

K G DENIM LIMITED

CIN : L17115TZ1992PLC003798

THEN THIRUMALAI

METTUPALAYAM - 641 302.

COIMBATORE DISTRICT

TAMILNADU, INDIA.

GST No. : 33AAACK7940C1ZW

kg
Denim



Phone : 0091-4254-235240
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KGDL/SECTL/2021

03.09.2021

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 2020-21
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 2020-21 along with the Notice of Annual General Meeting.

Kindly take note of the above.

Thanking you.

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


A VELUSAMY
DIRECTOR
DIN : 00002204

Encl : As above



ANNUAL REPORT

2020-2021

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 Manickam

Auditors M/s Mohan & Venkataraman
Chartered Accountants
Coimbatore

Bankers Indian Bank
Union Bank of India
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-Ninth Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2021.

FINANCIAL RESULTS

(Rs. in lakhs)

PARTICULARS	Standalone		Consolidated	
	For the year ended 31 st March 2021	For the year ended 31 st March 2020	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Revenue from Operations and Other Income	41562	49556	43813	51228
Profit before Finance Cost, Depreciation, Extraordinary Items and Tax Expense	2691	2266	2558	1769
Less : Finance Cost	2193	2266	2276	2356
Profit / loss before Depreciation, Extraordinary Items and Tax Expense	498	23	282	-587
Less : Depreciation	1541	1923	1549	1932
Profit / loss before Extraordinary Items and Tax Expense	1043	-1900	-1267	-2519
Less : Exceptional Items	-	-450	-	-
Current, Deferred & earlier year tax	-454	700	-521	878
Profit / loss from continuing operations	-588	-1650	-747	-1641
Add : Other Comprehensive Income	126	123	140	129
Net Profit / loss for the year	-462	-1527	-607	-1512

STATE OF THE COMPANY'S AFFAIRS

During the period under review, the Company had earned revenue of Rs.41562 lakh and incurred Net Loss of Rs.462 lakh on standalone basis and Rs.43813 lakh and Net Loss Rs.607 lakh, respectively, on consolidated basis.

PERFORMANCE OF THE COMPANY

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

There has been a drop in turnover by 16 % compared to the previous year, mainly due to the COVID-19 pandemic which affected all countries world wide.

During the year ended 31.03.2021 total Fabric production was 165 lakh meters as against 231 lakh meters in 2019-20. Drop in production was on account of drop in sales.

Sale of Fabric was 173 lakh meters in 2020-21 as against 225 lakh meters in 2019-20.

The Net Loss for the year is mainly truncated operations due to lockdown announced by Governments on account of COVID-19.

DIVIDEND

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

INDUSTRY STRUCTURE AND DEVELOPMENT

The monstrous epidemic COVID 19 had made a devastating entry into India during the first quarter of FY 2020-21.

Lockdowns had been announced by Governments and all economic activities had come to a virtual halt during the period.

This had come at a time when business conditions were showing signs of improvement after a depression-like scenario had prevailed the earlier year due to Trade/tariff wars between countries and tensed Geopolitical situations.

In the initial stages of FY 2020-21 operations were scaled down by 60% due to reduced and cancellation of orders both at export and domestic markets.

In the second half of the Financial Year, the pandemic appeared to be receding and visible improvements were seen in demand.

Our financial performance also showed improvements as of the end of September 2020. Unfortunately, the 2nd Wave of the pandemic had hit hard from the fourth quarter of the financial year.

K G DENIM LIMITED

India had witnessed several lacs of people getting affected by the pandemic and several thousand losing lives.

Fresh lockdowns were announced which again affected the operations.

OPPORTUNITIES AND THREATS

With the government of India taking corrective actions by vaccinating people across the country and other preventive measures being enforced, improvements are seen in controlling the epidemic.

The Company expects to increase business in the US, Bangladesh, Sri Lanka and Egypt in the export market and also focus on the domestic manufacturers who export garments to the US and Europe.

Sustainability is the trend with buyers and efforts are being taken to develop fabrics using new fibers, eco-friendly dyes and chemicals and introducing latest technologies to make fabrics more sustainable.

IMPACT OF COVID-19

The world has been afflicted with an unprecedented epidemic COVID-19 which has adversely affected all businesses in all countries including India, during the financial year 2020-2021. All countries, including India announced lock down for 3 to 4 months at the beginning of the financial year 2020-21.

Epidemic COVID-19 had shown signs of recession during the second half of the financial year 2019 -20 and our business had speedily improved during the second half. In spite of lock down for 3 to 4 months, we achieved a turnover of Rs.415 crore in 2020-21

Further, Government of India had announced various finance packages to help industries to tide over the effects of COVID-19. Accordingly, the Company availed Rs.1042 lakh as Covid Emergency loan during the period May 2020 to September 2020 with 6 months moratorium repayable in 3 years. The Company has also been sanctioned Rs.3487 lakh as Guaranteed Emergency Credit Line(GECL) in February / March 2021 with one year moratorium and repayable in 5 years including moratorium.

But the sudden spike in COVID -19 wave 2 in India had slowed down operations in the first quarter of 2021-22. However the sales, especially exports, are expected to pick up in the remaining months of 2021-22.

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 2021-22.

PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES

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

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

During the year, the gross turnover in Trigger Apparels Limited was Rs.3246 lakh against Rs.4677 lakh during the previous year. The Subsidiary Company has registered a loss of Rs.122 lakh as against a loss of Rs.409 lakh in the previous year. The subsidiary is reorganising its products and marketing channels.

The overall loss for the year 2020-21 has been curtailed compared to earlier years on account of higher sales realisation and better inventory management.

KG Denim (USA) Inc. had achieved a turnover of Rs.55.87 lakh and registered a loss of Rs.22.80 lakh during the year mainly on account of initial advertisement and sales promotion expenses.

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

CONSOLIDATED FINANCIAL STATEMENTS

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

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

K G DENIM LIMITED

CEO/CFO CERTIFICATION

The Managing Director and Chief Financial Officer of the Company have submitted a Certificate to the Board for the year ended 31st March, 2021.

MEETINGS OF THE BOARD OF DIRECTORS

During the year ended 31st March, 2021, five Board Meetings were held.

The dates on which the Board meetings were held are 11th June, 2020, 29th July 2020, 14th September 2020, 13th November 2020 and 04th February 2021. A meeting of the Independent Directors of the Board was held on 04th February 2021.

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 31st March 2021 and Statement of Profit and Loss Account of the Company for that period;
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors have prepared the Annual Accounts for the Financial Year ended 31st March, 2021 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 P Muniappan and Shri A P Seturaaman as members.

Brief description of terms of reference:

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

NOMINATION AND REMUNERATION POLICY

THE OBJECTIVES OF THE POLICY

1. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
2. To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies.

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3. To carry out evaluation of the performance of Directors.
4. To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

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

The details of Loans, Guarantees given and Investments made during the Financial Year ended on 31st March, 2021 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 2020-21 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 details forming part of the extract of the Annual Return is available on Company's website at www.kgdenim.com.

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 - 2 to this Report.

RISK MANAGEMENT COMMITTEE

Risk Management Committee consists of Shri B Sriramulu as Chairman with Shri M Balaji and Shri S Manickam 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 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 AP Seturaaman as Members and adopted policy for Corporate Social Responsibility.

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

The Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure -3.

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.

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DIRECTORS

In accordance with the provisions of Section 152 of the Companies Act, 2013, Shri B Srihari 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 (upto 12.11.2020) | - Chief Financial Officer |
| 4. Shri S Manickam (from 13.11.2020) | - 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.

AUDITORS REPORT

M/s. Mohan & Venkataraman, Chartered Accountants (ICAI Regn. No.007321S) have issued Auditors Report for the Financial Year ended 31st March, 2021.

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 2020-21.

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 2021-22. 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 Report, 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 - 4.

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.

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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 31st March, 2021.

Secretarial Audit Report issued by Shri M.R.L.Narasimha, Practicing Company Secretary in form MR-3 is enclosed as Annexure - 5 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 - 6 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.

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.

K G DENIM LIMITED

POLICY ON SEXUAL HARASSMENT

The Company has adopted policy on Prevention of Sexual Harassment of Women at Workplace in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the Financial Year ended 31st March, 2021, 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, Union Bank of India, 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;
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.43 to the accounts.

MATERIAL CHANGES AND COMMITMENTS

There are no Material changes and commitments in the business operations of the Company from the Financial Year ended 31st March, 2021 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.

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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 - 6 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.

Coimbatore
29.07.2021

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

K G DENIM LIMITED

Annexure - 1

Form AOC-1

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

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

Part "A": Subsidiaries														Rs. in lakh
Sr. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Share capital	Reserves & surplus	Total assets	Total liabilities	inves-ments	Turn-over	Profit before taxat-ion	Prov-ision for tax-ation	Profit after tax-ation	Prop-osed Divi-dend	% of Share-hold-ing
1	Trigger Apparels Limited			450.00	(2031.54)	3431.35	5012.99	-	3246.56	(201.97)	(66.29)	(121.90)	-	100%
2.	KG Denim (USA) Inc.			0.46	(80.38)	84.37	164.29	-	55.87	(22.80)	-	(22.80)	-	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 Consoli dation
-	-	-	-	-	-	-	-	-	-	-

There are no Associates / Joint Ventures

KG BAALAKRISHNAN

B SRIRAMULU

B SRIHARI

M BALAJI

S MANICKAM

Executive Chairman

Managing Director

Managing Director

Company Secretary

Chief Financial Officer

DIN : 00002174

DIN : 00002560

DIN : 00002556

Coimbatore, 29th July, 2021

K G DENIM LIMITED

ANNEXURE- 2

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 in to 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 anvil.
 - 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: -Rs. 166.69 lakh

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:

(Rs. in Lakh)

Particulars	March 31, 2021	March 31, 2020
Outgo	250.50	1858.22
Earned	15853.00	13364.97

K G DENIM LIMITED

ANNEXURE- 3

Annual Report on Corporate Social Responsibility Activities.

(Pursuant to Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014)

1. Brief outline on the Corporate Social Responsibility (CSR) Policy of the Company

The CSR Policy is available on the Company's Website www.kgdenim.com. The Company had proposed to undertake activities relating to rural development including rural hospital, community irrigation, water conservation etc.

2. Composition of CSR Committee

Sl. No	Name of Director	Designation /Nature of Directorship	Number of Meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the Year.
1	Shri KG Baalakrishnan	Director	4	4
2	Shri A P Seturaaman	Independent Director	4	4
3	Shri A Velusamy	Director	4	4

3. The web-link where composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are discussed on the Website of the Company

The composition of CSR Committee - [https://www.kgdenim.com/Corporate Governance/Committee of Directors](https://www.kgdenim.com/Corporate%20Governance/Committee%20of%20Directors)

CSR Policy - [https://www.kgdenim.com/Corporate Governance/Corporate Social Responsibility Policy](https://www.kgdenim.com/Corporate%20Governance/Corporate%20Social%20Responsibility%20Policy)

CSR Projects as approved by the Board : [https://www.kgdenim.com/Corporate Governance/CSR](https://www.kgdenim.com/Corporate%20Governance/CSR)

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

Not applicable

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

Not applicable

6. Average Net Profit of the Company as per Section 135(5) Rs.232.77 lakh

7. a) Two percent of average net profit of the Company as per Section 135(5) - Rs.4.66 lakh

b) Surplus arising out of the CSR Projects or Programmes or activities of the previous financial year - Rs. Nil

c) Amount required to be set off for the financial year - Rs.Nil

d) Total CSR obligation for the Financial Year (7a+7b-7c) - Rs.4,66,000

6. a) CSR amount spent or unspent for the financial Year

Total Amount spent for the Financial year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)	Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)			
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
5,00,000	Nil	Nil	Nil	Nil	Nil

K G DENIM LIMITED

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

1	2	3	4	5	6	7	8	9	10	11		
Sl .No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the project	Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of implementation Direct Yes/No	Mode of implementation through Implementing Agency		
				State	District						Name	CSR Registration Number
1	Rural Hospital	(i)	Yes	Tamil Nadu	Jadayampalayam	1 Year	4,50,000	4,50,000	Nil	No	KG Denim Trust Foundation	CSR0000 3628

c) CSR amount spent against other than ongoing projects for the financial year

1	2	3	4	5	6	7	8		
Sl..No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the project	Amount spent for the project (in Rs.)	Mode of implementation Direct Yes/No	Mode of implementation through Implementing Agency		
				State	District			Name	CSR Registration Number
1	Skill Development	(ii)	Yes	Tamil Nadu	Coimbatore	5,00,000	No	World People Welfare Trust	-

d) Amount spent in Administrative Overheads - Nil

e) Amount spent on Impact Assessment, if applicable - Not Applicable

f) Total amount spent for the Financial Year (8b+8c+8d+8e) - Rs.5.00 lakh

g) Excess amount for set off, if any - Not Applicable

K G DENIM LIMITED

9. a) Details of Unspent CSR amount for the preceding three financial years - Nil

Sl. No	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (in Rs.)	Amount Spent in the report Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per Section 135(6) , if any	Amount remaining to be spent in succeeding financial years (in Rs.)		
				Name of the Fund	Amount (in Rs.)	Date of Transfer	
-	-	-	-	-	-	-	-

b) Details of CSR amount spent in the financial year for ongoing Projects of the preceding financial year(s) - Nil

1	2	3	4	5	6	7	8	9
Sl. No	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs.)	Cumulative amount spent at the end of reporting Financial Year (in Rs.)	Status of the Project Completed/Ongoing

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

- Date of creation or acquisition of capital asset(s) - Not Applicable
- Amount of CSR spent for creation or acquisition of capital asset - Not Applicable
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc., - Not Applicable
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) - Not Applicable

11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per Section 135(5) - Not Applicable

Place : Coimbatore
Date : 29.07.2021

KG Baalakrishnan
Chairman of CSR Committee

Annexure - 4

CORPORATE GOVERNANCE REPORT

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2021, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

1. COMPANY'S PHILOSOPHY

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

2. GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

The current financial year of the Company covers a period of 12 months from 1st April 2020 to 31st March 2021. The strength of the Board is 10 Directors, out of which 5 are independent directors.

5 (Five) Board Meetings were held during the year, as against the minimum requirement of 4 meetings. The dates on which the meetings held were as follows: 11th June, 2020, 29th July, 2020, 14th September, 2020, 13th November, 2020 and 04th February, 2021. A meeting of Independent Directors was held on 04th February 2021 which was attended by three Independent Directors. The Annual General Meeting (AGM) was held on 30th November, 2020 through Video Conferencing. 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	5	5	Present	7 (1 - Private)	1	-
Shri B Sriramulu-DIN : 00002560	5	5	Present	7 (4 - Private)	-	-
Shri B Srihari-DIN : 00002556	5	5	Present	11 (5 - Private)	-	-
Shri K N V Ramani-DIN : 00007931	5	5	Not Present	6	5	-
Shri G P Muniappan-DIN : 01653599	5	5	Present	4 (2 - Private)	4	1
Shri M B N Rao-DIN : 00287260	5	3	Present	7 (1 - Private)	4	7
Smt T Anandhi - DIN-00050786	5	5	Present	3 (2-Private)	-	-
Shri A Velusamy-DIN-00002204	5	5	Present	4 (1-Private)	-	2
Shri A P Seturaaman-DIN : 07331898	5	5	Not Present	1	-	-
Shri N Govindarajan DIN : 00366402	3	3	Present	1-Private	-	-

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 Taxyarn 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 Enterprise Limited	Non-Executive Independent Director

Profile of Director to be reappointed on retirement basis

Shri B Srihari aged 52 years is a Bachelor of Technology in Chemical Engineering from Bharathidasan University, Trichy and Master of Engineering (Chemical) from Cornell University USA. He has 28 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 29.07.2021.

Code of Conduct

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

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

K G DENIM LIMITED

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 ie., 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 29th July, 2020, 14th September, 2020, 13th November 2020 and 04th February 2021.

