b>72.97</b>	<b>-</b>
<b>Net Block as at 31st March 2020</b>	<b>75.78</b>	<b>-</b>

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
<b>NOTE 3 - INVESTMENTS-NON CURRENT</b>		
<b>A NON-TRADE INVESTMENTS</b>		
Equity (Quoted)		
i Allahabad Bank -5,265 Equity Shares of Rs. 10/- each	1.61	2.88
<b>TOTAL - A</b>	<u>1.61</u>	<u>2.88</u>
<b>II OTHER TRADE INVESTMENTS</b>		
i KG Fabriks Limited		
32,70,000 Equity Shares of Rs. 10/- each-Un quoted	-	327.00
ii Sri Kannapiran Mills Limited		
3,31,588 Equity Shares of Rs. 10/- each-Un quoted	327.46	0.46
iii Cotton Sourcing Company Ltd		
10,000 Equity Shares of Rs. 10/- each-Un quoted	1.00	1.00
Less : Provision for diminution in the value of Investments	(0.75)	(0.75)
<b>SUB-TOTAL</b>	<u>327.71</u>	<u>327.71</u>
<b>TOTAL (B = I + II)</b>	<u>327.71</u>	<u>327.71</u>
<b>GRAND TOTAL (A+B)</b>	<u>329.32</u>	<u>330.59</u>
Aggregate amount of quoted investments	4.32	4.32
Market value of quoted investments	1.61	2.88
Aggregate amount of unquoted investments at cost	328.46	328.46
Aggregate Value of impaired Investments before impact	0.75	0.75
<b>NOTE 4 - OTHER NON CURRENT ASSETS</b>		
<b>a. Capital Advances</b>		
Advance for Capital Goods - Un secured Considered good	413.45	508.74
Others	-	-
	<u>413.45</u>	<u>508.74</u>
<b>b. Security Deposits</b>		
Security Deposits - Un secured considered good	20.31	20.31
	<u>20.31</u>	<u>20.31</u>
<b>TOTAL</b>	<u>433.76</u>	<u>529.05</u>
<b>NOTE 5 - INVENTORIES</b>		
a Raw Materials and components	3081.82	3729.82
Goods-in transit - Grey Fabrics	-	-
	<u>3081.82</u>	<u>3729.82</u>
b Work-in-progress	1928.10	1625.45
Goods-in transit	-	-
	<u>1928.10</u>	<u>1625.45</u>
c Finished goods	8239.39	8455.32
Goods-in transit - Fabrics	79.03	22.02
	<u>8318.42</u>	<u>8477.34</u>
d Stores and Spares	1007.35	641.72
Goods-in transit	-	-
	<u>1007.35</u>	<u>641.72</u>

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
e Others (Specify nature) stock of waste	17.09	13.74
	<u>17.09</u>	<u>13.74</u>
<b>TOTAL</b>	<b>14352.78</b>	<b>14488.07</b>
Mode of valuation : Refer note 36 in significant Accounting Policies.		
<b>NOTE 6 - TRADE RECEIVABLES</b>		
Current Receivables		
Trade receivables Unsecured Considered Good	5232.99	6467.25
<b>TOTAL</b>	<b>5232.99</b>	<b>6467.25</b>
(Non Current Nil) (Refere Notes for Credit risk and Market risk)		
<b>NOTE 7 - CASH AND CASH EQUIVALENTS</b>		
a Balances with banks	365.43	571.32
b Cash on hand	11.71	18.65
<b>TOTAL</b>	<b>377.14</b>	<b>589.97</b>
<b>NOTE 8 - OTHER BANK BALANCES</b>		
a Others Bank Balances		
Unclaimed Dividend Account	67.71	68.46
b Others		
Margin Money Deposits on LC	298.40	281.97
<b>TOTAL</b>	<b>366.11</b>	<b>350.43</b>
<b>NOTE 9 - CURRENT TAX ASSETS (NET)</b>		
For Duties & Taxes	98.70	23.77
<b>TOTAL</b>	<b>98.70</b>	<b>23.77</b>
<b>NOTE 10 - OTHER CURRENT ASSETS</b>		
a. Export incentives Receivable	428.73	634.70
b. IGST Refund Receivable	157.33	231.76
c. Interest Receivable	-	1.89
d. Input Credit GST Receivable	1742.98	1206.25
e. Advance for Material Purchase	1854.59	1214.13
f. Advance for Expenses / Others	787.31	534.35
g. Prepaid Expenses	173.09	108.49
<b>TOTAL</b>	<b>5144.03</b>	<b>3931.57</b>
<b>NOTE 11 - SHARE CAPITAL</b>		
<b>Authorised</b>		
31000000 Equity Shares of Rs. 10 each	3100.00	3100.00
1000000 10% Cumulative Redeemable Preference shares of Rs.100 each	1000.00	1000.00
<b>Issued</b>		
25675225 Equity Shares of Rs. 10 each	2567.52	2567.52
<b>Subscribed &amp; Paid up</b>		
25637825 Equity Shares of Rs. 10 each fully paid	2563.78	2563.78
<b>Forfeited Shares</b>		
(Amount originally paid up)	1.12	1.12
<b>TOTAL</b>	<b>2564.90</b>	<b>2564.90</b>



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

## PARTICULARS

AS AT  
31.03.2020

AS AT  
31.03.2019

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

Particulars	31.03.2020	31.03.2019
Shares outstanding at the beginning of the year 25637825 Number (previous year 25653905)	2563.78	2565.39
Less : 16080 Shares Buy back of shares during the year	-	1.61
Shares outstanding at the end of the year 25637825 Number	2563.78	2563.78

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

	Name of Shareholder	31.03.2020	31.03.2019
		No. of Shares held & % of holding	No. of Shares held & % of holding
1	Sri Kannapiran Mills Limited	3065183 - 11.96%	3065183 - 11.96%
2	Shri KG Baalakrishnan	2578560 - 10.06%	2578560 - 10.06%
3	Shri B Srihari	2231859 - 8.71%	2231859 - 8.71%
4	Shri B Sriramulu	2208659 - 8.61%	2208659 - 8.61%
5	Smt B Sathyabama	1886500 - 7.36%	1886500 - 7.36%

#### Terms and conditions of equity shares :

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

#### NOTE 12 - OTHER EQUITY

##### a. Securities Premium Reserves

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

##### b. Other Reserves

###### Capital Redemption Reserve

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

###### General Reserve

Opening Balance	1549.28	1555.71
(+) Current Year Transfer	-	-
(-) Written back in Current year (Capital Redemption)	-	1.61
(-) Written back in Current year (Share Buy Back Exp)	-	4.82
Closing balance	1549.28	1549.28

