

# K G DENIM LIMITED

CIN : L17115TZ1992PLC003798

THEN THIRUMALAI

METTUPALAYAM - 641 302.

COIMBATORE DISTRICT

TAMILNADU, INDIA.

kg  
Denim

Phone : 0091-4254-235240

Fax : 0091-4254-235400

email : cskgdl@kgdenim.in

GST : 33AAACK7940C1ZW



Dt. 16.08.2025

To

BSE Limited  
25<sup>th</sup> Floor, Phiroze Jeejeebhoy Towers  
Dalal Street, Fort  
Mumbai.

Dear Sir/Madam,

**Sub : Submission of 33<sup>rd</sup> Annual Report for the year 2024-25 of the Company under Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

**Ref : Scrip Code : 500239.**

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the 33<sup>rd</sup> Annual Report of the Company for the Financial Year 2024-25 and the same is available on the website of the Company [www.kgdenim.com](http://www.kgdenim.com).

Kindly take the same on record.

Thanking you,

Yours truly,

For K G DENIM LIMITED

**Muthuswami**

**y Balaji**

M BALAJI

Company Secretary & Compliance Officer.

Digitally signed by  
Muthuswami Balaji  
Date: 2025.08.16 12:25:05  
+05'30'

Encl : As above.

# K G DENIM LIMITED

## NOTICE OF 33<sup>rd</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 33<sup>rd</sup> Annual General Meeting of the Members of K G Denim Limited will be held at 4:30 PM Indian Standard Time (IST) on Tuesday, 9<sup>th</sup> September 2025 at the Registered Office of the Company at Then Thirumalai, Coimbatore – 641302, to transact the following business(es):-

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements including Balance Sheet as on 31st March, 2025 the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year ended on that date together with the Report of Board of Directors and the Auditors' thereon.
2. To appoint a Director in place of Shri. Balakrishnan Sriramulu (DIN: 00002560), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. Ramaswamy Selvakumar (DIN: 00051608), who retires by rotation and being eligible, offers himself for re-appointment.

### **SPECIAL BUSINESS:**

4. To approve the appointment of MDS & Associates LLP, Company Secretaries as Secretarial Auditors of the Company for the first term of five (5) consecutive financial years.

To consider and, if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

**RESOLVED THAT** pursuant to the provisions of Section 204 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory amendments or modification(s) or re-enactment(s) thereof, for the time being in force) and Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as amended from time to time, read with relevant circulars and based on the recommendation of the Board of Directors of the Company, the approval of the members be and is hereby accorded for the appointment of MDS & Associates LLP (LLPIN: ABZ – 8060), Company Secretaries, Coimbatore, who are holding a valid Peer Review Certificate issued by the Institute of Company Secretaries of India (ICSI), as Secretarial Auditors of the Company for a period of 5 (five) consecutive years commencing from the financial year 2025-26 to conduct the Secretarial Audit of the Company on the remuneration and such terms & conditions as detailed in the statement annexed to this notice pursuant to Section 102 of the Act and the SEBI Listing Regulations.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds, things and matters, to sign all such documents and writings and to take all such steps as may be necessary to give effect to this resolution and for matters connected therewith or incidental thereto.

5. To approve the offer, issue and allotment of warrants fully convertible into equity shares to the Promoter of the Company on preferential basis.

To consider and, if thought fit, to pass, the following resolution as a **Special Resolution**:

**RESOLVED THAT** pursuant to the provisions of Sections 23(1)(b), 42, 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014, and other applicable Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and in accordance with Chapter V of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended ("SEBI ICDR Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,



## K G DENIM LIMITED

2015 as amended ("Listing Regulations"), the listing agreements entered into by the Company with BSE Limited ("BSE") and subject to any other rules, regulations, guidelines, circulars and notifications etc. issued by the Ministry of Corporate Affairs, the Securities and Exchange Board of India (SEBI) and / or any other statutory or regulatory or competent authorities, from time to time to the extent applicable and in accordance with the provisions of the Memorandum of Association and Articles of Association of the Company and subject to such approval(s), consent(s), permission(s) and/or sanction(s), if any, of any Statutory / Regulatory Authorities, including but not limited to SEBI, BSE and any other institutions or bodies, as may be required and subject to such terms and condition(s), alteration(s), correction(s), change(s) and/or modification(s) as may be prescribed by any of them while granting such consent(s), permission(s) or approval(s), and which may be agreed to by the Board of Directors of the Company, the consent of the members of the Company be and is hereby accorded to the Board of Directors to create, offer, issue and allot 13,47,000 (Thirteen Lakhs and Forty Seven Thousand only) warrants, in one or more tranches, each fully convertible into, or exchangeable for, 1 (one) fully paid-up equity share of the face value of Rs. 10/- each ("Warrants") at a price of Rs. 17/- per warrant as determined in accordance with Chapter V of SEBI ICDR Regulations on the 'Relevant Date' ('Warrants Issue Price') for cash consideration on a preferential basis, for an aggregate amount not exceeding Rs. 2,28,99,000/- (Rupees Two Crores Twenty-Eight Lakhs and Ninety-Nine Thousand Only) to Mr. B Sriramulu, the Promoter of the Company as identified by the Board (hereinafter referred to as the "Proposed Allottee" or "Warrant holder"), in accordance with the terms of the Warrants as set out herein and on such other terms and conditions as the Board may determine, subject to applicable laws and regulations, including the provisions of Chapter V of SEBI ICDR Regulations and the Act and to allot equity shares upon the conversion of the Warrants in accordance with the SEBI ICDR Regulations and the Act or any other applicable law for the time being in force.

**RESOLVED FURTHER THAT** in accordance with the provisions of Chapter V of SEBI ICDR Regulations, the "Relevant Date" for the purpose of determination of the floor price for the offer, issue and allotment of Warrants shall be 8<sup>th</sup> August 2025, being the date 30 (thirty) days prior to the date of this Annual General Meeting of the Company (since the Relevant Date falls on a weekend, the day preceding the weekend has been reckoned as the Relevant Date).

**RESOLVED FURTHER THAT** without prejudice to the generality of the above resolution, the issue of the Warrants to the proposed allottee and the allotment of equity shares upon the conversion or exercise of Warrants, shall be subject to the following terms and conditions apart from those detailed under applicable laws:

- a) The proposed allottee shall, subject to the Act, SEBI ICDR Regulations and other applicable rules and regulations, be entitled to apply for and be allotted 1 (one) equity share against the conversion or exercise of each Warrant.
- b) The minimum subscription amount equivalent to 25% (twenty five percent) of the Warrants Issue Price shall be paid by the Proposed Allottee at the time of subscription of each Warrant. The proposed allottees shall make further payment of an amount equivalent to 75% (seventy five percent) of the Warrants Issue Price at the time of exercise of the right attached to the Warrant(s), to convert or exercise the Warrant(s) and subscribe to Equity Shares of the Company ("Warrant Exercise Amount").
- c) The price determined above, and the number of Equity Shares to be allotted on exercise of the Warrants shall be subject to appropriate adjustments as permitted under the rules, regulations and laws, as applicable from time to time.
- d) The Warrants shall be allotted in dematerialized form within a period of 15 (fifteen) days from the date of passing of the special resolution by the shareholders of the Company for their issuance, provided that where the allotment of Warrants is subject to receipt of any approval or permission from any regulatory authority, the allotment shall be completed within a period of 15 (fifteen) days from the date of receipt of last of such approval or permission, as the case may be;
- e) The Warrants shall not carry any voting rights until they are converted into Equity Shares and the Warrants by itself, until exercised and converted into equity shares, shall not give the Warrant holders any rights with respect to that of an Equity Shareholder of the Company.

## K G DENIM LIMITED

f) The right attached to the Warrants may be exercised by the Warrant holder, in one or more tranches, at any time during the period not exceeding 18 (eighteen) months commencing from the date of allotment of the Warrants, by issuing a written notice not later than 15 (fifteen) days prior to the Warrant Exercise Period ("Conversion Notice") to the Company specifying the number of Warrants proposed to be converted or exercised. The Company shall accordingly, without any further approval from the members of the Company, allot the corresponding number of Equity Shares having face value of Rs.10/- (Rupees Ten only) each in dematerialized form, as mentioned in the Conversion Notice, subject to receipt of the relevant Warrant Exercise Amount from the Warrant holder through normal banking channels in the designated bank account of the Company.

g) The tenure of the Warrants shall not exceed 18 (eighteen) months from the date of allotment of the Warrants. If the entitlement against the Warrants to apply for the Equity Shares of the Company is not exercised by the Warrant holder within the aforesaid period of 18 (eighteen) months, the entitlement of the Warrant Holder to apply for Equity Shares of the Company along with the rights attached thereto shall expire and any amount paid by the Warrant holder on such Warrants shall stand forfeited by the Company.

h) The Warrants allotted in terms of this resolution and the resultant Equity Shares arising on exercise of rights attached to such Warrants shall be subject to lock-in as specified in the provisions of Chapter V of the SEBI ICDR Regulations, as amended from time to time.

i) The Warrants so allotted under this resolution and the resultant equity shares arising on the exercise of rights attached to such Warrants shall not be sold, transferred, hypothecated or encumbered in any manner during the period of lock-in, as specified in the provisions of Chapter V of the SEBI ICDR Regulations, as amended from time to time.

j) The pre-preferential allotment shareholding of the Proposed Allottee, if any, in the Company shall be subject to lock-in as specified in the provisions of Chapter V of the SEBI ICDR Regulations.

k) The equity shares to be allotted on exercise of the Warrants shall be in dematerialized form and shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company and shall rank pari passu with the then existing Equity Shares of the Company in all respects including the payment of dividend and voting rights.

l) The Equity Shares allotted upon conversion of the Warrants shall be listed on the Stock Exchange where the existing Equity Shares of the Company are listed, subject to the receipt of necessary permissions or approvals, as the case may be.

**RESOLVED FURTHER THAT** the Company is authorised to file all the necessary applications, papers and documents with the National Securities Depository Limited, Central Depository Services (India) Limited, BSE Limited or any other authorities in order to give proper effect to the above resolution.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized, for and on behalf of the Company, to issue and circulate the private placement offer cum application letter(s) in the prescribed Form PAS-4 to the above proposed allottee, as identified by the Board, for subscription on private placement basis with a stipulation that the allotment would be made only upon receipt of in-principle approval from the Stock Exchange, receipt of consideration as aforesaid and within the timelines prescribed under the applicable laws and to maintain the requisite record of the private placement offer in the prescribed Form PAS-5 with the details of the proposed allottee.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to accept any modification(s) in the terms of issue of Warrants, subject to the provisions of the Act and the SEBI ICDR Regulations, without being required to seek any further consent or approval of the Members.



# K G DENIM LIMITED

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board (which term shall be deemed to mean and include one or more committee(s) constituted by the Board to exercise its powers including the powers conferred by this resolution) be and is hereby authorised to do all such acts, deeds, matters and things as it may deem necessary, desirable or expedient as may be necessary to give effect to the aforesaid resolution, including without limitation, issuing clarifications, resolving all questions of doubt, effecting any modifications or changes to the foregoing (including modification(s) to the terms of the issue), entering into contracts, arrangements, agreements, documents (including for appointment of agencies, intermediaries and advisors for the said issue) and to authorize any such persons as may be necessary, in connection therewith and incidental thereto as the Board in its absolute discretion may deem appropriate, without being required to seek any fresh approval of the Members and to settle all questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of the Warrants and/or Equity Shares and listing thereof with the Stock Exchanges as appropriate and utilisation of proceeds of the issue, take all other steps which may be incidental, consequential, relevant or ancillary in this connection and to effect any modification to the foregoing and the decision of the Board shall be final and conclusive.

6. To approve the offer, issue and allot 6% Non-convertible Cumulative Redeemable Preference Shares through private placement.

To consider and, if thought fit, to pass, the following resolution as a **Special Resolution**:

**RESOLVED THAT** pursuant to the provisions of Sections 23(1)(b), 42, 55, 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Share Capital and Debentures) Rules, 2014, Companies (Prospectus and Allotment of Securities) Rules, 2014 and other applicable rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to any other rules, regulations, guidelines, circulars and notifications etc. issued by the Ministry of Corporate Affairs and / or any other statutory or regulatory or competent authorities, from time to time to the extent applicable and in accordance with the provisions of the Memorandum of Association and Articles of Association of the Company and subject to such approval(s), consent(s), permission(s) and/or sanction(s), if any, of any Statutory / Regulatory Authorities as may be required and subject to such terms and condition(s), alteration(s), correction(s), change(s) and/or modification(s) as may be prescribed by any of them while granting such consent(s), permission(s) or approval(s), and which may be agreed to by the Board of Directors of the Company, the consent of the members of the Company be and is hereby accorded to the Board of Directors to create, offer, issue and allot, in one or more tranches, up to 10,00,000 (Ten Lakhs only) 6% Non-convertible Cumulative Redeemable Preference Shares of face value of Rs. 100/- each ("NCRPS") at a par, aggregating to an amount not exceeding Rs. 10,00,00,000/- (Rupees Ten Crores only), for cash consideration on a private placement basis, to the following persons belonging to the Promoter / Promoter Group of the Company, as identified by the Board of Directors (hereinafter referred to as "Proposed Allottees"), in accordance with the terms of the NCRPS as set out herein and on such other terms and conditions as the Board may determine, subject to Act or any other applicable law for the time being in force.

| S. No. | Name of the Proposed Allottees | Category | Number of NCRPS proposed to be offered and issued | Amount of consideration (Amt in Rs.) |
|--------|--------------------------------|----------|---|--------------------------------------|
| 1      | Mr. K.G. Balakrishnan          | Promoter | 5,00,000  | 5,00,00,000                          |
| 2      | Mr. B Sriramulu                | Promoter | 5,00,000  | 5,00,00,000                          |

## K G DENIM LIMITED

**RESOLVED FURTHER THAT** in accordance with the provisions of Section 55 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 9(2) of the Companies (Share Capital and Debentures) Rules, 2014, the NCRPS shall be issued and allotted upon the following terms and conditions and subject to the following rights apart from those detailed under applicable laws:

- a) NCRPS shall carry a preferential right vis-à-vis equity shares of the Company with respect to the payment of dividend, if any, declared by the Board and repayment of capital on winding up.
- b) NCRPS shall not be eligible to participate in surplus funds of the Company.
- c) NCRPS shall not be eligible to participate in surplus assets and profits, on winding up which may remain after the entire capital has been repaid.
- d) NCRPS shall be entitled to a fixed dividend of 6% per annum on the face value of the share.
- e) Dividend payable on the NCRPS shall be cumulative in nature.
- f) NCRPS shall not be convertible into equity shares.
- g) The voting rights of the persons holding the NCRPS shall be in accordance with the provisions of Section 47 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).
- h) NCRPS shall be redeemable at par at the option of the Board of Directors of the Company, in three equal instalments in the 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> years from the date of allotment in accordance with the provisions laid down in Section 55 of the Act.
- i) NCRPS will not be listed on any stock exchanges.

**RESOLVED FURTHER THAT** subject to the prior approval of shareholders, the Company shall have the right to vary the terms of issue of the NCRPS in compliance with the provisions of the Act.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized, for and on behalf of the Company, to issue and circulate the private placement offer cum application letter(s) in the prescribed Form PAS-4 to the above proposed allottees, as identified by the Board, for subscription on a private placement basis, with a stipulation that the allotment would be made only upon receipt of the consideration as aforesaid and within the timelines prescribed under the applicable laws, and to maintain the requisite record of the private placement offer in the prescribed Form PAS-5 with the details of the Proposed Allottees.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board (which term shall be deemed to mean and include one or more committee(s) constituted by the Board to exercise its powers including the powers conferred by this resolution) be and is hereby authorised to do all such acts, deeds, matters and things as it may deem necessary, desirable or expedient as may be necessary to give effect to the aforesaid resolution, including without limitation, issuing clarifications, resolving all questions of doubt, effecting any modifications or changes to the foregoing (including modification(s) to the terms of the issue), entering into contracts, arrangements, agreements, documents (including for appointment of agencies, intermediaries and advisors for the said issue) and to authorize any such persons as may be necessary, in connection therewith and incidental thereto as the Board in its absolute discretion may deem appropriate, without being required to seek any fresh approval of the Members and to settle all questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of the NCRPS as appropriate and utilisation of proceeds of the issue, take all other steps which may be incidental, consequential, relevant or ancillary in this connection and to effect any modification to the foregoing and the decision of the Board shall be final and conclusive.



# K G DENIM LIMITED

## **STATEMENT IN TERMS OF SECTION 102 OF THE COMPANIES ACT, 2013 AND REGULATION 36 (3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ( LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:**

### **ITEM NO. 4**

Pursuant to the provisions of Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 notified on December 12, 2024 ("SEBI Listing Regulations"), and the provisions of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, every listed Company, based on the recommendation of the Board of Directors, shall appoint a Secretarial Auditor who shall be a Peer Reviewed Company Secretary in Practice for a term of 5 (five) consecutive years with the approval of its members at the Annual General Meeting. Accordingly, the Board of Directors at their meeting held on 11<sup>th</sup> August, 2025 has recommended the appointment of MDS & Associates LLP (LLPIN: ABZ – 8060), Company Secretaries, Coimbatore, who are holding a valid Peer Review Certificate issued by the Institute of Company Secretaries of India (ICSI), as Secretarial Auditors of the Company to conduct the Secretarial Audit of the Company for a term of 5 (five) consecutive financial years commencing from the financial year 2025-26 on the following terms and conditions, subject to the approval of the members at the ensuing 33<sup>rd</sup> Annual General Meeting:

a) Term of appointment: 5 (five) consecutive financial years commencing from the financial year 2025-26 till the financial year 2029-30 to conduct Secretarial Audit of the Company.

b) Proposed Remuneration: Rs.2,00,000/- (Rupees Two Lakhs Only) plus applicable taxes and out of pocket expenses, if any, in connection with the secretarial audit for financial year ending March 31, 2026 and for subsequent year(s) of their term, such fee as may be approved by the Board of Directors in consultation with the Secretarial Auditors. The other terms of appointment of the Secretarial Auditors will be specified by the Board. Besides the above, the Company would obtain certification as may be required under various statutory regulations from time to time and such other services, which are not restricted, with necessary approval of the Board and the same will be remunerated separately on mutually agreed terms.

c) Basis of recommendation: The Board of Directors has considered the credentials of the appointee Secretarial Auditors, as given below and recommended their appointment, as set out in Item No.4 of this notice, based on the fulfilment of the eligibility criteria and qualifications prescribed under the Act & Rules made thereunder and SEBI Listing Regulations with regard to the experience of the firm, capability, independent assessment and audit experience.

d) Profile: MDS & Associates LLP, Company Secretaries, a Limited Liability Partnership, is a Practicing Company Secretaries' firm based in Coimbatore, Tamil Nadu. The firm houses a team of qualified and seasoned professionals who bring together more than 36 years of rich experience and expertise knowledge in the field of Corporate, Securities and allied laws. The Firm is specialized in Secretarial Audits, Board Process Audits, Corporate Governance Audits, Corporate Actions / Transactions based Due Diligence Audits and mergers and acquisitions. The firm consists of 3 partners who are fellow members of The Institute of Company Secretaries of India (ICSI). Sri. M. D. Selvaraj, FCS, is the Managing Partner. The firm holds a valid Peer Review Certificate issued by ICSI and meets the criteria of appointment as prescribed under Regulation 24A of the SEBI Listing Regulations.

e) MDS & Associates LLP have given their consent to act as Secretarial Auditors of the Company and confirmed that their aforesaid appointment (if made) would be within the limits prescribed by the Institute of Company Secretaries of India or under the Act & Rules made thereunder and SEBI Listing Regulations. They have also confirmed that they are not disqualified from being appointed as Secretarial Auditors in terms of provisions of the Act & Rules made thereunder and SEBI Listing Regulations.