Composition of the Audit Committee as on 31st March, 2021 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 K N V Ramani	Member	Independent, Non - Executive	4	4
Shri M B N Rao	Member	Independent, Non - Executive	4	3

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

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>

K G DENIM LIMITED

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

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

b. Nomination and Remuneration Committee

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

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

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

Details of Attendance of Nomination and Remuneration Committee :

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

c. Stakeholders Relationship Committee

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

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

During the year, the Stakeholders Relationship Committee met three times and meetings were held on 11.06.2020, 12.11.2020 and 02.02.2021. 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 31st March 2021 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	3	3
Shri A Velusamy	Member	Non-Independent, Non - Executive	3	3
Shri A P Seturaaman	Member	Independent, Non - Executive	3	3

d. Corporate Social Responsibility Committee

The said Committee is comprising of Shri KG Balakrishnan, Shri A Velusamy and Shri A P Seturaaman as members. In terms of provisions of Section 135 of the Companies Act, 2013 the Company has constituted a Trust under the name of 'KG Denim Trust Foundation' to carry out the Corporate Social Responsibility(CSR) activities. The following amounts were spent :

Sl.No.	For the Year	Amount Rs. lakh
1.	2014-15	30.00
2.	2015-16	9.50
3.	2016-17	32.27
4.	2017-18	51.00
5.	2018-19	59.10
6.	2019-20	43.95
7.	2020-21	5.00
	Total	230.82

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 40,384 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 2012-13 in January, 2021.

f. Risk Management Committee

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

4. GENERAL MEETINGS

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

Annual General Meeting for the Financial Year 2020-21

Type of Meeting	Date	Time	Venue	Details of Special Resolution passed
28 th AGM	30 th November 2020	3.00 p.m.	Through Video Conferencing	Nil
27 th AGM	26 th 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 th AGM	27 th 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

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

K G DENIM LIMITED

ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR 2020-21

Day and Date	Monday, 27.09.2021
Time	3.30 p.m.
Mode	Video Conferencing (VC) or Other Audio Visual Means (OAVM)
Financial Year	01.04.2020 to 31.03.2021
Book Closure	21.09.2021 (Tuesday) to 27.09.2021 (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 31st March 2021, 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 31st March 2021 were as follows :-

Name of the Directors	Sitting Fee (Rs.)	No. of Shares held
Shri K N V Ramani	1,60,000	10000
Shri G P Muniappan	1,60,000	Nil
Shri M B N Rao	1,15,000	Nil
Shri A P Seturaaman	60,000	Nil

K G DENIM LIMITED

8. GENERAL SHAREHOLDER INFORMATION

1. 29 th AGM to be held on	:	27.09.2021
	at :	3.30 p.m.
	venue :	Video Conferencing (VC) or Other Audio Visual Means (OAVM)
2. Financial Calendar-Board Meetings (Tentative)		First Quarter - Second week of August 2021 Second Quarter - Second week of November 2021 Third Quarter - Second week of February 2022 Results for the year ending 31 st March 2022 last week of May 2022
3. Date of Book Closure		21.09.2021 to 27.09.2021 (Both days inclusive)
4. Listing of Equity Shares		Listed in BSE Ltd. The Company has paid the listing fees for the year 2021 - 2022.
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		96.26 % of the total equity shares (24677851 Shares) were held in the dematerialised form as on 31 st March 2021. Trading in equity shares of the company is permitted only in dematerialised form w.e.f 26.06.2000, as per the notification of SEBI.
10. i. Details of Public Funding obtained in the last three years.		No capital from public was raised during the last three years.
ii. Outstanding GDRS/ADRS/Warrants or any convertible instrument		None
11. Plant Location		K G DENIM LIMITED, Then Thirumalai, Jadayampalayam, Coimbatore 641 302
12. Address for communication		K G DENIM LIMITED, Then Thirumalai, Jadayampalayam, Coimbatore 641 302
13. Website		www.kgdenim.com

9. DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH 2021

Category	No. of Shareholders	%	No. of Shares	%
Upto 5,000	9035	84.53	1538206	6.00
5,001 - 10,000	824	7.71	696521	2.72
10,001 - 20,000	341	3.19	539001	2.10
20,001 - 30,000	140	1.31	351425	1.37
30,001 - 40,000	59	0.55	212447	0.83
40,001 - 50,000	63	0.59	303524	1.18
50,001 - 1,00,000	93	0.87	706136	2.76
1,00,001 and above	134	1.25	21290565	83.04
Total	10689	100.00	25637825	100.00

K G DENIM LIMITED

10. CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2021

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	3700	0.01
(b)	Foreign Institutional Investors	-	-
	Sub Total (A)	3700	0.01
B	Non-Institutions		
(a)	Bodies Corporate & Trusts	543463	2.12
(b)	Individuals	10059259	39.24
	Sub Total (B)	10602722	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 2020 to March 2021 is as below:

Month	BSE Price	
	High	Low
April 2020	19.50	16.10
May 2020	18.90	16.30
June 2020	29.50	17.30
July 2020	28.80	23.60
August 2020	25.25	20.20
September 2020	25.75	20.00
October 2020	24.00	17.40
November 2020	22.00	18.25
December 2020	29.80	20.45
January 2021	31.50	23.00
February 2021	32.75	25.20
March 2021	34.50	26.55

12. COMPLIANCE WITH NON MANDATORY REQUIREMENT

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

COMPANY SECRETARY'S CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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

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, 2021 as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

- The Board meeting, which was scheduled for last week of March 2020, could not be conducted on account of nation-wide lockdown, resulting in non-compliance of Regulation 17(1) of LODR 2015 regarding composition of Board. However due to the extension given by SEBI and MCA, the Board Meeting was conducted on 29-07-2020 and regulation 17(1) of LODR 2015, was complied with.
- Non-Compliance of Regulation 23(9) of SEBI LODR 2015 with regards to non-disclosure of related party transactions on consolidated basis. BSE limited had levied fine for the above two non-compliances, however on request for waiver, the same has been waived off by BSE Limited.
- In respect of Unclaimed Dividend of Rs. 8,77,867 relating to Financial Year 2012-13 there was a delay of nine days in transfer of the said amount to IEPF by the Company.

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
29.07.2021

M.R.L.Narasimha
Practicing Company Secretary
Membership No:2851
Certificate of Practice:799
PR No. 517/2017
Place, 34-C, 3rd Cross, R.L. Nagar
K.K.Pudur, Coimbatore - 641038
UDIN : F002851C000702660

K G DENIM LIMITED

Annexure - 5

FORM MR - 3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

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

To

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

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

I am issuing this report based on my verification of the books, papers, minutes books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company, during the Financial Year ended 31st March, 2021 and also after 31st March, 2021 but before the issue of this report and the information provided by the Company, its officers, agents and authorized representatives during my conduct of secretarial audit.

I hereby report that, in my opinion, during the audit period covering the Financial Year ended on 31st March 2021 (hereinafter referred to as "the year"), the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made here in after. The members are requested to read this report along with my letter of even date annexed to this report as Annexure-A.

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

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- (c) The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client; and
- (d) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
- (e) The Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015.

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

The following Regulations and Guidelines prescribed under the SEBI Act:

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

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

K G DENIM LIMITED

4. i) I have also examined compliance with the Secretarial Standards with respect to Board Meetings (SS- 1) and General Meetings (SS- 2) issued by The Institute of Company Secretaries of India.
- ii) The Listing Agreement entered by the company with BSE Limited
5. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2021 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.
- a) The Board meeting, which was scheduled for last week of March 2020, could not be conducted on account of nation-wide lockdown, resulting in non-compliance of Regulation 17(1) of LODR 2015 regarding composition of Board. However due to the extension given by SEBI and MCA, the Board Meeting was conducted on 29-07-2020 and regulation 17(1) of LODR 2015, was complied with.
- b) Non-Compliance of Regulation 23(9) of SEBI LODR 2015 with regards to non-disclosure of related party transactions on consolidated basis.
- BSE limited had levied fine for the above two non-compliances, however on request for waiver, the same has been waived off by BSE Limited.
- c) In respect of Unclaimed Dividend of Rs. 8,77,867 relating to Financial Year 2012-13 there was a delay of nine days in transfer of the said amount to IEPF by the Company.

I further report that the compliance by the company of applicable financial laws, like Direct and Indirect Tax laws, as 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 : 29.07.2021

M.R.L.Narasimha
Practicing Company Secretary
Membership No:2851
Certificate of Practice:799
PR No. 517/2017
UDIN : F002851C000702651

K G DENIM LIMITED

Annexure - A to Secretarial Audit Report of even date

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

My Secretarial Audit Report (Form MR-3) of even date for the Financial Year Ended 31st March, 2021 is to be read along with this letter.

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also taken into consideration the compliance related action taken by the Company after 31st March 2021 but before the issue of this report.
4. I have verified the records to see whether the correct facts are reflected in the secretarial records. I also examined the compliance procedures followed by the Company. I believe that the processes and practices I followed provide a reasonable basis for my opinion. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
5. I have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
6. My Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Coimbatore
Dated : 29.07.2021

M.R.L.Narasimha
Practicing Company Secretary
Membership No:2851
Certificate of Practice:799
PR NO.517/2017
Place, 34-C, 3rdCross, R.L.Nagar
K.K.Pudur, Coimbatore - 641038.
UDIN : F002851C000702651

K G DENIM LIMITED

Annexure - 6

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	42.67
2.	Shri B Sriramulu	34.13
3.	Shri B Srihari	34.13

Shri K N V Ramani, Shri G P Muniappan, 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

Nil

(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

1761

(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 31 st March, 2021
1.	Rs.1.24 Crore	(Rs.4.62 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 offer.

Sl.No.	Particular	As at March 31, 2021		As at March 31, 2020	
1.	Market Capitalisation	BSE	Rs.70.91 Crore	BSE	Rs.43.83 Crore
2.	Price Earnings Ratio	BSE	-ve	BSE	-ve

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

The Company came with an Initial Public Offer in 1993 at the price of Rs.10/- per equity share. As on 31st March, 2021 the Market Quotation of the Company Share Price (Closing Price) is as follows:

BSE Limited : Rs.27.70

(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.

K G DENIM LIMITED

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

Sl.No.	Name	Remuneration of Key Managerial Personnel	Performance of the Company for the year ended 31 st March, 2021
1.	Shri B Sriramulu	Rs.48,00,000	(Rs.4.62 Crore)
2.	Shri B Srihari	Rs.48,00,000	(Rs.4.62 Crore)
3.	Shri S Muthuswamy	Rs.7,56,976 *	(Rs.4.62 Crore)
4.	Shri M Balaji	Rs.14,00,000	(Rs.4.62 Crore)
5.	Shri S Manickam	Rs.6,34,033 @	(Rs.4.62 Crore)

* Retired as on 12.11.2020 @ appointed Chief Financial Officer with effect from 13.11.2020.

(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 : 29.07.2021

K G DENIM LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF K G DENIM LIMITED

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

1. We have audited the accompanying standalone financial statements of K G Denim Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2021, 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 31st March 2021, 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 39 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 31st March 2021, 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.

Sl.No	Key Audit Matter	Auditor's Response
1.	<p>Litigations - Contingencies</p> <p>The Company has ongoing litigations with various authorities and third parties which could have a significant impact on the results, if the potential exposures were to materialise.</p> <p>The amounts involved are significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability or disclosed as a contingent liability, is inherently subjective.</p> <p>Claims against the Company not acknowledged as debts are disclosed in the Financial Statements by the Company after a careful evaluation of the facts and legal aspects of the matters involved. The outcome of such litigation is uncertain and the position taken by management involves significant 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 43 to the Financial Statements</p>	<p>Principal Audit Procedures</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures including:</p> <p>Assessing the appropriateness of the design and implementation of the Company's controls over the assessment of litigations and completeness of disclosures. Supporting documentation are tested for the positions taken by the management, meetings are conducted with in-house legal counsel and/or legal team and minutes of Board to confirm the operating effectiveness of these controls.</p> <p>Involving our direct and indirect tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures.</p>

K G DENIM LIMITED

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

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 31st March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2021 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 31st March 2021 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 31st March 2021 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. 8,77,867 was transferred in delay of nine days to the Investor Education and Protection Fund by the Company during the year ended March 31, 2021.
 - iv. the disclosure requirements regarding specified bank notes held and transacted during the period from 8th November 2016 to 30th December 2016 has not been made since the requirement does not pertain to the year ended 31st March 2021.

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

V KARTHIKEYAN
Partner
Membership No.208828
UDIN : 21208828AAAAW9322

COIMBATORE
29th July 2021

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, 2021.

- 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, 2021 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	20.30	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 we have 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
29th July 2021

For MOHAN & VENKATARAMAN
Chartered Accountants
Firm Regn. No.007321S
V KARTHIKEYAN
Partner
Membership No.208828
UDIN : 21208828AAAAAW9322

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 K G Denim Limited ("the Company") as of 31st March 2021 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 31st March 2021, 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
29th July 2021

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

V KARTHIKEYAN
Partner
Membership No.208828
UDIN : 21208828AAAAW9322

K G DENIM LIMITED

BALANCE SHEET AS AT 31st MARCH 2021

PARTICULARS	NOTE NO.	AS AT 31.03.2021	AS AT 31.03.2020
I. ASSETS			
1 NON-CURRENT ASSETS		(Rs. in lakhs)	
(a) Property, plant and equipment	1	17,256.44	18,439.58
(b) Capital Work-in-Progress	1	-	-
(c) Right of Use Assets	2	25.20	75.78
(d) Financial Assets			
Non-Current Investments	3	328.41	329.32
(e) Other non-current assets	4	400.76	433.06
TOTAL		18,010.81	19,277.74
2 CURRENT ASSETS			
(a) Inventories	5	12,720.74	12,717.29
(b) Financial Assets			
(i) Trade Receivables	6	9,725.23	8,480.56
(ii) Cash and cash equivalents	7	335.76	92.59
(iii) Bank balance other than (ii) above	8	378.83	347.80
(c) Current tax assets (net)	9	155.72	98.70
(d) Other Current Assets	10	4,742.10	4,726.05
TOTAL		28,058.38	26,462.99
GRAND TOTAL		46,069.19	45,740.73
II. EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	11	2,564.90	2,564.90
(b) Other Equity	12	6,648.72	7,110.62
TOTAL EQUITY		9,213.62	9,675.52
2 LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	13	8,357.17	6,373.99
(ii) Lease Liabilities	14	9.57	12.21
(b) Long-term Provisions	15	620.32	638.03
(c) Deferred Tax Liabilities (Net)	16	732.06	1,186.48
(d) Government grants	17	447.23	582.70
TOTAL		10,166.35	8,793.41
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	18	10,614.10	11,444.47
(ii) Lease Liabilities	19	17.20	67.30
(ii) Trade payable - Micro and Small Enterprises		57.67	25.69
(iii) Trade payable - Others	20	12,751.77	13,931.40
(iv) Other financial liabilities	21	2,644.58	1,192.42
(b) Other current liabilities	22	410.81	406.79
(c) Short-term provisions	23	57.46	67.93
(d) Government grants	24	135.63	135.80
TOTAL		26,689.22	27,271.80
GRAND TOTAL		46,069.19	45,740.73
Significant Accounting Policies	35		
The notes form an integral part of these financial statements	36 to 47		

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 MANICKAM
Chief Financial Officer

Coimbatore
29th July, 2021

Membership No.208828
Firm Regn. No.007321S

K G DENIM LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2021

PARTICULARS	NOTE NO.	31.03.2021	31.03.2020
(Rs.in lakhs)			
I INCOME			
Revenue from operations	25	41,334.47	49,253.40
Other Income	26	227.15	302.91
Total Income		41,561.62	49,556.31
II EXPENSES			
Cost of materials consumed	27	22,102.94	25,765.97
Purchases of Stock-in-Trade	28	21.97	12.84
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	29	506.31	28.90
Other Manufacturing Expenses	30	9,331.16	13,455.71
Employee Benefits Expenses	31	4,419.44	5,255.72
Finance Costs	32	2,192.97	2,266.21
Depreciation and Amortization Expense		1,540.90	1,923.28
Other Expenses	33	2,488.58	2,748.53
Total Expenses		42,604.27	51,457.16
III Profit before exceptional items and tax		(1,042.65)	(1,900.85)
IV Exceptional Items	34	-	450.46
V Profit before tax (III-IV)		(1,042.65)	(2,351.31)
VI Tax Expense :			
(1) Current Tax		-	-
(2) Deferred Tax	16	(454.42)	(674.44)
(3) Prior Year Tax		-	(25.97)
		(454.42)	(700.41)
VII Profit / (Loss) (after tax) (V-VI)		(588.23)	(1,650.90)
VIII Other Comprehensive Income			
Items that will not reclassified to Profit or Loss			
Fair value of Equity Instruments		(0.91)	(1.27)
Gratuity valuations through OCI		127.24	124.69
Tax expense on above		-	-
		126.33	123.42
IX Total Comprehensive Income for the year (VII+VIII)		(461.90)	(1,527.48)
X Earnings per equity share			
(1) Basic		(2.29)	(6.44)
(2) Diluted		(2.29)	(6.44)
Weighted Number of Equity Shares		25,637,825	25,637,825
Significant Accounting Policies	35		
The notes form an integral part of these financial statements	36 to 47		