##### c. Surplus

Opening Balance	5342.22	4764.49
(+) Comprehensive Income for the current year	(1511.99)	809.69
(-) Equity Dividends Paid	192.28	192.40
(-) Tax on Equity Dividend	39.52	39.56
Closing Balance	3598.43	5342.22
<b>TOTAL</b>	<b>5593.76</b>	<b>7337.55</b>

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
<b>NOTE 13 - FINANCIAL LIABILITIES</b>		
<b>LONG TERM BORROWINGS</b>		
<u>Secured</u>		
a) Term Loans		
Indian Rupee Loan		
from banks (Secured)	5457.66	6847.70
from Others - House property loan from HDFC Limited	845.27	20.56
b) Long term maturities of finance lease Obligations		
(Secured By Vehicles on Hire purchase loan)	71.06	38.21
There is no case of continuing default as on the balance sheet date		
<b>TOTAL</b>	<b>6373.99</b>	<b>6906.47</b>
<b>NOTE 14 - LEASE LIABILITY</b>		
Lease Liability	12.21	-
<b>TOTAL</b>	<b>12.21</b>	-

## Security Clause

### Bank borrowings of Term Loans

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

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

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

(Rs. in lakhs)

Term Loan Bank	Outstanding	Previous Year	Repayment Months	Commencement from	Last Instalment	Rate of Interest	Previous Rate of interest
Indian Bank TL - IV	201.49	344.81	72	03.10.2015	03.10.2021	10.25%	10.25%
Indian Bank TL - VI	534.34	636.72	96	25.12.2015	25.12.2023	10.20%	10.25%
Indian Bank TL - VII	1536.85	1802.45	84	15.05.2017	15.05.2024	9.55%	10.25%
Indian Bank TL - VIII	356.76	357.95	84	02.02.2018	02.02.2025	9.65%	10.25%
Indian Bank Corp. Loan	2186.16	2509.21	48	01.04.2018	01.04.2022	10.50%	10.50%
The South Indian Bank Ltd	405.81	523.32	84	25.12.2015	25.12.2022	11.95%	12.05%

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

(Rs. in lakhs)

Term Loan Bank	Outstanding	Previous Year	Repayment Months	Commencement from	Last Instalment	Rate of Interest	Previous Rate of interest
ICICI Bank Ltd	235.95	235.42	120	05.05.2017	05.05.2017	8.60%	8.50%
Tata Capital Financial Services Ltd	845.57	0.00	84	15.10.2019	15.09.2026	11.00%	11.00%
HDFC	0.00	20.56	84	20.11.2014	20.11.2021	12.50%	12.50%

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
<b>NOTE 15 - OTHER FINANCIAL LIABILITIES</b>		
Others (Security Deposit)	469.94	512.25
<b>TOTAL</b>	<u>469.94</u>	<u>512.25</u>
<b>NOTE 16 - LONG TERM PROVISIONS</b>		
<b>a) Provision for employee benefits</b>		
Gratuity (unfunded)	663.43	663.70
<b>b) Others</b>	-	-
<b>TOTAL</b>	<u>663.43</u>	<u>663.70</u>
<b>NOTE 17 - DEFERRED TAX LIABILITIES (NET)</b>		
Opening balance	1473.50	1590.97
Add : Provision for the year	(850.49)	(115.71)
Net Deferred tax liability	<u>623.01</u>	<u>1475.26</u>
<b>NOTE 18 - GOVERNMENT GRANTS</b>		
Government Grants	582.70	791.58
	<u>582.70</u>	<u>791.58</u>
<b>NOTE 19 - SHORT TERM BORROWINGS</b>		
<u>Secured</u>		
<b>a) Loans repayable on demand</b>		
Working Capital Loan from Banks (Secured)	11294.38	10642.79
Working Capital Loan from Banks (Unsecured)	641.21	-
There are no case of default in repayment of loan and interest as		
<b>TOTAL</b>	<u>11935.59</u>	<u>10642.79</u>
<b>Security Clause</b>		
<b>a. Holding Company</b>		
Working Capital facilities from Indian Bank Consortium (Indian Bank, Indian Bank (e-Allahabad Bank), Union Bank of India (e-Andhra Bank), State Bank of India, The South Indian Bank Limited) are secured by a first pari passu charge on the whole of the current assets through Deed of Hypothecation and second pari passu charge on (a) all the immovable properties situated in (i) 102.1897 acres of land at Jadayampalayam, Alangombu and Karamadai Villages in Mettupalayam Taluk, Coimbatore District, Tamil Nadu and (ii) 2155.62 sq. meters of land at Amdha Village, Dharampur Taluk, Valsad District, Gujarat through equitable mortgage created with Indian Bank and (b) all plant and machineries (excluding vehicles charged to financiers, Peelamedu property & Mumbai property) through Deed of Hypothecation. The entire working capital facilities are also guaranteed by Shri KG Baalakrishnan, Executive Chairman.		
<b>b. Subsidiary</b>		
Working Capital Loan from Indian Overseas Bank is Secured by exclusive first charge on the fixed and current assets besides corporate guarantee by Holding company viz KG Denim Limited. The Loans are also personally guaranteed by Shri KG Baalakrishnan, Director.		
<b>NOTE 20 - LEASE LIABILITY</b>		
Lease Liability	67.30	-
<b>TOTAL</b>	<u>67.30</u>	<u>-</u>

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
<b>NOTE 21 - TRADE PAYABLES</b>		
Trade Payables		
For Dues of Micro Enterprises and Small Enterprises	25.69	29.01
For Other Dues	<u>14179.05</u>	<u>12936.17</u>
<b>TOTAL</b>	<u>14204.74</u>	<u>12965.18</u>
<b>Note :</b> Dues to Micro and Small Enterprises		
The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows.		
	As at 31.03.2020 Current	As at 31.03.2019 Current
a) The principal amount remaining unpaid to any supplier at the end of the year	25.69	29.01
b) Interest due remaining unpaid to any supplier at the end of the year	-	-
c) The amount of interest paid by the buyer in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
e) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
f) The amount of further interest due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act, 2006	-	-
Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per intimation received from them on requests made by the Company.		
(Rs in lakhs)		
<b>NOTE 22 - OTHER FINANCIAL LIABILITIES</b>		
a) Current maturities of long-term debt-Secured (See Note 3)	1125.00	1962.74
b) Current Maturities of finance lease obligations	20.13	34.00
c) Current maturities of financial institutions	28.00	-
d) Interest accrued and due on borrowings	<u>19.29</u>	<u>-</u>
<b>TOTAL</b>	<u>1192.42</u>	<u>1996.74</u>
<b>NOTE 23 - OTHER CURRENT LIABILITIES</b>		
a) Customer Credit Balance	101.83	110.30
b) Duties and Taxes	30.17	81.40
c) Creditors for Capital goods	227.68	198.06
d) Unpaid (Unclaimed) Equity Dividend	<u>67.71</u>	<u>68.46</u>
<b>TOTAL</b>	<u>427.39</u>	<u>458.22</u>
There has been delay of 1 day in transferring fund to IEPF Account Rs. 8,59,424/- (previous year Rs. Nil)		
<b>NOTE 24 - SHORT TERM PROVISIONS</b>		
a) Provision for employee benefits Gratuity (unfunded)	<u>69.49</u>	<u>65.81</u>
<b>TOTAL</b>	<u>69.49</u>	<u>65.81</u>
<b>NOTE 25 - GOVERNMENT GRANTS</b>		
Government Grants	<u>135.80</u>	<u>57.71</u>
	<u>135.80</u>	<u>57.71</u>

