

K G DENIM LIMITED

CIN : L17115TZ1992PLC003798

THEN THIRUMALAI

METTUPALAYAM - 641 302.

COIMBATORE DISTRICT

TAMILNADU, INDIA.

kg
Denim

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KGDL/SECTL/BSE/2016

26.05.2016

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
MUMBAI 400 001.

Scrip Code : 500239

Dear Sirs,

Sub : Compliance of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Reg.

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions. Please find enclosed herewith the following documents approved by the Board at their meeting held on 26.05.2016.

1. Independent Auditors Report (Standalone and Consolidated) for the year ended 31.03.2016.
2. Audited Financial Results (Standalone and Consolidated) for the quarter / year ended 31.03.2016.
3. Form A ((Standalone and Consolidated)

Kindly acknowledge the receipt.

Thanking you.

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


X **KG BAALAKRISHNAN**
EXECUTIVE CHAIRMAN

Encl: As above



Audited Financial Results for the Quarter & Year Ended 31 st March , 2016

Rs. Lakhs

No	Particulars	Audited	Un-Audited	Audited	Audited
		Standalone		Standalone	
		Quarter Ended		Year Ended	
		31.03.2016	31.12.2015	31.03.2015	31.03.2016
PART II					
A					
Particulars of Shareholding :					
1	Public Shareholding	10622502	10622502	10998602	10622502
	No of Shares	41.41%	41.41%	42.87%	41.41%
	Percentage of Shareholding				42.87%
2	Promoters & Promoter Group Shareholding	2000000	2000000	2000000	2000000
	a)Pledged / Encumbered	13.31%	13.31%	13.65%	13.31%
	No of Shares	7.80%	7.80%	7.80%	7.80%
	Percentage of Shares (as % of the total shareholding of Promoter & Promoter Group)				13.65%
	Percentage of Shares (as % of the total share capital of the Company)				7.80%
	b)Non-encumbered	13031403	13031403	12655303	13031403
	Number of Shares	86.69%	86.69%	86.35%	86.69%
	Percentage of Shares (as % of the total shareholding of Promoter & Promoter Group)				86.69%
	Percentage of Shares (as % of the total share capital of the Company)				50.79%
B					
INVESTOR COMPLAINTS					
	Pending at the beginning of the quarter	Nil			
	Received during the quarter	2			
	Disposed of during the quarter	2			
	Remaining unresolved at the end of the quarter	Nil			
		Quarter Ended			
		31.03.2016			

- 1 The above Audited results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 26th May, 2016
- 2 The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the current financial year.
- 3 The Board has recommended Equity Dividend of 7.5% (i.e Rs.0.75 per share) on its Equity shares for the Financial Year 2015-16.
- 4 Figures of the previous year / quarter ended have been regrouped / re arranged wherever necessary.
- 5 There are no share of profits / Loss of associates and minority interest in respect of consolidated results.

Coimbatore

Date :- 26th May ,2016


KG BALAKRISHNAN
EXECUTIVE CHAIRMAN

SEGMENTWISE REVENUE RESULTS AND CAPITAL EMPLOYED

Rs. Lakhs

S.No	Particulars	Standardone				Consolidated			
		Audited	Unaudited	Audited	Audited	Audited	Audited		
		31.03.16	Quarter Ended 31.12.15	31.03.15	Year Ended 31.03.16	31.03.15	31.03.16	31.3.2015	
1	Segment Revenue (Net Sales / Income from Operations)								
	(a) Textiles	14,906	17,701	13,519	64,473	59,178	61,870	59,184	
	(b) Power	1,154	1,064	-	3,615	-	3,615	-	
	(c) Garmenting	-	-	-	-	-	8,983	2,699	
	Total	16,060	18,765	13,519	68,088	59,178	74,468	61,883	
	Add: Other Unallocable Income								
	Less: Inter Segment Sales	791	908	-	2,915	-	2,915	-	
	Net Sales / Income from operations	15,269	17,857	13,519	65,173	59,178	71,553	61,883	
	2	Segment Results (Profit before Interest & Tax)							
		(a) Textiles	2,251	1,680	864	5,958	2,860	5,958	2,939
(b) Power		222	231	-	793	-	793	-	
(c) Garmenting		-	-	-	-	-	(5)	12	
Total		2,473	1,911	864	6,751	2,860	6,746	2,951	
Less:									
a) Interest & Finance Charges (Net)		1,083	570	772	3,241	2,662	3,328	2,740	
b) Other Unallocable expenditure (net of Unallocable Income)									
Profit Before Extra Ordinary Items & Tax		1,390	1,341	92	3,538	198	3,418	211	
3		Capital Employed							
	(a) Textiles	9,284	9,024	8,138	9,284	8,138	8,652	7,799	
	(b) Power	6,274	6,155	5,667	6,274	5,667	6,224	5,667	
	(c) Garmenting	-	-	-	-	-	521	96	
	d) Unallocable	-	-	-	-	-	-	-	
Total Capital Employed in Company	15,558	15,179	13,805	15,558	13,805	15,397	13,562		