# K G DENIM LIMITED

Accordingly, the Board of Directors hereby recommend the Ordinary Resolution set out in Item No. 4 of the Notice for the approval of the members.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

## **ITEM NO. 5**

The Company proposes to raise additional funds for repayment of loans and for general corporate purposes. Considering raising of funds through preferential issue to be most cost and time effective way for raising additional capital, the Board of Directors of the Company ("Board"), at their meeting held on 11<sup>th</sup> August 2025, has granted their approval for raising of funds by way of offer, issue and allotment of up to 13,47,000 (Thirteen Lakhs and Forty-Seven Thousand only) Warrants, each convertible into, or exchangeable for, 1 (one) fully paid-up equity share of the Company of face value of Rs.10/- each ("Warrants") at a price of Rs. 17/- per warrant ("Warrants Issue Price") for cash consideration, which may be exercised in one or more tranches during the period not exceeding 18 (eighteen) months commencing from the date of allotment of the Warrants, to Mr. B Sriramulu Promoter of the Company (referred to as the "Proposed Allottee"), by way of a preferential issue through private placement offer, on the terms and conditions as set out in Item No. 5 of this Notice, subject to the approval of the members by means of a special resolution and such other authorities as may be required in this connection.

The Proposed Allottee has also confirmed his eligibility in terms of Regulation 159 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "SEBI ICDR Regulations"), to subscribe to the Warrants to be issued pursuant to the preferential issue. Further, the Company is also eligible to make the preferential allotment in terms of the provisions of Chapter V of the SEBI ICDR Regulations.

In accordance with Sections 23(1)(b), 42 and 62(1)(c) and other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other applicable rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with the SEBI ICDR Regulations and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time, approval of shareholders of the Company by way of special resolution is required to issue securities by way of private placement on a preferential basis.

The offer, issue and allotment of Warrants including resultant equity shares arising out of exercise of the rights attached to Warrants shall be subject to the following terms and conditions, apart from such other terms and conditions as specified under the Act and the SEBI ICDR Regulations:

- Pursuant to Regulation 160(c) of SEBI ICDR Regulations, the allotment of the Warrants (including the Equity Shares to be allotted upon conversion of such Warrants) shall be made only in dematerialised form.
- In accordance with the provisions of Regulation 161 of the SEBI ICDR Regulations, the 'Relevant Date' for the Preferential Issue is Friday, 8<sup>th</sup> August 2025, being the date 30 (thirty) days prior to the date of this Annual General Meeting of the Company (since the Relevant Date falls on a weekend, the day preceding the weekend has been reckoned as the Relevant Date).
- The Warrants proposed to be offered, issued and allotted shall be made at a price of Rs. 17/- per warrant determined in accordance with the pricing formula prescribed under Regulation 164 of SEBI ICDR Regulations on the 'Relevant Date' ("Warrants Issue Price").
- In accordance with the SEBI ICDR Regulations, an amount equivalent to 25% (Twenty-five per cent) of the Warrant Issue Price shall be paid by the Warrant holders to the Company at the time of subscription of such Warrants and the balance consideration of an amount equivalent to 75% of the Warrant Issue Price shall be paid by the Warrant holders at the time of exercise of the rights attached to the Warrants, to convert or exercise the Warrants and subscribe to Equity Shares of the Company ("Warrant Exercise Amount").



# K G DENIM LIMITED

- The tenure of the Warrants shall not exceed eighteen months from the date of their allotment. If the entitlement against the Warrants to apply for the Equity Shares of the Company is not exercised by the Warrant holders within the aforesaid period of 18 (eighteen) months, the entitlement of the Warrant Holders to apply for Equity Shares of the Company along with the rights attached thereto shall expire and any amount paid by the Warrant Holders on such Warrants shall stand forfeited;
- The initial consideration for subscription and allotment of Warrants and the balance consideration for exercise of the rights attached to the Warrants shall be paid by the Proposed Allottee to the Company from his bank account to the designated bank account of the Company.
- The pre-preferential allotment shareholding of the Proposed Allottee, if any, in the Company and the Warrants allotted in terms of this resolution and the resultant Equity Shares arising on exercise of rights attached to such Warrants shall be subject to lock-in as per the provisions of the SEBI ICDR Regulations.
- The Proposed Allottee has not sold any equity shares during the 90 trading days preceding the Relevant Date.
- The Equity Shares to be allotted by the Company to the Proposed Allottee upon the exercise of rights attached to the Warrants shall be governed by the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects including entitlement to voting powers and dividend, with the existing fully paid-up Equity Shares of face value of Rs.10/- each of the Company.

Information pertaining to the proposed preferential allotment in terms of Chapter V of SEBI ICDR Regulations and the Act read with the Rules issued thereunder are set forth below:

**a. Particulars of the offer including date of passing of Board resolution, the total number of shares or other securities to be issued, kinds of securities offered and the price at which security is being offered:**

The Board of Directors, at their meeting held on 11<sup>th</sup> August 2025, had approved the offer, issue and allotment of up to 13,47,000 (Thirteen Lakhs and Forty-Seven Thousand only) Warrants, each convertible into, or exchangeable for, 1 (one) fully paid-up equity share of the Company of face value of Rs.10/- each ("Warrants") at a price of Rs. 17/- per warrant as determined in accordance with Chapter V of SEBI ICDR Regulations on the 'Relevant Date' ("Warrants Issue Price") for cash consideration, which may be exercised in one or more tranches during the period not exceeding 18 (eighteen) months commencing from the date of allotment of the Warrants, to Mr. B Sriramulu, Promoter of the Company (referred to as the "Proposed Allottee"), by way of a preferential issue through private placement offer, on the terms and conditions as set out in Item No. 5 of this Notice, subject to the approval of the members by means of a special resolution and such other authorities as may be required in this connection.

**b. Object of the preferential issue:**

The Company intends to raise funds not exceeding Rs. 2,28,99,000/- (Rupees Two Crores Twenty-Eight Lakhs and Ninety-Nine Thousand Only) ("Issue Proceeds") by way of offer, issue and allotment of 13,47,000 (Thirteen Lakhs and Forty Seven Thousand only) Warrants convertible into equity shares of the Company of Rs.10/- each to Mr. B Sriramulu, the Promoter of the Company, as identified by the Board and as set out in Item No. 5 of this Notice, on preferential basis. Given that the funds to be received against Warrant conversion will be in tranches and the quantum of funds required on different dates may vary, therefore, the broad range of intended use of the Issue Proceeds for the above Objects is set out hereinbelow

| Sl. No. | Objects of the Issue       | Estimated amount to be utilised (in Rs.) | Tentative time frame for utilisation                    |
|---------|----------------------------|--|---|
| 1.      | Repayment of loans         | 1,72,00,000                              | Within 36 months from receipt of funds for the Warrants |
| 2.      | General Corporate Purposes | 56,99,000                                |   |

*\*Considering 100% conversion of Warrants into equity shares within the stipulated time.*

## K G DENIM LIMITED

Given that the preferential issue is being made for Warrants, the Issue Proceeds shall be received by the Company within a period of not exceeding 18 (eighteen) months from the date of allotment of the Warrants in terms of Chapter V of the SEBI ICDR Regulations, and as estimated by our management, the entire Issue Proceeds would be utilized for all the aforementioned Objects, in phases, as per the Company's business requirements and availability of Issue Proceeds, within 36 months from the date of receipt of funds for the Warrants (as set out herein).

In terms of the relevant Circulars and SEBI ICDR Regulations, the amount specified for the aforementioned Objects may deviate +/- 10% depending upon the future circumstances, given that the Objects are based on management estimates and other commercial and technical factors. Accordingly, the same is dependent on a variety of factors such as financial, market and sectoral conditions, business performance and strategy, competition and other external factors, which may not be within the control of the Company and may result in modifications to the proposed schedule for utilization of the Issue Proceeds at the discretion of the Board, subject to compliance with applicable laws.

The Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Issue Proceeds. Pending complete utilization of the Issue Proceeds for the Objects described above, our Company intends to, inter alia, invest the Issue Proceeds in money market instruments including money market mutual funds, deposits in scheduled commercial banks, securities issued by government of India or any other investments as permitted under applicable laws.

### **c. Material terms of raising such securities and maximum number of specified securities to be issued**

The material terms relating to the offer, issue and allotment of up to 13,47,000 (Thirteen Lakhs and Forty-Seven Thousand only) Warrants, shall be as set out in Item No. 5 of this Notice, subject to the approval of the members by means of a special resolution and such other authorities as may be required in this connection.

### **d. Amount which the company intends to raise by way of such securities**

The Company intends to raise an amount not exceeding Rs. 2,28,99,000/- (Rupees Two Crores Twenty-Eight Lakhs and Ninety-Nine Thousand Only) through the above preferential issue.

### **e. Price or price band at/within which the allotment is proposed; Basis or justification for the price (including premium, if any) at which the offer or invitation is being made**

The Equity Shares of the Company are listed on BSE Limited (BSE) for a period of more than 90 trading days as on the Relevant Date i.e., 8<sup>th</sup> August 2025.

The Equity Shares of the Company are frequently traded on BSE in terms of the SEBI ICDR Regulations, in which the highest trading volume in respect of the Equity Shares has been recorded during the preceding 90 trading days prior to the Relevant Date.

Accordingly, in terms of the provisions of Regulation 164 of the SEBI ICDR Regulations, the minimum price at which the Warrants to be offered, issued and allotted shall be higher of the following:

1. 90 trading days volume weighted average price of the related equity shares quoted on BSE preceding the relevant date i.e., 8<sup>th</sup> August 2025 (or)
2. 10 trading days volume weighted average prices of the related equity shares quoted on BSE preceding the relevant date, i.e., 8<sup>th</sup> August 2025.

Further, the Articles of Association of the Company do not provide for a method of determination of the floor price for any securities.



## K G DENIM LIMITED

The Company has obtained a certificate from Mr. C N Paramasivam (FCS 4654/ COP 3687), FCS, Company Secretary in Practice, certifying the computation of the floor price for the proposed preferential issue of the Company, based on the pricing formula prescribed under the Regulation 164 of the Chapter V of SEBI ICDR Regulations.

Further, given that the equity shares of the Company have been listed for a period of more than 90 (ninety) trading days prior to the relevant date, the Company would not be required to re-compute the issue price as per Regulation 164(3) the SEBI ICDR Regulations.

### **f. Undertakings**

In terms of SEBI ICDR Regulations, the Company hereby undertakes that:

a. the Company shall re-compute the price of the Warrants offered, issued and allotted in terms of the provision of the SEBI ICDR Regulations, where it is required to do so.

b. If the amount payable, if any, on account of the re-computation of price is not paid within the time stipulated in the SEBI ICDR Regulations, the underlying Equity Shares shall continue to be locked in till the time such amount is paid by the proposed allottee.

### **g. Relevant date with reference to which the price has been arrived at**

In accordance with the provisions of Regulation 161 of the SEBI ICDR Regulations, the 'Relevant Date for the preferential issue is Friday, 8<sup>th</sup> August 2025, which is 30 days prior to the date of this Annual General Meeting i.e., Tuesday, 9<sup>th</sup> September 2025. (since the Relevant Date falls on a weekend, the day preceding the weekend has been reckoned as the Relevant Date)

### **h. Basis on which the price has been arrived at along with report of the registered valuer; Name and address of valuer who performed valuation**

Since the proposed preferential issue is not expected to result in a change in control or allotment of more than 5% (five per cent) of the post issue fully diluted share capital of the Company, the Company is not required to obtain a valuation report from an independent registered valuer.

### **i. Class or classes of persons to whom the allotment is proposed to be made and intention of promoters, directors, key managerial personnel or senior management to subscribe to the offer**

The preferential issue of 13,47,000 (Thirteen Lakhs and Forty-Seven Thousand) Warrants is proposed to be made to Mr. B Srilamulu, the Promoter of the Company ("Proposed Allottee"), as set out in Item No. 5 of this Notice. Other than the above, none of the other Promoters /Member(s) of the Promoter Group / Directors / Key Managerial Personnel/ Senior Management intend to subscribe to the proposed preferential issue.

### **j. Proposed time within which the allotment shall be completed:**

As required under SEBI ICDR Regulations, the Preferential Issue of Warrants shall be completed, within a period of 15 days from the date of passing of the special resolution contained in this Notice. Provided that where the allotment on preferential basis is pending on account of pendency of any approval or permission of such allotment from any authority under the applicable laws, the allotment shall be completed within a period of 15 days from the date of receipt of last of such approval or permission, as the case may be.

# K G DENIM LIMITED

k. Names of the proposed allottees and the percentage of post preferential issue capital that may be held by the allottee(s) and change in control, if any, in the company that would occur consequent to the preferential issue.

| Name of the proposed allottee | Pre-preferential issue shareholding |                   | Post Issue holding (on a fully diluted basis)* |                   |
|-------------------------------|-------------------------------------|-------------------|--|-------------------|
|                               | No. of equity shares                | % of shareholding | No. of equity shares                           | % of shareholding |
| Mr. B. Sriramulu (Promoter)   | 22,08,659                           | 8.61              | 35,55,659                                      | 13.18             |

*\*The post preferential percentage of shareholding has been calculated assuming that all the Warrants allotted will be converted into Equity Shares of the Company*

There will be no change in the composition of the Board nor any change in the control of the Company consequent to the above proposed preferential issue.

## l. Current and proposed status of the Allottee(s) post the Preferential Issue namely, promoter or non-promoter

The preferential issue of Warrants is intended to be offered, issued and allotted to Mr. B Sriramulu, the Proposed Allottee, who is the existing Promoter of the Company, as mentioned above and the status of the Proposed Allottee post the Preferential Issue remains unchanged.

## m. Identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and / or who ultimately control the Proposed Allottee(s):

The preferential issue of Warrants is intended to be offered, issued and allotted to Mr. B Sriramulu, the Proposed Allottee, who is the existing Promoter of the Company.

## n. Number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price

The Company has not made any preferential issue of securities during this financial year, other than the proposed preferential issue as set out under Item No. 5 of this notice.

## o. Justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer

Not applicable.



# K G DENIM LIMITED

## p. The shareholding pattern of the company before and after the Preferential Issue

| S. No.    | Category  | Pre-Issue          |                    | Post-Issue         |                    |
|-----------|---|--------------------|--------------------|--------------------|--------------------|
|           |   | No. of Shares held | % of Share-holding | No. of Shares held | % of Share-holding |
| <b>A</b>  | <b>Promoters/Promoter Group</b>                           | -                  | -                  | -                  | -                  |
| <b>1</b>  | <b>Indian</b>   | -                  | -                  | -                  | -                  |
| a.        | Individuals/ Hindu Undivided Family                       | 98,96,811          | 38.60              | 1,12,43,811        | 41.67              |
| b.        | Bodies corporate / Trust                                  | 51,62,145          | 20.13              | 51,62,145          | 19.13              |
| c.        | Central Government/ State Government(s)                   | -                  | -                  | -                  | -                  |
|           | <b>Sub-total A (1)</b>                                    | <b>1,50,58,956</b> | <b>58.74</b>       | <b>1,64,05,956</b> | <b>60.80</b>       |
| <b>2</b>  | <b>Foreign</b>  | -                  | -                  | -                  | -                  |
| a.        | Individuals (Non-Resident Individuals/ Foreign Nationals) | -                  | -                  | -                  | -                  |
| b.        | Government  | -                  | -                  | -                  | -                  |
| c.        | Institutions  | -                  | -                  | -                  | -                  |
| d.        | Foreign Portfolio Investors                               | -                  | -                  | -                  | -                  |
| e.        | Any other   | -                  | -                  | -                  | -                  |
|           | <b>Sub-total A (2)</b>                                    | -                  | -                  | -                  | -                  |
|           | <b>Sub-total A (1) + (2)</b>                              | <b>1,50,58,956</b> | <b>58.74</b>       | <b>1,64,05,956</b> | <b>60.80</b>       |
| <b>B</b>  | <b>Public</b>   |                    |                    |                    |                    |
| <b>1.</b> | <b>Institutions (Domestic)</b>                            |                    |                    |                    |                    |
| a.        | Mutual Funds  | 3,200              | 0.01               | 3,200              | 0.01               |
| b.        | Venture Capital Funds                                     | -                  | -                  | -                  | -                  |
| c.        | Alternate Investment Funds                                | -                  | -                  | -                  | -                  |
| d.        | Banks   | -                  | -                  | -                  | -                  |
| e.        | Insurance Companies                                       | -                  | -                  | -                  | -                  |
| f.        | Provident Funds/ Pension Funds                            | -                  | -                  | -                  | -                  |
| g.        | Asset Reconstruction Companies                            | -                  | -                  | -                  | -                  |
| h.        | Sovereign Wealth Funds                                    | -                  | -                  | -                  | -                  |
| i.        | NBFCs Registered with RBI                                 | -                  | -                  | -                  | -                  |
| j.        | Other Financial Institutions                              | -                  | -                  | -                  | -                  |
| k.        | Any other   | -                  | -                  | -                  | -                  |
|           | <b>Sub-total (B)(1)</b>                                   | <b>3,200</b>       | <b>0.01</b>        | <b>3,200</b>       | <b>0.01</b>        |
| <b>2</b>  | <b>Institutions (Foreign)</b>                             |                    |                    |                    |                    |
| a.        | Foreign Direct Investment                                 | -                  | -                  | -                  | -                  |

# K G DENIM LIMITED

| S. No.   | Category  | Pre-Issue          |                    | Post-Issue         |                    |
|----------|---|--------------------|--------------------|--------------------|--------------------|
|          |   | No. of Shares held | % of Share-holding | No. of Shares held | % of Share-holding |
| b.       | Foreign Venture Capital Investors   | -                  | -                  | -                  | -                  |
| c.       | Foreign Sovereign Wealth Funds  | -                  | -                  | -                  | -                  |
| d.       | Foreign Portfolio Investors Category I  | -                  | -                  | -                  | -                  |
| e.       | Foreign Portfolio Investors Category II   | -                  | -                  | -                  | -                  |
| f.       | Overseas Depositories (Holding DRs)   | -                  | -                  | -                  | -                  |
| g.       | Any other   | -                  | -                  | -                  | -                  |
| -        | <b>Sub-total (B)(2)</b>   | -                  | -                  | -                  | -                  |
| <b>3</b> | <b>Central Government/ State Government</b>   |                    |                    |                    |                    |
| a.       | Central Government/ President of India  | -                  | -                  | -                  | -                  |
| b.       | State Government/ Governor  | -                  | -                  | -                  | -                  |
| c.       | Shareholding by Companies or Bodies Corporate where Central / State Government is a promoter                                  | -                  | -                  | -                  | -                  |
|          | <b>Sub-total (B)(3)</b>   | -                  | -                  | -                  | -                  |
| <b>4</b> | <b>Non-Institutions</b>   |                    |                    |                    |                    |
| a.       | Associate Companies / Subsidiaries  | -                  | -                  | -                  | -                  |
| b.       | Directors and their relatives (excluding independent directors and nominee directors)   | 500                | -                  | 500                | -                  |
| c.       | Key Managerial Personnel  | -                  | -                  | -                  | -                  |
| d.       | Relatives of Promoters (other than 'immediate relatives' of promoters disclosed under 'Promoter and Promoter Group' category) | -                  | -                  | -                  | -                  |



# K G DENIM LIMITED

| S. No.   | Category  | Pre-Issue          |                    | Post-Issue         |                    |
|----------|---|--------------------|--------------------|--------------------|--------------------|
|          |   | No. of Shares held | % of Share-holding | No. of Shares held | % of Share-holding |
| e.       | Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee', 'beneficiary', or 'author of the trust' | -                  | -                  | -                  | -                  |
| f.       | Investor Education and Protection Fund (IEPF)   | 9,71,328           | 3.79               | 9,71,328           | 3.60               |
| g.       | Resident Individual holding nominal share capital up to Rs.2 lakhs  | 43,89,805          | 17.10              | 43,89,805          | 16.27              |
| h.       | Resident Individuals holding nominal share capital in excess of Rs.2 lakhs  | 42,93,650          | 16.75              | 42,93,650          | 15.91              |
| i.       | Non-Resident Indians (NRIs)   | 2,08,807           | 0.81               | 2,08,807           | 0.77               |
| j.       | Foreign Nationals   | -                  | -                  | -                  | -                  |
| k.       | Foreign Companies   | -                  | -                  | -                  | -                  |
| l.       | Bodies Corporate  | 2,94,833           | 1.15               | 2,94,833           | 1.09               |
| m.       | Any Other   |                    |                    |                    |                    |
|          | Clearing Members  | 1,000              | -                  | 1,000              | -                  |
|          | Hindu Undivided Families  | 4,15,466           | 1.62               | 4,15,466           | 1.53               |
|          | LLP   | 280                | -                  | 280                | -                  |
|          | <b>Sub-total (B)(4)</b>   | <b>1,05,75,669</b> | <b>41.25</b>       | <b>1,05,75,669</b> | <b>39.19</b>       |
|          | <b>Sub-total (B)</b>  | <b>1,05,78,869</b> | <b>41.26</b>       | <b>1,05,78,869</b> | <b>39.20</b>       |
| <b>C</b> | <b>Non-promoter Non-public shareholders</b>   |                    |                    |                    |                    |
| a.       | Custodian / DR Holder   | -                  | -                  | -                  | -                  |
| b.       | Employee Benefit Trust / Employee Welfare Trust under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021     | -                  | -                  | -                  | -                  |
|          | <b>Sub-total (C)</b>  | -                  | -                  | -                  | -                  |
|          | <b>TOTAL</b>  | <b>2,56,37,825</b> | <b>100.00</b>      | <b>2,69,84,825</b> | <b>100.00</b>      |

Note: The post preferential percentage of shareholding has been calculated assuming that all the Warrants allotted will be converted into Equity Shares of the Company.