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	31.03.2020	31.03.2019
<b>NOTE 26 - REVENUE FROM OPERATIONS</b>		
Sale of products	45929.05	68157.54
Sale of services - Job work	1407.18	1032.36
Other operating revenues : Waste Cotton / Yarn / Accessories sales	2801.78	2024.77
Export Incentives	783.21	1311.41
<b>TOTAL</b>	<b><u>50921.22</u></b>	<b><u>72526.08</u></b>
<b>NOTE 27 - OTHER INCOME</b>		
Interest Income	22.50	50.52
Apportioned Income from Govt. Grant	130.79	57.71
Dividend Income	-	113.54
Miscellaneous Income	119.93	55.18
Insurance Claim Received	16.51	5.73
Profit / Loss on sale of Fixed Assets	2.53	(1.20)
Exchange Gain on Export Sales	13.01	20.81
Other non-operating income (net of expenses directly attributed to such income)	1.18	105.03
<b>TOTAL</b>	<b><u>306.45</u></b>	<b><u>349.61</u></b>
<b>NOTE 28 - COST OF MATERIALS CONSUMED</b>		
Opening Stock	3563.04	4443.90
Purchases	25335.13	38608.63
Sub-total	28898.17	43052.53
Less : Closing stock	3081.82	3729.82
<b>Raw materials consumed</b>	<b><u>25816.35</u></b>	<b><u>39322.71</u></b>
<b>NOTE 29 - PURCHASES OF STOCK-IN-TRADE</b>		
Garments purchase	1075.15	1100.93
Fabric Purchase	-	-
<b>TOTAL</b>	<b><u>1075.15</u></b>	<b><u>1100.93</u></b>
<b>NOTE 30 - CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Opening Stock :</b>		
Work-in-process	1625.45	2702.46
Finished Goods	8477.34	8821.03
Traded Items	-	-
	<u>10102.79</u>	<u>11523.49</u>
<b>Closing Stock :</b>		
Work-in-process	1928.10	1625.45
Finished Goods	8318.42	8473.39
Traded Items	-	-
<b>TOTAL</b>	<b><u>10246.52</u></b>	<b><u>10098.84</u></b>
<b>GRAND TOTAL</b>	<b><u>(143.73)</u></b>	<b><u>1424.65</u></b>

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	31.03.2020	31.03.2019
<b>NOTE 31 - OTHER MANUFACTURING EXPENSES</b>		
a) Power & Fuel	7194.10	6406.79
b) Consumptions of Stores & Spare Parts	372.18	350.84
c) Processing Charges	4313.67	6057.28
d) Repairs & Maintenance	-	-
For Plant & Machinery	1153.52	1375.37
For Buildings	163.00	127.33
For Others	259.24	284.71
e) Others - Excise duty on Readymade Garments	-	-
<b>TOTAL</b>	<u>13455.71</u>	<u>14602.32</u>
<b>NOTE 32 - EMPLOYEE BENEFITS EXPENSE</b>		
a) Salaries and Wages	4840.56	5439.96
b) Salaries - Managing Directors / Whole-time Directors	156.00	165.79
c) Contributions to Provident fund and other funds	191.05	158.19
d) Gratuity as per actuarial valuations	156.76	133.65
e) Staff welfare expenses	192.91	81.01
<b>TOTAL</b>	<u>5537.28</u>	<u>5978.60</u>
<b>NOTE 33 - FINANCE COSTS</b>		
Interest Expense	2052.10	2151.54
Other borrowing costs	296.54	403.40
Applicable net gain/loss on foreign currency transactions and translation	7.67	37.45
<b>TOTAL</b>	<u>2356.31</u>	<u>2592.39</u>
<b>NOTE 34 - OTHER EXPENSES</b>		
Rent	148.24	259.75
Insurance	257.73	232.65
Rates and taxes, excluding, taxes on income.	155.31	119.58
<b>Payments to the auditor as</b>		
a) as statutory auditor	5.60	5.60
b) for taxation matters	-	1.30
c) for other services	3.05	0.38
Legal, Professional & Consultancy Charges	150.82	94.53
Printing and Stationery	45.28	60.44
Postage, Telegrams and Telephones	167.35	199.23
Traveling Expenses and Maintenance of Vehicles	605.72	673.41
Director Sitting Fees	4.89	5.31
Software Maintenance Expenses	6.50	6.12
Brokerage	22.84	37.38
Commission on Sales	830.68	1158.14
Discount on Sales	167.45	181.39
Selling Expenses	441.92	630.80
Freight Outwards	379.63	505.76
Exchange Loss on Export Sales	-	-
Prayer Hall Repairs and maintenance	14.82	19.84
Corporate Social Responsibility Expenses	43.95	89.10
Bad Debts Written off	0.01	239.72
Miscellaneous expenses,	232.25	223.22
Loss on sale of DEPB Licenses	33.92	12.35
<b>TOTAL</b>	<u>3717.96</u>	<u>4756.00</u>
<b>NOTE 35 - EXCEPTIONAL ITEMS</b>		
ITC Revesal in GST	-	118.78
Share Buy Back Expenses	-	43.76
<b>TOTAL</b>	<u>-</u>	<u>162.54</u>

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

### Note :- 36: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### 36.1 Principles of Consolidation:

The Consolidated financial statements relate to K G Denim Limited and its subsidiaries, have been prepared on a line by line basis by adding together the book values like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as stated in Ind AS

The subsidiary companies considered in the consolidated financial statements are

Name of the Company	Country of Incorporation	Proportion of voting power as on 31.03.2020
Trigger Apparels Limited	India	100%
KG Denim (USA) Inc.	Delaware USA	100%

#### 36.2 Other Significant Accounting policies:

##### (a) Basis of preparation

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

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

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

The group Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 "Leases" and related Interpretations and guidance.