Power generation and distribution has been identified as a separate segment for 2015-16 and onwards

Coimbatore

Date :- 26th May ,2016


 KG BALAKRISHNAN
 EXECUTIVE CHAIRMAN

Statement of Assets & Liabilities as at 31 st March , 2016

Particulars	Standalone Audited		Consolidated Audited		Rs. Lakhs
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	
A EQUITY AND LIABILITIES					
1 Shareholders' Fund					
(a) Share Capital	2567	2567	2567	2567	
(b) Reserves and Surplus	5437	3556	4957	3147	
(c) Money received against share warrants	0	0	0	0	
	8004	6123	7524	5714	
2 Non-Current Liabilities					
(a) Long-term borrowings	5139	6369	5139	6369	
(b) Deferred tax liabilities (Net)	1875	776	1685	638	
(c) Other Long-term liabilities	240	271	697	544	
(d) Long-term provisions	300	285	350	298	
	7554	7681	7871	7849	
3 Current Liabilities					
(a) Short-term borrowings	7079	7234	7655	7770	
(b) Trade payables	11337	12494	12246	12819	
(c) Other current liabilities	2799	2915	2876	2975	
(d) Short-term provisions	537	746	545	749	
	21752	23389	23322	24313	
	37310	37193	38717	37876	
B ASSETS					
1 Non-current Assets					
(a) Fixed Assets (Net)	13155	9783	13741	9836	
(b) Capital work in Progress	844	5667	844	5667	
(c) Non-current investments	783	537	333	337	
(d) Long-term Loans and advances	582	635	577	631	
	15364	16622	15495	16471	
2 Current Assets					
(a) Inventories	10777	12378	13301	13416	
(b) Trade receivables	7432	4178	5724	3774	
(c) Cash and cash equivalents	943	821	1085	868	
(d) Short-term Loans and Advances	2318	1946	2546	2096	
(e) Other Current Assets	476	1248	567	1251	
	21946	20571	23223	21405	
Total	37310	37193	38718	37876	

By order of the Board


 KG BALAKRISHNAN
 Executive Chairman



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF K G DENIM LIMITED

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

1. We have audited the accompanying standalone financial statements of K G Denim Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

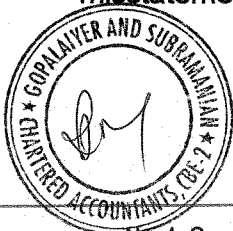
2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.





6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

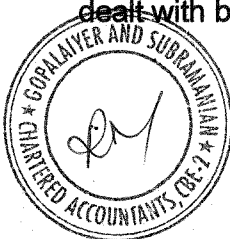
8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143 (3) of the Act, 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.
- (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 and the Cash Flow Statement ~~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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- The Company has disclosed the impact, if any, of pending litigations as at March 31, 2016 on its financial position in its standalone financials refer to Note No.28(1)(a) of financial statement.
 - The Company did not have any pending litigations which would impact its financial position.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

CA. R MAHADEVAN
Partner



Coimbatore
26.05.2016

Membership No.27497
Firm Regn. No.000960S

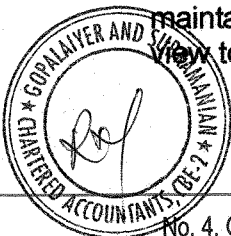


ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 9 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, 2016.

In terms of information and implementation sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report the following :

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets 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 fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
 - (c) The title deeds of immovable properties, as disclosed in Note No 11 on fixed assets to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory excluding stocks with third parties has 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. The Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of 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. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.





vii. (a) The Company is generally regular in depositing the undisputed statutory dues in respect of sales 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.

(b) There are no dues of income tax, sales tax and VAT which have not been deposited on account of any dispute. The particulars of dues of service tax, duty of customs and duty of excise as at March 31, 2016 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
Central Excise Act	Excise Duty	5.32	FY 2009-10	Customs Excise and Service Tax Appellate Tribunal, Chennai. Out of this, demand of Rs.448.69 lakhs was stayed by CESTAT, Chennai.
		1.00	FY 2010-11	
		3.34	FY 2011-12	
		10.79	FY 2013-14	
Customs Act	Custom Duty	7.49	FY 2006-07	
		336.08	FY 2008-09	
		112.61	FY 2013-14	

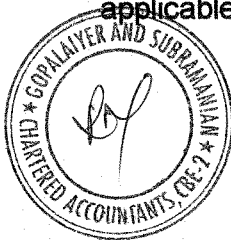
viii. Based on our audit procedures, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. Based on our audit procedures, we are of the opinion that the term loans have been applied for the purposes for which they were obtained.

x. Based on the audit procedures performed, 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.