## K G DENIM LIMITED

**q. Principal terms of assets charged as securities:**

Not applicable

**r. Lock-in:**

The Warrants allotted pursuant to this resolution and the resultant equity shares to be issued and allotted upon exercise of rights attached to the Warrants, as above, shall be subject to lock-in for such period as prescribed under the provisions of Chapter V of the SEBI ICDR Regulations.

Further, the entire pre-preferential shareholding of Proposed Allottee shall also be locked-in for such period as prescribed under the provisions of Chapter V of the SEBI ICDR Regulations.

**s. Other disclosures:**

i) The Company or none of its Promoters or Directors is a willful defaulter or a fraudulent borrower. Hence, disclosures specified under Schedule VI of SEBI ICDR Regulations does not arise. Further, none of the Promoters or Directors are fugitive economic offenders as specified under the SEBI ICDR Regulations.

ii) The Company is eligible to make the Preferential Allotment to its Promoter and the Person(s) belonging to its Promoter Group under Chapter V of the SEBI ICDR Regulations.

iii) The Promoter and the Person(s) belonging to the Promoter Group of the Company, who has sold their equity shares during the 90 trading days preceding the Relevant Date shall not be eligible for allotment of Warrants on preferential basis.

iv) The proposed Preferential Issue is being made to a Resident Indian and hence, the compliance with the Foreign Exchange Management Act, 1999 does not apply.

v) The proposed preferential issue will not attract the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

vi) As the Equity Shares have been listed for a period of more than 90 days as on the Relevant Date, the provisions of Regulation 164(3) of SEBI ICDR Regulations governing re-computation of the price of shares shall not be applicable.

vii) Offer, issue and allotment of the Warrants and the Equity Shares which would be allotted upon exercise of the rights attached to the Warrants would be well within the Authorised Share Capital of the Company.

viii) Since the proposed preferential issue is not more than 5% (five percent) of the post issue fully diluted share capital of the Company, a valuation report from an independent registered valuer is not required under the provisions of Regulation 166A of SEBI ICDR Regulations and under second proviso to Rule 13(1) of the Companies (Share Capital and Debentures) Rules, 2014.



## K G DENIM LIMITED

ix) A copy of the certificate obtained from Mr. C N Paramasivam (FCS 4654/ COP 3687), FCS, Company Secretary in Practice, certifying that the above preferential issue is being made in accordance with the applicable provisions of the SEBI ICDR Regulations, will be open for inspection at the Registered Office of the Company during normal working hours on all working days (except Saturdays and Sundays) up to the date of the Annual General Meeting and the same shall also be made available electronically for inspection by the members during the said meeting. The said certificate will also be placed on the Company's website <https://www.kgdenim.com/agm/>

x) The Company will take necessary steps to obtain the required approvals from BSE Limited, Securities and Exchange Board of India or any other regulatory authorities as may be applicable for the proposed preferential issue.

Pursuant to the provisions of Section(s) 42, and 62(1)(c) of the Companies Act, 2013 read with Regulation 160(b) of the SEBI ICDR Regulations, the special resolution as set out in Item No. 5 of this Notice, is placed before the members for their approval.

The Board of Directors opine that the proposed preferential issue is in the best interest of the Company and its members and, therefore, recommends the passing of this special resolution.

Except Mr. B. Sriramulu, Managing Director and Mr. K G Balakrishnan, Executive Chairman and Mr. B Srihari, being his relatives, none of the other Directors or Key Managerial Personnel of the Company and/or their relative(s) is in any way concerned or interested, financially or otherwise, in the proposed resolution set out in Item No. 5 of the Notice.

### **ITEM NO. 6**

The Company proposes to also raise additional funds for repayment of loans and for general corporate purposes. Considering raising of funds through preferential issue to be most cost and time effective way for raising additional capital, the Board of Directors of the Company ("Board"), at their meeting held on 11<sup>th</sup> August 2025, has also granted their approval for raising of funds by way of offer, issue and allotment of up to 10,00,000 6% Non-convertible Cumulative Redeemable Preference Shares of Rs.100/- each ("NCRPS") at par, aggregating to an amount not exceeding Rs.10,00,00,000/- (Rupees Ten Crores only), for cash on a private placement basis to Mr. B. Sriramulu and Mr. K. G. Balakrishnan ("Proposed Allottees"), Promoters of the Company on the terms and conditions as set out in Item No. 6 of this Notice, subject to the approval of the members by means of a special resolution and such other authorities as may be required in this connection.

In accordance with Sections 23(1)(b), 42, 55 and 62(1)(c) and other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other applicable rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), approval of shareholders of the Company by way of special resolution is required to issue NCRPS by way of private placement.

## K G DENIM LIMITED

Pursuant to Rule 9(3) of the Companies (Share Capital and Debentures) Rules, 2014, the material facts relating to the said issue of NCRPS are as follows:

|    |  |   |
|----|--|---|
| a) | Size of the issue and number of preference shares to be issued and nominal value of each share | 10,00,000 6% Non-convertible Cumulative Redeemable Preference Shares ("NCRPS") of Rs. 100 each at par, aggregating to an amount not exceeding Rs.10,00,00,000/- (Rupees Ten Crores only)  |
| b) | Nature of such shares  | The NCRPS will be cumulative, non-participating and non-convertible.  |
| c) | Objectives of the issue  | The proceeds of the issue will be utilized towards repayment of loans and general corporate purposes of the Company.  |
| d) | Manner of Issue of shares  | The NCRPS are proposed to be issued on a private placement basis to Mr. B. Sriramulu and Mr. K. G. Balakrishnan ("Proposed Allottees"), Promoters of the Company on the terms and conditions as set out in Item No. 6 of this Notice.   |
| e) | Price at which such shares are proposed to be issued   | The NCRPS of nominal value of Rs. 100/- each are proposed to be issued at par at the rate of Rs. 100/- per NCRPS  |
| f) | Basis on which the price has been arrived at   | Not Applicable as the shares are being issued at par.   |
| g) | Terms of issue, including terms and rate of dividend on each share etc.                        | The NCRPS shall subject to the provisions of the Articles of Association of the Company and the Act, confer the holders thereof a right to a fixed cumulative dividend of 6% per annum on the face value of Rs. 100/- each. Other terms and conditions of the issue of NCRPS have been set out in Item No. 6 of the Notice. |
| h) | Terms of redemption, including the tenure of redemption, redemption of shares at premium       | NCRPS shall be redeemable at par at the option of the Board of Directors of the Company, in three equal instalments in the 6 <sup>th</sup> ,  |



# K G DENIM LIMITED

|    |  |   |
|----|--|---|
|    | and if the preference shares are convertible; the terms of conversion              | 7 <sup>th</sup> and 8 <sup>th</sup> years from the date of allotment in accordance with the provisions laid down in Section 55 of the Act.<br><br>NCRPS shall not be convertible into equity shares.                    |
| i) | The manner and modes of redemption   | NCRPS will be redeemed either out of profits of the Company or out of the proceeds of fresh issue of capital in accordance with the provisions of the Companies Act, 2013 read with the relevant rules made thereunder. |
| j) | The current shareholding pattern of the Company                                    | The current shareholding pattern of the Company is given below  |
| k) | The expected dilution in equity share capital upon conversion of preference shares | Not applicable since the NCRPS are proposed to be issued on non-convertible basis.  |

## Current Shareholding Pattern:

| S. No.   | Category  | No. of Equity Shares held | % of Shareholding |
|----------|---|---------------------------|-------------------|
| <b>A</b> | <b>Promoters/Promoter Group</b>                           | -                         | -                 |
| <b>1</b> | <b>Indian</b>   | -                         | -                 |
| a.       | Individuals/ Hindu Undivided Family                       | 98,96,811                 | 38.60             |
| b.       | Bodies corporate / Trust                                  | 51,62,145                 | 20.13             |
| c.       | Central Government/<br>State Government(s)                | -                         | -                 |
|          | <b>Sub-total A (1)</b>                                    | <b>1,50,58,956</b>        | <b>58.74</b>      |
| <b>2</b> | <b>Foreign</b>  | -                         | -                 |
| a.       | Individuals (Non-Resident Individuals/ Foreign Nationals) | -                         | -                 |
| b.       | Government  | -                         | -                 |
| c.       | Institutions  | -                         | -                 |
| d.       | Foreign Portfolio Investors                               | -                         | -                 |
| e.       | Any other   | -                         | -                 |
|          | <b>Sub-total A (2)</b>                                    | <b>-</b>                  | <b>-</b>          |
|          | <b>Sub-total A (1) + (2)</b>                              | <b>1,50,58,956</b>        | <b>58.74</b>      |

# K G DENIM LIMITED

| S. No.    | Category   | No. of Equity Shares held | % of Share-holding |
|-----------|--|---------------------------|--------------------|
| <b>B</b>  | <b>Public</b>  |                           |                    |
| <b>1.</b> | <b>Institutions (Domestic)</b>   |                           |                    |
| a.        | Mutual Funds   | 3,200                     | 0.01               |
| b.        | Venture Capital Funds  | -                         | -                  |
| c.        | Alternate Investment Funds   | -                         | -                  |
| d.        | Banks  | -                         | -                  |
| e.        | Insurance Companies  | -                         | -                  |
| f.        | Provident Funds/ Pension Funds   | -                         | -                  |
| g.        | Asset Reconstruction Companies   | -                         | -                  |
| h.        | Sovereign Wealth Funds   | -                         | -                  |
| i.        | NBFCs Registered with RBI  | -                         | -                  |
| j.        | Other Financial Institutions   | -                         | -                  |
| k.        | Any other  | -                         | -                  |
|           | <b>Sub-total (B)(1)</b>  | <b>3,200</b>              | <b>0.01</b>        |
| <b>2</b>  | <b>Institutions (Foreign)</b>  |                           |                    |
| a.        | Foreign Direct Investment  | -                         | -                  |
| b.        | Foreign Venture Capital Investors  | -                         | -                  |
| c.        | Foreign Sovereign Wealth Funds   | -                         | -                  |
| d.        | Foreign Portfolio Investors Category I   | -                         | -                  |
| e.        | Foreign Portfolio Investors Category II  | -                         | -                  |
| f.        | Overseas Depositories (Holding DRs)  | -                         | -                  |
| g.        | Any other  | -                         | -                  |
|           | <b>Sub-total (B)(2)</b>  | -                         | -                  |
| <b>3</b>  | <b>Central Government/ State Government</b>  |                           |                    |
| a.        | Central Government/ President of India   | -                         | -                  |
| b.        | State Government/ Governor   | -                         | -                  |
| c.        | Shareholding by Companies or Bodies Corporate where Central / State Government is a promoter | -                         | -                  |
|           | <b>Sub-total (B)(3)</b>  | -                         | -                  |
| <b>4</b>  | <b>Non-Institutions</b>  |                           |                    |
| a.        | Associate Companies / Subsidiaries   | -                         | -                  |
| b.        | Directors and their relatives (excluding independent directors and nominee directors)        | 500                       | -                  |
| c.        | Key Managerial Personnel   | -                         | -                  |
| d.        | Relatives of Promoters (other than 'immediate relatives' of promoters)                       | -                         | -                  |



# K G DENIM LIMITED

| S. No.   | Category  | No. of Equity Shares held | % of Share-holding |
|----------|---|---------------------------|--------------------|
|          | disclosed under 'Promoter and Promoter Group' category)   |                           |                    |
| e.       | Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee', 'beneficiary', or 'author of the trust' | -                         | -                  |
| f.       | Investor Education and Protection Fund (IEPF)   | 9,71,328                  | 3.79               |
| g.       | Resident Individual holding nominal share capital up to Rs.2 lakhs  | 43,89,805                 | 17.10              |
| h.       | Resident Individuals holding nominal share capital in excess of Rs.2 lakhs  | 42,93,650                 | 16.75              |
| i.       | Non-Resident Indians (NRIs)   | 2,08,807                  | 0.81               |
| j.       | Foreign Nationals   | -                         | -                  |
| k.       | Foreign Companies   | -                         | -                  |
| l.       | Bodies Corporate  | 2,94,833                  | 1.15               |
| m.       | Any Other   |                           |                    |
|          | Clearing Members  | 1,000                     | -                  |
|          | Hindu Undivided Families  | 4,15,466                  | 1.62               |
|          | LLP   | 280                       | -                  |
|          | <b>Sub-total (B)(4)</b>   | <b>1,05,75,669</b>        | <b>41.25</b>       |
|          | <b>Sub-total (B)</b>  | <b>1,05,78,869</b>        | <b>41.26</b>       |
| <b>C</b> | <b>Non-promoter Non-public shareholders</b>   |                           |                    |
| a.       | Custodian / DR Holder   | -                         | -                  |
| b.       | Employee Benefit Trust / Employee Welfare Trust under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021     | -                         | -                  |
|          | <b>Sub-total (C)</b>  | -                         | -                  |
|          | <b>TOTAL</b>  | <b>2,56,37,825</b>        | <b>100.00</b>      |

Further, as required under Rule 14(1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, additional disclosure for issue of NCRPS on private placement basis is as follows:

|    |  |  |
|----|--|--|
| a) | Particulars of the offer including date of passing of Board resolution | The Board of Directors of the Company at its meeting held on 11 <sup>th</sup> August 2025 approved the offer, issue and allotment of up to 10,00,000 6% Non-convertible Cumulative |
|----|--|--|

## K G DENIM LIMITED

|    |   |  |
|----|---|--|
|    |   | <p>Redeemable Preference Shares of ₹100/- each ("NCRPS") at par, aggregating to an amount not exceeding Rs.10,00,00,000/- (Rupees Ten Crores only), for cash on a private placement basis to Mr. B. Sriramulu and Mr. K. G. Balakrishnan ("Proposed Allottees"), Promoters of the Company on the terms and conditions as set out in Item No. 6 of this Notice, subject to the approval of the members by means of a special resolution and such other authorities as may be required in this connection.</p> |
| b) | Kinds of securities offered and the price at which security is being offered                                    | <p>The Company proposes to issue 6% Non-convertible Cumulative Redeemable Preference Shares of Rs.100/each at par for cash consideration.</p>  |
| c) | Basis or justification for the price (including premium, if any) at which the offer or invitation is being made | <p>The NCRPS is being issued at par and redeemed at par and hence the requirement of providing justification for the price does not arise.</p>   |
| d) | Name and address of valuer who performed valuation  | <p>Not applicable as the NCRPS is being issued at par and redeemed at par</p>  |
| e) | Amount which the Company intends to raise by way of such securities   | <p>The Company intends to raise up to an amount not exceeding Rs.10,00,00,000/- (Rupees Ten Crores only) by way of issue of NCRPS</p>  |
| f) | Material terms of raising such securities   | <p>The Company proposes to issue 6% Non-convertible Cumulative Redeemable Preference Shares of Rs.100/- each at par for cash consideration on a private placement basis to Mr. B. Sriramulu and Mr. K. G. Balakrishnan ("Proposed Allottees"), Promoters of the Company on the terms and conditions as set out in Item No. 6 of this Notice, subject to the approval of the members by means of a special resolution and such other authorities as may be required in this connection</p>                    |
| g) | proposed time schedule  | <p>The proposed offer and issue of NCRPS shall be completed within a period of 12 months from the date of passing of the special</p>   |



## K G DENIM LIMITED

|    |   |  |
|----|---|--|
|    |   | resolution as set out in Item No. 6 of the Notice within which time the offer shall be accepted and subscribed   |
| h) | purposes or objects of offer  | The purpose or objects of the proposed issue of NCRPS is to raise funds for the repayment of loans and for general corporate and working capital purposes.   |
| i) | contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects | The Company proposes to issue NCRPS at par for cash consideration on a private placement basis to Mr. B. Sriramulu and Mr. K. G. Balakrishnan ("Proposed Allottees"), Promoters of the Company. None of the other promoters or directors intend to subscribe to the offer. |
| j) | principle terms of assets charged as securities   | Not Applicable   |

Accordingly, the Board recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the Members.

Except Mr. B. Sriramulu and Mr. K.G. Balakrishnan, being the allottees and Mr. B Srihari being his relative, none of the other Directors or Key Managerial Personnel of the Company and/or their relative(s) is in any way concerned or interested, financially or otherwise, in the proposed resolution set out in Item No. 6 of the Notice.

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Secretarial Standards on General Meetings, brief profile of the Directors, who are proposed to be appointed/ re-appointed, nature of their expertise in specific functional areas, other directorships and committee memberships, their shareholding and relationship with other Directors of the Company are given below:

|  |   |   |
|--|---|---|
| <b>Name of the Director</b>              | Shri Balakrishnan Sriramulu   | Shri R Selvakumar   |
| <b>DIN</b>                               | 00002560  | 00051608  |
| <b>Date of Birth/Age</b>                 | 27-04-1967 / 58 years   | 30-05-1970/ 55 years  |
| <b>Nationality</b>                       | Indian  | Indian  |
| <b>Date of appointment on the Board</b>  | 03-11-2003  | 07-08-2023  |
| <b>Qualification</b>                     | B.Tech, MS (Textiles)   | B.E (Mech), MBA   |
| <b>Experience / Area of Expertise</b>    | More than 3 decades of practical experience in the setting up and management of textile units | More than 3 decades of experience in sourcing of raw materials, chemicals, and human resources administration in KG Denim Limited |
| <b>No. of Shares held in the Company</b> | 22,08,659 Equity Shares   | Nil   |

# K G DENIM LIMITED

|  |  |   |
|--|--|---|
| <b>Inter-se Relationship with other directors</b>  | Shri Balakrishnan Sriramulu is the son of Shri K G Balakrishnan, Executive Chairman and Brother of Shri B Srihari, Director of the Company   | Shri R Selvakumar is not related to any of the directors of the Company |
| <b>Board position held</b>   | Managing Director  | Whole-Time Director   |
| <b>Terms of Appointment/ Re-appointment</b>  | Retire by Rotation   | Retire by Rotation  |
| <b>Remuneration sought to be paid</b>  | Rs.5,00,000/- per month plus perquisites and 1% Commission on net profits of the Company.  | Rs.1,42,000/- per month plus Bonus                                      |
| <b>Remuneration last drawn</b>   | Nil  | 19.32 Lakhs   |
| <b>No. of Board Meetings attended during the year</b>                                    | 7  | 7   |
| <b>List of Directorships held in other Companies</b>                                     | 1. Crocodile India Private Limited<br>2. Sri Kannapiran Mills Limited<br>3. K G B Securities and Investments Private Limited<br>4. Kumaranganapathy Investments Private Limited<br>5. KGB Education Foundation<br>6. Ganapathykumaran Investments Private Limited<br>7. Enterprise Telesys Limited | Nil   |
| <b>Details of Membership in Committees of Other Companies</b>                            | Nil  | Nil   |
| <b>Names of listed entities in which the person has resigned in the past three years</b> | Nil  | Nil   |

By order of the Board  
For K G DENIM LIMITED

Govindaswamy Naidu Balakrishnan  
Executive Chairman  
DIN: 00002174

Place: Coimbatore

Date: 11th August 2025



# K G DENIM LIMITED

## NOTES

1. A member entitled to attend and vote at the Annual General Meeting (the "meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the company.