###### (ii) Historical cost conventions

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

###### (iii) Going Concern

The accounts are prepared on the basis of going concern concept

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

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

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

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

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

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

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

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

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

## CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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

Depreciation methods, estimated useful lives and residual value

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

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

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

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

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

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

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

### (d) Cash and Cash Equivalents

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

### (e) Inventories

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

### (f) Lease

#### Operating Lease

The Group has adopted the new accounting standard Ind AS 116 "Leases" on April 1, 2019 as per Companies (Indian Accounting Standards) amendment Rules, 2019, notified by MCA on March 30, 2019. Ind AS 116 is a single lessee accounting model and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

**Transition to Ind AS 116:** The Group has adopted Ind AS 116, effective annual reporting period beginning on April 1, 2019 and applied the standard to its leases, retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application without making any adjustment to opening balance of retained earnings. The adoption of the standard did not have any material impact on the Consolidated Financial Statement of the Company.

**As a lessee:** The Group lease assets primarily consist of office premises which are of short-term lease with the term of twelve months or less and low value leases. For these short term and low value leases, the Company has recognized the lease payments as an expense in the Statement of Profit and Loss on a straight-line basis over the term of lease. At the date of commencement of the lease, the



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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

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

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

## **(g) Investments and other financial assets**

### **(h) Classification**

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

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

(2) those measured at amortised cost.

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

### **(ii) Measurement**

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

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

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

### **(iv) Income recognition**

Dividends

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

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

Impairment of non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An

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impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## **(j) Derivative financial instruments**

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

## **(k) Segment Reporting:**

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

## **(l) Borrowings**

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

## **(m) Borrowing costs**

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

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

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

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

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

## **(o) Revenue recognition**

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

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

### **Sale of goods**

The Group earns revenue primarily from sale of manufactured goods (fabric, home textiles and garments). It has applied the principles laid down in Ind AS 115 and determined that there is no change require in the existing revenue recognition methodology. In case of sale to domestic customers, sale is made on ex-factory basis and revenue is recognized when the goods are dispatched from the factory gate. In case of export sales, revenue is recognized on shipment date, when performance obligation is met.

### **Revenue from services**

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

### **Export Incentive**

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

### **Dividend Income**

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

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## Insurance claims

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

## (p) Employee benefits

### (i) Short-term obligations

Short term employee benefits (other than termination benefits) which are payable within 12 months after the end of the period in which the employees render service are accounted on accrual basis. Group's contributions paid / payable during the year to Provident Fund and ESIC are recognized in the statement of profit and loss account. All leave encashment dues for the year are settled within the same year.

### (ii) Employment retirement benefits

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

## (q) Foreign currency translation

### (i) Functional and presentation currency

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

### (ii) Transactions and balances

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

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

## (r) Income tax

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

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

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

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

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

## (s) Earnings Per Share

### Basic earnings per share

Basic earnings per share is calculated by dividing:

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

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Diluted earnings per share

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

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

## (t) Government Grants

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

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

## (u) Critical estimates and judgements

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

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

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

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

Estimation of current tax expenses and Payable.

Estimation of defined benefit obligation.

### Note: 37: FAIR VALUE MEASUREMENT

Financial Instrument by category and hierarchy

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

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

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

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

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

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

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

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

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

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

(Rs. in lakhs)

Financial Assets and Liabilities as at 31st March 2020	Non current	Current	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>							
<b>Investments</b>							
Equity instruments	329.32	-	329.32	1.61	-	327.71	329.32
<b>Other Assets</b>							
Trade Receivables	-	5232.99	5232.99	-	-	5232.99	5232.99
Cash and cash equivalents	-	377.14	377.14	-	-	377.14	377.14
Other Bank Balances	-	366.11	366.11	-	-	366.11	366.11
Other Financial Assets	-	-	-	-	-	-	-
<b>Total</b>	<b>329.32</b>	<b>5976.24</b>	<b>6305.56</b>	<b>1.61</b>	<b>-</b>	<b>6303.95</b>	<b>6305.56</b>
<b>Financial Liabilities</b>							
Borrowings	6373.99	11935.59	18309.58	-	-	18309.58	18309.58
Lease Liability	12.21	67.30	79.51	-	-	79.51	79.51
Trade payables	-	14204.74	14204.74	-	-	14204.74	14204.74
Other Financial Liabilities	469.94	1192.42	1662.36	-	-	1662.36	1662.36
<b>Total</b>	<b>6856.14</b>	<b>27400.05</b>	<b>34256.19</b>	<b>-</b>	<b>-</b>	<b>34256.19</b>	<b>34256.19</b>

(Rs. in lakhs)

Financial Assets and Liabilities as at 31st March 2019	Non current	Current	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>							
<b>Investments</b>							
Equity instruments	330.59	-	330.59	2.88	-	327.71	330.59
<b>Other Assets</b>							
Trade Receivables	-	6467.25	6467.25	-	-	6467.25	6467.25
Cash and cash equivalents	-	589.97	589.97	-	-	589.97	589.97
Other Bank Balances	-	350.43	350.43	-	-	350.43	350.43
Other Financial Assets	-	-	-	-	-	-	-
<b>Total</b>	<b>330.59</b>	<b>7407.65</b>	<b>7738.24</b>	<b>2.88</b>	<b>-</b>	<b>7735.36</b>	<b>7738.24</b>
<b>Financial Liabilities</b>							
Borrowings	6906.47	10642.79	17549.26	-	-	17549.26	17549.26
Trade payables	-	12965.18	12965.18	-	-	12965.18	12965.18
Other Financial Liabilities	512.25	1996.74	2508.99	-	-	2508.99	2508.99
<b>Total</b>	<b>7418.72</b>	<b>25604.71</b>	<b>33023.43</b>	<b>-</b>	<b>-</b>	<b>33023.43</b>	<b>33023.43</b>

### Note :- 38 - FINANCIAL RISK MANAGEMENT

#### Credit risk

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

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

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

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

### Trade Receivables

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

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

### Liquidity Risk

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

#### (i) Financing arrangements

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

(Rs. in lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Expiring within one year (term loan)	-	113
Expiring beyond one year (bank loans)	-	-

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

#### (ii) Maturity patterns of borrowings

(Rs. in lakhs)