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 MANICKAM
Chief Financial Officer

Coimbatore
29th July, 2021

Membership No.208828
Firm Regn. No.0073215

K G DENIM LIMITED

STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31.03.2021

PARTICULARS	31.03.2021	31.03.2020
A. CASH FLOW FROM OPERATING ACTIVITIES :	(Rs.in lakhs)	
Net profit before tax and extraordinary items	(1,042.65)	(2,351.31)
Adjustments for:		
Fair Valuation of Instruments	(0.91)	(1.27)
Depreciation and Amortization expenses	1,540.90	1,923.28
Finance Cost	2,192.97	2,266.21
Profit/Loss on sale of Fixed Assets	(5.60)	(2.53)
Apportioned on Government Grants	(135.63)	(130.79)
Provision for Doubtful Debts	234.41	-
Impairment Loss on Investment	-	450.46
Operating Profit before working capital changes	2,783.49	2,154.05
Adjustments for:		
(Increase)/Decrease in Trade and other receivables	(1,479.08)	93.83
(Increase)/Decrease in Inventories	(3.45)	306.49
(Increase)/Decrease in Other Non current assets	32.29	95.29
(Increase)/Decrease in Other current assets	(64.22)	(1,117.35)
Increase/(Decrease) in Trade and other payables	(1,147.65)	1,122.74
Increase/(Decrease) in Provisions and Others	(54.03)	3.20
Increase/(Decrease) in Gratuity Valuation through OCI	127.24	124.69
Cash generated from operations	194.59	2,782.94
Cash flow before extraordinary items	194.59	2,782.94
Cash flow after extraordinary items	194.59	2,782.94
Income Tax	-	25.97
Net cash (used in)/generated from operating activities	194.60	2,808.91
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Non Current Investments	0.91	1.27
Sale of Fixed Assets	14.49	4.18
Purchase of property, plant and equipment	(322.53)	(784.77)
Margin money Deposit with bank	(39.88)	(14.77)
Net cash (used in)/generated from investing activities	(347.01)	(794.09)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds / Repayment from Long Term Borrowings	1,983.20	(1,324.59)
Proceeds from Short Term Borrowings	621.79	1,512.28
Payment for Equity Dividend	-	(192.28)
Distribution Tax on Equity Dividend	-	(39.52)
Interest paid	(2,192.97)	(2,266.21)
Repayment towards lease liabilities	(16.43)	(77.34)
Net cash (used in)/generated from financing activities	395.59	(2,387.66)
Net Increase in cash and cash equivalents	243.17	(372.84)
Cash and cash equivalents as at 1 st April, 2020 / 2019 (Opening Balance)	92.59	465.43
Cash and cash equivalents as at 31 st March, 2021 / 2020 (Closing Balance)	335.76	92.59
Cash and cash equivalents as per above comprises of the following		
Cash and cash equivalents	335.76	92.59
Balance as per Statement of Cash Flows	335.76	92.59

As per our report of even dated

For **MOHAN & VENKATARAMAN**
Chartered Accountants

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

B SRIRAMULU
Managing Director
DIN : 00002560

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V KARTHIKEYAN
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M BALAJI
Company Secretary

S MANICKAM
Chief Financial Officer

Coimbatore
29th July, 2021

Membership No.208828
Firm Regn. No.0073215

K G DENIM LIMITED

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

A. EQUITY SHARE CAPITAL

(Rs in lakhs)

	Notes	Amount
As at 31 st March, 2020		2,564.90
Changes in equity share capital		-
As at 31 st March, 2021		2,564.90

B. OTHER EQUITY

(Rs in lakhs)

	Capital Redemption Reserve	Securities Premium Reserve	General Reserves	Surplus	Total
Balance as at 1 st April, 2019	1.61	444.44	1,549.28	6,874.57	8,869.90
Profit (Loss) for the year	-	-	-	-1,650.90	-1,650.90
Other Comprehensive income for the year	-	-	-	123.42	123.42
Total Comprehensive Income for the year	-	-	-	-1,527.48	-1,527.48
Dividends	-	-	-	192.28	192.28
Dividend distribution tax	-	-	-	39.52	39.52
Balance as at 31 st March, 2020	1.61	444.44	1,549.28	5,115.29	7,110.62
Profit (loss) for the year	-	-	-	-588.23	-588.23
Other Comprehensive Income for the year	-	-	-	126.33	126.33
Total Comprehensive Income for the year	-	-	-	-461.90	-461.90
Dividends	-	-	-	-	-
Dividend distribution tax	-	-	-	-	-
Balance as at 31 st March, 2021	1.61	444.44	1,549.28	4,653.39	6,648.72

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 MANICKAM
Chief Financial Officer

Coimbatore
29th July, 2021

Membership No.208828
Firm Regn. No.007321S

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
Gross Carrying Value									
Deemed Cost as at April 1, 2020	1,097.98	6,043.04	15,762.66	714.80	182.41	644.66	150.89	10.37	24,606.81
Additions brought in to use	-	35.35	239.24	-	4.76	15.42	27.75	-	322.52
(-) Disposals	-	-	16.05	-	-	-	-	-	16.05
As at March 31, 2021	1,097.98	6,078.39	15,985.85	714.80	187.17	660.08	178.64	10.37	24,913.28
Depreciation									
As at April 1, 2020	-	855.50	4,647.83	223.04	63.47	286.89	87.21	3.28	6,167.22
Depreciation for the year	-	239.32	1,072.25	63.29	18.77	85.23	15.63	2.29	1,496.78
(-) On Disposals	-	-	7.16	-	-	-	-	-	7.16
As at March 31, 2021	-	1,094.82	5,712.92	286.33	82.24	372.12	102.84	5.57	7,656.84
Net Carrying Value									
As at March 31, 2021	1,097.98	4,983.57	10,272.93	428.47	104.93	287.96	75.80	4.80	17,256.44
As at March 31, 2020	1,097.98	5,187.54	11,114.83	491.76	118.93	357.77	63.68	7.09	18,439.58

Note :

Building includes Prayer Hall and Gold plating theron of Rs.109.14 Lakhs in Gross Carrying value, Rs.16.05 Lakhs in Depreciation block and Rs.93.09 Lakhs in Net Block (Previous year Rs. 109.14 Lakhs in Gross Carrying value, Rs.13.94 Lakhs in Depreciation and Rs.95.20 lakhs in Net Block)

Furniture & Fittings includes Prayer Hall of Rs.4.47 Lakhs in Gross Carrying value, Rs. 3.78 Lakhs in Depreciation Block and Rs.0.69 Lakhs in Net Block (Previous year Rs.4.47 Lakhs in Gross Carrying Value, Rs. 3.78 Lakhs in Depreciation and Rs.0.69 Lakhs in Net Block)

K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2021	AS AT 31.03.2020
NOTE 2 - RIGHT TO USE ASSETS		
Gross Carrying Value		
Deemed Cost as at April 1, 2020 / 01.04.2019	148.75	140.92
Additions	26.56	7.83
Disposals	(126.26)	-
As at March 31, 2021	<u>49.05</u>	<u>148.75</u>
Depreciation		
As at April 1, 2020 / 01.04.2019	72.97	-
Additions	44.13	72.97
Disposals	(93.25)	-
As at March 31, 2021	<u>23.85</u>	<u>72.97</u>
Net Carrying Value		
As at March 31, 2021/2020	25.20	75.78
As at March 31, 2020/2019	75.98	140.92
NOTE 3 - INVESTMENTS-NON CURRENT		
A NON-TRADE INVESTMENTS		
Equity (Quoted)		
i Indian Bank 605 Equity Shares of Rs.10/- each (Previous year known as Allahabad Bank)	0.70	1.61
TOTAL - A	<u>0.70</u>	<u>1.61</u>
B TRADE INVESTMENTS		
I Investments in Subsidiary Companies		
i Trigger Apparels Limited - Wholly Owned Subsidiary 45,00,000 Equity Shares of Rs.10/- each - 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) -
SUB TOTAL	<u>-</u>	<u>-</u>
II OTHER TRADE INVESTMENTS		
i Sri Kannapiran Mills Limited 3,31,588 Equity Shares of Rs.10/- each - Un quoted (Previous Year 3,31,588 Equity Shares)	327.46	327.46
ii Cotton Sourcing Company Ltd 10,000 Equity Shares of Rs.10/- each - Un quoted (Previous Year 10,000 Equity Shares) Less : Provision for impairment	1.00 (0.75) 0.25	1.00 (0.75) 0.25
SUB-TOTAL	<u>327.71</u>	<u>327.71</u>
TOTAL (B = I + II)	<u>327.71</u>	<u>327.71</u>
GRAND TOTAL (A+B)	<u>328.41</u>	<u>329.32</u>
Aggregate amount of quoted investments	4.32	4.32
Market value of quoted investments	0.70	1.61
Aggregate amount of unquoted investments at cost	778.92	778.92
Aggregate Value of impaired Investments	451.21	451.21

K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2021	AS AT 31.03.2020
NOTE 4 - OTHER NON CURRENT ASSETS		
a. Capital Advances		
Advance for Capital Goods - Un Secured		
Considered good	378.93	413.45
Others	-	-
TOTAL	<u>378.93</u>	<u>413.45</u>
b. Security Deposits		
Security Deposits - Un secured considered good	21.83	19.61
TOTAL	<u>400.76</u>	<u>433.06</u>
NOTE 5 - INVENTORIES		
a Raw Materials and components	3,112.89	3,080.02
	<u>3,112.89</u>	<u>3,080.02</u>
b Work-in-progress	2,389.90	1,928.10
	<u>2,389.90</u>	<u>1,928.10</u>
c Finished goods	5,439.76	6,605.70
Goods-in transit	276.86	79.03
	<u>5,716.62</u>	<u>6,684.73</u>
d Stores and Spares	1,484.49	1,007.35
	<u>1,484.49</u>	<u>1,007.35</u>
e Others (Specify nature)		
stock of waste	16.84	17.09
	<u>16.84</u>	<u>17.09</u>
TOTAL	<u>12,720.74</u>	<u>12,717.29</u>
Mode of valuation : Refer Note 35-II-e Significant Accounting Policies.		
NOTE 6 - TRADE RECEIVABLES		
Trade Receivables		
Current Receivables		
Trade receivables Unsecured Considered Good	9,725.23	8,480.56
Trade receivables Unsecured Considered as Doubtful Debts	234.41	
Less: Provision for Doubtful Debts	<u>(234.41)</u>	<u>-</u>
TOTAL	<u>9,725.23</u>	<u>8,480.56</u>
(Non Current Nil)		
(Refer Notes for Credit risk and Market risk)		
NOTE 7 - CASH AND CASH EQUIVALENTS		
a Balances with banks	325.92	85.00
b Cash on hand	9.84	7.59
TOTAL	<u>335.76</u>	<u>92.59</u>
NOTE 8 - OTHER BANK BALANCES		
a Others Bank Balances		
Unclaimed Dividend Account	58.86	67.71
b Others		
Margin Money Deposits on LC	319.97	280.09
TOTAL	<u>378.83</u>	<u>347.80</u>

K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2021	AS AT 31.03.2020
NOTE 9 - CURRENT TAX ASSETS (NET)		
Tax Paid in advance (net)		
For Duties & Taxes	155.72	98.70
TOTAL	155.72	98.70
NOTE 10 - OTHER CURRENT ASSETS		
a. Export Incentives Receivable	423.65	362.39
b. IGST Refund Receivable	337.36	157.33
c. Input Credit GST Receivable	1,516.13	1,463.80
d. Advance for Material Purchase	1,898.78	1,854.59
e. Advance for Expenses / Others	423.59	723.57
f. Prepaid Expenses	142.59	164.36
TOTAL	4,742.10	4,726.05
NOTE 11 - SHARE CAPITAL		
Authorised		
31000000 Equity Shares of Rs.10 each	3,100.00	3,100.00
1000000 10% Cumulative Redeemable Preference Shares Rs.100 each	1,000.00	1,000.00
Issued		
25675225 Equity Shares of Rs.10 each	2,567.52	2,567.52
Subscribed & Paid up		
25637825 Equity Shares of Rs.10 each fully paid	2,563.78	2,563.78
Forfeited Shares		
(Amount originally paid up)	1.12	1.12
TOTAL	2,564.90	2,564.90
Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period		
Particulars	31.03.2021	31.03.2020
Shares outstanding at the beginning of the year 25637825 Number (previous year 25637825)	2563.78	2563.78
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		
	31.03.2021	31.03.2020
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	5500 - 0.02%	1886500 - 7.36%
6 Smt T Anandhi	2031000 - 7.92%	150000 - 0.59%

Terms and conditions of equity shares :

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

K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2021	AS AT 31.03.2020
NOTE 12 - OTHER EQUITY		
a. Securities Premium Reserves		
Opening Balance	444.44	444.44
Add : Addition / Deletion	-	-
Closing Balance	<u>444.44</u>	<u>444.44</u>
b. Other Reserves		
Capital Redemption Reserve		
Opening Balance	1.61	1.61
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<u>1.61</u>	<u>1.61</u>
General Reserve		
Opening Balance	1,549.28	1,549.28
(+) Current Year Transfer	-	-
Closing Balance	<u>1,549.28</u>	<u>1,549.28</u>
c. Surplus		
Opening Balance	5,115.29	6,874.57
(+) Comprehensive Income for the current year	(461.90)	(1,527.48)
(-) Equity Dividends Paid	-	192.28
(-) Tax on Equity Dividend	-	39.52
Closing Balance	<u>4,653.39</u>	<u>5,115.29</u>
TOTAL	<u>6,648.72</u>	<u>7,110.62</u>
NOTE 13 - FINANCIAL LIABILITIES		
LONG TERM BORROWINGS		
<u>Secured</u>		
a) Term Loans		
Indian Rupee Loan		
from banks (Secured)	7,666.47	5,457.66
from Others - property loan	666.52	845.27
b) Long term maturities of finance lease		
(Secured By Vehicles on Hire purchase loan)	24.18	71.06
There is no case of continuing default as on the balance sheet date in repayment of loans and interest		
TOTAL	<u>8,357.17</u>	<u>6,373.99</u>

K G DENIM LIMITED

Security Clause

Bank borrowings of Term Loans

Term Loans from Indian Bank (IB) and The South Indian Bank (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. metres 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 Hypothication 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	216.16	345.49	72	03.10.2015	03.10.2021	10.80%	10.25%
Indian Bank TL - VI	552.30	643.34	96	25.12.2015	25.12.2023	9.60%	10.25%
Indian Bank TL - VII	1643.36	1798.85	84	15.05.2017	15.05.2024	10.10%	9.55%
Indian Bank TL - VIII	407.29	410.76	84	02.02.2018	02.02.2025	9.60%	9.65%
Indian Bank Corp. Loan	2278.67	2536.16	48	01.04.2018	01.04.2022	11.05%	10.50%
The South Indian Bank Ltd	437.86	528.81	84	25.12.2015	25.12.2022	11.95%	11.95%

Covid Loan :

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

(Rs. in lakhs)

Term Loan Bank	Outstanding	Previous Year	Repayment Months	Commencement from	Last Instalment	Rate of Interest	Previous Rate of interest
Indian Bank COVID	538.85	0.00	30	01.04.2021	01.03.2026	7.30%	
Union Bank of India GECL	215.07	0.00	18	01.12.2020	30.06.2022	8.00%	
State Bank of India COVID	149.99	0.00	18	01.12.2020	31.05.2022	7.40%	

GECLS Loan:

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

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

(Rs. in lakhs)

Term Loan Bank	Outstanding	Previous Year	Repayment Months	Commencement from	Last Instalment	Rate of Interest	Previous Rate of interest
Indian Bank GECL	2276.85	0.00	48	01.04.2022	01.03.2026	8.30%	
Union Bank of India GECL	516.00	0.00	48	09.02.2021	09.01.2025	7.60%	
State Bank of India GECL	395.00	0.00	60	01.04.2022	01.03.2027	7.95%	
South Indian Bank GECL	299.55	0.00	48	01.04.2022	01.03.2026	9.20%	

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

(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	207.96	235.42	120	05.05.2017	05.05.2017	8.60%	8.60%
Tata Capital Financial Services Ltd	845.57	928.57	84	15.10.2019	15.09.2026	11.00%	11.00%