2. The instrument appointing the proxy should, however, be deposited at the registered office of the company not less than forty-eight hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.

3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

4. Members may note that M/s. Gopalalier and Subramanian, (Firm Registration No. 000960S) Chartered Accountants, Coimbatore were appointed as the Statutory Auditors of the Company by the shareholders at their Annual General Meeting (AGM) held on 28<sup>th</sup> September 2022, to hold office for a period of 5 years till the conclusion of AGM to be held during the year 2027. Hence, no resolution is being proposed for the appointment of statutory auditors at this 33<sup>rd</sup> Annual General Meeting.

5. The statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed.

6. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/ Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to [mds@mdsassociates.in](mailto:mds@mdsassociates.in) with a copy marked to the Company at [cskdll@kgdenim.in](mailto:cskdll@kgdenim.in) and to its RTA at [investor@camecoindia.com](mailto:investor@camecoindia.com).

7. Members / Proxies should bring the attendance slips duly filled and signed, along with PAN/ DP ID & Client ID/ Folio No. for attending the meeting.

8. Members may note that the Notice of the 33<sup>rd</sup> Annual General Meeting and the Annual Report for the financial year 2024-25 have been made available on the Company's website [www.kgdenim.com](http://www.kgdenim.com) and also the website of Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and on the website of Central Depository Services (India) Limited at [www.evotingindia.com](http://www.evotingindia.com). The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days.

9. Members attending the AGM in person shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

10. Details as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) in respect of the Director seeking re-appointment at the 33<sup>rd</sup> Annual General Meeting are furnished as annexure and forms part of the Notice.

11. The Company has paid the annual listing fees for the period 2025-26 to the Stock Exchange, BSE Limited, Mumbai.

12. Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Register of Members and share transfer books of the Company will remain closed during the period from Wednesday, 3<sup>rd</sup> September, 2025 to Tuesday, 9<sup>th</sup> September 2025 (both days inclusive) for determining the names of the members eligible for Annual General Meeting.

13. Members whose shareholding is in the electronic mode are requested to update bank account details (Bank Account Number, Name of the Bank, Branch, IFSC, MICR code and place with PIN Code) to their respective Depository Participant(s) and not with the Company. Members whose shareholding is in the physical mode are requested to direct the above details to the Company or to the RTA. Regular updation of bank particulars is intended to prevent fraudulent encashment of dividend warrants.

# K G DENIM LIMITED

14. a. Members are requested to notify any change in their address, immediately:

i. to their Depository Participant(s) ("DPs") in respect of the shares held in electronic form, and

ii. to the Company or its RTA, in respect of the shares held in physical form together with proof of address viz, Aadhar Card /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.

15. Pursuant to the Securities and Exchange Board of India ("SEBI") Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/97 dated July 02, 2025 a special window has been opened for re-lodgement of share transfer deeds, which were lodged prior to deadline of April 01, 2019 and rejected / returned / not attended to due to deficiency in the documents / process or otherwise, for a period of 6 months from July 07, 2025 till January 06, 2026. The shares that are re-lodged for transfer during this period shall be issued only in demat mode. Such re-lodgement requests along with the requisite documents shall be submitted to Cameo Corporate Services Ltd, the Registrar and Share Transfer Agent (RTA) within the stipulated time.

16. Pursuant to the provisions of Section 72 of the Companies Act, 2013, members may file nomination forms in respect of their physical shareholdings. Any member wishing to avail this facility may submit to the company's Registrar & Share Transfer Agent in the prescribed Form SH-13 (hosted on the website of the Company and RTA). Should any assistance be desired, members shall get in touch with the company's Registrar & Share Transfer Agent. Members holding shares in electronic form must approach their Depository Participant(s) for completing the nomination formalities.

17. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Registrar and Share Transfer Agent ("RTA"), the details of such folios together with the share certificates for consolidating their holdings into one folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.

18. Non-Resident Indian ("NRI") Members are requested to inform the Company or RTA or the concerned Depository Participants, as the case may be, immediately:

- a) the change in the residential status on return to India for permanent settlement or
- b) the particulars of the NRE/NRO Account with a Bank in India, if not furnished earlier.

19. Those members who have not encashed dividend warrants of earlier years may return the time barred dividend warrants to the Company or its Registrar and Share transfer Agents for revalidation of such instruments.

20. Members who wish to claim dividends, which remain unclaimed, are requested to correspond with the Company Secretary / RTA of the Company.

Members are requested to note that pursuant to Section 124 of the Companies Act, 2013 dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government under Section 125 of the Companies Act, 2013. The details of unpaid dividend can be viewed on the Company's website. As per the provisions of Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company will be transferring the share(s) on which the beneficial owner has not encashed any dividend during the last seven years to the IEPF demat account as identified by the IEPF Authority. Details of Shareholders whose shares are liable to be transferred to IEPF are available on the Company's website. The Shareholders whose unclaimed dividend /share has been transferred to the 'Investor Education and Protection Fund', may claim the same from the IEPF authority by filing Form IEPF-5 along with the requisite documents.

21. Shareholders holding shares in demat form and who have not yet registered their e-mail address are requested to register their email address with their respective Depository Participant (DP) immediately. Shareholders holding shares in physical form are requested to dematerialize their shares and register their email address with our Registrar & Share Transfer Agents, Cameo Corporate Services Limited, 'Subramanian Building' No.1, Club House Road, Chennai – 600002; email id: [investor@cameoindia.com](mailto:investor@cameoindia.com).



## K G DENIM LIMITED

22.

A. Securities and Exchange Board of India ("SEBI") had earlier mandated that the transfer of securities held in physical form, except in case of transmission or transposition, shall not be processed by the listed entities / Registrar and Share Transfer Agents with effect from 1<sup>st</sup> April 2019.

B. Further, SEBI had mandated the listed entities to issue shares only in dematerialised mode, with effect from 25<sup>th</sup> January 2022 to Shareholder(s)/claimant(s) holding shares in physical mode, as against their service requests including for transmission or transposition of shares.

As per the said circular, the Company has opened a separate Escrow Demat Account for the purpose of crediting the shares of the Shareholders who fail to submit the letter of confirmation with the respective Depository Participant within the prescribed timeline.

C. Further, SEBI vide its circular(s) dated 3<sup>rd</sup> November 2021 and 16<sup>th</sup> March 2023 has also mandated that the Shareholders holding shares in physical form are required to update their PAN, KYC details, bank details and nomination details with the RTA on or before 1<sup>st</sup> October 2023, failing which the securities held by such Shareholder will be frozen by the RTA. The securities once frozen will revert to normal status only upon receipt of requisite KYC documents or upon dematerialisation of the said securities. Shareholders holding shares in physical form may also note that once the securities are frozen, the dividend payments will be processed only upon receipt of requisite KYC details and thereafter credited to the bank account of the Shareholder electronically. Therefore, Members holding share(s) in physical form are requested to immediately update their KYC details / dematerialise their shareholding in the Company.

D. Further, SEBI vide its circular(s) dated 3<sup>rd</sup> November 2021 and 16<sup>th</sup> March 2023 has also mandated that the Shareholders holding shares in physical form are required to compulsorily link their PAN and Aadhaar. Accordingly, the physical folios in which PAN and Aadhaar are not linked have been frozen by the RTA. The securities which have been frozen will revert to normal status only upon receipt of requisite KYC documents or upon dematerialisation of the said securities.

Necessary prior intimation(s) in this regard was provided to the Shareholders. A copy of the said circular dated 16<sup>th</sup> March 2023 is available on the Company's website [www.kgdenim.com](http://www.kgdenim.com).

23. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant(s) in the prescribed form with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the Company or Registrar and Share Transfer Agents.

24. 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.

25. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward his/her queries to the Company Secretary at least seven working days prior to the date of the 33<sup>rd</sup> Annual General Meeting, the same will be replied by the company suitably.

26. The Company has entered into agreements with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"). The Depository System envisages the elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, mutilation of share certificates, etc. Simultaneously, Depository System offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc. Members, therefore, now have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL. Members are encouraged to convert their holding to electronic mode.

27. Members are requested to forward their share related queries and communications directly to the Registrar and Share Transfer Agents of the Company – Cameo Corporate Services Limited, 'Subramanian Building' No.1, Club House Road, Chennai - 600002, India, email id: [investor@cameoindia.com](mailto:investor@cameoindia.com) or the Company Secretary of the Company; email id: [askgdl@kgdenim.in](mailto:askgdl@kgdenim.in).

28. As per the green initiative taken by the Ministry of Corporate Affairs, members are advised to register their email 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.

# K G DENIM LIMITED

29. 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 Registrar and Share Transfer Agent, Cameo Corporate Services Limited, 'Subramanian Building' No.1, Club House Road, Chennai – 600002; email id: investor@cameoindia.com., by quoting the Folio number or the Client ID number with DP ID number.

30. Members are requested to note that the 33<sup>rd</sup> Annual General Meeting will be held at Then Thirumalai, Coimbatore – 641302, the Registered Office of the Company. The route map containing the complete particulars of the venue is printed on this Notice.

## VOTING THROUGH ELECTRONIC MEANS

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, (including any statutory modification(s), amendments, clarifications, exemptions or re-enactments thereof for the time being in force), Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2), the Company is providing to its Members with the facility to cast their vote electronically from a place other than venue of the Annual General Meeting ("remote e-voting") using an electronic voting system provided by Central Depository Services (India) Limited ("CDSL"), for all Members' of the Company to enable them to cast their votes electronically, on all the business items set forth in the Notice of Annual General Meeting and the business may be transacted through such remote e-voting/ voting during the AGM. Instructions to Shareholders provided hereinafter for remote e-voting explain the process and manner for generating/ receiving the password, and for casting of vote(s) in a secure manner.

However, the Members are requested to take note of the following items:

- i) Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of Annual General Meeting Notice and holding shares as on Tuesday, 2<sup>nd</sup> September 2025, may refer to this Notice of the Annual General Meeting, posted on Company's website [www.kgdenim.com](http://www.kgdenim.com) for detailed procedure with regard to remote e-voting. Any person who ceases to be a member of the Company as on the cut-off date and is in receipt of this Notice, shall treat this Notice for information purpose only.
- ii) The facility for voting, either through electronic voting system or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their vote through electronic voting system or polling paper at the Annual General Meeting. The Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again. Once the vote on a resolution is cast by the member, the Member shall not be allowed to change it subsequently.
- iii) The voting period begins on Saturday, 6<sup>th</sup> September, 2025 at 9:00 AM (IST) and ends on Monday, 8<sup>th</sup> September, 2025 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 Tuesday, 2<sup>nd</sup> September 2025 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- iv) In view of the SEBI Circular dated December 9, 2020, individual members holding shares in demat mode are allowed to vote through their demat account maintained with Depositories and DPs. Members are advised to update their mobile number and e-mail ID in their demat accounts in order to access e-voting facility.



# K G DENIM LIMITED

## THE INTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

**Step 1** : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

**Step 2** : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

i) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

ii) 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 the ease and convenience of participating in e-voting process.

**Step 1** : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

iii) 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:

# K G DENIM LIMITED

| Type of shareholders   | Login Method   |
|--|--|
| Individual Shareholders holding securities in Demat mode with <b>CDSL Depository</b> | <ol style="list-style-type: none"> <li>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 users to login to Easi / Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab.</li> <li>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 &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at cdsi website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>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 <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; 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.</li> </ol> |
| Individual Shareholders holding securities in demat mode with <b>NSDL Depository</b> | <ol style="list-style-type: none"> <li>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: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> 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.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS" Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> 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</li> </ol>   |



## K G DENIM LIMITED

|  |   |
|--|---|
|  | 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.                                   |
| Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (DP)</b> | 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. |

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned 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 <b>CDSL</b> | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33 |
| Individual Shareholders holding securities in Demat mode with <b>NSDL</b> | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30         |

**Step 2** : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- i) Login method for Remote e-Voting 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](http://www.evotingindia.com).
  2. Click on "Shareholders" module.
  3. Now enter your User ID

# K G DENIM LIMITED

- 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](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.

|   | <b>For Physical shareholders and other than individual shareholders holding shares in Demat</b>   |
|---|---|
| <b>PAN</b>  | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul> |
| <b>Dividend Bank Details OR Date of Birth (DOB)</b> | 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. <ul style="list-style-type: none"> <li>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.</li> </ul>                 |

v) 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.

vii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

viii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

ix) 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.

x) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

xi) 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.

xii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

xiii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.

xiv) 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.

xv) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.

**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](http://www.evotingindia.com) and register themselves in the “Corporates” module.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.

- It is Mandatory that, 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 mandatory 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. [eskgdl@kgdenim.in](mailto:eskgdl@kgdenim.in), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

## **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.



## K G DENIM LIMITED

If you have any queries or issues regarding e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33.

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 Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call at toll free no. 1800 22 55 33.

### GENERAL INSTRUCTIONS

i) 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 (record date) of Tuesday, 2<sup>nd</sup> September 2025.

ii) 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 Meeting.

iii) The Company has appointed Shri. M D Selvaraj, Managing Partner of MDS & Associates LLP, Company Secretaries, Coimbatore as the Scrutinizer to scrutinize the remote e-voting and e-voting process at the meeting in a fair and transparent manner and for the purpose of ascertaining the majority.

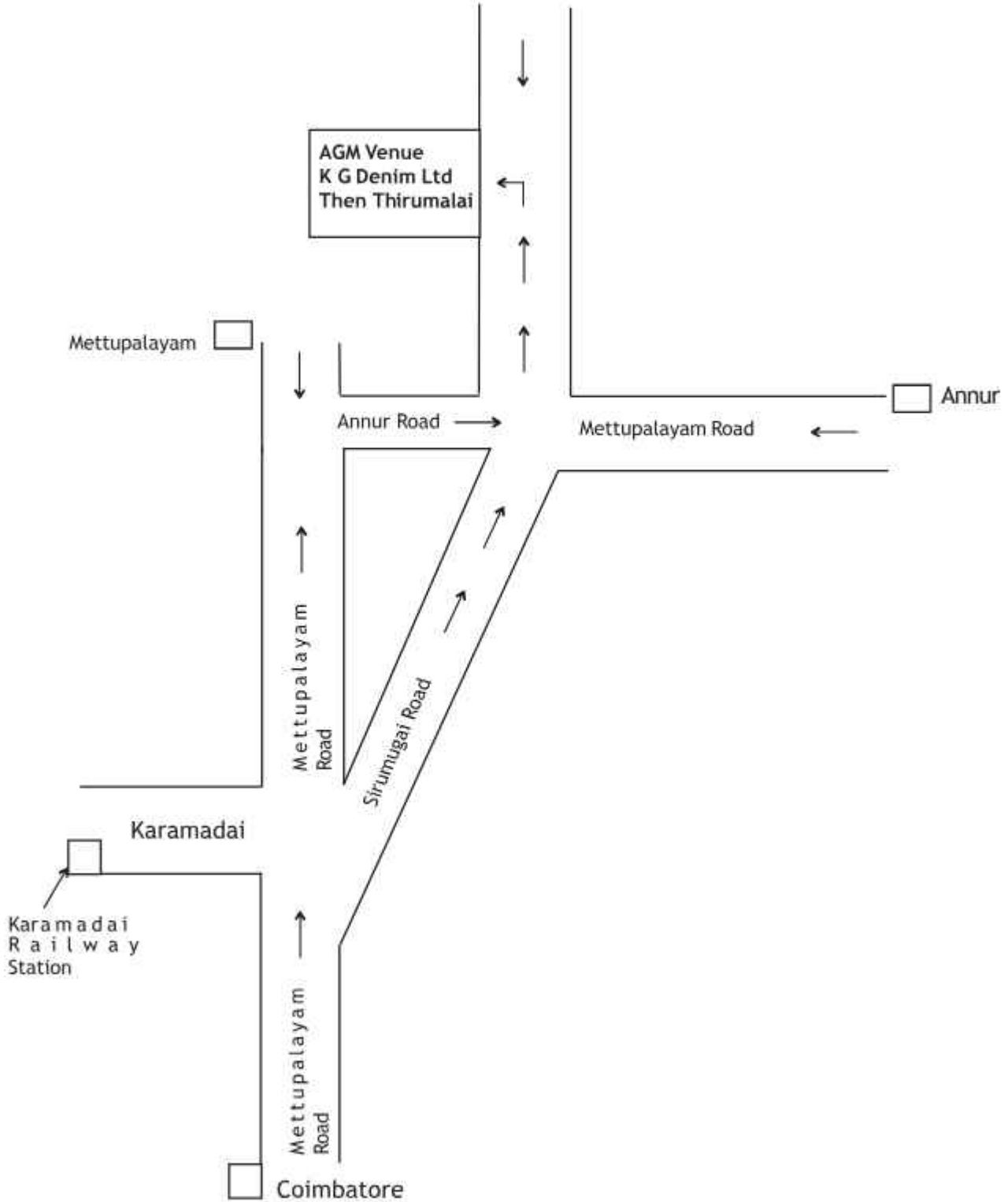
iv) The Chairman shall, at the 33<sup>rd</sup> Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting by way of electronic voting system or polling paper for all those members who are present at the 33<sup>rd</sup> Annual General Meeting but who have not cast their votes by availing remote e-voting facility.

v) The Scrutinizer shall after the conclusion of the e-voting at the Annual General Meeting, will first count the votes cast 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.

vi) The results shall be declared within the time stipulated under the applicable laws. The results declared along with the consolidated scrutinizer's report shall be placed on the company's website [www.kgdenim.com](http://www.kgdenim.com) and on the website of CDSL and communicated to the Stock Exchange where the company's shares are listed.

# K G DENIM LIMITED

## ROUTE MAP OF VENUE OF 33<sup>RD</sup> ANNUAL GENERAL MEETING







# ANNUAL REPORT 2024-2025

**K G DENIM LIMITED**

**K G Denim Limited**



**33<sup>rd</sup> Annual Report  
2024-25**



# K G DENIM LIMITED

## Table of Contents

## Page No.

|   |   |     |
|---|---|-----|
| Board's Report                            | - | 1   |
| Report on Corporate Governance            | - | 22  |
| Management Discussion and Analysis Report | - | 43  |
| <u>Standalone Financial Statements</u>    |   |     |
| Auditors' Report                          | - | 45  |
| Balance Sheet                             | - | 58  |
| Statement of Profit and Loss              | - | 59  |
| Cash Flow Statement                       | - | 60  |
| Notes to Financial Statements             | - | 71  |
| <u>Consolidated Financial Statements</u>  |   |     |
| Auditors' Report                          | - | 92  |
| Balance Sheet                             | - | 100 |
| Statement of Profit and Loss              | - | 101 |
| Cash Flow Statement                       | - | 102 |
| Notes to Financial Statements             | - | 112 |

# K G DENIM LIMITED

## CORPORATE INFORMATION

### **BOARD OF DIRECTORS:**

**Shri KG Baalakrishnan**  
Executive Chairman

**Shri B Sriramulu**  
Managing Director

**Shri B Srihari**  
Director

**Shri A Velusamy**  
**Shri A P Seturaaman upto 31.03.2025**  
**Shri N Govindarajan**  
**Shri Jaganmohan Ramachandran**  
**Shri D Kumaravel w.e.f. 01.04.2023**  
**Shri R Selvakumar w.e.f. 07.08.2023**  
**Shri N B Anand w.e.f. 24.08.2024**  
**Smt Geetha w.e.f. 29.08.2024**

### **CHIEF FINANCIAL OFFICER:**

**Smt S Ramaprabha w.e.f. 14.08.2024**

### **COMPANY SECRETARY:**

**Shri P Rajesh upto 01.10.2024**  
**Shri M Balaji w.e.f. 25.12.2024**

### **CORPORATE IDENTITY NUMBER:**

L17115TZ1992PLC003798

### **REGISTERED OFFICE:**

Then Thirumalai  
Coimbatore - 641 302  
Phone :04254-235240/235401  
Email: cskgdl@kgdenim.in

### **STATUTORY AUDITORS:**

M/s. Gopalaiyar and Subramanian  
Chartered Accountants  
Coimbatore

### **INTERNAL AUDITORS:**

M/s. Mohan & Venkataraman  
Chartered Accountants  
Coimbatore

### **SECRETARIAL AUDITOR :**

MDS & Associates LLP  
Company Secretaries  
Coimbatore

### **COST AUDITOR:**

Shri M Nagarajan  
Cost Accountant  
Coimbatore

### **BANKERS:**

Indian Bank  
Union Bank of India  
State Bank of India  
South Indian Bank Limited  
Bank of Maharashtra

### **REGISTRAR AND SHARE TRANSFER AGENTS**

Cameo Corporate Services Limited  
"Subramanian Building",  
No.1, Club House Road,  
Chennai - 600 002.  
Phone : 044 - 28460390  
Email : investor@cameoindia.com



# K G DENIM LIMITED

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors hereby present the 33rd Annual Report and Audited Accounts of the Company for the year ended 31st March, 2025.