	As at 31st March, 2020				As at 31st March, 2019			
	0-1 years	1-5 years	beyond 5 years	Total	0-1 years	1-5 years	beyond 5 years	Total
Long term borrowings (Including current maturity of long term debt)	1173	6225	168	7566	1997	6580	326	8903
Short term borrowings	11936	-	-	11936	10643	-	-	10643
<b>Total</b>	<b>13109</b>	<b>6225</b>	<b>168</b>	<b>19502</b>	<b>12640</b>	<b>6580</b>	<b>326</b>	<b>19546</b>

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## Maturity patterns of other Financial Liabilities

As at 31st March, 2020

(Rs. in lakhs)

	0-3 months	3-6 months	6 months to 12 Months	beyond 12 Months	Total
Trade Payable	8754	2988	2463	-	14205
Lease Liability (Current and Non Current)	16	17	35	12	80
Other Financial liability (Current and Non Current)	-	-	-	-	-
<b>Total</b>	<b>8770</b>	<b>3005</b>	<b>2498</b>	<b>12</b>	<b>14285</b>

As at 31st March, 2019

(Rs. in lakhs)

	0-3 months	3-6 months	6 months to 12 Months	beyond 12 Months	Total
Trade Payable	8929	3926	110	-	12965
Lease Liability (Current and Non Current)	-	-	-	-	-
Other Financial liability (Current and Non Current)	-	-	-	-	-
<b>Total</b>	<b>8929</b>	<b>3926</b>	<b>110</b>	<b>-</b>	<b>12965</b>

### Financial risk management objectives and policies

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

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

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

### Market Risk- Foreign currency risk.

The Group manages foreign currency risk primarily through forward contracts

### Derivative instruments and unhedged foreign currency exposure

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

Foreign currency in lakhs

	As at 31st March, 2020		As at 31st March, 2019	
Forward contracts to buy USD	USD	9.87	USD	23.02

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

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

As at 31st March, 2020

Foreign currency in lakhs

Particulars	USD	EURO	GBP
Trade Receivables	21.47	2.70	0.36
Trade payables	0.10	0.99	-

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As at 31st March, 2019

Foreign currency in lakhs

Particulars	USD	EURO	GBP
Trade Receivables	31.06	2.12	0.23
Trade payables	0.99	3.09	-

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

**(a) Exposure**

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

**(b) Sensitivity**

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

**Impact on profit before tax**

(Rs. in lakhs)

	31st March, 2020	31st March, 2019
BSE Sensex -30 - increase in 5%	0.08	0.14
BSE Sensex -30 - decrease in 5%	-0.08	-0.14

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

**(c) Foreign currency Risk Sensitivity**

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

(Rs. in lakhs)

Particulars	2019-20		2018-19	
	5% increase	5% decrease	5% increase	5% decrease
USD	80.85	-80.85	104.57	-104.57
EURO	11.20	-11.20	3.78	-3.78
GBP	1.67	-1.67	1.04	-1.04
Increase / (decrease) in profit or loss	<b>93.72</b>	<b>-93.72</b>	<b>101.83</b>	<b>-101.83</b>

**Note :- 39 - CAPITAL RISK MANAGEMENT**

**(a) Risk Management**

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

(Rs.in lakhs)

(b) Dividend	31st March, 2020	31st March, 2019
Equity shares		
Final dividend for the year ended 31 <sup>st</sup> March, 2019 of INR 0.75 (31 <sup>st</sup> March, 2018 - INR 0.75) per fully paid share	192.28	192.40



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## Note :- 40 - EARNINGS PER SHARE

(Rs.in lakhs)

	31st March, 2020	31st March, 2019
Earnings Per Share has been computed as under :		
Profit / (Loss) for the year	(1641.11)	852.59
Weighter average number of equity shares outstanding	25637825	25637825
Earnings Per Share - Basic (Face Value of Rs.10 per share)	(6.40)	3.32
Diluted earning per share is same as basic earning per share	(6.40)	3.32

## Note :- 41 - EXPORT PROMOTION CAPITAL GOODS (EPCG)

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

## Note: 42 - COVID

The Ministry of Home Affairs vide order No. 40-3/2020-DM-I(A) dated 24th March 2020 announced a nation-wide lockdown as a measure to contain the spread of COVID 19 which was declared a global pandemic by the World Health Organisation. Owing to the lockdown, the operations of the Company were impacted due to shutting down of its factory, offices, Exclusive Brand Outlets, Garment Distributor and retail outlet, except power plant operations. The Company has resumed its operations in a phased manner as per directives issued by the Central Government and the respective State Government and is closely monitoring the impact of the pandemic on all aspects of its business. The Company is taking appropriate measures to ensure the safety and well-being of all its employees and ensuring full compliances with the directives issued by the Government in this regard.

The Management has exercised due care, in concluding on significant accounting judgements and estimates, inter-alia, recoverability of receivables, assessment for impairment of inventory based on the information available to date, both internal and external, to the extent relevant, while preparing these financial results as of and for the year ended March 31, 2020. Based on the assessment of current indicators of future economic conditions, the Management does not envisage any significant impact on its financial results and financial position as on March 31, 2020. The impact COVID 19 is a continuing process given the uncertainties associated with its nature and duration and accordingly, the eventual outcome may be different from those estimated as on the date of approval of these financial results.

## Note :- 43 : DETAILS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

(Rs.in lakhs)

	31st March, 2020	31st March, 2019
Amount required to be spent as per Section 135 of the Act	42.07	56.33
Amount spent during the on:		
(i) Transfer to KG Denim Trust Foundation (CSR Trust) for rural hospital	43.00	57.00
(ii) On purpose other than (i) above	0.95	2.10
Amount spent for the Financial Year 2014-2015 (Transfer to KG Denim Trust Foundation - CSR Trust) for making available safe drinking water	-	30.00
<b>Total</b>	<b>43.95</b>	<b>89.10</b>

## NOTE :- 44 : CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

### (I) Contingent Liabilities

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

Rs. in lakhs

	2019-2020	2018-2019
Disputed Excise / Customs duties	120.43	131.22
Disputed Income Tax	21.90	20.15

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

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**(b) Guarantees**

Rs. in lakhs

	2019-2020	2018-2019
Guarantees given to Bank for loan to subsidiary	551.00	551.00

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

Rs. in lakhs

	2019-2020	2018-2019
Bills discounted with banks	1199.86	2247.45

**(II) Commitments**

Rs. in lakhs

	2019-2020	2018-2019
Estimated amount of contracts remaining to be executed in capital account and not provided for	-	504.58

**Note :- 45 : SEGMENT INFORMATION**

Operating Segments:

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

Identification of segments:

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

Segment revenue and results:

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

Segment assets and liabilities:

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

Inter segment transfer:

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

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

		Rs. in lakhs	
S.No.	Particulars	Consolidated	
		Audited 31.03.2020	Audited 31.03.2019
1	Segment Revenue (Net Sales / Income from Operations)		
	(a) Textiles	44186	67135
	(b) Power	8322	6269
	(c) Garments	1698	3295
	<b>Total</b>	<b>54206</b>	<b>76699</b>
	Add: Other Unallocable Income		
	Less: Inter Segment Sales	2978	3823
	<b>Net Sales / Income from operations</b>	<b>51228</b>	<b>72876</b>
2	Segment Results (Profit before Interest & Tax)		
	(a) Textiles	(655)	3816
	(b) Power	1065	361
	(c) Garments	(573)	(179)
	<b>Total</b>	<b>(163)</b>	<b>3998</b>
	Less:		
	a) Interest & Finance Charges(Net)	2356	2582
	b) Other Unallocable expenditure(Net of Unallocable Income)	-	-
	<b>Profit Before Extra Ordinary Items &amp; Tax</b>	<b>(2519)</b>	<b>1406</b>
3	Segment Assets		
	(a) Textiles	33961	36313
	(b) Power	7928	7398
	(c) Garments	3028	2727
	<b>Total Segment Assets</b>	<b>44917</b>	<b>46438</b>
4	Segment Liabilities		
	(a) Textiles	24269	23322
	(b) Power	3003	2114
	(c) Garments	761	750
	<b>Total Segment Liabilities</b>	<b>28033</b>	<b>26186</b>

**Note 46 : TRADE PAYABLE**

Trade payable referred under current liability to Micro and Small Industrial Units is complied on the information made available to the company

**Note 47 : GRATUITY**

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

**NOTE: 48 - RELATED PARTY DISCLOSURES AS PER Ind AS 24**

(Rs. in lakhs)

Particulars	2019 - 2020			2018 - 2019		
	Other Related Party	Key Management Personnel	Relative of Key Management Personnel	Other Related Party	Key Management Personnel	Relative of Key Management Personnel
Purchase of Goods						
Sri Kannapiran Mills Limited	1050.51	-	-	21.47	-	-
Other related party	-	-	-	143.19	-	-
Sale of Goods						
Sri Kannapiran Mills Limited	123.34	-	-	634.06	-	-
Other related party	-	-	-	84.38	-	-
Processing / other Charges Paid						
Sri Kannapiran Mills Limited	2779.08	-	-	3587.59	-	-
Other related party	-	-	-	255.85	-	-
Processing / Other Charges Received						
Other related party	37.66	-	0.40	6.73	-	0.36
Service Charges Received						
Other related party	-	-	0.40	-	-	-
Remuneration	-	190.29	-	-	209.26	7.00

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

Note: 48.1 - Balance Outstanding

(Rs. in lakhs)

Particulars	as on 31.03.2020			as on 31.03.2019		
	Other Related Party	Key Management Personnel	Relative of Key Management Personnel	Other Related Party	Key Management Personnel	Relative of Key Management Personnel
Trade Payable	613.55	-	-	504.61	-	-
Investments	327.46	-	-	327.46	-	-

Note: 48.2

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

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

Part "A": Subsidiaries													Rs. in lakh	
Sr. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total assets	Total liabilities	inves-ments	Turn-over	Profit before taxat-ion	Prov-ision for tax-ation	Profit after tax-ation	Prop-osed Divi-dend	% of Share-hold-ing
1	Trigger Apparels Limited			450.00	(1909.63)	2814.67	4274.30	-	4676.72	(592.70)	177.81	(409.17)	-	100%
2.	KG Denim (USA) Inc.		Exchange Rate Rs.75.32perUSD	0.46	(57.59)	213.05	270.18	-	154.65	(25.80)	-	(25.80)	-	100%

As per our report of even dated

For **MOHAN & VENKATARAMAN**  
Chartered Accountants

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**B SRIHARI**  
Managing Director  
DIN : 00002556

**V KARTHIKEYAN**  
Partner

**M BALAJI**  
Company Secretary

**S MUTHUSWAMY**  
Chief Financial Officer

Coimbatore  
29th July, 2020

Membership No.208828  
Firm Regn. No.007321S



**K G DENIM LIMITED**

CIN : L17115TZ1992PLC003798

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

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

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

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the TWENTY-EIGHTH ANNUAL GENERAL MEETING of the Members of K G DENIM LIMITED will be held on Monday, the 30<sup>th</sup> day of November, 2020 at 3.00 p.m. through Video Conferencing (VC) or Other Audio Visual Means (OAVM) to transact the following business:

**ORDINARY BUSINESS**

1. To consider and adopt Standalone and Consolidated Annual Financial Statements including the Balance Sheet as at 31<sup>st</sup> March 2020, the Statement of Profit and Loss and Cash Flow Statements for the year ended 31<sup>st</sup> March 2020 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri B Sriramulu, who retires by rotation and, being eligible, offers himself for reappointment.

**SPECIAL BUSINESS**

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Shri A P Seturaaman (DIN : 07331898), who holds office of Independent Director up to 04.11.2020 and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member, signifying his intention to propose Shri A P Seturaaman candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from 5<sup>th</sup> November, 2020 upto 31<sup>st</sup> March, 2025.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee thereof) and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Rules made there under read with Schedule IV to the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri N Govindarajan (holding DIN : 00366402), who was appointed as an Additional (Independent) Director of the Company by the Board of Directors at its meeting held on 29.07.2020 and whose term of office expires at this Annual General Meeting (‘AGM’) and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 29.07.2020.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to sign and execute necessary documents and papers on an ongoing basis and to do and perform all acts, deeds and things as may be necessary in this regard.”

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

“RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs.75,000/- (Rupees Seventy Five Thousand only) plus service tax as applicable and reimbursement of actual travel and out-of-pocket expenses for the Financial Year ending March 31, 2021 as approved by the Board of Directors of the Company, to be paid to Mr M Nagarajan, Cost

Accountant, for the conduct of the cost audit of the Company's Textile manufacturing plant at Then Thirumalai, Jadayampalayam, Coimbatore-641 302, be and is hereby ratified and confirmed.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to sign and execute necessary documents and papers on an ongoing basis and to do and perform all acts, deeds and things as may be necessary in this regard.”