K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2021	AS AT 31.03.2020
NOTE 14 - LEASE LIABILITIES		
Lease Liabilities	9.57	12.21
TOTAL	<u>9.57</u>	<u>12.21</u>
NOTE 15 - LONG TERM PROVISIONS		
a) Provision for employee benefits		
Gratuity (unfunded)	620.32	638.03
TOTAL	<u>620.32</u>	<u>638.03</u>
NOTE 16 - DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities (Net)		
Opening Balance	1,859.16	1860.92
Less :		
Charged to Profits /Loss for Current Year	(184.55)	(1.76)
Closing Balance (A)	<u>1,674.61</u>	<u>1859.16</u>
Deferred Tax Assets - On Carry forward Tax Loss		
Opening Balance	(672.68)	0
Less: Charged to Profits /Loss for Current Year	(269.87)	-672.68
Closing Balance (B)	<u>-942.55</u>	<u>-672.68</u>
Net Deferred Tax Liabilities (Net)	<u>732.06</u>	<u>1,186.48</u>
NOTE 17 - GOVERNMENT GRANTS		
Government Grants	447.23	582.70
TOTAL	<u>447.23</u>	<u>582.70</u>
NOTE 18 - SHORT TERM BORROWINGS		
<u>Secured</u>		
a) Loans repayable on demand		
Working Capital Loan from Banks (Secured)	9,678.18	10,803.26
<u>Un Secured</u>		
a) Loans repayable on demand		
Working Capital Loan from Banks (Un Secured)	935.92	641.21
There are no case of default in repayment of loan and interest as on date of Balance Sheet.		
TOTAL	<u>10,614.10</u>	<u>11,444.47</u>
Security Clause		
Working Capital facilities from Indian Bank Consortium (Indian Bank, Union Bank of India, 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.		
NOTE 19 - LEASE LIABILITIES		
Lease Liabilities	17.20	67.30
TOTAL	<u>17.20</u>	<u>67.30</u>

K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS

AS AT
31.03.2021

AS AT
31.03.2020

NOTE 20 - TRADE PAYABLES

For Dues of Micro Enterprises and Small	57.67	25.69
For Other Dues	<u>12,751.77</u>	<u>13,931.40</u>
TOTAL	<u>12,809.44</u>	<u>13,957.09</u>

Note : 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 31.03.2021 Current	As at 31.03.2020 Current
a) The principal amount remaining unpaid to any supplier at the end of the year	57.67	25.69
b) Interest due remaining unpaid to any supplier at the end of the year	-	-
c) The amount of interest paid by the buyer in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
e) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
f) The amount of further interest due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act, 2006	-	-

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

NOTE 21 - OTHER FINANCIAL LIABILITIES

a) Current Maturities of long-term debt-Secured	2,469.15	1,125.00
b) Current Maturities of finance lease	143.00	20.13
c) Current maturities of financial institutions	32.43	28.00
d) Interest accrued and due on borrowings	<u>0.00</u>	<u>19.29</u>
TOTAL	<u>2,644.58</u>	<u>1,192.42</u>

NOTE 22 - OTHER CURRENT LIABILITIES

a) Customer Credit Balance	148.37	83.83
b) Duties and Taxes	58.37	27.57
c) Creditors for Capital goods	145.21	227.68
d) Unpaid (Unclaimed) Equity Dividend	<u>58.86</u>	<u>67.71</u>
TOTAL	<u>410.81</u>	<u>406.79</u>

There has been delay of 9 days in transferring funds to IEPF Account Rs. 8,77,867/- (previous year Rs. 8,59,424/-)

NOTE 23 - SHORT TERM PROVISIONS

a) Provision for employee benefits		
Gratuity (unfunded)	<u>57.46</u>	<u>67.93</u>
TOTAL	<u>57.46</u>	<u>67.93</u>

NOTE 24 - GOVERNMENT GRANTS

Government Grants	<u>135.63</u>	<u>135.80</u>
	<u>135.63</u>	<u>135.80</u>

K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	31.03.2021	31.03.2020
NOTE 25 - REVENUE FROM OPERATIONS		
Sale of products	35,979.16	44,401.03
Sale of services - Job work	1,723.31	1,407.18
Other operating revenues : Waste Cotton / Yarn / Accessories sales	2,554.61	2,793.38
Export Incentives	1,077.39	651.81
TOTAL	41,334.47	49,253.40
NOTE 26 - OTHER INCOME		
Interest Income	73.45	20.77
Apportioned income from Govt Grant	135.63	130.79
Miscellaneous Income	24.16	118.14
Insurance Claim Received	6.02	16.51
Profit on sale of fixed assets	7.16	2.53
Exchange Gain on Export Sales	(22.36)	13.01
Other non-operating income (net of expenses directly attributable to such income)	3.09	1.16
TOTAL	227.15	302.91
NOTE 27 - COST OF MATERIALS CONSUMED		
Opening Stock	3,080.02	3,726.59
Purchases	22,135.81	25,119.40
Sub-total	25,215.83	28,845.99
Less : Closing stock	3,112.89	3,080.02
Raw materials consumed	22,102.94	25,765.97
NOTE 28 - PURCHASES OF STOCK-IN-TRADE		
Garments purchase	21.97	12.84
TOTAL	21.97	12.84
NOTE 29 - CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening Stock :		
Work-in-process	1,928.10	1,625.45
Finished Goods	6,684.73	7,016.28
	8,612.83	8,641.73
Closing Stock :		
Work-in-process	2,389.90	1,928.10
Finished Goods	5,716.62	6,684.73
	8,106.52	8,612.83
TOTAL	506.31	28.90

K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	31.03.2021	31.03.2020
NOTE 30 - OTHER MANUFACTURING EXPENSES		
a) Power & Fuel	5,565.37	7,194.10
b) Consumptions of Stores & Spare Parts	195.82	372.18
c) Processing Charges	2,527.62	4,313.67
d) Repairs of Maintenance		
For Plant & Machinery	737.97	1,153.52
For Buildings	119.91	163.00
For Others	184.47	259.24
TOTAL	9,331.16	13,455.71
NOTE 31 - EMPLOYEE BENEFITS EXPENSES		
a) Salaries and Wages	3,795.91	4,571.18
b) Salaries - Managing Directors / Whole-time Directors	156.00	156.00
c) Contributions to Provident fund and other funds	182.07	188.22
d) Gratuity as per actuarial valuations	116.49	150.82
e) Staff welfare expenses	168.97	189.50
TOTAL	4,419.44	5,255.72
NOTE 32 - FINANCE COSTS		
Interest Expense	1,939.13	2,018.43
Other borrowing costs	249.36	240.11
Applicable net gain/loss on foreign currency Transactions and Translation	4.48	7.67
TOTAL	2,192.97	2,266.21
NOTE 33 - OTHER EXPENSES		
Rent	44.09	100.47
Insurance	302.50	229.73
Rates and taxes, excluding, taxes on income.	119.17	146.19
Payments to the auditor as		
a) As Statutory Auditor	5.00	5.00
b) For Taxation Matters	-	-
c) For Other Services	2.05	2.00
Legal, Professional & Consultancy Charges	124.71	77.35
Printing and Stationery	25.81	42.64
Postage, Telegrams and Telephones	109.41	159.44
Traveling Expenses and Maintenance of Vehicles	277.54	559.96
Director Sitting Fees	4.95	4.89
Software Maintenance Expenses	5.01	6.50
Brokerage	22.15	22.84
Commission on Sales	303.00	342.21
Discount on Sales	99.83	167.45
Selling Expenses	191.54	359.46
Freight Outwards	388.79	269.52
Provision for Doubtful Debts	234.41	-
Prayer Hall Repairs and maintenance	11.69	14.82
Corporate Social Responsibility Expenses	5.00	43.95
Bad Debts Written off	18.78	0.01
Miscellaneous expenses	182.46	170.30
Loss on sale of Fixed Assets	1.56	-
Loss on sale of Export Licenses	9.13	23.80
TOTAL	2,488.58	2,748.53
NOTE 34 - EXCEPTIONAL ITEMS		
Provision for impairment in value of Investments	-	450.46
TOTAL	-	450.46

K G DENIM LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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 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 judgements 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.

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

K G DENIM LIMITED

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

As a lessee: The Company's lease assets primarily consist of office premises which are of 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 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.

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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 and subject to impairment losses reviewed at the end of each year.

(h) Investments and other financial assets

(i) Classification

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

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

(k) Segment Reporting:

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

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(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. 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 Company'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 31 st March 2021	Non current	Current	Total	Level 1	Level 2	Level 3	Total
Financial Assets							
Investments							
Equity instruments	328.41	-	328.41	0.70	-	327.71	328.41
Other Assets							
Trade Receivables	-	9,725.23	9,725.23	-	-	9,725.23	9,725.23
Cash and cash equivalents	-	335.76	335.76	-	-	335.76	335.76
Other Bank Balances	-	378.83	378.83	-	-	378.83	378.83
Other Financial Assets	-	-	-	-	-	-	-
Sub-Total	-	10,439.82	10,439.82			10,439.82	10,439.82
Total	328.41	10,439.82	10,768.23	0.70	-	10,767.53	10,768.23
Financial Liabilities							
Borrowings	8,357.17	10,614.10	18,971.27	-	-	18,971.27	18,971.27
Lease Liability	9.57	17.20	26.77	-	-	26.77	26.77
Trade payables	-	12,809.44	12,809.44	-	-	12,809.44	12,809.44
Other Financial Liabilities	-	2,644.58	2,644.58	-	-	2,644.58	2,644.58
Total	8,366.74	26,085.32	34,452.06	-	-	34,452.06	34,452.06

(Rs. in lakhs)

Financial Assets and Liabilities as at 31 st March 2020	Non current	Current	Total	Level 1	Level 2	Level 3	Total
Financial Assets							
Investments							
Equity instruments	329.32	-	329.32	1.61	-	327.71	329.32
Other Assets							
Trade Receivables	-	8,480.56	8,480.56	-	-	8,480.56	8,480.56
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	-	-	-	-	-	-	-
Sub-Total	-	8,920.95	8,920.95			8,920.95	8,920.95
Total	329.32	8,920.95	9,250.27	1.61	-	9,248.66	9,250.27
Financial Liabilities							
Borrowings	6,373.99	11,444.47	17,818.46	-	-	17,818.46	17,818.46
Lease Liability	12.21	67.30	79.51	-	-	79.51	79.51
Trade payables	-	13,957.09	13,957.09	-	-	13,957.09	13,957.09
Other Financial Liabilities	-	1,192.42	1,192.42			1,192.42	1,192.42
Total	6,386.20	26,661.28	33,047.48	-	-	33,047.48	33,047.48

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

Trade Receivables

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

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

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

Liquidity Risk

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

- (i) Financing arrangements

The Company had no undrawn borrowing facilities at the end of the reporting period.

(ii) Maturity patterns of borrowings

(Rs. in lakhs)

	As at 31 st March, 2021				As at 31 st March, 2020			
	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)	2,645	8,229	128	11,002	1,173	6,225	168	7,566
Short term borrowings	10,614	-	-	10,614	11,444	-	-	11,444
Total	13,259	8,229	128	21,616	12,617	6,225	168	19,010

Maturity patterns of other Financial Liabilities As at 31st March, 2021

(Rs. in lakhs)

	0-3 months	3-6 months	6 months to 12 Months	beyond 12 Months	Total
Trade Payable	6,427	3,302	3,080	-	12,809
Lease Liability	4	4	9	10	27
Total	6,431	3,306	3,089	10	12,836

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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	8,596	2,980	2,381	-	13,957
Lease Liability	16	17	35	12	80
Total	8,612	2,997	2,416	12	14,037

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 date

Foreign currency in lakhs

	As at 31 st March, 2021		As at 31 st March, 2020	
Forward contracts to buy USD	USD	17.42	USD	9.87

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	10.74	3.27	0.37
Trade payables	0.82		

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	-

(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)

	31 st March, 2021	31 st March, 2020
BSE Sensex -30 - increase in 5%	0.04	0.08
BSE Sensex -30 - decrease in 5%	-0.04	-0.08

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 OCI.

(c) Foreign currency Risk Sensitivity

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

(Rs. in lakhs)

	2020 - 21		2019-20	
Particulars	5% increase	5% decrease	5% increase	5% decrease
USD	35.10	-35.10	77.47	-77.47
EURO	14.09	-14.09	2.40	-2.40
GBP	1.88	-1.88	1.67	-1.67
Increase / (decrease) in profit or loss	51.07	-51.07	81.54	-81.54

Note :- 38 : CAPITAL RISK MANAGEMENT

(a) Risk Management

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

(Rs.in lakhs)

(b) Dividend	31 st March, 2021	31 st March, 2020
Equity shares		
Final dividend for the year ended 31st March, 2020 of INR 0.75 (31st March, 2019 - INR 0.75) per fully paid share	-	192.28

Note:- 39 : COVID-19

Pandemic COVID-19 has adversely affected business of all countries including India during the first half of the financial year 2020-21. All commercial activities in India were closed for the first 3 months in the beginning of the financial year 2020-21. After that all business activities were slowly opened and resumed the normal operation during the second half of the financial year 2020-21. Due to lock down declared in entire world including India the Company were unable to utilize the full capacity of the plant and achieved a turnover of Rs.415 crore during the financial year. Various financial packages announced by the Government of India have helped the Company to tide over the effect of COVID-19.

The Management has exercised due care, in concluding on significant accounting judgements and estimates, inter-alia, recoverability of receivables, assessment for impairment of inventory based on the information available to date, both internal and external, to the extent relevant, while preparing these financial Statements for the year ended March 31, 2021. Based on the assessment of current indicators of future economic conditions, the Management does not envisage any significant impact on its financial position as on March 31, 2021. The impact COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly, the eventual outcome may be different from those estimated as on the date of approval of these financial statements.

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Note :- 40 : EARNINGS PER SHARE

(Rs.in lakhs)

	31 st March, 2021	31 st March, 2020
Earnings Per Share has been computed as under :		
Profit / (Loss) for the year	(588.23)	(1650.90)
Weighted average number of equity shares outstanding	2,56,37,825	2,56,37,825
Earnings Per Share - Basic (Face Value of Rs.10 per share)	(2.29)	(6.44)
Diluted earning per share is same as basic earning per share	(2.29)	(6.44)

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 : DETAILS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

(Rs.in lakhs)

	31 st March, 2021	31 st March, 2020
Amount required to be spent as per Section 135 of the Act	4.66	42.07
Amount spent during the on:		
(i) Transfer to KG Denim Trust Foundation (CSR Trust) for rural hospital	4.50	43.00
(ii) On purpose other than (i) above	0.50	0.95
Total	5.00	43.95

NOTE 43 : 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)

	2020 - 2021	2019-2020
Disputed Excise / Customs duties	120.43	120.43
Disputed Income Tax	20.30	20.30

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

(b) Guarantees

(Rs. in lakhs)

	2020 - 2021	2019-2020
Guarantees given to Bank for loan to subsidiary	500.00	551.00

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

(Rs. in lakhs)

	2020 - 2021	2019-2020
Bills discounted with banks	1495.82	1199.86

(II) Commitments

There is no contracts remaining to be executed in Capital Account

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Note 44: 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 45: 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 :- 46 : GRATUITY

I Principal Actuarial Assumptions (Expressed as weighted averages)	31.03.2021	31.03.2020
Discount Rate	6.90%	6.62%
Salary Escalation Rate	5.00%	5.00%
Attrition Rate	5.00%	5.00%
Expected Rate of Return on Plan Assets	0.00%	0.00%
II Changes in the present value of the obligation (PVO)	(Rs. lac)	(Rs. lac)
Reconciliation of Opening and Closing Balances		
PVO as at the beginning of the period	705.96	702.76
Interest Cost	46.16	52.33
Current Service Cost	70.33	98.48
Past Service Cost - (Non Vested Benefits)	0	0
Past Service Cost - (Vested Benefits)	0	0
Benefits Paid	-17.43	-22.92
Actuarial Loss / (Gain) on obligation (Balancing figure)	-127.24	-124.69
PVO as at the end of the period	677.78	705.96
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	17.44	22.92
Benefits Paid	-17.44	-22.92
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	127.24	-124.69
Actuarial Gain / (Loss) for the period - plan assets	0	0
Total Gain / (Loss) for the period	127.24	-124.69
Actuarial (Gain)/ Loss recognized	-127.24	-124.69
Unrecognized Actuarial (Gain) / Loss at the end of the year	0	0