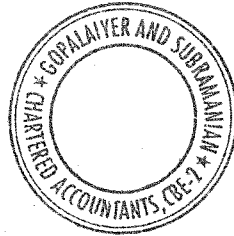




- Xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- 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. Therefore 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, Therefore 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, Therefore Clause 3(xvi) of the Order is not applicable to the Company.

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

CA. R MAHADEVAN
Partner



Membership No.27497
Firm Regn. No.000960S

Coimbatore
26.05.2016



ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10(f) 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, 2016.

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

1. We have audited the internal financial controls over financial reporting of K G Denim Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.





4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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





Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

CA. R MAHADEVAN
Partner



Coimbatore
26.05.2016

Membership No.27497
Firm Regn. No.000960S



INDEPENDENT AUDITORS' REPORT

To the Members of K G Denim Limited

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of K G Denim Limited (hereinafter referred to as "the Holding Company") and its subsidiary Companies ("the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Board of Directors of the Holding Company is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Financial Statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes





evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

Out of the two subsidiary companies, we have conducted the audit of Trigger Apparels Limited. As regards KG Denim (USA) Inc. the another subsidiary, which was incorporated in Delaware USA was not audited. We have been provided with unaudited financial affairs of KG Denim (USA) Inc. In so far as it relates to the amounts included in respect of the said unaudited subsidiary is based solely on the financial affairs produced by the Directors.

Our opinion on the Consolidated Financial Statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done, and the financial statement certified by the Management.

Report on Other Legal and Regulatory Requirements

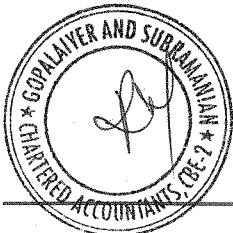
1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(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 financial statements of foreign subsidiary.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

(d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard (AS) – 30 ON 'Financial Instruments: Recognition and Measurement' issued by the Institute of Chartered Accountants of India (ICAI); .





GOPALAIYER AND SUBRAMANIAN

CHARTERED ACCOUNTANTS

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 and taken on record by the Board of Directors of the Holding Company reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our report in "Annexure A"; and

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated Financial Statements disclose the impact of pending litigations on the Consolidated Financial position of the Group Refer Note 27.4 (1) to the Consolidated Financial Statements.

ii. The Company and its subsidiaries did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

CA. R MAHADEVAN
Partner



Coimbatore
26.05.2016

Membership No.27497
Firm Regn. No.000960S



ANNEXURE-A TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF K G DENIM LIMITED

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

We have audited the internal financial controls over financial reporting of K G Denim Limited ("the Holding Company") and its subsidiary company which are companies incorporated in India, for the year ended March 31, 2016 in conjunction with our audit of the Consolidated Financial Statements of the Company.

Management's Responsibility for Internal Financial Controls

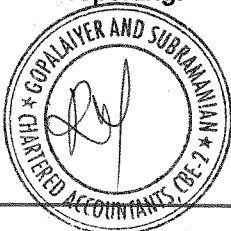
The Respective Board of Directors of the Holding company, its subsidiary companies and jointly controlled entities, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.





Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

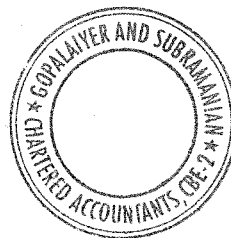
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal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

Opinion

In our opinion, the Holding Company, its subsidiary company which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

CA. R MAHADEVAN
Partner



Coimbatore
26.05.2016

Membership No.27497
Firm Regn. No.000960S

FORM A

(For standalone financial results)

[Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

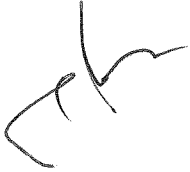
FORM A

1.	Name of the Company	K G Denim Limited
2.	Annual financial statements for the year ended	31 st March, 2016 (Standalone)
3.	Type of Audit observation	Un-modified
4.	Frequency of observation	Not applicable

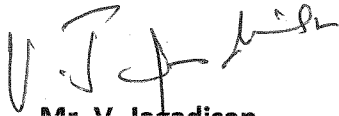
For K G Denim Limited



Mr. KG Baalakrishnan
Executive Chairman



M. Balaji
Chief Financial Officer



Mr. V. Jagadisan
Chairman of Audit Committee

For Gopaliyer and Subramanian
Firm Registration No. 000960S
Chartered Accountants



CA. R. Mahadevan
Partner
Membership No. 27497



FORM A

(For consolidated financial results)

[Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

FORM A

1.	Name of the Company	K G Denim Limited
2.	Annual financial statements for the year ended	31 st March, 2016 (Consolidated)
3.	Type of Audit observation	Un-modified
4.	Frequency of observation	Not applicable

For K G Denim Limited



Mr. KG Baalakrishnan
Executive Chairman

For Gopalaiyer and Subramanian
Firm Registration No. 000960S
Chartered Accountants



CA. R. Mahadevan
Partner
Membership No. 27497



M. Balaji
Chief Financial Officer



Mr. V. Jagadisan
Chairman of Audit Committee