Coimbatore  
14.09.2020

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

**NOTES:**

1. Explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business Item Nos.3 to 5 are enclosed.
2. In view of the massive outbreak of the COVID-19 pandemic, the Government of India, Ministry of Corporate Affairs allowed conducting Annual General Meeting (AGM) through video conferencing (VC) or other audio-visual means (OAVM). Accordingly, the Ministry of Corporate Affairs issued Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020, prescribing the procedures and manner of conducting the Annual General Meeting through video conferencing (VC) or other audio-visual means (OAVM). In terms of the said Circulars, the 28<sup>th</sup> Annual General Meeting (AGM) of the members will be held through video conferencing (VC) or other audio-visual means (OAVM). Hence Members can attend and participate in the AGM through VC/OAVM. Members desirous of participating in the meeting through VC/OAVM, may refer to the procedure to be adopted as mentioned in Serial No 22.
3. A Member, entitled to attend and vote at the meeting, is entitled to appoint one or more Proxies to attend and vote on a Poll instead of himself and such Proxy need not be a Member of the Company. Since the AGM is being held in accordance with the MCA circulars through VC, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of Proxies by the members will not be available for the AGM and hence, the Proxy Form and Attendance Slip are not annexed to this notice.
4. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorization etc., authorizing its representative to attend the Annual General Meeting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through their registered email address to [mrln54@gmail.com](mailto:mrln54@gmail.com) with copies marked to the Company at [cskgdl@kgdenim.in](mailto:cskgdl@kgdenim.in) and to its Registrars and Share Transfer Agents at [investor@cameoindia.com](mailto:investor@cameoindia.com)
5. In compliance with the aforesaid MCA Circulars, Notice of the 28<sup>th</sup> AGM to be held on 30<sup>th</sup> November, 2020 along with Annual Report of the Financial Year 2019-20 are being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice of the AGM and Annual Report for the Financial Year 2019-20 is also available on the Company's website [www.kgdenim.com](http://www.kgdenim.com) Members (Physical / Demat) who have not registered their email addresses with the company can get the same registered with the company by sending an email to [cskgdl@kgdenim.in](mailto:cskgdl@kgdenim.in) and [investor@cameoindia.com](mailto:investor@cameoindia.com)
6. Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under Section 103 of the Companies Act, 2013.
7. Members holding shares in physical form are requested to intimate the Change of Address and their Bank Account details such as Bank name, Branch with address and Account number for incorporating the same to M/s Cameo Corporate Services Ltd, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002 quoting their respective folio number and members holding shares in demat form shall intimate the above details to their Depository Participant with whom they have Demat Account.
8. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in Demat form to enable the Company to serve documents in electronic form.
9. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday the 24<sup>th</sup> November, 2020 to Monday, the 30<sup>th</sup> November, 2020 (both days inclusive).
10. Re-appointment of Director:

At the ensuing Annual General Meeting Shri B Sriramulu retires by rotation and being eligible offer himself for re-appointment. The information or details pertaining to the Director to be provided in terms with the Stock Exchange is furnished in the Statement of Corporate Governance annexed in this Annual Report.

11. Pursuant to Rule 9A of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the application for transfer of shares held in physical form will not be processed except in the case of transmission / transposition with effect from 2<sup>nd</sup> October 2018. Accordingly, members who intend to transfer their shares shall get such shares dematerialised before transfer. The Company has entered into agreements with National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL) and shares of the Company are eligible for dematerialisation under ISIN: INE104A01012. Accordingly, the Company /the Registrar and Share Transfer Agent (RTA) namely Cameo Corporate Services Limited, Subramanian Building, No.1 Club House Road, Chennai 600 002 shall not be able to entertain any request for transfer of shares in physical form.
12. a) Members are requested to notify immediately any change of address:
- i. to their Depository Participants (“DPs”) in respect of the shares held in electronic form, and
  - ii. to the Company or its RTA, in respect to the shares held in physical form together with a proof of address viz, Aadhar/Electricity Bill/ Telephone Bill/Ration Card/Voter ID Card/ Passport etc.
- b) In case the registered mailing address is without the Postal Identification Number Code (“PIN CODE”), Members are requested to kindly inform their PIN CODE immediately to the Company / RTA/ DPs.
13. As per the provisions of Section 72 of the Act, facility for making nominations is now available to individuals holding shares in the Company.
14. Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to the Company Secretary of the Company or its RTA by quoting the Folio No or the Client ID No with DP ID No.
15. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
16. Members may note that M/s Mohan & Venkataraman, Chartered Accountants (ICAI Regn. No.007321S), the Statutory Auditors of the Company were appointed by the Shareholders at the - 25<sup>th</sup> Annual General Meeting (AGM) held on 16<sup>th</sup> September 2017 to hold office for a period of 5 years till the conclusion of AGM to be held during the year 2021-2022, subject to ratification by the shareholders at every AGM. However, the Ministry of Corporate Affairs vide notification dated 7<sup>th</sup> May, 2018 amended Section 139 of the Companies Act, 2013 by omitting the requirement of seeking ratification of the members for appointment of statutory auditors at every AGM. Hence, no resolution is being proposed for ratification of appointment of Statutory Auditors at this Annual General Meeting.
17. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward his / her queries to the Company seven working days prior to the meeting. The same will be replied by the Company suitably.
18. Soft copies the Register of Directors and Key Managerial Personal and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Registered Office of the Company. Members can inspect the same by sending a email to cskgdl@kgdenim.in

#### **19. Registration of email ID and Bank Account details:**

In case the shareholder's email ID is already registered with the Company/its Registrar & Share Transfer Agent (“RTA”)/Depositories, log in details for e-voting are being sent on the registered email address.

In case the shareholders has not registered his/her/their email address with the Company/its RTA/Depositories and or not updated the Bank Account mandate, the following instructions to be followed:

- a) In case of shares held in physical form, kindly provide the required details to Cameo Corporate Services Limited, Subramanian Building, No.1 Club House Road, Chennai 600 002 or K G Denim Limited, Then Thirumalai, Jadayampalayam, Coimbatore - 641 302 (or)
- b) In the case of Shares held in Demat mode, the shareholder may please contact the Depository Participant (“DP”) and register the email address and bank account details in the demat account as per the process followed and advised by the DP.