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	31.03.2021	31.03.2020
VI Amounts recognized in the Balance sheet and related analysis	(Rs. lac)	(Rs. lac)
Present value of the obligation	677.77	705.96
Fair vale of plan assets	0	0
Difference	677.77	705.96
Unrecognized transitional Liability	0	0
Unrecognized past service cost-non vested benefits	0	0
VII Expenses recognized in the statement of profit and Loss	(Rs. lac)	(Rs. lac)
Current Service Cost	70.33	98.48
Interest Cost	46.16	52.33
Expected return on plan assets	0	0
Past Service Cost - Non-vested benefits	0	0
Expenses recognized in the statement of profit and loss	116.49	150.82
VIII Amount recognised for the current period the statement of other comprehensive income (OCI)	(Rs. Lac)	(Rs. Lac)
Actuarial (gain)/ loss on plan oblignations	-127.24	-124.69
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	-127.24	-124.69
IX Movements in the liability recognised in the balance sheet	(Rs. lac)	(Rs. lac)
Opening net liability adjusted for effect of balance sheet	705.96	702.76
Amount recognised in profit and loss	116.49	150.82
Amount recognised in OCI	-127.24	-124.69
Contributions paid	-17.22	-22.92
Closing net liability	677.99	705.96
X Amount for the current period	(Rs. lac)	(Rs. lac)
Present value of obligation	677.99	705.96
Plant assets	0	0
Surplus / (Deficit)	(677.99)	-705.96
Experience adjustments on plan liabilities - (Loss) / gain	111.26	-17.74
Impact of change in assumption on plan liabilities - (loss) / gain	15.98	142.43
Experience adjustments on plan assets - (loss) / gain	0	0
XI Major categories of plan Assets (As percentage of total plan Assets)		
Government of India Securities	0.00%	0.00%
State Government Securities	0.00%	0.00%
High Quality Corporate Bonds	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Special Deposit Scheme	0.00%	0.00%
Funds managed by Insurer	0.00%	0.00%
Other (to specify)	0.00%	0.00%
Total	0.00%	0.00%
XII Enterprise's best estimate of contribution during next year	NA	NA

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1.0 The following tabales set out the additional disclosures required under IND AS 19	(Rs. lac)	(Rs. lac)
1.1 Date of Valuation	31.03.2021	31.03.2020
1.2 Average Duration of Defined Benefit Obligations (in years)	9.30	9.30
1.3 Sensitivity Analyses		
Discount + 50 BP	7.40%	7.12%
Defined Benefit obligation (PVO)	650.70	677.22
Current service cost	61.22	66.67
Discount rate - 50 BP	6.40%	6.12%
Defined Benefit obligation (PVO)	706.74	736.76
Current service cost	68.06	74.34
Salary Escalation rate +50BP	5.50%	5.50%
Defined Benefit obligaiton (PVO)	707.76	737.76
Current service cost	68.20	74.43
Salary Escalation rate -50BP	4.50%	4.50%
Defined Benefit obligation (PVO)	649.24	675.83
Current service cost	61.29	66.71
1.4 Expected contributions in following years (mid - year cash flows)	(Rs. lac)	(Rs. lac)
Year 1	42.68	42.68
Year 2	63.44	63.44
Year 3	46.00	46.00
Year 4	60.30	60.30
Year 5	63.01	63.01
Next 5 years	380.43	380.43
1.5 Expected benefit payments in following years (mid - year cash flows)	(Rs. lac)	(Rs. lac)
Year 1	41.29	42.68
Year 2	43.04	63.44
Year 3	56.11	46.00
Year 4	64.98	60.30
Year 5	63.51	63.01
Next 5 years	395.76	380.43

K G DENIM LIMITED

NOTE :- 47 : RELATED PARTY DISCLOSURES AS PER Ind AS 24

(Rs. in lakhs)

Particulars	2020 - 2021				2019 - 2020			
	Subsidiary	Other Related Party	Key Managerial Personnel	Relative of Key Managerial Personnel	Subsidiary	Other Related Party	Key Managerial Personnel	Relative of Key Managerial Personnel
Purchase of Goods								
Trigger Apparels Limited	-	-	-	-	9.83	-	-	-
Sri Kannapiran Mills Limited	-	3,105.65	-	-	-	1,050.51	-	-
Other related party	-	24.69	-	-	-	-	-	-
Sale of Goods								
Trigger Apparels Limited	1,035.95	-	-	-	3,100.40	-	-	-
KG Denim USA Inc	10.94	-	-	-	199.32	-	-	-
Sri Kannapiran Mills Limited	-	531.89	-	-	-	123.34	-	-
Other related party	-	-	-	-	-	-	-	-
Processing / other Charges Paid								
Trigger Apparels Limited	8.58	-	-	-	-	-	-	-
Sri Kannapiran Mills Limited	-	1,132.02	-	-	-	2,779.08	-	-
Other related party	-	1.52	-	-	-	-	-	-
Processing / Other Charges Received								
Trigger Apparels Limited	1.28	-	-	-	-	-	-	-
Sri Kannapiran Mills Limited	-	42.15	-	-	-	37.66	-	-
Other related party	-	12.25	-	-	-	-	-	0.40
Managerial Remuneration	-	-	183.91	10.49	-	-	190.29	-

NOTE :- 47.1 : Balance Outstanding

(Rs. in lakhs)

Particulars	as on 31.03.2021				as on 31.03.2020			
	Subsidiary	Other Related Party	Key Managerial Personnel	Relative of Key Managerial Personnel	Subsidiary	Other Related Party	Key Managerial Personnel	Relative of Key Managerial Personnel
Trade Receivable	3,430.42	10.20	-	-	3,846.00	-	-	-
Trade Payable	-	769.93	-	-	-	613.55	-	-
Investments	450.46	327.46	-	-	450.46	327.46	-	-
Loans and Advances	-	-	-	-	-	-	-	-
Guarantee	500.00	-	-	-	551.00	-	-	-

K G DENIM LIMITED

NOTE :- 47.2

Subsidiary	Trigger Apparels Limited KG Denim (USA) Inc
Other Related Party	Sri Kannapiran Mills Limited Sri Balamurugan Textile Processing Limited Danalakshmi Paper Mills Private Limited
Key Managerial Personnel	Shri KG Baalakrishnan Shri B Sriramulu Shri B Srihari Shri S Muthuswamy Shri S Manickam Shri M Balaji
Relative of Key Managerial 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, 2021

Membership No.208828
Firm Regn. No.0073215

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

M BALAJI
Company Secretary

B SRIRAMULU
Managing Director
DIN : 00002560

S MANICKAM
Chief Financial Officer

B SRIHARI
Managing Director
DIN : 00002556

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

INDEPENDENT AUDITORS' REPORT

To the Members of K G Denim Limited

Report on the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated financial statements of K G Denim Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance sheet as at 31st March 2021, 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 31st March 2021, 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 41 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 31st March 2021, 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>Litigations - Contingencies</p> <p>The Company has ongoing litigations with various authorities and third parties which could have a significant impact on the results, if the potential exposures were to materialise.</p> <p>The amounts involved are significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability or disclosed as a contingent liability, is inherently subjective.</p> <p>Claims against the Company not acknowledged as debts are disclosed in the Consolidated Financial Statements by the Group after a careful evaluation of the facts and legal aspects of the matters involved. The outcome of such litigation is uncertain and the position taken by management involves significant judgement and estimation to determine the likelihood and/or timing of cash outflows and the interpretation of preliminary and pending court rulings. Refer Note 43 to the Financial Statements</p>	<p>Principal Audit Procedures</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures including:</p> <p>Assessing the appropriateness of the design and implementation of the Group's controls over the assessment of litigations and completeness of disclosures. Supporting documentation are tested for the positions taken by the management, meetings are conducted with in-house legal counsel and/or legal team and minutes of Board to confirm the operating effectiveness of these controls.</p> <p>Involving our direct and indirect tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures.</p>

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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

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;

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.3515.82 lakhs as at March 31, 2021, total revenues of Rs.3302.43 lakhs (before eliminating intercompany transactions) for year ended March 31, 2021, and net cashflow of Rs. 166.78 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. 144.71 Lakhs (before eliminating intercompany transactions) for the year ended March 31, 2021 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

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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.

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 2021 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. 8,77,867 was transferred in delay of nine days to the Investor Education and Protection Fund by the holding company during the year ended March 31, 2021. 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, 2021.
 - iv. the disclosure requirements regarding specified bank notes held and transacted during the period from 8th November 2016 to 30 December 2016 has not been made since the requirement does not pertain to the year ended 31st march 2021.

COIMBATORE
29.07.2021

For MOHAN & VENKATARAMAN
Chartered Accountants
Firm Regn. No.007321S
V KARTHIKEYAN
Partner
Membership No.208828
UDIN: 21208828AAAAAX4615

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 K G Denim Limited (the 'Holding Company') and its subsidiaries (the Holding company and its subsidiaries together referred to as the 'Group') as at and for the year ended 31 March 2021, 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, 2021, 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
29.07.2021

For MOHAN & VENKATARAMAN
Chartered Accountants
Firm Regn. No.007321S
V KARTHIKEYAN
Partner
Membership No.208828
UDIN: 21208828AAAAAX4615

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2021

PARTICULARS	NOTE NO.	AS AT 31.03.2021	AS AT 31.03.2020
(Rs.in lakhs)			
I. ASSETS			
1 NON-CURRENT ASSETS			
(a) Property, plant and equipment	1	17,319.76	18,506.06
(b) Right to Use Assets	2	25.20	75.78
(c) Financial Assets			
Non-Current Investments	3	328.41	329.32
(d) Other non-current assets	4	400.93	433.76
TOTAL		<u>18,074.30</u>	<u>19,344.92</u>
2 CURRENT ASSETS			
(a) Inventories	5	13,999.85	14352.78
(b) Financial Assets			
(i) Trade Receivables	6	7,295.98	5,232.99
(ii) Cash and cash equivalents	7	453.54	377.14
(iii) Bank balance other than (ii) above	8	400.30	366.11
(c) Current tax assets (net)	9	155.72	98.70
(d) Other Current Assets	10	5,159.36	5,144.03
TOTAL		<u>27,464.75</u>	<u>25,571.75</u>
GRAND TOTAL		<u>45,539.05</u>	<u>44,916.67</u>
II. EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	11	2,564.90	2,564.90
(b) Other Equity	12	5,074.37	5,593.76
TOTAL		<u>7,639.27</u>	<u>8,158.66</u>
2 LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	13	8,357.17	6,373.99
(ii) Lease Liabilities	14	9.57	12.21
(iii) Other financial liabilities	15	486.81	469.94
(b) Long-term Provisions	16	638.06	663.43
(c) Deferred Tax Liabilities (Net)	17	102.30	623.01
(d) Government grants	18	447.23	582.70
TOTAL		<u>10,041.14</u>	<u>8,725.28</u>
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	19	11,205.31	11,935.59
(ii) Lease Liability	20	17.20	67.30
(iii) Trade payable Micro and Small Enterprises	21	57.67	25.69
(iv) Trade Payable - Others	21	13,316.22	14,179.05
(v) Other financial liabilities	22	2,644.58	1,192.42
(b) Other current liabilities	23	422.91	427.39
(c) Short-term provisions	24	59.12	69.49
(d) Government grants	25	135.63	135.80
TOTAL		<u>27,858.64</u>	<u>28,032.73</u>
GRAND TOTAL		<u>45,539.05</u>	<u>44,916.67</u>

Significant of Accounting Policies 35
The notes form an integral part of these financial statements 36 to 47

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 MANICKAM
Chief Financial Officer

Coimbatore
29th July, 2021

Membership No.208828
Firm Regn. No.0073215

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021

PARTICULARS	NOTE NO.	31.03.2021	31.03.2020
(Rs.in lakhs)			
I INCOME			
Revenue from operations	26	43,589.07	50,921.22
Other Income	27	228.86	306.45
Total Income		43,817.93	51,227.67
II EXPENSES			
Cost of materials consumed	28	22,130.66	25,816.35
Purchases of Stock-in-Trade	29	1,102.60	1,075.15
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	30	862.69	(143.73)
Other Manufacturing Expenses	31	9,331.16	13,455.71
Employee Benefits Expense	32	4,676.20	5,537.28
Finance Costs	33	2,280.62	2,356.31
Depreciation and Amortization Expense		1,549.10	1,931.99
Other Expenses	34	3,065.10	3,717.96
Total Expenses		44,998.13	53,747.02
III Profit before exceptional items and tax		(1,180.20)	(2519.35)
IV Exceptional Items	35	0.00	0.00
V Profit before tax (III-IV)		(1,180.20)	(2,519.35)
VI Tax Expense :			
(1) Current Tax		0.00	0.00
(2) MAT Credit Entitlement		-	-
(3) Deferred Tax		-520.71	(852.25)
(4) Prior Year Tax		0.00	(25.97)
Total		(520.71)	(878.22)
VII Profit (Loss) for the period from continuing operations (V-VI)		(659.49)	(1,641.13)
VIII Other Comprehensive Income			
Items that will not reclassified to Profit or Loss			
Fair value of Equity Instruments		-0.91	(1.27)
Gratuity valuations through OCI		141.01	130.41
Tax expense on above		0.00	0.00
Profit/(loss) (after tax) (VII)		140.10	129.14
IX Total Comprehensive Income for the year (VII+VIII)		(519.39)	(1511.99)
X Earnings per equity share			
(1) Basic		(2.57)	(6.40)
(2) Diluted		(2.57)	(6.40)
Weighted Number of Equity Shares		2,56,37,825	2,56,37,825

Significant Accounting Policies 35
The notes form an integral part of these financial statements 36 to 47

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 MANICKAM
Chief Financial Officer

Coimbatore
29th July, 2021

Membership No.208828
Firm Regn. No.0073215

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2021

(Rs.in Lakhs)

PARTICULARS	31.03.2021	31.03.2020
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax and extraordinary items	(1,180.20)	(2519.35)
Adjustments for:		
Fair Valuation of Receivables	(0.91)	(1.27)
Depreciation and Amortization expenses	1,549.10	1,931.99
Provision for Doubtful Debts	147.19	-
Loss/Profit on Sale of Fixed Assets	(5.67)	(2.53)
Apportioned on Government Grants	(135.63)	(130.79)
Finance Cost	2,280.62	2,356.31
Operating Profit before working capital changes	2,654.50	1,634.36
Adjustments for:		
(Increase)/Decrease in Trade and other receivables	(2,210.18)	1,234.27
(Increase)/Decrease in Inventories	352.93	135.29
(Increase)/Decrease in Other Non current assets	32.83	96.56
(Increase)/Decrease in Other current assets	(63.50)	(1,287.40)
Increase/(Decrease) in Trade and other payables	(818.46)	1,208.62
Increase/(Decrease) in Provisions	(65.61)	3.41
Increase/(Decrease) in Gratuity Valuation through OCI	141.01	130.41
Cash generated from operations	23.52	3,155.52
Cash flow before extraordinary items	23.52	3,155.52
Cash flow after extraordinary items	23.52	3,155.52
Income Tax	-	25.97
Net cash (used in)/generated from operating activities	23.52	3,181.49
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Sale proceeds of property, plant and equipment	14.58	4.18
Investments	0.91	1.27
Purchase of property, plant and equipment	(327.59)	(788.03)
Margin money deposit with bank	(43.04)	(15.68)
Net cash (used in)/generated from investing activities	(355.14)	(798.26)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds/Repayment from Long Term Borrowings	1,983.19	(1,324.59)
Proceeds/Repayment from Short Term Borrowings	721.88	1,393.98
Provision for Equity Dividend	-	(192.28)
Distribution Tax on Equity Dividend	-	(39.52)
Interest paid	(2,280.62)	(2,356.31)
Repayment to lease liabilities	(16.43)	(77.34)
Net cash (used in)/generated from financing activities	408.02	(2,596.06)
Net Increase in cash and cash equivalents	76.40	(212.83)
Cash and cash equivalents as at 1 st April, 2020 / 2019 (Opening Balance)	377.14	589.97
Cash and cash equivalents as at 31 st March, 2021 / 2020 (Closing Balance)	453.54	377.14
Cash and cash equivalents as per above comprises of the following		
Cash and cash equivalents (Refer Note 5)	453.54	377.14
Balance as per Statement of Cash Flows	453.54	377.14

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 MANICKAM
Chief Financial Officer

Coimbatore
29th July, 2021

Membership No.208828
Firm Regn. No.0073215

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

A. EQUITY SHARE CAPITAL

(Rs in lakhs)

	Notes	Amount
As at 31 st March, 2020		2,564.90
Changes in equity share capital		-
As at 31 st March, 2021		2,564.90