### FINANCIAL RESULTS

The highlights of the standalone and consolidated performance of your Company during the financial year 2024-25 are given hereunder:

(Rs. in Lakh)

| Particulars  | Standalone              |                          | Consolidated            |                          |
|--|-------------------------|--------------------------|-------------------------|--------------------------|
|  | Current Year<br>2024-25 | Previous Year<br>2023-24 | Current Year<br>2024-25 | Previous Year<br>2023-24 |
| Total Revenue  | 5,705.85                | 25,969.55                | 7,332.20                | 26,774.95                |
| Total Expenditure before interest, depreciation, exceptional, extraordinary items and income tax | 8,650.90                | 25,891.88                | 10,140.80               | 26,579.01                |
| Gross Profit before interest, depreciation, exceptional, extraordinary items and income tax      | (2,945.05)              | 77.67                    | (2,808.60)              | 195.94                   |
| Less: Finance Cost   | 2,889.07                | 2,391.47                 | 3,014.76                | 2,557.82                 |
| Depreciation   | 886.69                  | 1,457.21                 | 897.99                  | 1,470.86                 |
| Profit/(Loss) before Exceptional & Extra-ordinary items  | (6,720.81)              | (3,771.01)               | (6,721.35)              | (3,832.74)               |
| Add: Exceptional Items (Income)  | 2,039.72                | 256.75                   | 2,039.72                | 256.75                   |
| Profit /(Loss) before tax  | (4,681.09)              | (3,514.26)               | (4,681.63)              | (3,575.99)               |
| Less: Tax Expense (Current Tax & Deferred tax)   | (1,093.12)              | (988.21)                 | (1,207.83)              | (1,003.25)               |
| Profit / (Loss) for the period   | (3,587.97)              | (2,526.05)               | (3,473.80)              | (2,572.74)               |

### OPERATIONS

The Operating Revenue of the Company stands reduced by 78.03% from Rs. 25,969.55 Lakh in the previous year to Rs. 5,705.85 Lakh in the current year. After charging depreciation, interest and other overheads the Company recorded a loss of Rs. 4,681.09 Lakh as compared to loss of Rs. 3,514.26 Lakh in the previous year. The details of division-wise performance and other operational details are discussed at length in the Management Discussion and Analysis section.

During the year under review, the Government of Tamil Nadu directed through local District administration stoppage of water supply to the Company due to prevailing drought conditions, hence the operations had come to a grinding halt for most part of the year. The problems were further compounded due to the delay in sanctioning of the restructuring relief announced by the State Level Bankers' Committee (SLBC) for natural calamities under Hydrological drought, as per the RBI Master Directions. After due negotiations with the Bankers, restructuring was sanctioned on 5th March 2025 and implementation is in progress.

There has been no change in the nature of business of the Company during the year under review.

## FUTURE PROSPECTS

Apart from Denim and Apparel Fabrics, your Company is planning to manufacture and market performance fabrics using specialized materials, technologies and value additions including moisture-wicking athletic wear, antibacterial medical garments, and UV-protective clothing.

The Indian context is significant due to diverse climate (demand for UV protection, moisture management) and societal needs (hygiene). Relevant categories include functionality-based (moisture management, waterproof, thermal regulating, antimicrobial, UV protection, flame retardant, etc.), responsiveness-based (responsive, smart, bio-responsive), and application-based (Meditech, Sportech, Protech, Agrotech, Oekotech, Buildtech, Mobiltech, Hometech, Indutech, Packtech, Clothtech, Geotech). Traditional Indian textiles possess some inherent functional attributes (e.g., khadi's breathability, certain silks' thermal regulation).

**Opportunities:** Growing demand across diverse industries, increasing consumer awareness, strong government support, untapped rural markets, focus on sustainability, niche markets, integration with traditional handlooms, rising popularity of performance apparel.

## ENVIRONMENT, SOCIAL AND GOVERNANCE

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

The Company has been maintaining a hospital for serving the community, including supply of medicines at subsidized cost. 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 nearby villages, financial aids to schools etc., are also rendered.

## HEALTH AND SAFETY

The Company prioritizes the health and safety of its employees, contractors, and visitors, holding ISO 45001 certification for its Occupational Health and Safety Management System. This certification guides the Company in identifying and controlling workplace hazards and continuously implementing health and safety practices in line with the standard and legal requirements.

Beyond the workplace, the Company actively contributes to the well-being of employees and the local community through initiatives like free medical camps and regular health check-ups at its in-house hospitals. They also provide a safer work environment by supplying basic fire safety equipment and conducting periodic awareness classes and drills on topics like firefighting, mass evacuation and first aid.

## DIVIDEND

Since the Company has incurred loss during the year under review, the Board of Directors has not recommended dividend for the year 2024-25.



# K G DENIM LIMITED

## TRANSFER TO RESERVES

The Company has not transferred any amount to the General Reserve during the year under review. However, the loss of Rs.3,587.97 Lakh for the current year has been accumulated to deficit balance of surplus under the head other equity in financial statements of the Company.

## SHARE CAPITAL

During the year under review the Company has not altered/modified its authorised share capital and the Company has not made any fresh issue of shares.

As on 31<sup>st</sup> March 2025, the authorized capital of the Company is Rs. 41,00,00,000/- divided into 3,10,00,000 equity shares of Rs.10/- each, and 10,00,000 10% Cumulative Redeemable Preference Shares of Rs.100 each/- and the Issued, Subscribed and Paid-up equity capital of the Company is Rs. 25,63,78,250/- divided into 2,56,37,825 equity shares of Rs.10/- each fully paid up.

The Board of Directors of the Company at their meeting held on 11<sup>th</sup> August 2025 had approved the issuance of warrants, each convertible into or exchangeable for paid up equity shares of the Company, by way of a preferential issue through private placement offer, and also approved offer and issue of non-convertible Cumulative Redeemable Preference Shares (NCRPS) on a private placement basis, subject to the approval of the members by means of a special resolution (s) and such other authorities as may be required in this connection respectively.

## TRANSFER OF UNCLAIMED DIVIDEND/SHARES TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of Sections 124 and 125 of the Companies Act, 2013, (the Act) unclaimed or unpaid dividend relating to the financial year 2017-18 is due for remittance to the Investor Education and Protection Fund (IEPF) established by the Central Government.

During the year under review, as per the requirements of Section 124(6) of the Act and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (IEPF Rules) 1,46,198 Equity Shares of Rs. 10/- each on which dividend had remained unclaimed for a period of 7 years have been transferred to the credit of the demat account identified by the IEPF Authority. Accordingly, 9,71,328 Equity Shares of the Company stand transferred to the credit of the Demat Account of the IEPF Authority as on 31<sup>st</sup> March 2025.

## WEB LINK OF ANNUAL RETURN

The Annual Return of the Company for the financial year 2024-25 as required under Section 92(3) of the Act can be accessed on the Company's website at the link <https://www.kgdenim.com/annual-return/>

## BOARD AND ITS COMMITTEE MEETINGS CONDUCTED DURING THE PERIOD UNDER REVIEW

The details of the composition of the Board and its Committees namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility (CSR) Committee and the Meetings held and attendance of the Directors at such Board / Committee Meetings are provided in the Corporate Governance Report under relevant heads which forms a part of this Report.

# K G DENIM LIMITED

## STATEMENT ON COMPLIANCE WITH SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively. The Company has duly complied with Secretarial Standards issued by the Institute of Company Secretaries of India on meeting of the Board of Directors (SS-1) and General Meetings (SS-2).

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirement of Section 134(3)(c) of the Act, with respect to Directors Responsibility Statement, it is hereby confirmed that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departure from those standards;
- 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 at the end of the financial year and of the loss of the Company for that period;
- The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the annual accounts on a going concern basis;
- 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
- The Directors had devised proper system to ensure compliance with the provisions of all the applicable laws and such systems were adequate and operating effectively.

## DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12) OF THE ACT OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

There was no instance of fraud as identified or reported by the Statutory Auditors during the course of their audit.

## DECLARATION OF INDEPENDENT DIRECTORS

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI Listing Regulations] so as to qualify themselves as Independent Directors. Further, they have also declared that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

Based on the confirmation / disclosures received from the Directors and on verification of the relationships disclosed, the following Non-Executive Directors are identified as Independent:



# K G DENIM LIMITED

Mr. Jaganmohan Ramachandran, Mr. N Govindarajan, Mr. Duraipandian Kumaravel, Mr. N B Anand and Mrs. Geetha.

Pursuant to Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, the names of all the Independent Directors have been included in the data bank of the Indian Institute of Corporate Affairs.

## **STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR**

The Board of Directors have evaluated the Independent Directors appointed/ re-appointed during the year 2024-25 and opined that the integrity, expertise and experience (including proficiency) of the Independent Directors are satisfactory.

## **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

Subsequent to the end of the financial year, the material changes and commitments affecting the financial position of the Company are as follows:

The Bankers consortium, led by Indian Bank and member banks viz., Union Bank of India, State Bank of India and Bank of Maharashtra has provided restructuring of the loan facilities under the consortium as per the natural calamity restructuring under RBI Master Directions. All banks have implemented the restructuring scheme except for The South Indian Bank, holding 7% share and considered as a dissenting member.

The restructuring is over a span of 5 years starting from 5<sup>th</sup> March 2025 with one year moratorium for payment of principal and interest repayable over the remaining 4 years. Finance cost of Rs. 2889.07 Lakh consist of Rs 1785.20 Lakh interest which is converted to a funded interest term loan repayable over a period of 5 years.

The Company, as part of the restructuring plan, has some non- core assets which would be sold to infuse funds to the extent of Rs. 100 crore over a period of 2 years for the revival of the Unit. Out of this, Rs 5 crore has been realised from sale of non-factory land in the month of May 2025.

One NBFC, with loan outstanding of Rs.625 Lakh, has not implemented the restructuring scheme. The Company had filed a writ petition before the Hon'ble High Court, Madras, and an injunction order has been obtained. The matter is sub-judice.

Apart from the above there have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year and the date of the report.

## **COMPANY'S POLICY RELATING TO DIRECTORS' APPOINTMENT, PAYMENT OF REMUNERATION AND OTHER MATTERS**

Pursuant to the provisions of Section 178 of the Act and in terms of Regulation 19(4) of the SEBI Listing Regulations on the recommendation of the Nomination and Remuneration Committee, the Company has framed a policy on nomination, appointment and remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and employees of the Company including criteria for determining qualifications, positive attributes, independence of a director and other matters pursuant to the provisions of Section 178 of the Act and in terms of Regulation 19(4) of the SEBI Listing Regulations. The Remuneration Policy can be accessed on the Company's website at the link <https://www.kgdenim.com/wp-content/uploads/2022/06/nominationandremunerationcommitteepolicy.pdf>



# K G DENIM LIMITED

3 Directors viz., Shri KG Baalakrishnan, Executive Chairman, Shri B Sriramulu, Managing Director, Shri B Srihari, Director, have voluntarily waived their entire remuneration for the financial year 2024-25.

## COMMENTS ON AUDITORS' REPORT

There is no qualification, reservation or adverse remark or disclaimer made by M/s. Gopalaiyer and Subramanian, Statutory Auditors in their report. Observations made in Key Audit matters have been sufficiently explained in Notes to accounts.

Regarding the qualifications made by M/s. MDS & Associates LLP, Secretarial Auditors of the Company in their report (Annexure-5) your Directors ensure timely and due compliance going forward.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE ACT

The Company has not given any loans, provided guarantee or made investment under Section 186 of the Act during the year under review. Further, the details of investments made during the earlier years are provided under the notes to Balance Sheet appearing elsewhere in this Annual Report.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions entered into with related parties as defined under the Act and SEBI Listing Regulations during the financial year 2024-25 were in the ordinary course of business and on an arm's length basis and not material in nature and thus a disclosure in Form AOC-2 is exempted.

The Policy on Related Party Transactions can be accessed through the link at <https://www.kgdenim.com/wp-content/uploads/2022/06/rpt.pdf>.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Though the Company was witnessing under utilization of capacity, efforts were taken to monitor, on regular basis, the efficient level of energy consumption. The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure-1** attached to this report.

## STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

The Board had formulated a Risk Management Policy for dealing with different kinds of risks which it faces on day-to-day operations of the Company. The 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.

Further, the results of the risk mitigating measures implemented by the Company are detailed below:

To address and mitigate potential future water supply issues, the company has identified a strategic and sustainable solution leveraging a newly commissioned government facility. This proposal outlines a plan to secure a consistent water source, particularly during dry seasons.

# K G DENIM LIMITED

The Company proposes utilizing treated sewage water from the new Sewage Treatment Plant (STP) recently commissioned by the Mettupalayam Sewage Department of the Tamil Nadu Government.

The STP, which began operations in July 2024, has a total capacity of 85 KLD (Kilo Litres per Day). The plant's water requirement is approximately 25 KLD, meaning the STP's capacity is more than sufficient to meet the Company's needs. The Company's unit is conveniently located just 4 kms from the treatment plant, making transportation and logistics efficient. This proximity also makes it a rational and cost-effective option compared to other available sources. This process of selling treated sewage water to industries has already been successfully implemented by other sewage water boards in the district, demonstrating its viability. The treated water from the STP will serve as the raw water source. The Company can then use its already established Effluent Treatment Plant (ETP) to further process it and reduce the TDS (Total Dissolved Solids) levels to meet the required standards, ensuring a continuous and high-quality water supply for operations.

## **DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

The Board had formed a Corporate Social Responsibility (CSR) Committee of Board of Directors comprising of Mr. KG Baalakrishnan, Mr. A Velusamy and Mr. D Kumaravel. The CSR policy of the Company deals with allocation of funds, activities, identification of programs, approval, implementation, monitoring and reporting mechanisms under the policy.

Mr.A.P. Seturaaman, ceased to be a member and Mr. Mr.D.Kumaravel, Director of the Company, was appointed as Member of the Committee with effect from 31st March 2025.

The Company incurred a loss in the immediately preceding financial year. As a result no amount was allocated towards the CSR expenditure. Consequently, no amount has been spent on the CSR activities of the Company during the financial year 2024-25. Therefore, the disclosure of Annual Report on Company's CSR activities is not applicable. The policy relating to CSR has been displayed on the Company's website and can be accessed at the link <https://www.kgdenim.com/wp-content/uploads/2016/04/corporate-social-responsibility-policy.pdf>

## **ANNUAL EVALUATION OF THE BOARD ON ITS OWN PERFORMANCE AND OF THE INDIVIDUAL DIRECTORS**

Pursuant to the provisions of the Act, the Board of Directors evaluated the annual performance of the members of the Board and its Committees vis-a-vis the nature of business of the Company, its performance during the year and the contribution of each of the Directors based on the criteria laid down by the Nomination and Remuneration Committee.

The Independent Directors have also convened a separate meeting for this purpose and inter-alia, reviewed the performances of the Non- Independent Directors and the Board as a whole and assessed the quality, quantity and timeliness of flow of information between the Company and the Board.

## **DIRECTORS & KEY MANAGERIAL PERSONNEL**

Shri Balakrishnan Sriramulu (DIN: 00002560), Managing Director and Shri Ramaswamy Selvakumar (DIN: 00051608), Whole-Time Director of the Company are liable to retire by rotation at this Annual General Meeting and being eligible, offer themselves for re-appointment. Accordingly, your directors recommend their reappointment.

During the year under review, Mr. N Govindarajan (DIN: 00366402) was re-appointed as Non-Executive Independent Director of the Company for the 2<sup>nd</sup> term of 5 consecutive years with effect from 29<sup>th</sup> July 2024 and approved the continuation



# K G DENIM LIMITED

of his directorship on attaining the age of 75 years on 29<sup>th</sup> December 2024 by the members at the Annual General Meeting held on 30<sup>th</sup> September 2024.

The Board of Directors at their meeting held on 24<sup>th</sup> August 2024 had appointed Mr. N B Anand (DIN: 00785555) and Mrs. Geetha (DIN: 10753728) as Additional Director(s) in the capacity as Non-Executive Independent Director(s) of the Company for a period of first term of 5 consecutive years with effect from 24<sup>th</sup> August 2024 and 29<sup>th</sup> August 2024 respectively and subsequently, obtained approval from members at the Annual General Meeting held on 30<sup>th</sup> September 2024 for the said appointment(s).

Mr. Balakrishnan Srihari (DIN: 00002556) resigned as Managing Director but continued as Non-Executive Director of the Company with effect from 31<sup>st</sup> March 2025.

Mr. A P Seturaaman (DIN: 07331898) retired consequent to the completion of his 2<sup>nd</sup> term of 5 consecutive years, with effect from 31<sup>st</sup> March 2024 as an Independent Director of the Company. The Board wishes to place on record their sincere appreciation for the valuable services rendered by Mr. A P Seturaaman during his tenure of office as Director of the Company.

Mr. Sivagaminathan Manickam resigned and in his place Mrs. Ramaprabha was appointed as Chief Financial Officer of the Company with effect from 14<sup>th</sup> August 2024 respectively.

Mr. P Rajesh, resigned as Company Secretary and Compliance Officer of the Company with effect from 1<sup>st</sup> October 2024 and in his place, Mr. M. Balaji was appointed as Company Secretary and Compliance Officer of the Company with effect from 25<sup>th</sup> December 2024.

Key Managerial Personnel of the Company as required pursuant to Section 2(51) and 203 of the Companies Act, 2013 are -

Sri. GovindaswamyNaidu Balakrishnan - Executive Chairman,  
Sri. B. Sriramulu - Managing Director,  
Sri. R Selvakumar - Whole-time Director  
CA Ramaprabha S - Chief Financial Officer and  
Sri. M Balaji - Company Secretary.

## SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has 2 (Two) subsidiaries namely, Trigger Apparels Limited and KG Denim (USA) Inc.

### Trigger Apparels Limited

Trigger Apparels Limited is engaged in the marketing of readymade garments. The turnover of the Company during the year under review was Rs. 1,702.68 Lakh as against Rs. 1,698.93 Lakh during the previous year. During the year the Company has earned a net profit of Rs. 12.58 Lakh as against a net loss of Rs. 46.54 Lakh during the previous year.

### KG Denim (USA) Inc.

The turnover of the Company during the year under review was Rs. 4.85 Lakh (INR) as against Rs. 57.49 Lakh (INR) during the previous year. During the year the Company has incurred a net loss of Rs. 1.81 Lakh as against a net loss of Rs. 0.15 Lakh in the previous year. The operations of the Company are expected to improve in the forthcoming reporting period.



# K G DENIM LIMITED

The Consolidated Financial Statements incorporating the Financial Statements of the subsidiary companies are attached to the Annual Report as required under the applicable Accounting Standard(s) and the SEBI Listing Regulations. The Standalone Annual Financial Statements of Trigger Apparels Limited and KG Denim (USA) Inc., subsidiary companies are posted on the Company's website at the link <https://www.kgdenim.com/investors-page/annual-reports/>

The Company does not have any Joint Venture or Associate Companies. The Statement containing salient features of the Financial Statement of the subsidiaries pursuant to the provision of Section 129 of the Act is attached herewith in Form AOC-1 and is attached as **Annexure-2** to this report.

## **FIXED DEPOSITS**

Since the Company has not accepted any fixed deposit covered under Chapter V of the Act, there are no deposits remaining unclaimed or unpaid as on 31st March, 2025 and accordingly, the question of default in repayment of deposits or payment of interest thereon during the year does not arise.

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

There was no significant and material order passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operation in future.