#### **20. VOTING THROUGH ELECTRONIC MEANS**

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) (including any statutory modification(s), clarifications, exemptions or reenactments thereof for the time being in force) and Secretarial Standard on General Meetings (SS - 2), the Company is providing to its Members with the facility to cast their vote electronically from a place other than venue of the Annual General Meeting (“remote e-voting”) using an electronic voting system provided by

Central Depository Services (India) Limited ('CDSL') as an alternative, for all members of the Company to enable them to cast their votes electronically, on all the business items set forth in the Notice of Annual General Meeting and the business may be transacted through such remote e-voting. The instructions to e-voting explain the process and manner for generating/ receiving the password, and for casting of vote(s) in a secure manner. However, the Members are requested to take note of the following items

- i. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of Annual General Meeting Notice and holding shares as of the cut-off date, i.e. 23<sup>rd</sup> November 2020, may refer to this Notice of the Annual General Meeting, posted on Company's website [www.kgdenim.com](http://www.kgdenim.com) for detailed procedure with regard to remote e-voting. Any person who ceases to be the member of the Company as on the cut-off date and is in receipt of this Notice, shall treat this Notice for information purpose only.
- ii. Members attending the meeting through VC shall be provided with the facility of voting through e-voting during the meeting. During this time, members who have not already cast their vote through remote e-voting may exercise their vote through the said modes at the meeting.
- iii. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM but shall not be entitled to cast their vote again.
- iv. The voting period begins on 27<sup>th</sup> November 2020 at 9.00 AM (IST) and ends on 29<sup>th</sup> November 2020 at 5.00 PM (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 23<sup>rd</sup> November, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- v. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 23<sup>rd</sup> November, 2020.
- vi. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote by remote e-voting shall not vote by e-voting conducted during the Annual General Meeting.
- vii. The Company has appointed Mr.M.R.L.Narasimha, (CP No: 799) Company Secretary in Practice, as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- viii. The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow e-voting for all those members who are present at the Annual General Meeting by electronic means but have not cast their votes by availing the remote e-voting facility.
- ix. The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes casted during the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.kgdenim.com](http://www.kgdenim.com) after the declaration of result by the Chairman or a person authorized by him in writing.

**The Instructions For Shareholders For Remote E-voting Are As Under:**

- (i) The voting period begins on 27<sup>th</sup> November 2020 at 9.00 a.m. (IST) and ends on 29<sup>th</sup> November 2020 at 5.00 p.m. (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23<sup>rd</sup> November 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders" module.
- (v) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.



(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

For Shareholders holding shares in Demat Form and Physical Form

**PAN** Enter your 10 digit alpha-numeric \*PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Annual General Meeting Notice / Attendance Slip indicated in the PAN field.

**DOB** Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.

**Dividend Bank Details** If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

(ix) After entering these details appropriately, click on “SUBMIT” tab.

(x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for the relevant K G Denim Limited on which you choose to vote.

(xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

(xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.

(xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app “m-Voting”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

## **21. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [cskgdl@kgdenim.in](mailto:cskgdl@kgdenim.in) / [investor@cameoindia.com](mailto:investor@cameoindia.com).
2. For Demat shareholders -, please provide Demat account details (CDSL- 16 digit beneficiary ID or NSDL- 16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **Company/RTA email id**.

3. The company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

## **22. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE ANNUAL GENERAL MEETING (AGM) THROUGH VC/OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **3 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **3 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [cskgdl@kgdenim.in](mailto:cskgdl@kgdenim.in). These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the Annual General Meeting.

## **23. INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE ANNUAL GENERAL MEETING (AGM) ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

### **Note for Non - Individual Shareholders and Custodians**

- ★ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
- ★ A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- ★ After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- ★ The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- ★ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- ★ Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [cskgdl@kgdenim.in](mailto:cskgdl@kgdenim.in), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

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

Coimbatore  
14.09.2020

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

##### ITEM No.3

Shri A P Seturaaman (DIN : 07331898) was appointed as Independent Director of the Company pursuant to Section 149 of the Companies Act, 2013 (“the Act”) read with Companies (Appointment and Qualification of Directors) Rules, 2014, by the Shareholders at the Annual General Meeting held on 28<sup>th</sup> September, 2016 to hold office upto 4<sup>th</sup> November, 2020 (“first term” as per the explanation to Section 149(10) and 149(11) of the Act.). The Nomination & Remuneration Committee at its Meeting held on 14<sup>th</sup> September, 2020 after taking into account the performance evaluation of the Independent Director, during his first term of five years and considering the knowledge, acumen, expertise and experience in their respective fields and the substantial contribution made by the Director during his tenure as an Independent Director since his appointment, has recommended to the Board that continued association of the Director as an Independent Director would be in the interest of the Company. Based on the above, the Nomination & Remuneration Committee and the Board has recommended the re-appointment of the Director as Independent Director on the Board of the Company, to hold office for the second term of five consecutive years commencing from 4<sup>th</sup> November, 2020 upto 31<sup>st</sup> March, 2025 and not liable to retire by rotation. The Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a Member proposing the candidature of Shri A P Seturaaman for his appointment to the office of Independent Director. Brief profile of the above Independent Director is as under:

Shri A P Seturaaman (DIN : 07331898) son of late Shri T P Ponnusamy is a Business man. He has graduated in Commerce from Pudukottai District and joined his father's business while pursuing his studies.

##### ITEM No.4

Shri N Govindarajan (holding DIN : 00366402) an Electrical Engineer was appointed as an Additional (Independent) Director of the Company with effect from 29.07.2020 by the Board of Directors. In terms of Section 161(1) of the Companies Act, 2013, Shri N Govindarajan (holding DIN : 00366402) holds office upto the date of this Annual General Meeting but is eligible for the appointment as a Director. The Company has received a Notice from a Member in writing along with requisite deposit under Section 160 of the Act, proposing his candidature for the office of Director. Shri N Govindarajan (holding DIN : 00366402) has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act. Shri N Govindarajan (holding DIN : 00366402) son of Shri Guruvappanaidu Narayanaswamy is an Electrical Engineer and has vast experience in various areas like oil and gas exploration etc in India and abroad. Accordingly, the Board recommends the passing of the Ordinary Resolution as set out in the Item No.4 of the Notice for appointment of Shri N Govindarajan (holding DIN : 00366402) as an Independent Director, not liable to retire by rotation. Except Shri N Govindarajan (holding DIN : 00366402), being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.4.

Shri N Govindarajan (holding DIN : 00366402) son of Shri Guruvappanaidu Narayanaswamy is an Electrical Engineer and has vast experience in various areas like oil and gas exploration etc in India and abroad.

##### ITEM No.5

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

On recommendation of Audit Committee at its meeting held on February 14, 2020, the Board has considered and approved appointment of Mr M Nagarajan, Cost Accountant, for the conduct of the Cost Audit of the Company's Textile manufacturing plant at Then Thirumalai, Jadayampalayam, Coimbatore - 641 302 at a remuneration of Rs.75,000/- (Rupees Seventy Five Thousand only) plus service tax as applicable and reimbursement of actual travel and out of pocket expenses for the Financial Year ending March 31, 2021.

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

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

Coimbatore  
14.09.2020

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