B. OTHER EQUITY

(Rs in lakhs)

	Capital Redemption Reserve	Securities Premium Reserve	General Reserves	Surplus	Total
Balance as at 1 st April, 2019	1.61	444.44	1,549.28	5,342.22	7,337.55
Profit (Loss) for the year	-	-	-	-1,641.13	-1,641.13
Other Comprehensive income for the year	-	-	-	129.14	129.14
Total Comprehensive Income for the year	-	-	-	-1,511.99	-1,511.99
Dividends	-	-	-	-192.28	-192.28
Dividend distribution tax	-	-	-	-39.52	-39.52
Balance as at 31st March, 2020	1.61	444.44	1,549.28	3,598.43	5,593.76
Profit (loss) for the year	-	-	-	-659.49	-659.49
Other Comprehensive Income for the year	-	-	-	140.10	140.10
Total Comprehensive Income for the year	-	-	-	-519.39	-519.39
Dividends	-	-	-	-	-
Dividend distribution tax	-	-	-	-	-
Balance as at 31st March, 2021	1.61	444.44	1,549.28	3,079.04	5,074.37

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

V KARTHIKEYAN
Partner
Coimbatore
29th July, 2021
Membership No.208828
Firm Regn. No.0073215

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

M BALAJI
Company Secretary

B SRIRAMULU
Managing Director
DIN : 00002560

S MANICKAM
Chief Financial Officer

B SRIHARI
Managing Director
DIN : 00002556

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

Note 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
Gross Carrying Value									
Deemed Cost as a April 1, 2020	1,097.98	6,043.04	15,846.78	719.23	250.43	646.75	204.32	10.37	24,818.90
Additions	-	35.35	240.34	-	4.76	15.42	31.71	-	327.58
brought in to use	-	-	-	-	-	-	-	-	-
(-) Disposals	-	-	16.05	-	-	0.33	-	-	16.38
As at March 31, 2021	1,097.98	6,078.39	16,071.07	719.23	255.19	661.84	236.03	10.37	25,130.10
Depreciation									
As at April 1, 2020	-	855.50	4,723.16	224.23	97.84	288.06	120.77	3.28	6,312.84
Depreciation for the year	-	239.32	1,072.59	63.59	21.77	85.31	20.11	2.29	1,504.98
(-) On Disposals	-	-	7.16	-	-	0.32	-	-	7.48
As at March 31, 2021	-	1,094.82	5,788.59	287.82	119.61	373.05	140.88	5.57	7,810.34
Net Carrying Value									
As at March 31, 2021	1,097.98	4,983.57	10,282.48	431.41	135.58	288.79	95.15	4.80	17,319.76
As at March 31, 2020	1,097.98	5,187.54	11,123.62	495.00	152.59	358.69	83.55	7.09	18,506.06

Note :

Building includes Prayer Hall and Gold plating theron of Rs.109.14 Lakhs in Gross Carrying value, Rs.16.05 Lakhs in Depreciation block and Rs.93.09 Lakhs in Net Block (Previous year Rs. 109.14 Lakhs in Gross Carrying value, Rs.13.94 Lakhs in Depreciation and Rs.95.20 lakhs in Net Block)

Furniture & Fittings includes Prayer Hall of Rs.4.47 Lakhs in Gross Carrying value, Rs.3.78 Lakhs in Depreciation Block and Rs.0.69 Lakhs in Net Block (Previous year Rs.4.47 Lakhs in Gross Carrying Value, Rs.3.78 Lakhs in Depreciation and Rs.0.69 Lakhs in Net Block)

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2021	AS AT 31.03.2020
NOTE 2 - RIGHT TO USE ASSETS		
Gross Carrying Value		
Deemed Cost as at April 1, 2020 / April 1, 2019	148.75	140.92
Additions	26.56	7.83
Disposals	(126.26)	-
As at March 31, 2021	49.05	148.75
Depreciation		
As at April 1, 2020 / April 1, 2019	72.97	-
Additions	44.13	72.97
Disposals	(93.25)	-
As at March 31, 2021	23.85	72.97
Net Carrying Value		
As at March 31, 2021	25.20	75.78
As at March 31, 2020	75.78	140.92

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2021	AS AT 31.03.2020
NOTE 3 - INVESTMENTS-NON CURRENT		
A NON-TRADE INVESTMENTS		
Equity (Quoted)		
i Indian Bank - 605 Equity Shares of Rs.10/- each (Previous year known as Allahabad Bank Shares Name Changed)	0.70	1.61
TOTAL - A	<u>0.70</u>	<u>1.61</u>
B TRADE INVESTMENTS		
i Sri Kannapiran Mills Limited	-	-
3,31,588 Equity Shares of Rs. 10/- each-Un quoted	327.46	327.46
ii 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)
SUB-TOTAL	<u>327.71</u>	<u>327.71</u>
TOTAL (B = I + II)	<u>327.71</u>	<u>327.71</u>
GRAND TOTAL (A+B)	<u>328.41</u>	<u>329.32</u>
Aggregate amount of quoted investments	4.32	4.32
Market value of quoted investments	0.70	1.61
Aggregate amount of unquoted investments at cost	328.46	328.46
Aggregate Value of impaired Investments before impact	0.75	0.75
NOTE 4 - OTHER NON CURRENT ASSETS		
a. Capital Advances		
Advance for Capital Goods - Un secured Considered good	378.93	413.45
Others	-	-
	<u>378.93</u>	<u>413.45</u>
b. Security Deposits		
Security Deposits - Un secured considered good	22.00	20.31
	<u>22.00</u>	<u>20.31</u>
TOTAL	<u>400.93</u>	<u>433.76</u>
NOTE 5 - INVENTORIES		
a Raw Materials and components	3,112.89	3,081.82
Goods-in transit - Grey Fabrics	-	-
	<u>3,112.89</u>	<u>3,081.82</u>
b Work-in-progress	2,389.90	1,928.10
Goods-in transit	-	-
	<u>2,389.90</u>	<u>1,928.10</u>

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2021	AS AT 31.03.2020
c Finished goods	6,717.07	8,239.39
Goods-in transit - Fabrics	276.86	79.03
	<u>6,993.93</u>	<u>8,318.42</u>
d Stores and Spares	1,486.29	1,007.35
Goods-in transit	-	-
	<u>1,486.29</u>	<u>1,007.35</u>
e Others (Specify nature) stock of waste	16.84	17.09
	<u>16.84</u>	<u>17.09</u>
TOTAL	<u>13,999.85</u>	<u>14,352.78</u>
Mode of valuation : Refer Note 35.2 (e) in significant Accounting Policies.		
NOTE 6 - TRADE RECEIVABLES		
Current Receivables		
Trade receivables Unsecured Considered Good	7,295.98	5,232.99
Trade receivables Unsecured - Doubtful Debts	147.19	-
Less: Provision for Doubtful Debts	<u>(147.19)</u>	<u>-</u>
TOTAL	<u>7,295.98</u>	<u>5,232.99</u>
(Non Current Nil) (Refere Notes for Credit risk and Market risk)		
NOTE 7 - CASH AND CASH EQUIVALENTS		
a Balances with banks	440.18	365.43
b Cash on hand	13.36	11.71
TOTAL	<u>453.54</u>	<u>377.14</u>
NOTE 8 - OTHER BANK BALANCES		
a Others Bank Balances		
Unclaimed Dividend Account	58.86	67.71
b Others		
Margin Money Deposits on LC	341.44	298.40
TOTAL	<u>400.30</u>	<u>366.11</u>
NOTE 9 - CURRENT TAX ASSETS (NET)		
For Duties & Taxes	155.72	98.70
TOTAL	<u>155.72</u>	<u>98.70</u>
NOTE 10 - OTHER CURRENT ASSETS		
a. Export incentives Receivable	459.59	428.73
b. IGST Refund Receivable	337.36	157.33
d. Input Credit GST Receivable	1,808.67	1,742.98
e. Advance for Material Purchase	1,898.78	1,854.59
f. Advance for Expenses / Others	505.28	787.31
g. Prepaid Expenses	149.68	173.09
TOTAL	<u>5,159.36</u>	<u>5,144.03</u>

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2021	AS AT 31.03.2020
NOTE 11 - SHARE CAPITAL		
Authorised		
31000000 Equity Shares of Rs. 10 each	3,100.00	3,100.00
1000000 10% Cumulative Redeemable Preference shares of Rs.100 each	1,000.00	1,000.00
Issued		
25675225 Equity Shares of Rs. 10 each	2,567.52	2,567.52
Subscribed & Paid up		
25637825 Equity Shares of Rs. 10 each fully paid	2,563.78	2,563.78
Forfeited Shares		
(Amount originally paid up)	1.12	1.12
TOTAL	<u>2,564.90</u>	<u>2,564.90</u>

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

Particulars	31.03.2021	31.03.2020
Shares outstanding at the beginning of the year 25637825 Number (previous year 25637825)	2563.78	2563.78
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

		31.03.2021	31.03.2020
	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	5500 - 0.02%	1886500 - 7.36%
6	Smt T Anandhi	2031000 - 7.92%	150000 - 0.59%

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	<u>444.44</u>	<u>444.44</u>

b. Other Reserves

Capital Redemption Reserve

Opening Balance	1.61	1.61
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<u>1.61</u>	<u>1.61</u>

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2021	AS AT 31.03.2020
General Reserve		
Opening Balance	1,549.28	1,549.28
(+) 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>1,549.28</u>	<u>1,549.28</u>
Surplus		
Opening Balance	3,598.43	5,342.22
(+) Comprehensive Income for the current year	(519.39)	(1,511.99)
(-) Equity Dividends Paid	-	192.28
(-) Tax on Equity Dividend	-	59.52
Closing Balance	<u>3,079.04</u>	<u>3,598.43</u>
TOTAL	<u>5,074.37</u>	<u>5,593.76</u>

NOTE 13 - FINANCIAL LIABILITIES

LONG TERM BORROWINGS

Secured

a) Term Loans

Indian Rupee Loan

from banks (Secured)

7,666.48

5,457.66

from Others - House property loan from HDFC Limited

666.51

845.27

b) Long term maturities of finance lease Obligations

(Secured By Vehicles on Hire purchase loan)

24.18

71.06

There is no case of continuing default as on the balance sheet date

TOTAL

8,357.17

6,373.99

NOTE 14 - LEASE LIABILITY

Lease Liability

9.57

12.21

TOTAL

9.57

12.21

Security Clause

Bank borrowings of Term Loans

Term Loans from Indian Bank (IB) and The South Indian Bank (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. metres 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 Hypothication 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.

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS

AS AT
31.03.2021

AS AT
31.03.2020

(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	216.16	345.49	72	03.10.2015	03.10.2021	10.80%	10.25%
Indian Bank TL - VI	552.30	643.34	96	25.12.2015	25.12.2023	9.60%	10.25%
Indian Bank TL - VII	1643.36	1798.85	84	15.05.2017	15.05.2024	10.10%	9.55%
Indian Bank TL - VIII	407.29	410.76	84	02.02.2018	02.02.2025	9.60%	9.65%
Indian Bank Corp. Loan	2278.67	2536.16	48	01.04.2018	01.04.2022	11.05%	10.50%
The South Indian Bank Ltd	437.86	528.81	84	25.12.2015	25.12.2022	11.95%	11.95%

Covid Loan :

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

(Rs. in lakhs)

Term Loan Bank	Outstanding	Previous Year	Repayment Months	Commencement from	Last Instalment	Rate of Interest	Previous Rate of interest
Indian Bank COVID	538.85	0.00	30	01.04.2021	01.03.2026	7.30%	
Union Bank of India GECL	215.07	0.00	18	01.12.2020	30.06.2022	8.00%	
State Bank of India COVID	149.99	0.00	18	01.12.2020	31.05.2022	7.40%	

GECLS Loan:

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

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

(Rs. in lakhs)

Term Loan Bank	Outstanding	Previous Year	Repayment Months	Commencement from	Last Instalment	Rate of Interest	Previous Rate of interest
Indian Bank GECL	2276.85	0.00	48	01.04.2022	01.03.2026	8.30%	
Union Bank of India GECL	516.00	0.00	48	09.02.2021	09.01.2025	7.60%	
State Bank of India GECL	395.00	0.00	60	01.04.2022	01.03.2027	7.95%	
South Indian Bank GECL	299.55	0.00	48	01.04.2022	01.03.2026	9.20%	

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

(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	207.96	235.42	120	05.05.2017	05.05.2017	8.60%	8.60%
Tata Capital Financial Services Ltd	845.57	928.57	84	15.10.2019	15.09.2026	11.00%	11.00%

NOTE 15 - OTHER FINANCIAL LIABILITIES

Others (Security Deposit)

486.81

469.94

TOTAL

486.81

469.94

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	AS AT 31.03.2021	AS AT 31.03.2020
NOTE 16 - LONG TERM PROVISIONS		
a) Provision for employee benefits		
Gratuity (unfunded)	638.06	663.43
TOTAL	<u>638.06</u>	<u>663.43</u>
NOTE 17 - DEFERRED TAX LIABILITIES (NET)		
Opening balance	623.01	1,473.50
Add : Provision for the year	(520.71)	(850.49)
Net Deferred tax liability	<u>102.30</u>	<u>623.01</u>
NOTE 18 - GOVERNMENT GRANTS		
Government Grants	447.23	582.70
TOTAL	<u>447.23</u>	<u>582.70</u>
NOTE 19 - SHORT TERM BORROWINGS		
<u>Secured</u>		
a) Loans repayable on demand		
Working Capital Loan from Banks (Secured)	9,678.18	11,294.38
Working Capital Loan from Banks (Unsecured)	1,527.13	641.21
There are no case of default in repayment of loan and interest as		
TOTAL	<u>11,205.31</u>	<u>11,935.59</u>
Security Clause		
Working Capital facilities from Indian Bank Consortium (Indian Bank, State Bank of India, The South Indian Bank Limited and Union Bank of India are secured by a first pari passu charge on the whole of the current assets through Deed of Hypothecation and second pari passu charge on (a) all the immovable properties situated in (i) 102.1897 acres of land at Jadayampalayam, Alangombu and Karamadai Village in Mettupalayam Taluk, Coimbatore District, Tamil Nadu and (ii) 2155.62 sq. meters of land at Amdha Village, Dharampur Taluk, Valsad District, Gujarat through equitable mortgage created with Indian Bank and (b) all plant and machineries (excluding vehicles charged to financiers, Peelamedu property, Mumbai & Bangalore property) through Deed of Hypothecation. The entire working capital facilities are also guaranteed by Shri K G Baalakrishnan, Executive Chairman.		
Subsidiary Secured loan : Working Capital Loan from Indian Overseas Bank is Secured by an exclusive first charge on the fixed and current assets besides corporate guarantee by Holding Company viz K G Denim limited. The Loans are also personally guaranteed by Shri K G Baalakrishnan, Director.		
NOTE 20 - LEASE LIABILITY		
Lease Liability	17.20	67.30
TOTAL	<u>17.20</u>	<u>67.30</u>
NOTE 21 - TRADE PAYABLES		
Trade Payables		
For Dues of Micro Enterprises and Small Enterprises	57.67	25.69
For Other Dues	13,316.22	14,179.05
TOTAL	<u>13,373.89</u>	<u>14,204.74</u>
Note : Dues to Micro and Small Enterprises		

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS

AS AT
31.03.2021

AS AT
31.03.2020

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 31.03.2021 Current	As at 31.03.2020 Current
a) The principal amount remaining unpaid to any supplier at the end of the year	57.67	25.69
b) Interest due remaining unpaid to any supplier at the end of the year	-	-
c) The amount of interest paid by the buyer in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
e) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
f) The amount of further interest due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act, 2006	-	-

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

NOTE 22 - OTHER FINANCIAL LIABILITIES

(Rs in lakhs)

a) Current maturities of long-term debt-Secured	2,469.15	1,125.00
b) Current Maturities of finance lease obligations	143.00	20.13
c) Current maturities of financial institutions	32.43	28.00
d) Interest accrued and due on borrowings	-	19.29
TOTAL	<u>2,644.58</u>	<u>1,192.42</u>

NOTE 23 - OTHER CURRENT LIABILITIES

a) Customer Credit Balance	156.81	101.83
b) Duties and Taxes	62.03	30.17
c) Creditors for Capital goods	145.21	227.68
d) Unpaid (Unclaimed) Equity Dividend	58.86	67.71
TOTAL	<u>422.91</u>	<u>427.39</u>

There has been delay of 9 days in transferring fund to IEPF Account Rs. 8,77,867/- (previous year Rs. 8,59,424/-)