## **ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Company has an adequate Internal Control System, commensurate with the size, scale and complexity of its operations. The Audit Committee of the Board periodically reviews the Internal Financial Control Systems and their adequacy and recommends corrective action as and when necessary to ensure that an effective internal control mechanism is in place.

The Directors confirm that the Internal Financial Control systems are adequate with respect to the operations of the Company. The report of Auditors pursuant to Section 143(3)(i) of the Act certifying the adequacy of Internal Financial Control is annexed with the Auditors Report.

## **AUDITORS**

### **STATUTORY AUDITORS**

Pursuant to Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, M/s. Gopalaiyer and Subramanian (Firm Registration No. 000960S), Chartered Accountants, Coimbatore, have been appointed as the Statutory Auditors of the Company at the 30th Annual General Meeting held on 28th September, 2022 for a period of 5 (five) consecutive years from the conclusion of the 30th Annual General Meeting till the conclusion of the 35th Annual General Meeting to be held in the year 2027.

The Company has obtained the necessary certificate from the said auditors confirming that they are eligible to continue and hold office as the Statutory Auditors of the Company.

# K G DENIM LIMITED

## SECRETARIAL AUDITORS

Pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of Sections 179 & 204 of the Companies Act, 2013, read with the Companies (Meetings of Board and its Powers) Rules, 2014, and subject to the approval of Shareholders in the ensuing Annual General Meeting, the Board of Directors of the Company have recommended the appointment of MDS & Associates LLP, Company Secretaries, Coimbatore as Secretarial Auditors of the Company for a first term of 5 (five) consecutive financial years commencing from the financial year 2025-26.

MDS & Associates LLP have consented and confirmed their eligibility for appointment as Secretarial Auditors of the Company. The necessary Resolution for their appointment has been included in the Agenda of the Annual General Meeting Notice for the approval of the Members.

The report of the Secretarial Auditors for the financial year 2024-25 is annexed as **Annexure-3** to this Report.

## DISCLOSURE ON MAINTENANCE OF COST RECORDS UNDER SUB-SECTION (1) OF SECTION 148 OF THE ACT

The maintenance of cost records as specified by the Central Government under Section 148(1) of the Act is applicable to the Company and accordingly the cost accounts and records are made and maintained.

## DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE YEAR

The Company has total Trade Creditors of Rs.10599 Lakh as on 31.03.2025. Out of these, some trade creditors have issued notices for recovery of their outstanding dues as on 31.03.2025, amounting to Rs.2252 lakh. The Company is negotiating with such creditors for amicable settlements and some settlements have already happened and MOU has been negotiated with the parties remaining amounts.

## DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

The disclosure under this clause is not applicable as the Company has not undertaken any one-time settlement with the banks or financial institutions.

## HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The management had paid full wages even during non-operational and under utilized months and tried to retain the workforce. The Company continues to enjoy a cordial relationship with its employees at all levels. The total strength of employees as on March 31, 2025, was 152.

## DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to define the policy



# K G DENIM LIMITED

and redress complaints received. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed of during the year 2024-25:

- I. Number of complaints received - Nil
- II. Number of complaints disposed of - NA
- III. Number of complaints pending - NA

## PARTICULARS OF EMPLOYEES

The statement pursuant to Section 134 of the Act read with the Companies (Accounts) Rules, 1975 and Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is attached to this report as **Annexure-4**.

## CORPORATE GOVERNANCE

Pursuant to Regulation 34(3) of the SEBI Listing Regulations, a report on Corporate Governance along with a Certificate from the Company Secretary in Practice confirming the compliance of the provisions of Corporate Governance, is attached to this report as **Annexure-5** which forms an integral part of this Annual Report.

## AUDIT COMMITTEE

The Audit Committee of the Board of Directors has been duly constituted in accordance with the provisions of Section 177 of the Act. The details relating to the composition, meetings and functions of the Committee are set out in the Corporate Governance Report forming part of this Annual Report. The Board has accepted the Audit Committee recommendations during the year whenever required and hence no disclosure is required under Section 177(8) of the Act with respect to rejection of any recommendations of Audit Committee by the Board.

## CEO/CFO CERTIFICATION

As required under Regulation 33(2)(a) of the SEBI Listing Regulations, the Managing Director and the Chief Financial Officer of the Company have furnished necessary certificate to the Board on the Financial Statements presented, which is annexed to this report.

## VIGIL MECHANISM AND WHISTLE BLOWER POLICY

The Company has provided for adequate safeguards to deal with instances of fraud and mismanagement and to report concerns about unethical behavior or any violation of the Company's Code of Conduct. During the year under review, there was no complaint received under this mechanism. The policy can be accessed on the Company's website at the link [https://www.kgdenim.com/wp-content/uploads/2023/09/KGDL\\_Whistle-Blower-Policy.pdf](https://www.kgdenim.com/wp-content/uploads/2023/09/KGDL_Whistle-Blower-Policy.pdf)

## 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



## K G DENIM LIMITED

cautioned against placing undue reliance on the same.

### ACKNOWLEDGEMENT

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

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

Coimbatore  
11.08.2025

By Order of the Board  
For **K G DENIM LIMITED**

**KG Baalakrishnan**  
Executive Chairman  
DIN: 00002174

# K G DENIM LIMITED

**Annexure-1**

PARTICULARS PURSUANT TO SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014:

**A. Conservation of Energy:**

As the Company had operated at very low level no specific measures were taken for energy conservation. However, proper monitoring was done to prevent wastages

(ii) Steps Taken by the Company for utilizing alternate sources of energy:

No specific measures

(iii) Capital Investment on energy conservation equipment: Nil

**B. Technology absorption & Research & Development**

1) Efforts made towards technology absorption, adaptation and innovation: Nil

2) The Benefits derived like product improvement, cost reduction, product development or import substitution: Nil

3) Information of Imported Technology (imported during the last 5 years from the beginning of the Financial Year)

- |                          |      |
|--------------------------|------|
| a) Technology Imported   | None |
| b) Year of Import        | N.A. |
| c) Technology absorption | N.A. |

4) Expenditure incurred on Research & Development:

**Foreign Exchange earnings & outgo:**

The details of foreign exchange earnings and outgo are furnished below:

| EXPENDITURE ON R & F                         | 2024-25 | 2023-24 |
|--|---------|---------|
| Capital                                      | -       | -       |
| Revenue                                      | -       | 39.23   |
| Total  | -       | 39.23   |
| R & D Expenditure as a percontae of Turnover | -       | 0.15%   |

| Particulas                | 2024-25 | 2023-24 |
|---------------------------|---------|---------|
| Foregin Exchange Earnings | 959.78  | 6823.85 |
| Foregin Echange Outgo     | 35.78   | 85.70   |

By Order of the Board  
For **K G DENIM LIMITED**

**KG Baalakrishnan**  
Executive Chairman  
DIN: 00002174

Place: Coimbatore  
Date : 11<sup>th</sup> August 2025

# K G DENIM LIMITED

Annexure-2

## Form AOC-1

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

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

#### Part "A": Subsidiary

| Sl. No | Particulars   | Details                  | Details                  |
|--------|---|--------------------------|--------------------------|
| 1.     | Name of the subsidiary  | Trigger Apparels Limited | KG Denim (USA) Inc.      |
| 2.     | Reporting period for the subsidiary concerned, if different from the holding company's reporting period                     | 01.04.2024 to 31.03.2025 | 01.04.2023 to 31.03.2024 |
| 3.     | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Rupees (in Lakhs)        | USD \$                   |
| 4.     | Share capital   | 600.00                   | 700                      |
| 5.     | Reserves & surplus  | (2185.26)                | (203423)                 |
| 6.     | Total assets  | 3688.10                  | 152462                   |
| 7.     | Total Liabilities   | 5273.36                  | 355185                   |
| 8.     | Investments   | Nil                      | Nil                      |
| 9.     | Turnover  | 1702.68                  | 5595                     |
| 10.    | Profit / (loss) before taxation   | 1.28                     | (2087.00)                |
| 11.    | Provision for taxation  | (9.35)                   | Nil                      |
| 12.    | Profit / (loss) after taxation  | 10.63                    | (2087)                   |
| 13.    | Proposed Dividend   | Nil                      | Nil                      |
| 14.    | % of shareholding   | 75%                      | 100                      |

**Notes:** The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations: Nil
- Names of subsidiaries which have been liquidated or sold during the year: Nil

#### Part "B": Associates and Joint Ventures - NIL

Place: Coimbatore  
Date : 11<sup>th</sup> August 2025

By Order of the Board  
For K G DENIM LIMITED

KG Baalakrishnan  
Executive Chairman  
DIN: 00002174



# K G DENIM LIMITED

Annexure-3

**FORM NO. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2025**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To  
The Members,  
**K G DENIM LIMITED**  
(CIN: L17115TZ1992PLC003798)  
Then Thirumalai  
Coimbatore - 641302.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. K G Denim Limited** (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of **M/s. K G Denim Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2025**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2025 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment
- v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and
  - e) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

## K G DENIM LIMITED

We have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI);
- b) Listing Agreement entered into by the Company with the BSE Limited;

During the year under review, the Company has complied with the provisions of the Acts, Rules, Regulations and Standards etc., mentioned above except to the extent of the following:

1. The listed entity has submitted the disclosure of Related Party Transactions for the half year(s) ended 31st March 2024 and 30th September 2024 in XBRL mode on 30th May 2024 and 14th November 2024 respectively, which were beyond the prescribed time under Regulation 23(9). Consequently, in respect of the delay for the half year ended 31st March 2024, the BSE Limited has imposed a fine of Rs. 5900/- and the Company has paid the said fine to BSE Limited on 2nd July 2024.
2. The listed entity (a) has not submitted the additional details/ information which are required to be given while disclosing certain events or information covered under Regulation 30 read with Schedule III of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and the relevant circulars to Stock Exchange; (b) has submitted certain events or information covered under Regulation 30 read with Schedule III of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 to Stock Exchange beyond the prescribed time.
3. The listed entity has submitted the Integrated filing (financial) in respect of the Unaudited Standalone and Consolidated financial results for the quarter ended 31st December 2024 to the Stock Exchange on 8<sup>th</sup> March 2025, which was beyond the prescribed time.
4. The listed entity has submitted the Audited Standalone and Consolidated financial results for the quarter and year ended 31<sup>st</sup> March 2024 on 29<sup>th</sup> May 2024 whereas the Statement of Impact of Audit Qualification in respect of the Statutory Auditors Report on the said results were submitted in XBRL mode on 6th June 2024, which was beyond the prescribed time.
5. The Annual Performance Reports (APR) with respect to the foreign subsidiary of the Company i.e., KG Denim (USA) Inc. were not submitted by the Company to the designated AD bank, which is not in compliance with the Foreign Exchange Management Act, 1999.

We further report that, during the year under review, there were no actions/ events in pursuant of the following Rules/ Regulations requiring compliance thereof by the Company:

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations 2021;
- c. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
- d. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018; and
- e. The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021.



## K G DENIM LIMITED

We further report that based on the information provided by the Company, its officers and authorized representatives, there are no laws specifically applicable to the Company.

We further report that having regard to the compliance system prevailing in the Company and on the review of quarterly compliance reports taken on record by the Board of Directors and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the labour and environmental laws as applicable, except to the extent of the following:

1. During the year under review, there was a delay in payment of wages to the workers and staffs of the Company which is not in compliance with the Minimum Wages Act, 1948 and the Payment of Wages Act, 1936.
2. The Company is irregular in depositing undisputed statutory dues of Provident Fund, Employees' State Insurance and Tamil Nadu Labour Welfare Fund to the appropriate authority which is not in compliance with The Employees Provident Fund Act, 1952 & Employees State Insurance Act, 1948 and The Tamil Nadu Labour Welfare Fund Rules, 1973.
3. The amount of gratuity is not paid within 30 days by the Company to its employees and is still pending for settlement with simple interest, which is not in compliance with the Payment of Gratuity Act, 1972 and The Payment of Gratuity (Central) Rules, 1972.
4. The Company has not made the payment of bonus to its workers and staffs for the financial year 2023-24 under the Payment of Bonus Act, 1965.

We further report, that the compliance of applicable financial laws, like direct and indirect tax laws by the Company have not been reviewed in this Audit since the same have been subject to review by statutory financial auditor and other designated professionals.

### **We further report that**

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 provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

We further report that during the period, there were no instances of:

- Public / Rights / Preferential issue of Shares / Debentures / Sweat Equity.
- Redemption / buy-back of securities
- Major decision taken by the members pursuant to Section 180 of the Companies Act, 2013.
- Merger / Amalgamation / Reconstruction etc.
- Foreign technical collaborations.



# K G DENIM LIMITED

Place: Coimbatore  
Date : 11.08.2025

**For MDS & Associates LLP**  
Company Secretaries

**M.D.Selvaraj**  
Managing Partner  
Membership No.: FCS 960 C P No.: 411  
Peer Review No. 6468/2025  
UDIN: F000960G000937907

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

**'Annexure A'**

## **ANNEXURE TO SECRETARIAL AUDIT REPORT ISSUED BY COMPANY SECRETARY IN PRACTICE**

To  
The Members,  
**K G DENIM LIMITED**  
(CIN: L17115TZ1992PLC003798)  
Then Thirumalai,  
Coimbatore - 641302.

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The 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.

**For MDS & Associates LLP**  
Company Secretaries

Place: Coimbatore  
Date : 11.08.2025

**M.D.Selvaraj**  
Managing Partner  
Membership No.: FCS 960 C P No.: 411  
Peer Review No. 6468/2025  
UDIN: F000960G000937907

# K G DENIM LIMITED

Annexure - 4

Statement pursuant to Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 and Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

|    |  |   |                    |                     |
|----|--|---|--------------------|---------------------|
| 1. | The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year and percentage increase of each Director, MD, ED, CFO and Company Secretary in the financial year:  | Name of KMP   | Designation        | Ratio to median     |
|    |  | Shri KG Baalakrishnan   | Executive Chairman | -                   |
|    |  | Shri B Sriramulu  | Managing Director  | -                   |
|    |  | Shri B Srihari  | Director           | -                   |
|    |  | Smt Ramaprabha S  | CFO                | -                   |
|    |  | Shri M Balaji   | CS                 | -                   |
|    |  | Not paid any remuneration to other Non - Executive Directors  |                    |                     |
| 2. | Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year  | Name of Director  | Designation        | Percentage increase |
|    |  | Shri KG Baalakrishnan   | Executive Chairman | -                   |
|    |  | Shri B Sriramulu  | Managing Director  | -                   |
|    |  | Shri B Srihari  | Director           | -                   |
|    |  | Shri S Manickam   | CFO                | -                   |
|    |  | Smt P Krishnaveni   | CS                 | -                   |
|    |  | Shri P Rajesh   | CS                 | -                   |
|    |  | Not paid any remuneration to other Non-Executive Directors  |                    |                     |
| 3. | The median remuneration for the year 2023-24 is  | Rs.1,10,062/-   |                    |                     |
| 4. | The percentage decrease in the median remuneration of employees in the financial year  | 8.22 %  |                    |                     |
| 5. | The number of permanent employees on the rolls of Company  | 667   |                    |                     |
| 6. | 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 hereof and any exceptional circumstances for increase in the managerial remuneration | There has been a decrease of 8.22 % in the remuneration of employees. There was no increase in the remuneration of the Executive Chairman and Managing Directors. |                    |                     |

# K G DENIM LIMITED

|    |  |   |
|----|--|---|
| 7. | Affirmation that the remuneration is as per the remuneration policy of the Company | Your Directors affirm that the remuneration is as per the remuneration policy of the Company. |
|----|--|---|

**Disclosure under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 Particulars of Top Ten Employees of the Company in terms of remuneration drawn:**

| Name, Designation & Age of the Employee      | Gross Remuneration paid (in Lakhs.) | Date of Commencement of Employment (Experience in year) | Qualification & Previous Employment | Percentage of equity shares held | Previous Employment  |
|--|-------------------------------------|---|-------------------------------------|----------------------------------|--|
| KG Balakrishnan<br>Executive Chairman & 83   | 60.00                               | 03.11.2003  | B.Com, BL<br>20 Years               | 10.06                            | NA   |
| B Sriramulu<br>Managing Director & 56        | 48.00                               | 03.11.2003  | B Tech,<br>MS 20Years               | 8.61                             | NA   |
| B Srihari<br>Managing Director & 54          | 48.00                               | 03.11.2003  | B Tech,<br>ME 20Years               | 8.71                             | NA   |
| Ramaprabha S<br>Chief Financial Officer & 40 | 11.80                               | 09.11.2023  | CA<br>Intermediate Level of CS      | Nil                              | ICICI Bank - 5 Years<br><br>M/s. P.N. Ragavendra Rao & Co.,<br><br>Pramura Software P. Ltd |
| S. Gopinath,<br>Head of Sales & 53           | 14.81                               | 01.04.1994  | B.Sc<br>Computer Science, 30 Years  | Nil                              | Bharath Information Technology,<br>Coimbatore -1 Year 8 Months                             |
| Srinivasan R,<br>General Manager & 61        | 12.34                               | 01.07.2021  | MA, MBA (Marketing)<br>35 Years     | Nil                              | Anglo French Textiles,<br>Puducherry – 8 Years   |
| Selvakumar R,<br>Whole - time Director & 54  | 14.27                               | 01.01.1993  | B.E Demt,<br>30 Years               | Nil                              | NA   |



# K G DENIM LIMITED

|   |       |            |               |      |  |
|---|-------|------------|---------------|------|--|
| Pranav Sriraman,<br>VicePresident –<br>Home Textiles & 30 | 21.70 | 17.11.2017 | B.E, 5 Years  | 0.26 | NA   |
| Kalyanasundaram S<br>Vice President -<br>Sales            | 10.01 | 24.07.1966 | MBA, 26 Years | NIL  | 1. Arvind Mills<br>Limited,<br>Ahamadbad<br>5 -Years |

During the financial year 2024-25, there were no employees in the Company who was in receipt of remuneration exceeding in aggregate Rs.1.02 Crores, if employed for the whole year and Rs.8.50 Lakh per month, if employed for any part of the year.

## Note:

1. All employees are on the permanent rolls of the Company.
2. Except Shri B Sriramulu, Shri B Srihari and Shri Pranav Sriraman who are a relatives of Shri KG Baalakrishnan, no other employee is relative (in terms of the Companies Act, 2013) of any Director of the Company. Further, no employee of the Company is covered by Rule 5(2)(iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, that is employee, holding by himself or with his family, shares of 2% or more in the Company and drawing remuneration in excess of a Managing Director.
3. The remuneration details are for the year 2024-25 and all other particulars are as on 31<sup>st</sup> March, 2025

By Order of the Board  
For K G DENIM LIMITED

Place: Coimbatore  
Date : 11<sup>th</sup> August 2025

K G Baalakrishnan  
Executive Chairman  
DIN: 00002174

# K G DENIM LIMITED

## REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2025, 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 ON CODE OF GOVERNANCE

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

### 2. BOARD OF DIRECTORS

#### a. Composition, Category and Attendance of Directors:

The Company's Board of Directors as on 31st March 2025 comprised of Ten (10) Directors. It has an appropriate combination of Executive and Non-Executive Directors ("NEDs"), to ensure independent functioning. The Board presently comprises of Ten Directors, of which Four (4) are Executive Directors and Six (6) are Non-Executive Directors including Five(5) Independent Directors (including one Woman Director) and one (1) is Non-Executive Non-Independent Director. Shri. Govindaswamy Naidu Balakrishnan is the Executive Chairman, Shri. Balakrishnan Sriramulu is the Managing Director and Shri R Selvakumar is a Whole-time Director and all others are Non-Executive Directors of the Company. The Directors are professionals who have expertise in their respective functional areas and bring a wide range of skills and experience to the Board.

As on March 31, 2025, the composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations and Section 149 of the Companies Act, 2013 ("CA2013"), read with the relevant rules made thereunder.

To ensure effective participation of all Directors, as a matter of practice, an annual calendar for Board, Committees of the Board and General Meeting(s) of the Company are determined and intimated to the Directors well in advance. The Company ensures that timely and relevant information is made available to all Directors in advance, to facilitate their effective participation and contribution during meetings and deliberations.