NOTE 24 - SHORT TERM PROVISIONS

a) Provision for employee benefits Gratuity (unfunded)	59.12	69.49
TOTAL	<u>59.12</u>	<u>69.49</u>

NOTE 25 - GOVERNMENT GRANTS

Government Grants	135.63	135.80
	<u>135.63</u>	<u>135.80</u>

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	31.03.2021	31.03.2020
NOTE 26 - REVENUE FROM OPERATIONS		
Sale of products	38,197.67	45,929.05
Sale of services - Job work	1,723.31	1,407.18
Other operating revenues : Waste Cotton / Yarn / Accessories sales	2,555.74	2,801.78
Export Incentives	1,112.35	783.21
TOTAL	43,589.07	50,921.22
NOTE 27 - OTHER INCOME		
Interest Income	74.23	22.50
Apportioned Income from Govt. Grant	135.63	130.79
Miscellaneous Income	25.02	119.93
Insurance Claim Received	6.02	16.51
Profit / Loss on sale of Fixed Assets	7.23	2.53
Exchange Gain/Loss on Export Sales	(22.36)	13.01
Other non-operating income (net of expenses directly attributed to such income)	3.09	1.18
TOTAL	228.86	306.45
NOTE 28 - COST OF MATERIALS CONSUMED		
Opening Stock	3,081.82	3,563.04
Purchases	22,163.53	25,335.13
Sub-total	25,245.35	28,898.17
Less : Closing stock	3,114.69	3,081.82
Raw materials consumed	22,130.66	25,816.35
NOTE 29 - PURCHASES OF STOCK-IN-TRADE		
Garments purchase	1,102.60	1,075.15
TOTAL	1,102.60	1,075.15
NOTE 30 - CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening Stock :		
Work-in-process	1,928.10	1,625.45
Finished Goods	8,318.42	8,477.34
Traded Items	-	-
	10,246.52	10,102.79
Closing Stock :		
Work-in-process	2,389.90	1,928.10
Finished Goods	6,993.93	8,318.42
Traded Items	-	-
TOTAL	9,383.83	10,246.52
GRAND TOTAL	862.69	(143.73)

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs in lakhs)

PARTICULARS	31.03.2021	31.03.2020
NOTE 31 - OTHER MANUFACTURING EXPENSES		
a) Power & Fuel	5,565.37	7,194.10
b) Consumptions of Stores & Spare Parts	195.82	372.18
c) Processing Charges	2,527.62	4,313.67
d) Repairs & Maintenance	-	-
For Plant & Machinery	737.97	1,153.52
For Buildings	119.91	163.00
For Others	184.47	259.24
TOTAL	9,331.16	13,455.71
NOTE 32 - EMPLOYEE BENEFITS EXPENSE		
a) Salaries and Wages	4,039.70	4,840.56
b) Salaries - Managing Directors / Whole-time Directors	156.00	156.00
c) Contributions to Provident fund and other funds	184.39	191.05
d) Gratuity as per actuarial valuations	122.70	156.76
e) Staff welfare expenses	173.41	192.91
TOTAL	4,676.20	5,537.28
NOTE 33 - FINANCE COSTS		
Interest Expense	2,026.78	2,052.10
Other borrowing costs	249.36	296.54
Applicable net gain/loss on foreign currency transactions and translation	4.48	7.67
TOTAL	2,280.62	2,356.31
NOTE 34 - OTHER EXPENSES		
Rent	72.57	148.24
Insurance	322.35	257.73
Rates and taxes, excluding, taxes on income.	121.74	155.31
Payments to the auditor as		
a) as statutory auditor	5.60	5.60
b) for taxation matters	-	-
c) for other services	2.20	3.05
Legal, Professional & Consultancy Charges	131.25	150.82
Printing and Stationery	27.42	45.28
Postage, Telegrams and Telephones	117.51	167.35
Traveling Expenses and Maintenance of Vehicles	305.88	605.72
Director Sitting Fees	4.95	4.89
Software Maintenance Expenses	5.01	6.50
Brokerage	22.15	22.84
Commission on Sales	662.70	830.68
Discount on Sales	99.83	167.45
Selling Expenses	272.10	441.92
Freight Outwards	460.68	379.63
Provision for Doubtful Debts	147.19	-
Prayer Hall Repairs and maintenance	11.69	14.82
Corporate Social Responsibility Expenses	5.00	43.95
Bad Debts Written off	45.76	0.01
Miscellaneous expenses,	209.98	232.25
Loss on sale of Fixed Assets	1.56	-
Loss on sale of DEPB Licenses	9.98	33.92
TOTAL	3,065.10	3,717.96

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note :- 35: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

35.1 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 31.03.2021
Trigger Apparels Limited	India	100%
KG Denim (USA) Inc.	Delaware USA	100%

35.2 Other Significant Accounting policies:

(a) Basis of preparation

(i) Compliance with Ind AS

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

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

(ii) Historical cost conventions

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

(iii) Going Concern

The accounts are prepared on the basis of going concern concept

(iv) Current non-current classification

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

(v) Rounding of amounts

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

(b) Use of estimates and judgments

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

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

(c) Property, plant and equipment

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

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

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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

As a lessee: The Group 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.

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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

(i) Classification

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

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

h. Impairment of non-financial assets

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

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(i) Derivative financial instruments

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

(j) Segment Reporting:

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

(k) Borrowings

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

(l) Borrowing costs

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

(m) Provisions and contingent liabilities

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

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

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or 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.

(n) Revenue recognition

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

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

Sale of goods

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

Revenue from services

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

Export Incentive

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

Dividend Income

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

Insurance claims

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

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(o) Employee benefits

(i) Short-term obligations

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

(ii) Employment retirement benefits

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

(p) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(q) Income tax

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

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

(r) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

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

Diluted earnings per share

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

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

(s) Government Grants

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

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

(t) Critical estimates and judgements

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

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

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

The areas involving critical estimates or judgement are:

Estimation of current tax expenses and Payable.

Estimation of defined benefit obligation.

Note: 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 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 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 2021	Non current	Current	Total	Level 1	Level 2	Level 3	Total
Financial Assets							
Investments							
Equity instruments	328.41	-	328.41	0.70	-	327.71	328.41
Other Assets							
Trade Receivables	-	7,295.98	7,295.98	-	-	7,295.98	7,295.98
Cash and cash equivalents	-	453.54	453.54	-	-	453.54	453.54
Other Bank Balances	-	400.30	400.30	-	-	400.30	400.30
Other Financial Assets	-	-	-	-	-	-	-
Total	328.41	8,149.82	8,478.83	0.70	-	8,477.53	8,478.23
Financial Liabilities							
Borrowings	8,357.17	1,1205.31	19,562.48	-	-	19,562.48	19,562.48
Lease Liability	9.57	17.20	26.77	-	-	26.77	26.77
Trade payables	-	13,373.89	13,373.89	-	-	13,373.89	13,373.89
Other Financial Liabilities	486.81	2,644.58	3,131.39	-	-	3131.39	3,131.39
Total	8,853.55	27,240.98	36,094.53	-	-	36,094.53	36,094.53

(Rs. in lakhs)							
Financial Assets and Liabilities as at 31st March 2020	Non current	Current	Total	Level 1	Level 2	Level 3	Total
Financial Assets							
Investments							
Equity instruments	329.32	-	329.32	1.61	-	327.71	329.32
Other Assets							
Trade Receivables	-	5,232.99	5,232.99	-	-	5,232.99	5,232.99
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	-	-	-	-	-	-	-
Sub-Total		5,976.24	5,976.24			5,976.24	5,976.24
Total	329.32	5,976.24	6,305.56	1.61	-	6,303.95	6,305.56
Financial Liabilities							
Borrowings	6,373.99	11,935.59	18,309.58	-	-	18,309.58	18,309.58
Lease Liability	12.21	67.30	79.51			79.51	79.51
Trade payables	-	14,204.74	14,204.74	-	-	14,204.74	14,204.74
Other Financial Liabilities	469.94	1,192.42	1,662.36	-	-	1,662.36	1,662.36
Total	6,856.14	27,400.05	34,256.19	-	-	34,256.19	34,256.19

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 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.

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

Liquidity Risk

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

(i) Financing arrangements

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

(ii) Maturity patterns of borrowings

(Rs. in lakhs)

	As at 31 st March, 2021				As at 31 st March, 2020			
	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)	2,645	8,229	128	11,002	1,173	6,225	168	7,566
Short term borrowings	11,205	-	-	11,205	11,936	-	-	11,936
Total	13,850	8,229	128	22,207	13,109	6,225	168	19,502

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

Maturity patterns of other Financial Liabilities

As at 31st March, 2021

(Rs. in lakhs)

	0-3 months	3-6 months	6 months to 12 Months	beyond 12 Months	Total
Trade Payable	6,875	3,419	3,080	-	13,374
Lease Liability (Current and Non Current)	4	4	9	10	27
Other Financial liability (Current and Non current)	-	-	-	487	487
Total	6,879	3,423	3,089	497	13,888

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	8,754	2,988	2,463	-	14,205
Lease Liability (Current and Non Current)	16	17	35	12	80
Other Financial liability (Current and Non current)	-	-	-	470	470
Total	8,770	3,005	2,498	482	14,755

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 31 st March, 2021		As at 31 st March, 2020	
Forward contracts to buy USD	USD	17.42	USD	9.87

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, 2021

Foreign currency in lakhs

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

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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	-

(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)

	31 st March, 2021	31 st March, 2020
BSE Sensex -30 - increase in 5%	0.04	0.08
BSE Sensex -30 - decrease in 5%	-0.04	-0.08

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 OCI.

(c) Foreign currency Risk Sensitivity

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

(Rs. in lakhs)

	2020-21		2019-20	
Particulars	5% increase	5% decrease	5% increase	5% decrease
USD	36.96	-36.96	80.85	-80.85
EURO	14.21	-14.21	11.20	-11.20
GBP	1.91	-1.91	1.67	-1.67
Increase / (decrease) in profit or loss	53.08	-53.08	93.72	-93.72

Note :- 38 - 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	31 st March, 2021	31 st March, 2020
Equity shares		
Final dividend for the year ended 31 st March, 2020 of INR 0.75 (31 st March, 2019 - INR 0.75) per fully paid share	-	192.28

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

Note :- 39 - EARNINGS PER SHARE

(Rs.in lakhs)

	31st March, 2021	31st March, 2020
Earnings Per Share has been computed as under :		
Profit / (Loss) for the year	659.49	(1,641.13)
Weighter average number of equity shares outstanding	2,56,37,825	2,56,37,825
Earnings Per Share - Basic (Face Value of Rs.10 per share)	(2.57)	(6.40)
Diluted earning per share is same as basic earning per share	(2.57)	(6.40)

Note :- 40 - 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: 41 - COVID-19

Pandemic COVID-19 has adversely affected business of all countries including India during the first half of the financial year 2020-21. All commercial activities in India were closed for the first 3 months in the beginning of the financial year 2020-21. After that all business activities were slowly opened and resumed the normal operation during the second half of the financial year 2020-21. Due to lock down declared in entire world including India the group were unable to utilize the full capacity of the plant and achieved a turnover of Rs.438 crore during the financial year. Various financial package announced by the Government of India was helped the group to tide over the effect of COVID-19.

The Management has exercised due care, in concluding on significant accounting judgements and estimates, inter-alia, recoverability of receivables, assessment for impairment of inventory based on the information available to date, both internal and external, to the extent relevant, while preparing these financial statements for the year ended March 31, 2021. Based on the assessment of current indicators of future economic conditions, the Management does not envisage any significant impact on the financial position as on March 31, 2021. The impact COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly, the eventual outcome may be different from those estimated as on the date of approval of these financial statements.

Note :- 42 : DETAILS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

(Rs.in lakhs)

	31 st March, 2021	31 st March, 2020
Amount required to be spent as per Section 135 of the Act	4.66	42.07
Amount spent during the on:		
(i) Transfer to KG Denim Trust Foundation (CSR Trust) for rural hospital	4.50	43.00
(ii) On purpose other than (i) above	0.50	0.95
Total	5.00	43.95

NOTE :- 43 : 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

	2020-2021	2019-2020
Disputed Excise / Customs duties	120.43	120.43
Disputed Income Tax	20.30	21.90

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

	2020-2021	2019-2020
Guarantees given to Bank for loan to subsidiary	500.00	551.00

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

Rs. in lakhs

	2020-2021	2019-2020
Bills discounted with banks	1495.82	1199.86

(II) Commitments

There is no contracts remaining to be executed in Capital Account

Note :- 44 : 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

S.No.	Particulars	Rs. in lakhs	
		Consolidated	
		Audited 31.03.2021	Audited 31.03.2020
1	Segment Revenue (Net Sales / Income from Operations)		
	(a) Textiles	38,024	44,186
	(b) Power	6,008	8,322
	(c) Garments	2,257	1,698
	Total	46,289	54,206
	Add: Other Unallocable Income		
	Less: Inter Segment Sales	2,470	2,978
	Net Sales / Income from operations	43,819	51,228
2	Segment Results (Profit before Interest & Tax)		
	(a) Textiles	983	(655)
	(b) Power	255	1065
	(c) Garments	(137)	(573)
	Total	1,101	(163)
	Less:		
	a) Interest & Finance Charges(Net)	2,281	2,356
	b) Other Unallocable expenditure(Net of Unallocable Income)	-	-
	Profit Before Extra Ordinary Items & Tax	(1,180)	(2,519)
3	Segment Assets		
	(a) Textiles	34,551	33,961
	(b) Power	8,102	7,928
	(c) Garments	2,886	3,028
	Total Segment Assets	45,539	44,917
4	Segment Liabilities		
	(a) Textiles	23,163	24,269
	(b) Power	3,439	3,003
	(c) Garments	1,257	761
	Total Segment Liabilities	27,859	28,033

Note 45 : 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 46 : GRATUITY

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

(Rs. in lakhs)

NOTE: 47 - RELATED PARTY DISCLOSURES AS PER Ind AS 24

Particulars	2020 - 2021			2019 - 2020		
	Other Related Party	Key Managerial Personnel	Relative of Key Managerial Personnel	Other Related Party	Key Managerial Personnel	Relative of Key Managerial Personnel
Purchase of Goods	-	-	-	-	-	-
Sri Kannapiran Mills Limited	3,105.65	-	-	1,050.51	-	-
Other related party	24.69	-	-	-	-	-
Sale of Goods	-	-	-	-	-	-
Sri Kannapiran Mills Limited	531.89	-	-	123.34	-	-
Other related party	-	-	-	-	-	-
Processing / other Charges Paid	-	-	-	-	-	-
Sri Kannapiran Mills Limited	1,132.02	-	-	2,779.08	-	-
Other related party	1.52	-	-	-	-	-
Processing / Other Charges Received	-	-	-	-	-	-
Sri Kannapiran Mills Limited	42.15	-	-	-	-	-
Other related party	12.25	-	-	-	37.66	0.40
Remuneration	-	183.91	10.49	-	190.29	-

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

Note: 47.1 - Balance Outstanding

(Rs. in lakhs)

Particulars	as on 31.03.2021			as on 31.03.2020		
	Other Related Party	Key Managerial Personnel	Relative of Key Managerial Personnel	Other Related Party	Key Managerial Personnel	Relative of Key Managerial Personnel
Trade Receivables	10.20	-	-	-	-	-
Trade Payable	769.93	-	-	613.55	-	-
Investments	327.46	-	-	327.46	-	-

Note: 47.2

Other Related Party	Sri Kannapiran Mills Limited Sri Balamurugan Textile Processing Limited Danalakshmi Paper Mills Private Limited
Key Managerial Personnel	Shri KG Baalakrishnan Shri B Sriramulu Shri B Srihari Shri S Muthuswamy Shri S Manickam Shri M Balaji
Relative of Key Managerial Personnel	Smt T Anandhi (Daughter of Shri KG Baalakrishnan) 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	(2031.54)	3431.45	5012.99	-	3246.56	(201.97)	66.29	(121.91)	-	100%
2.	KG Denim (USA) Inc.		Exchange Rate Rs.73.20 per USD	0.46	(80.38)	84.37	164.29	-	55.87	(22.80)	-	(22.80)	-	100%

As per our report of even dated

For **MOHAN & VENKATARAMAN**
Chartered Accountants

V KARTHIKEYAN
Partner

Coimbatore
29th July, 2021

Membership No.208828
Firm Regn. No.0073215

KG BAALAKRISHNAN
Executive Chairman
DIN : 00002174

M BALAJI
Company Secretary

B SRIRAMULU
Managing Director
DIN : 00002560

S MANICKAM
Chief Financial Officer

B SRIHARI
Managing Director
DIN : 00002556



K G DENIM LIMITED

CIN : L17115TZ1992PLC003798

Registered Office : Then Thirumalai

Jadayampalayam, Coimbatore - 641 302.

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

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the TWENTY-NINTH ANNUAL GENERAL MEETING of the Members of K G DENIM LIMITED will be held on Monday, the 27th day of September, 2021 at 3.30 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 31st March 2021, the Statement of Profit and Loss and Cash Flow Statements for the year ended 31st March 2021 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri B Srihari (DIN : 00002556), 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, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to provisions of Section 196, 197 and 198 read with Schedule V and other applicable provisions of the Companies Act, 2013, approval of the members be and is hereby accorded for the fixing remuneration of Shri KG Baalakrishnan (DIN : 00002174) as the Executive Chairman of the Company with effect from 01.04.2021 to 02.11.2023 at a fixed remuneration of Rs.60 lakhs per annum which shall also be the minimum remuneration payable in terms of part II of Schedule V of the Companies Act, 2013 in the event of loss or inadequacy of profit.”

“RESOLVED FURTHER THAT:

a. The Executive Chairman shall be entitled to reimbursement of all actual expenses including entertainment and traveling incurred in the course of the Company's business.

b. The Company shall provide a car with driver, telephone and internet facility at the residence of the Executive Chairman.

Provision of car with driver for use of the Company's business, telephone and internet facility at the residence will not be considered as perquisites. Personal long distance calls on the telephone and use of car for private purposes shall be billed by the Company to the Executive Chairman.

c. He shall in addition be entitled to (i) contribution to provident fund / super annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961, (ii) gratuity payable at a rate not exceeding half a month salary for each completed year of services and (iii) encashment of leave at the end of the tenure.”

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

“RESOLVED THAT pursuant to provisions of Section 196, 197, 198 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013, approval of the members be and is hereby accorded for the fixing remuneration of Shri B Sriramulu (DIN-00002560) as the Managing Director of the Company with effect from 01.04.2021 to 02.11.2023 at a fixed remuneration of Rs.60 lakhs per annum which shall also be the minimum remuneration payable in terms of part II of Schedule V of the Companies Act, 2013 in the event of loss or inadequacy of profit.”

“RESOLVED FURTHER THAT :

a. The Managing Director shall be entitled to reimbursement of all actual expenses including entertainment and traveling incurred in the course of the Company's business.

b. The Company shall provide a car with driver, telephone and internet facility at the residence of the Managing Director.

Provision of car with driver for use of the company's business, telephone and internet facility at the residence will not be considered as perquisites. Personal long distance calls on the telephone and use of car for private purposes shall be billed by the Company to the Managing Director.

c. He shall in addition be entitled to (i) contribution to provident fund / super annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961, (ii) gratuity payable at a rate not exceeding half a month salary for each completed year of services and (iii) encashment of leave at the end of the tenure."

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 provisions of Section 196, 197, 198 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013, approval of the members be and is hereby accorded for the fixing remuneration of Shri B Srihari (DIN-00002556) as the Managing Director of the Company with effect from 01.04.2021 to 02.11.2023 at a fixed remuneration of Rs.60 lakhs per annum which shall also be the minimum remuneration payable in terms of part II of Schedule V of the Companies Act, 2013 in the event of loss or inadequacy of profit."

"RESOLVED FURTHER THAT :

a. The Managing Director shall be entitled to reimbursement of all actual expenses including entertainment and traveling incurred in the course of the Company's business.

b. The Company shall provide a car with driver, telephone and internet facility at the residence of the Managing Director.

Provision of car with driver for use of the company's business, telephone and internet facility at the residence will not be considered as perquisites. Personal long distance calls on the telephone and use of car for private purposes shall be billed by the Company to the Managing Director.

c. He shall in addition be entitled to (i) contribution to provident fund / super annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961, (ii) gratuity payable at a rate not exceeding half a month salary for each completed year of services and (iii) encashment of leave at the end of the tenure."

6. 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, 2022 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."

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

Coimbatore
29.07.2021

NOTES:

1. Explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business Item Nos.3 to 6 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, Circular No. 20/2020 dated May 05, 2020 and General Circular No.02/2021 dated January 13, 2021, 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 29th 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 below.
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 with copies marked to the Company at cskgdl@kgdenim.in and to its Registrars and Share Transfer Agents at investor@cameoindia.com
5. In compliance with the aforesaid MCA Circulars, Notice of the 29th AGM to be held on 27th September, 2021 along with Annual Report of the Financial Year 2020-21 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 2020-21 is also available on the Company's website. 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 and 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 21st September, 2021 to Monday, the 27th September, 2021 (both days inclusive).
10. Re-appointment of Director:

At the ensuing Annual General Meeting Shri B Srihari 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 2nd 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 - 25th Annual General Meeting (AGM) held on 16th 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 7th 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. CDSL e-Voting System - For e-voting and Joining Virtual meetings.

1. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
2. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
3. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
4. Pursuant to MCA Circular No.14/2020 dated April 08, 2020, , the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
5. In line with the Ministry of Corporate Affairs (MCA) Circular No.17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.kgdenim.com. The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at www.bseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
6. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No.17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
7. In continuation of this Ministry's General Circular No.20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021,

in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January,13,2021.

8. 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. 20th September 2021, may refer to this Notice of the Annual General Meeting, posted on Company's website 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.
 9. 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.
 10. 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.
 11. 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 20th September, 2021.
 12. 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.
 13. 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.
 14. The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow evoting 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.
 15. 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 after the declaration of result by the Chairman or a person authorized by him in writing.

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

- (i) The voting period begins on 24th September 2021 at 9.00 AM (IST) and ends on 26th September 2021 at 5.00 PM (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 20th September 2021 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) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

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

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

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

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

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

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

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

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

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

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

For Physical shareholders and other than individual shareholders holding shares in Demat.

PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) 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).

- (vi) After entering these details appropriately, click on “SUBMIT” tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- x) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xii) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvi) **Additional Facility for Non - Individual Shareholders and Custodians -For Remote Voting only.**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - 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 (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

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

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

23. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE ANNUAL GENERAL MEETING (AGM) THROUGH VC/OAVM ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 3 days prior to meeting mentioning their name, demat account number /folio number, email id, mobile

number at cskgdl@kgdenim.in. 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)These queries will be replied to by the company suitably by email.

8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM 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 AGM.
10. 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.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futrex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

Coimbatore
29.07.2021

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

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

ITEM No.3

The Board at its meeting held on 01.08.2018 re-appointed of Shri KG Baalakrishnan (DIN - 00002174) as Executive Chairman for the period of 5 years from 03.11.2018 to 02.11.2023 on a remuneration of Rs.60 lakhs per annum with effect from 01.04.2021 to 02.11.2023. It is now proposed to continue the same remuneration in term of the resolution given above.

Shri KG Baalakrishnan aged 81 years is B.Com., B.L., and is a renowned industrialist. He has been associated with the textile industry for more than 60 years and instrumental in building K G Group in Coimbatore. He is also the Chairman of Sri Kannapiran Mills Limited that promoted K G Denim Limited.

Except Shri KG Baalakrishnan, Executive Chairman, Shri B Sriramulu, Managing Director, Shri B Srihari, Managing Director and Smt T Anandhi, Director, who are all related to each other as per Section 2(77) of the Companies Act, 2013, no other Director of the Company is concerned or interested in the resolution.

The remuneration has been approved by the Nomination and Remuneration Committee on 04.02.2021 and also by the Board on the same date.

The above remuneration is also be the minimum remuneration as per Section II of Part II of Schedule V of Companies Act, 2013.

INFORMATION REQUIRED TO BE DISCLOSED IN TERMS OF SCHEDULE V TO THE COMPANIES ACT, 2013

I. GENERAL INFORMATION	
1. Nature of Industry	Textiles - Weaving and processing of Denim Fabrics, Apparel Fabrics and Home Textiles
2. Date of commencement of commercial production	25.06.1992
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions in the prospectus	Not applicable
4. Financial performance based on given indicators	The financial performance of the Company for 2019-20 and 2020-21 are provided in the Annual Report 2021 which accompanies this Notice
5. Foreign investments or collaborations, if any	Nil

II. INFORMATION ABOUT THE APPOINTEE	
Background details:	Shri KG Baalakrishnan aged 81 years is B.Com., B.L., and has been in the textile industry for nearly five decades spanning over trading, spinning, weaving, processing, garmenting and retailing operations. He has been closely associated with planning, implementation and follow up on new, expansion and diversification projects with detailed exposure to various functional areas viz., production, human resource, administration, commercial, legal, banking, financial and liaison with trade and governmental agencies. He is Chairman in Sri Kannapiran Mills Limited and K G Denim Limited.
Past remuneration:	Rs.60 lakh per annum
Recognition or awards	-
Job profile and his suitability	Shri KG Baalakrishnan is a B.Com, B.L. and has nearly 5 decades of practical experience in the setting up and management of textile units.
Remuneration proposed	Details of proposed remuneration are presented in the resolution and also in the Statement under Section 102 of the Companies Act, 2013
Comparative remuneration profile with respect to industry, size of company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The remuneration offered to Shri KG Baalakrishnan is at par with the industry norms considering the nature of the industry, size of the company, profile and position of the person.
Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel if any	Besides the remuneration he does not have any other pecuniary relationship with the Company.
III. OTHER INFORMATION	
Reasons of loss or inadequate profits	Loss is on account of significant reduction in sales arising out of Lockdowns announced by Governments due to COVID-19 Pandemic.
Steps taken or proposed to be taken for improvement	Product mix is being reoriented in the backdrop of higher cotton prices with productivity improvement and higher export sales and cost reduction measures.
Expected increase in productivity and profits in measurable terms	The aforesaid steps being taken up by the Company are expected to improve company's performance and profitability in the future

ITEM No.4

The Board at its meeting held on 01.08.2018 re-appointed of Shri B Sriramulu (DIN-00002560) as Managing Director for the period of 5 years from 03.11.2018 to 02.11.2023 on a remuneration of Rs.60 lakhs per annum with effect from 01.04.2021 to 02.11.2023. It is now proposed to continue the same remuneration in term of the resolution given above.

The remuneration has been approved by the Nomination and Remuneration Committee on 04.02.2021 and also by the Board on the same date.

Shri B Sriramulu aged 54 years is the eldest son of Shri KG Baalakrishnan, Executive Chairman. He is a Graduate Engineer in Textile Technology from Bharathiar University, Tamil Nadu and Master of Science (Textile Technology) from the University of Manchester, UK.

The above remuneration is also be the minimum remuneration as per Section II of Part II of Schedule V of Companies Act, 2013.

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

INFORMATION REQUIRED TO BE DISCLOSED IN TERMS OF SCHEDULE V TO THE COMPANIES ACT, 2013

I. GENERAL INFORMATION	
1. Nature of Industry	Textiles - Weaving and processing of Denim Fabrics, Apparel Fabrics and Home Textiles
2. Date of commencement of commercial production	25.06.1992
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions in the prospectus	Not applicable
4. Financial performance based on given indicators	The financial performance of the Company for 2019-20 and 2020-21 are provided in the Annual Report 2021 which accompanies this Notice
5. Foreign investments or collaborations, if any	Nil
II. INFORMATION ABOUT THE APPOINTEE	
Background details:	Shri B Sriramulu aged 54 years is the eldest son of Shri KG Baalakrishnan, Executive Chairman. He is a Graduate Engineer in Textile Technology from Bharathiar University, Tamil Nadu and Master of Science (Textile Technology) from the University of Manchester, UK. and has been in the textile industry for nearly three decades spanning over trading, spinning, weaving, processing, garmenting and retailing operations. He has been closely associated with planning, implementation and follow up on new, expansion and diversification projects with detailed exposure to various functional areas viz., production, human resource, administration, commercial, legal, banking, financial and liaison with trade and governmental agencies. He is Managing Director in Sri Kannapiran Mills Limited and KG Denim Limited.
Past remuneration:	Rs.60 lakh per annum
Recognition or awards	-
Job profile and his suitability	Shri B Sriramulu is a B.Tech, MS(Textiles) and has nearly 3 decades of practical experience in the setting up and management of textile units.
Remuneration proposed	Details of proposed remuneration are presented in the resolution and also in the Statement under Section 102 of the Companies Act, 2013.
Comparative remuneration profile with respect to industry, size of company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The remuneration offered to Shri B Sriramulu is at par with the industry norms considering the nature of the industry, size of the company, profile and position of the person.
Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel if any	Besides the remuneration he does not have any other pecuniary relationship with the Company.
III. OTHER INFORMATION	
Reasons of loss or inadequate profits	Loss is on account of significant reduction in sales arising out of Lockdowns announced by Governments due to COVID-19 Pandemic.

Steps taken or proposed to be taken for improvement	Product mix is being reoriented in the backdrop of higher cotton prices with productivity improvement and higher export sales and cost reduction measures.
Expected increase in productivity and profits in measurable terms	The aforesaid steps being taken up by the Company are expected to improve company's performance and profitability in the future

ITEM No.5

The Board at its meeting held on 01.08.2018 re-appointed of Shri B Srihari (DIN-00002556) as Managing Director for the period of 5 years from 03.11.2018 to 02.11.2023 on a remuneration of Rs.60 lakhs per annum with effect from 01.04.2021 to 02.11.2023. It is now proposed to continue the same remuneration in term of the resolution given above.

The remuneration has been approved by the Nomination and Remuneration Committee on 04.02.2021 and also by the Board on the same date.

Shri B Srihari aged 52 years is the younger son of Shri KG Baalakrishnan, Executive Chairman. He is a Bachelor of Technology in Chemical Engineering from Bharathidasan University, Trichy and Master of Engineering (Chemical) from Cornell University USA.

The above remuneration is also be the minimum remuneration as per Section II of Part II of Schedule V of Companies Act, 2013.

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

INFORMATION REQUIRED TO BE DISCLOSED IN TERMS OF SCHEDULE V TO THE COMPANIES ACT, 2013

I. GENERAL INFORMATION	
1. Nature of Industry	Textiles - Weaving and processing of Denim Fabrics, Apparel Fabrics and Home Textiles
2. Date of commencement of commercial production	25.06.1992
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions in the prospectus	Not applicable
4. Financial performance based on given indicators	The financial performance of the Company for 2019-20 and 2020-21 are provided in the Annual Report 2021 which accompanies this Notice
5. Foreign investments or collaborations, if any	Nil
II. INFORMATION ABOUT THE APPOINTEE	
Background details:	Shri B Srihari aged 52 years is the younger son of Shri KG Baalakrishnan, Executive Chairman. He is a Bachelor of Technology in Chemical Engineering from Bharathidasan University, Trichy and Master of Engineering (Chemical) from Cornell University USA and has been in the textile industry for nearly three decades spanning over trading, spinning, weaving, processing, garmenting and retailing operations. He has been closely associated with planning, implementation and follow up on new, expansion and diversification projects with detailed exposure to various functional areas viz., production, human resource, administration, commercial, legal, banking, financial and liaison with trade and governmental agencies. He is Managing Director in Sri Kannapiran Mills Limited and K G Denim Limited.
Past remuneration:	Rs.60 lakh per annum
Recognition or awards	-

Job profile and his suitability	Shri B Srihari is a B.Tech, ME(Cheical Technology) and has nearly 3 decades of practical experience in the setting up and management of textile units.
Remuneration proposed	Details of proposed remuneration are presented in the resolution and also in the Statement under Section 102 of the Companies Act, 2013
Comparative remuneration profile with respect to industry, size of company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The remuneration offered to Shri B Srihari is at par with the industry norms considering the nature of the industry, size of the company, profile and position of the person.
Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel if any	Besides the remuneration he does not have any other pecuniary relationship with the Company.
III. OTHER INFORMATION	
Reasons of loss or inadequate profits	Loss is on account of significant reduction in sales arising out of Lockdowns announced by Governments due to COVID-19 Pandemic.
Steps taken or proposed to be taken for improvement	Product mix is being reoriented in the backdrop of higher cotton prices with productivity improvement and higher export sales and cost reduction measures.
Expected increase in productivity and profits in measurable terms	The aforesaid steps being taken up by the Company are expected to improve company's performance and profitability in the future

ITEM No.6

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 04, 2021, 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, 2022.

The Resolution at Item No.6 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.6.

Coimbatore
29.07.2021

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