The Board has met Seven times during the financial year on 29.05.2024, 14.08.2024, 24.08.2024, 14.11.2024, 25.12.2024, 11.02.2025 and 31.03.2025. The necessary quorum was present for all the meetings. The details of attendance of each Director at Board Meetings, last Annual General Meeting ("AGM") and their Directorship in other Indian Companies and membership in the Committees thereof are given below:

# K G DENIM LIMITED

given below:

| Name of the Director  | Category                                 | Attendance Particulars |          | Number of Directorships held in other Companies # | Number of Board & Committee Memberships held in other Companies \$ (Chairman / Member) |
|---|--|------------------------|----------|---|--|
|   |  | Board Meeting          | Last AGM |   |  |
| Shri.K.G. Balakrishnan<br>DIN: 00002174                                 | Executive Chairman /Promoter             | 7                      | Yes      | 3   | -  |
| Shri.B. Sriramulu<br>DIN: 00002560                                      | Managing Director/Promoter               | 7                      | No       | 2   | -  |
| * Shri.B. Srihari<br>DIN: 00002556                                      | Non-Executive Non-Independent / Promoter | 7                      | No       | 3   | -  |
| Shri.A.Velusamy<br>DIN: 00002204  | Non-Executive/ Non-Independent           | 6                      | No       | 3   | -  |
| Shri. N. Govindarajan<br>DIN: 00366402                                  | Non-Executive/ Independent               | 7                      | No       | -   | -  |
| Shri. Jaganmohan Ramachandran<br>DIN: 09125603                          | Non-Executive/ Independent               | 7                      | No       | -   | -  |
| Shri. Duraipandian Kumaravel<br>DIN: 00004827                           | Non-Executive/ Independent               | 7                      | Yes      | -   | -  |
| Shri. R.Selvakumar<br>DIN: 00051608                                     | Whole-time Director                      | 7                      | Yes      | -   | -  |
| Shri. N B Anand<br>DIN: 00785555<br>(w.e.f 24.08.2024)                  | Non-Executive/ Independent               | 2                      | Yes      | -   | -  |
| Smt Geetha<br>DIN: 10753728<br>(w.e.f 29.08.2024)                       | Non-Executive/ Independent               | 4                      | Yes      | -   | -  |
| Smt. Lakshmi Pattabi Raman<br>DIN: 09488828<br>(Resigned on 15.07.2024) | Non-Executive/ Independent               | 1                      | NA       | -   | -  |
| Shri. A.P. Seturaaman<br>DIN: 07331898<br>(Retired on 31.03.2025)       | Non-Executive Independent                | 6                      | Yes      | -   | -  |



# K G DENIM LIMITED

\* Shri.B. Srihari resigned as Managing Director and continuing as Non-Executive Non-Independent Director of the Company with effect from 31st March 2025.

# Excludes directorships in Private Companies, Foreign Companies, Section 8 Companies & Govt. Companies.

\$ Only Audit Committee and Stakeholders Relationship Committee are considered as per Regulation 26 of SEBI Listing Regulations.

Shri Balakrishnan Sriramulu, Managing Director and Shri Balakrishnan Srihari, Non-Executive Director, are sons of Shri GovindasamyNaidu Balakrishnan, Executive Chairman of the Company. None of the other directors on the Board of the Company are related to each other.

None of the Directors holds directorship in more than 20 Companies (including limit of maximum directorships in 10 public companies) pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations. Necessary disclosures regarding Board (in terms of Regulation 17A of SEBI Listing Regulations) and Committee positions (in terms of Regulation 26 of SEBI Listing Regulations) as on March 31, 2025, have been made by all the Directors of the Company. Further, none of the Directors including Independent Directors hold directorships in more than the maximum number of Directorships prescribed under Regulation 17A of the Listing Regulation.

As per the disclosures received from the directors, none of the directors serve as member of more than 10 Committees nor they serve as the Chairman / Chairperson of more than 5 Committees, as specified under the Listing Regulations.

b. Other Directorships in listed entities:

None of the Director holds directorship in other listed entity.

c. Number of shares and convertible instruments held by non- executive directors:

Statement showing number of Equity Shares held by the Non-Executive Directors as on 31st March, 2025:

| Sl. No | Name of Director                           | No. of equity Shares held |
|--------|--|---------------------------|
| 1.     | Shri. Ayyalusamy Velusamy                  | 500                       |
| 2.     | Shri. N. Govindarajan                      | -                         |
| 3.     | Shri. Jaganmohan Ramachandran              | -                         |
| 4.     | Shri. D. Kumaravel                         | -                         |
| 5.     | Shri. N B Anand<br>(w.e.f 24.08.2024)      | -                         |
| 6.     | Smt Geetha<br>(w.e.f 29.08.2024)           | -                         |
| 7.     | Shri. A.P. Seturaaman<br>(upto 31.03.2025) | -                         |

The Company has not issued any type of convertible instruments to non-executive directors.

There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive Directors during the year.

## INDEPENDENT DIRECTORS

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Companies Act, 2013 (the 'Act') along with rules framed thereunder. In terms of Regulation 25(8) of Listing Regulations, the Independent Directors of the Company have confirmed that they are not aware of any circumstance

# K G DENIM LIMITED

or situation that exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Every Independent Director has made requisite declaration under regulation 25(8) of SEBI Listing Regulations and section 149(7) of CA 2013 that he/she meets the "criteria of independence" as required under regulation 16(1) (b) of SEBI Listing Regulations and section 149(6) of the CA 2013, respectively. Based on the declarations received from the Independent Directors, the Board of Directors is of the opinion that the Independent Directors fulfil the conditions specified in the SEBI Listing Regulations and the CA 2013 and are independent of the management.

## Independent Director Databank Registration:

As per the requirements of the Companies Act, 2013, all the Independent Directors of the Company have applied online to the Indian Institute of Corporate Affairs for inclusion of their name in the Independent Director Databank and obtained registration thereof as per Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

The Company has received declarations from all the Independent Directors of the Company confirming that their name is included in the data bank as per Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

## Familiarization Program for Independent Directors:

The Board Members are regularly updated on changes in Corporate and allied laws, Taxation Laws and matters thereto. In the quarterly Board Meetings, Managing Director and Senior Management conduct a session for the Board Members to share updates about the Company's business strategy, operations and the key trends in the industry relevant to the Company. These updates help the Board Members to keep themselves abreast with the key changes and their impact on the Company.

At the time of the appointment of an Independent Director, a meeting is set up with the Key Managerial Personnel to discuss the functioning of the Board and the nature of operations of the Company.

The Familiarization Program for Independent Directors have been posted on the Company's website at the link <https://www.kgdenim.com/wp-content/uploads/2023/8/familiarisation-programme-independent-directors-06032023-1-1.pdf>

## Key Board Qualifications, skills, expertise and attributes:

The Board of Directors comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective decisions or contributions to the Board, its Committees and the management.

The list of core skills / expertise / competencies identified by the Board of Directors as required in the context of Company's Business Vertical(s) and those already available with the Board are as follows:

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

# K G DENIM LIMITED

|                       |   |  |
|-----------------------|---|--|
| Independent Directors | In-depth Industry Knowledge<br>Textile<br>Business Policies<br>Audit, Taxation and Financial Management<br>Legal and Regulatory Framework                       | Technical / Professional<br>Analytical<br>Technological<br>Behavioural   |
| Executive Directors   | In- depth Industry Knowledge<br>Textile<br>Business Policies<br>Audit, Taxation and Financial Management<br>Legal and Regulatory Framework Strategic Management | Governance<br>Leadership<br>Technical<br>Analytical<br>Organizational<br>Technological<br>Planning<br>Resource Management and Utilisation<br>People Management<br>Communication<br>Behavioural |

In the table below, the specific areas of focus or expertise of individual Board Members have been highlighted. However, the absence of a mark against a Director's name may not mean that the Director does not possess the said qualification or skill.

| Board Qualifications – Specific Area of Expertise |            |                                     |                   |                         |           |                     |                 |  |
|---|------------|-------------------------------------|-------------------|-------------------------|-----------|---------------------|-----------------|--|
| Name of the Directors/ Skills                     | Leadership | Board Service, Legal and Governance | Business Strategy | Technology & Innovation | Financial | Sales and Marketing | Human Resources |  |
| Shri KG Baalakrishnan (DIN: 00002174)             | Yes        | Yes                                 | Yes               | Yes                     | Yes       | Yes                 | Yes             |  |
| Shri B Sriramulu (DIN: 00002560)                  | Yes        | Yes                                 | Yes               | Yes                     | Yes       | Yes                 | Yes             |  |
| Shri. B Srihari (DIN: 00002556)                   | Yes        | Yes                                 | Yes               | Yes                     | Yes       | Yes                 | Yes             |  |
| Shri. A Velusamy (DIN: 00002204)                  | Yes        | Yes                                 | Yes               | Yes                     | Yes       | Yes                 | Yes             |  |
| Shri. N Govindarajan (DIN: 00366402)              | Yes        | Yes                                 | Yes               | Yes                     | Yes       | -                   | -               |  |
| Shri. Jaganmohan Ramachandran (DIN: 09125603)     | Yes        | Yes                                 | Yes               | Yes                     | Yes       | -                   | -               |  |
| Shri. D Kumaravel (DIN: 00004827)                 | Yes        | Yes                                 | Yes               | Yes                     | -         | -                   | -               |  |



## K G DENIM LIMITED

|  |     |     |     |     |     |   |     |
|--|-----|-----|-----|-----|-----|---|-----|
| Shri. R.Selvakumar<br>DIN: 00051608                    | Yes | Yes | Yes | Yes | Yes | - | Yes |
| Shri. N B Anand<br>DIN: 00785555<br>(w.e.f 24.08.2024) | Yes | Yes | Yes | Yes | Yes | - | -   |
| Smt Geetha<br>DIN: 10753728<br>(w.e.f 29.08.2024)      | Yes | Yes | Yes | Yes | Yes | - | -   |
| Smt. Lakshmi<br>Pattabi Raman<br>(upto 15.07.2024)     | Yes | Yes | Yes | Yes | Yes | - | -   |
| Shri A P<br>Seturaaman<br>(upto 31.03.2025)            | Yes | Yes | Yes | Yes | Yes | - | -   |

### Resignation of Independent Director before the expiry of tenure:

During the year under review, Smt. Lakshmi Pattabi Raman resigned from the position of Independent Directorship before the expiry of her tenure with effect from 15th July 2024 due to personal reason and other professional commitments and confirmed that there was no other material reason other than the above as stated for her resignation.

### Separate meeting of the Independent Directors:

During the year, the meeting of Independent Directors was held on 11th February, 2025 without the attendance of Non-Independent Directors and members of Management pursuant to Schedule IV of the Companies Act, 2013. The following matters, inter alia, were discussed in detail:

- i. Review of the performance of Non-independent directors and the Board as a whole;
- ii. Review of the performance of the Chairman & Managing Director of the Company, taking into account the views of Non-Executive Directors.
- iii. Assessment of the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### COMMITTEES OF THE BOARD:

The Board Committees play a crucial role in the governance structure of the Company and help in delegating particular matters that require greater and more focused attention. The Board has constituted the following committees of Directors to deal with matters referred to it for timely decisions.

- 1) Audit Committee 2) Nomination and Remuneration Committee, 3) Stakeholders Relationship Committee, 4) Corporate Social Responsibility (CSR) Committee, 5) Related Party Transaction (RPT) Committee.

# K G DENIM LIMITED

## 3. AUDIT COMMITTEE:

Brief description of terms of reference:

The Board has constituted a well-qualified Audit Committee in compliance with Section 177 of the Act read with Regulation 18 of the Listing Regulations. All the members of the Audit Committee have knowledge of finance, accounts and engineering industry.

The role, powers and functions of the Audit Committee are as per Section 177 of the Act and under Regulation 18 of the Listing Regulations.

The Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters. The Committee is empowered to recommend the appointment and remuneration payable to the Statutory Auditors.

During the year under review, the Committee met Six (6) times on 29.05.2024, 14.08.2024, 14.11.2024, 25.12.2024, 11.02.2025 and 31.03.2025. The Composition of the Audit Committee and the attendance of each member of the Committee are given below.

**The Composition, name of members, meetings and attendance during the year:**

| <i>Name of the Members</i>                              | <i>Category</i>                      | <i>No. of Meetings held during the year</i> | <i>No. of Meetings attended</i> |
|---|--------------------------------------|---|---------------------------------|
| Shri.Jaganmohan Ramachandran – (Chairman)               | Non-Executive / Independent Director | 6   | 6                               |
| Shri.N.Govindarajan, (Member)                           | Non-Executive / Independent Director | 6   | 6                               |
| Shri.Duraipandian Kumaravel (Member) (w.e.f 31.03.2025) | Non-Executive / Independent Director | NA  | NA                              |
| Shri.A.P.Seturaaman, –(Member) (upto 31.03.2025)        | Non-Executive / Independent Director | 6   | 5                               |

The Chairman of the Audit Committee did not attend the Annual General Meeting ("AGM") held on 30.09.2024, due to personal pre-occupations. A member of the Committee nominated by him attended the AGM on his behalf.

The Company Secretary of the Company acts as the Secretary of the Committee.

## 4. NOMINATION AND REMUNERATION COMMITTEE

Brief description of terms of reference:

The constitution and terms of reference of Nomination and Remuneration Committee are as per the provision under Regulation 19 of the Listing Regulations and Section 178 of the Companies Act, 2013.

The terms of reference of this committee has been mandated with the same as specified in Regulation 19 read with Part D of Schedule II of the Listing Regulation and also with the requirement of Section 178 of the Companies Act, 2013.

During the year under review, the Committee met three times on 14.08.2024, 24.08.2024 and 25.12.2024.

# K G DENIM LIMITED

The Composition, name of members, meetings and attendance during the year:

| Name of the Members                                     | Category                                  | No. of Meetings held during the year | No. of Meetings attended |
|---|---|--------------------------------------|--------------------------|
| Shri.Jaganmohan Ramachandran (Chairman)                 | Non-Executive Independent Director        | 3                                    | 3                        |
| Shri.A.Velusamy (Member)                                | Non-Executive / Non -Independent Director | 3                                    | 2                        |
| Mr.N.Govindarajan (Member)                              | Non-Executive Independent Director        | 3                                    | 3                        |
| Shri.Duraipandian Kumaravel (Member) (w.e.f 31.03.2025) | Non-Executive Independent Director        | NA                                   | NA                       |
| Shri.A.P.Seturaaman (Member) (upto 31.03.2025)          | Non-Executive Independent Director        | 3                                    | 3                        |

The Chairman of the Nomination and Remuneration Committee did not attend the Annual General Meeting ("AGM") held on 30.09.2024, due to personal pre-occupations. A member of the Committee nominated by him attended the AGM on his behalf.

The Company Secretary of the Company acts as the Secretary of the Committee. The Committee looks into and determines the Company's policy on remuneration packages of the Executive directors, Senior Management and other employees.

This Committee shall identify the persons, who are qualified to become Directors of the Company/who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also shall carry out evaluation of every Director's performance. Committee shall also formulate the criteria for determining qualifications, positive attributes, independence of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

## Performance Evaluation of Non-Executive and Independent Directors:

Pursuant to the provisions of the Companies Act, 2013 and Regulation 37(10) of the Listing Regulation and based on the guidance note issued by Securities and Exchange Board of India (SEBI) vide Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated January 5, 2017, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee, Nomination and Remuneration Committee, CSR Committee and Stakeholder Relationship Committee. They also evaluated various aspects of the Board such as adequacy of the composition of the Board and its Committees, Board Diversity, execution and performance of specific duties, obligations and governance. Feedback on the appraisal has been provided to the board members.

The remuneration policy of the Company can be accessed on the Company's website at <https://www.kgdenim.com/wp-content/uploads/2022/06/nominationandremunerationcommitteepolicy.pdf>



# K G DENIM LIMITED

## Details of Remuneration to Directors:

Remuneration and sitting fees paid to Executive and Non-Executive Directors during the year ended 31st March, 2025 are as follows:

| (Rs. In Lakhs)   |        |             |            |              |       |
|--|--------|-------------|------------|--------------|-------|
| Name of the Directors  | Salary | Perquisites | Commission | Sitting Fees | Total |
| Mr.K.G. Balakrishnan<br>Whole-time Director/<br>Chairperson                    | -      | -           | -          | -            | -     |
| Mr.B. Srihari<br>Non-Executive Director<br>(w.e.f 31.03.2025)                  | -      | -           | -          | -            | -     |
| Shri.B. Sriramulu<br>Managing Director   | -      | -           | -          | -            | -     |
| Shri.A.Velusamy<br>Non-Executive Director                                      | -      | -           | -          | 0.10         | 0.10  |
| Shri.N. Govindarajan<br>Independent Director                                   | -      | -           | -          | 0.35         | 0.35  |
| Shri.R. Jaganmohan<br>Independent Director                                     | -      | -           | -          | 0.35         | 0.35  |
| Shri.D. Kumaravel<br>Independent Director                                      | -      | -           | -          | 0.10         | 0.10  |
| Shri.R. Selvakumar<br>Whole-time Director                                      | 19.32  | -           | -          | -            | 19.32 |
| Shri. N B Anand<br>Non-Executive<br>Independent Director<br>(w.e.f 24.08.2024) | -      | -           | -          | -            | -     |
| Smt Geetha<br>Non-Executive<br>Independent Director<br>(w.e.f 29.08.2024)      | -      | -           | -          | -            | -     |
| Smt. Lakshmi Pattabi<br>Raman<br>Independent Director<br>(upto 15.07.2024)     | -      | -           | -          | 0.10         | 0.10  |
| Shri.A.P. Seturaaman<br>Independent Director<br>(w.e.f 31.03.2025)             | -      | -           | -          | 0.35         | 0.35  |

# K G DENIM LIMITED

Further, the Three (3) Executive Directors viz., Shri KG Baalakrishnan, Executive Chairman, Shri B Sriramulu, Managing Director, Shri B Srihari, Director, (until the period he held a Directorship as Managing Director) had forgone their entire remuneration for the financial year 2024-25.

The Company does not pay remuneration to any of its Non-Executive Directors except sitting fees for attending the Board/ Committee Meeting(s).

No benefits, other than the above are given to the Directors. No performance linked incentive, severance fee, bonus, pension and/or stock option is given to the Directors. No service contracts were entered into with the Directors, their appointment is governed by the respective resolutions passed at the General Meeting of the Company in line with the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Except as stated above, none of the Directors have any pecuniary relationship with the Company.

The criteria making payments to Non – Executive Directors is appearing on the website of the Company at the link <https://www.kgdenim.com/wp-content/uploads/2022/07/criteriaformaking-payment.pdf>

The Company currently does not have any Stock Option Scheme

## Senior Management

The particulars of senior management including the changes therein since the close of the previous financial year are as follows:

| Name of Senior Management Personnel | Designation              | Date of Appointment | Date of Cessation, if any |
|-------------------------------------|--------------------------|---------------------|---------------------------|
| Shri.S. Gopinath                    | Vice President Marketing | 01.04.1994          | NA                        |
| Shri. P Saravanan                   | Factory Manager          | 04.01.2000          | 30.04.2025                |
| Smt Ramaprabha S                    | Chief Financial Officer  | 14.08.2024          | NA                        |
| Shri M Balaji                       | Company Secretary        | 25.12.2024          | NA                        |
| Shri. S. Manickam                   | Chief Financial Officer  | 01.03.2018          | 14.08.2024                |
| Shri. P Rajesh                      | Company Secretary        | 15.12.2023          | 01.10.2024                |

## 5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Board has constituted a Stakeholders Relationship Committee (SRC) pursuant to the applicable provisions of Section 178 of the Act and Regulation 20 of the Listing Regulations to comply with the terms of reference as specified therein.

During the year under review, the Committee met 9 times on 25.04.2024, 09.05.2024, 03.07.2024, 10.07.2024, 05.08.2024, 14.10.2024, 27.11.2024, 09.12.2024 and 20.01.2025. The Composition of the Stakeholders Relationship Committee and the attendance of each member of the Committee are given below:

# K G DENIM LIMITED

## The Composition, name of members, meetings and attendance during the year:

| Name of the Member  | Category                                       | No. of Meetings held during the year | No. of Meetings attended |
|---|--|--------------------------------------|--------------------------|
| Shri.Duraipandian Kumaravel<br>Chairman<br>(w.e.f 31.03.2025) | Non-Executive<br>Independent Director          | NA                                   | NA                       |
| Shri. Ayyalusamy Velusamy -Member                             | Non-Executive and Non<br>-Independent Director | 9                                    | 7                        |
| Shri. N.Govindarajan - Member                                 | Non-Executive<br>Independent Director          | 9                                    | 6                        |
| Shri.A.P.Seturaaman -Chairman<br>(upto 31.03.2025)            | Non-Executive<br>Independent Director          | 9                                    | 9                        |

The Chairman of the Stakeholders Relationship Committee had attended the Annual General Meeting held on 30.09.2024.

Shri. M Balaji, Company Secretary of the Company is the Compliance Officer/ Secretary of the Committee.

During the year, the Company has received one complaint and promptly replied to the satisfaction of the shareholder. Therefore, no pending / outstanding complaints as on 31.03.2025.

## 6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

In compliance with the provisions of Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted the Corporate Social Responsibility Committee to comply with the terms of reference as provided therein.

The CSR Policy has also been framed and its details are uploaded in the Company's website.

During the year under review, the Committee has met two times on 24.05.2024 and 09.08.2024.

## The Composition, name of members, meetings and attendance during the year:

| Name of the Member  | Category                                  | No. of Meetings held during the year | No. of Meetings attended |
|---|---|--------------------------------------|--------------------------|
| Mr.K.G.Baalakrishnan<br>(Chairman)                            | Non Executive and<br>Independent Director | 2                                    | 2                        |
| Mr.Ayyalusamy Velusamy -<br>(Member)                          | Non-Executive<br>Non-Independent Director | 2                                    | 1                        |
| Shri.Duraipandian Kumaravel<br>(Member)<br>(w.e.f 31.03.2025) | Non-Executive<br>Independent Director     | NA                                   | NA                       |
| Shri.A.P.Seturaaman (Member)<br>(upto 31.03.2025)             | Non-Executive<br>Independent Director     | 2                                    | 2                        |



# K G DENIM LIMITED

## 7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report, placed separately, forms part of this Annual Report.

## 8. GENERAL BODY MEETINGS:

### a. Annual General Meeting:

Location and time for last three AGMs held and the Special Resolutions, if any, passed thereat, are as given below:

| Year      | Date of Meeting | Time of Meeting | Venue of the Meeting  | Special Resolutions Passed, if any  |
|-----------|-----------------|-----------------|---|---|
| 2023-2024 | 30/09/2024      | 3.30 pm         | Registered office of the Company – Then Thirumalai, Coimbatore - 641302 | <p>1. Re-appointment of Shri N Govindarajan (DIN: 00366402) as an Independent Director of the Company for a further period of 5 years with effect from 29th July 2025 and who will also attain the age of 75 (Seventy-Five) years on 29th December 2024.</p> <p>2. Appointment of Shri Nallusamy Balasubramaniam Anand (DIN: 00785555) as an Independent Director of the company for a period of 5 years with effect from 24th August 2024.</p> <p>3. Appointment of Smt Geetha (DIN: 10753728) as an Independent Director of the Company for a period of 5 years with effect from 29th August 2024.</p>                |
| 2022-2023 | 29/09/2023      | 3.00 pm         | Registered office of the Company – Then Thirumalai, Coimbatore – 641302 | <p>1. Re-appointment of Shri KG Baalakrishnan (DIN: 00002174) as Executive Chairman of the Company for a period of three (3) years with effect from 3rd November 2023.</p> <p>2. Re-appointment of Shri B Sriramulu (DIN: 00002560) as Managing Director of the Company for a period of three (3) years with effect from 3rd November 2023.</p> <p>3. Re-appointment of Shri B Srihari (DIN: 00002556) as Managing Director of the Company for a period of three (3) years with effect from 3rd November 2023.</p> <p>4. Appointment of Shri. R. Selvakumar (DIN: 00051608) as a Whole-time Director of the Company</p> |
| 2021-2022 | 28/09/2022      | 3.30 pm         | Video Conferencing (VC) / Other Audio Visual Means (OAVM).              | Adoption of a new set of Articles of Association in place of the existing Articles of Association.  |

# K G DENIM LIMITED

## b. Extraordinary General Meeting

No extraordinary general meeting of the members was held during the financial year 2024 - 2025.

## c. Postal Ballot and E-Voting

No Postal Ballot was conducted during the financial year 2024 - 2025.

## d. Postal Ballot proposed to be conducted

As on date of this report, the Company do not foresee the need for conducting postal ballot to pass any resolution in the current financial year. However, if required, the same shall be conducted in compliance with the procedure stipulated under Section 110 and other applicable provisions, if any, of the Companies Act, 2013 and its relevant Rules made thereunder, the Listing Regulations and any other applicable laws in this regard.

## 9. MEANS OF COMMUNICATION

The Company is conscious of the importance of timely dissemination of adequate information to the Stakeholders. All periodical compliance filings under the Listing Regulations, including shareholding patterns, corporate governance report, media release, statement of investor complaints, announcements, among others, are filed electronically through BSE Listing Centre, a web based application designed by BSE for corporates.

The Company is regularly publishing notices, advertisements, quarterly unaudited and audited financial results containing a Quick Response code (QR Code) and the details of the webpage where complete financial results are available is normally published in newspapers viz., The Financial Express and Dinamani/ Malai Murasu (vernacular language). The Company is posting the quarterly results and other statutory information on the Company's weblink <https://www.kgdenim.com/newspaper-advertisement>.

The Company does not display any official news releases on the website of the Company and also it has not made any presentations to the institutional investors or to the analysts during the year.

Subsidiary Companies: The Audit Committee reviews the consolidated financial statements of the Company. The minutes of the Board Meetings, along with a report on significant developments of the unlisted subsidiary companies, are periodically placed before the Board of Directors of the Company.

## 10. GENERAL SHAREHODLER INFORMATION

|  |   |
|--|---|
| i. 33rd Annual General Meeting date, Time and venue                                  | Tuesday, 9th September 2025 at 4:30 PM<br>Venue: Then Thirumalai, Coimbatore – 641302, (Registered Office of the Company)   |
| ii. Financial Year   | 1st April 2024 to 31st March 2025   |
| iii. Dividend payment date   | Not Applicable  |
| iv. Date of Book Closure   | 3rd September 2025 to 9th September 2025<br>(Both days inclusive)   |
| v. Listing on Stock Exchanges  | BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001.<br>The Company has paid the Listing Fees for the financial year 2024-25 to the above Stock Exchange           |
| vi. Depository Fee   | Annual custody fee for the financial year 2024-25 have been paid to the Depositories.   |
| vii. Corporate Identity Number   | L17115TZ1992PLC003798   |
| viii. Scrip Code/Symbol<br>Demat ISIN in NSDL & CDSL                                 | 500239<br>INE104A01012  |
| ix. Registrars and Share Transfer Agents for both Dematerialised and physical shares | Cameo Corporate Services Limited, "Subramanian Building", No.1 Club House Road, Chennai – 600 002   |
| x.Details of Compliance Officer  | Shri. M Balaji<br>Company Secretary<br>Then Thirumalai, Coimbatore – 641 302<br>Ph: 04254 – 235568, Fax: +91 4254 235400<br>Email: <a href="mailto:cskgdl@kgdenim.in">cskgdl@kgdenim.in</a> |

# K G DENIM LIMITED

|  |   |
|--|---|
| xi. Share Transfer System  | <p>Share transfer services are carried out by dematerialised form through NSDL and CDSL platforms and monitored by the Company's Registrar and Share Transfer Agents (STA), viz., Cameo Corporate Services Limited.</p> <p>Request for share Transmission and Transposition, as duly coordinated by the STA, are considered and approved by the Share Transfer Committee of the Company.</p> <p>All requests for dematerialization of shares are processed and confirmed to the depositories, NSDL and CDSL, within 15 days. The Stakeholders Relationship Committee generally meets quarterly and reviews the Share Transfer Committee's activities.</p> |
| xii Dematerialisation of shareholding and liquidity  | <p>Members have the option to hold their shares in demat form either through the National Securities Depository Limited or the Central Depository Services Limited. The ISIN Number of the Company is INE104A01012.</p> <p>Number of shares dematerialized: 2,49,87,571</p> <p>Percentage: 97.46% (Promoters have completely dematerialized their shareholdings)</p>  |
| xiii Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity   | Not Applicable  |
| xiv Commodity price risk or foreign exchange risk and hedging activities   | Nil   |
| xv Plant location  | Then Thirumalai, Jadayampalayam Village, Coimbatore - 641 302   |
| xvi Address for Correspondence and Registered office   | Then Thirumalai, Jadayampalayam Village, Coimbatore - 641 302<br>Website: <a href="http://www.kgdenim.com">www.kgdenim.com</a> Email id of the Investor Grievance Section: <a href="mailto:cskgdl@kgdenim.in">cskgdl@kgdenim.in</a>   |
| xvii Reconciliation of Share Capital Audit   | A qualified Company Secretary in Practice has carried out the reconciliation of share capital audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The reconciliation of share capital audit report confirms that the total issued/ paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL & CDSL.   |
| xviii List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad | The Company has approached India rating to obtain credit rating for Company   |



# K G DENIM LIMITED

The shares of the company are regularly traded and in no point of time the shares were suspended for trading in the stock exchange.

## Shareholding Pattern as on 31st March 2025

| <b>Category</b>                               | <b>Number of Shares Held</b> | <b>% of Shareholding</b> |
|---|------------------------------|--------------------------|
| Promoter & Promoter Group                     | 1,50,58,956                  | 58.74                    |
| Mutual Fund                                   | 3,200                        | 0.01                     |
| Directors and their Relatives                 | 500                          | 0.00                     |
| Investor Education and Protection fund (IEPF) | 9,71,328                     | 3.79                     |
| Indian Public                                 | 86,93,805                    | 33.91                    |
| Hindu Undivided Family                        | 4,13,550                     | 1.61                     |
| NRI   | 2,09,456                     | 0.82                     |
| Clearing Member                               | 1,000                        | 0.00                     |
| Bodies Corporate                              | 2,85,950                     | 1.12                     |
| LLP   | 80                           | 0.00                     |
| <b>Total</b>                                  | <b>2,56,37,825</b>           | <b>100.00</b>            |

## Distribution of Shareholding:

| <b>Shareholding (Range)</b> | <b>No. of Holders</b> | <b>% of Holders</b> | <b>No. of shares</b> | <b>% of shares</b> |
|-----------------------------|-----------------------|---------------------|----------------------|--------------------|
| 1 – 500                     | 8097                  | 82.89               | 1278197              | 4.99               |
| 501 – 1000                  | 780                   | 7.99                | 648934               | 2.53               |
| 1001 – 2000                 | 390                   | 3.99                | 601996               | 2.35               |
| 2001 – 3000                 | 156                   | 1.60                | 399308               | 1.56               |
| 3001 – 4000                 | 73                    | 0.75                | 262241               | 1.02               |
| 4001 - 5000                 | 51                    | 0.52                | 242821               | 0.95               |
| 5001 - 10000                | 91                    | 0.93                | 698368               | 2.72               |
| 10001 and above             | 130                   | 1.33                | 21505960             | 83.88              |
| <b>Total</b>                | <b>9768</b>           | <b>100.00</b>       | <b>25637825</b>      | <b>100.00</b>      |

## 11. OTHER DISCLOSURES:

a. Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large.

All the related party transactions are entered into on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of The Companies Act, 2013 and the Listing Regulation. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel or otherwise which may have potential conflict with the interest of the Company at large.

The details of the transactions with Related Parties are provided in the Company's financial statements in accordance with the Accounting Standards. All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party

# K G DENIM LIMITED

transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

Kindly refer to the notes forming part of accounts for the details of Related Part Transactions.

**b. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years;**

The financial results (standalone and consolidated) for the quarter and year ended 31st March 2024 was submitted to the stock exchange on 29th May 2024 whereas the disclosure of Related Party Transactions for the half year ended 31st March 2024 was filed in XBRL mode on 30th May 2024, which was beyond the prescribed time under Regulation 23(9) of Listing Regulation. In respect of the said delay, the BSE Limited has imposed a fine of Rs. 5900/- and the Company has paid the said fine to BSE Limited on 2nd July 2024.

Apart from the above, there are no penalties and/or strictures imposed on the Company by SEBI or any Statutory Authorities, on any matter relating to capital markets, during the last three years.

**c. Details of establishment of vigil mechanism/ whistle blower policy, and affirmation that no personnel has been denied access to the audit committee**

The Company has provided for adequate safeguards to deal with instances of fraud and mismanagement and to report concerns about unethical behaviour or any violation of the Company's code of conduct. The Audit Committee has been authorized to review the cases received under the Whistle Blower Policy of the Company and address the grievances of all the personnel in the Company. The Whistle Blower policy can be accessed on the Company's Website at the link <https://www.kgdenim.com/wp-content/uploads/2015/10/whistleBlower-Policy.pdf>

**d. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements**

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in Listing Regulations.

The Company has adopted the non-mandatory requirement relating to Reporting of Internal Auditors to the Audit Committee as recommended in terms of Regulation 27(1) read with Part E of Schedule II of the Listing Regulations.

**e. Web link where policy for determining 'material' subsidiaries is disclosed**

The Company has formulated a policy for determining the Material Subsidiary and the details of such policies are disseminated in the website at <https://www.kgdenim.com/wp-content/uploads/2023/09/Policy-on-material-subsidiary-2.pdf>

**f. Web link where policy on dealing with related party transactions**

The policy on dealing with related party transactions can be accessed on the Company's website at <https://www.kgdenim.com/wp-uploads/2022/06/rpt.pdf>

**g. Disclosure of commodity price risks and commodity hedging activities.**

During the financial year ended 31.03.2025, the Company did not engage in commodity hedging activities.

**h. Details of utilization of funds raised through preferential allotment or qualified institutions placement**

During the financial year ended 31st March 2025, the company has not raised any funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of Listing Regulations.

**i. Certificate from a Company secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of**



# K G DENIM LIMITED

## **Corporate Affairs or any such statutory authority:**

A certificate from a Company Secretary in Practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority has been obtained and is annexed to this report.

## **j. Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof:**

During the year under review, the recommendations made by the different Committees have been accepted and there were no instances where the Board of Directors had not accepted any recommendation of the Committees.

## **k. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part:**

The Company has paid a sum of Rs. 7.60 Lakh as fees on consolidated basis to the Statutory Auditors and all entities in the network firm / entity of which the Statutory Auditor is a part for the services rendered by them.

## **i. Disclosures in relation to the Sexual Harassment of Women**

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- i. Number of complaints filed during the financial year – NIL
- ii. Number of complaints disposed of during the financial year – NIL
- iii. Number of complaints pending as on end of the financial year – NIL

## **m. Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount – NIL.**

## **n. The Company does not have any material subsidiaries, accordingly, the disclosure requirements in relation to the date and place of incorporation and the name and date of appointment of statutory auditors of such subsidiaries does not arise.**

o. All the requirements of corporate governance report of sub paragraphs (2) to (10) Para C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been duly complied with.

p. The Company is fully compliant with the Corporate Governance requirements as specified by Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **q. Disclosure on Accounting Treatment:**

In the preparation of the financial statements, the Company has followed the Indian Accounting Standards (Ind AS) referred to in Section 133 of the Act. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

## **r. Disclosure on risk management:**

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board.

s. Apart from the above, the Company has not adopted any of the discretionary requirements as specified in Part E of Schedule II of SEBI Listing Regulations.



# K G DENIM LIMITED

**t. Disclosure of certain types of agreements binding listed entities – Not Applicable**

**u. Disclosures with respect to demat suspense account/ unclaimed suspense account**

Pursuant to Regulation 39(4) read with Schedule VI of Listing Regulation, the Company does not have any unclaimed shares. Hence, opening of unclaimed suspense account is not applicable. The Company has opened Suspense Escrow Demat Account in compliance with SEBI Circular No. SEBI/HO/MIRSD/PoD-1/OW/P/2022/64923 dated December 30, 2022. No share has been credited to that account during the financial year under review.

**v. Certificate from CEO and CFO:**

The CEO and CFO certification of the Financial Statements for the year has been submitted to the Board of Directors, as required under Listing Regulations.

**w. Code of Conduct:**

As provided under the Listing Regulations, the Board of Directors of the Company laid down the Code of Conduct for the Directors and the Senior Management Personnel. A declaration has been received from the Managing Director to the effect that the Directors and Senior Management Personnel have confirmed compliance with the said Code of Conduct.

**x. Code for Prevention of Insider Trading**

The Company has framed a code of conduct to regulate, monitor and report trading by Insiders based on SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all Directors / Officers / Designated Employees.

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 and the same has been displayed on the Company's official weblink <https://www.kgdenim.com/wp-content/uploads/2015/10/fair-disclosurecode.pdf>

The Company has also formulated "The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)" in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015.

## DECLARATION

I, K.G.Baalakrishnan, Chairman and Executive Director of K G Denim Limited, hereby declare that all the members of the Board of Directors and Senior Management have, for the year ended March 31, 2025 affirm compliance with the said code of conduct laid down by the Board of Directors and Senior Management in terms of Regulation 26(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

By order of the Board  
For K G Denim Limited

Coimbatore  
11.08.2025

K.G.Baalakrishnan  
Chairman and Executive Director  
(DIN: 00002174)

# K G DENIM LIMITED

## CERTIFICATE ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31/03/2025

To

The Members of M/s. K G Denim Limited

Dear Sir,

We have examined the compliance of the conditions of Corporate Governance by M/s. K G Denim Limited ("the Company") for the financial year ended March 31, 2025 as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our 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 our opinion and to the best of our information and according to the explanation given to us and based on the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2025.

We 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.

**For MDS & Associates LLP**

Company Secretaries

Place : Coimbatore

Date : 11.08.2025

**M.D.SELVARAJ**

Managing Partner

Membership No.: FCS 960 C P No.: 411

Peer Review No. 6468/2025

UDIN: F000960G000937995

# K G DENIM LIMITED

## CERTIFICATE UNDER REGULATION 17(8) OF SEBI (LODR) REGULATIONS, 2015

To

**The Board of Directors**

K G Denim Limited

Coimbatore - 641302

We, the undersigned, in our respective capacity as Managing Director and Chief Financial Officer of K G Denim Limited ("the Company") to the best of our knowledge and belief, certify that:

I. We have reviewed the Audited Financial Statements for the Quarter and Year Ended 31<sup>st</sup> March 2025, and to the best of our knowledge and belief, we state that :

- a) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading.
- b) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws, and regulations.

II. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the Quarter and Year ended which are fraudulent, illegal, or violative of the Company's code of conduct.

III. We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

IV. We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:

- a. there have been no significant changes in the internal control over financial reporting during the Quarter and Year ended;
- b. there have been no significant changes in the accounting policies made during the Quarter and Year ended; and
- c. there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Place: Coimbatore

Date: 28.05.2025

**B Sriramulu**  
Managing Director

**Ramaprabha S**  
Chief Financial Officer



# K G DENIM LIMITED

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members of  
M/s. K G DENIM LIMITED  
(CIN: L17115TZ1992PLC003798)  
Then Thirumalai,  
Coimbatore - 641302

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. K G DENIM LIMITED having CIN: L17115TZ1992PLC003798 and having registered office at Then Thirumalai Coimbatore - 641302 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31st March 2025 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| Sr. No. | Name of Director  | DIN      | Date of appointment in Company |
|---------|---|----------|--------------------------------|
| 1       | Mr. Govindaswamynaidu Balakrishnan<br>(Whole-time Director/ Executive Chairman) | 00002174 | 03/11/2003                     |
| 2       | Mr. Balakrishnan Sriramulu<br>(Managing Director)                               | 00002560 | 03/11/2003                     |
| 3       | Mr. Balakrishnan Srihari  | 00002556 | 03/11/2003                     |
| 4       | Mr. Ayyalusamy Velusamy   | 00002204 | 01/04/2010                     |
| 5       | *Mr. N Govindarajan   | 00366402 | 29/07/2020                     |
| 6       | Mr. Jaganmohan Ramachandran   | 09125603 | 14/02/2022                     |
| 7       | Mr. Duraipandian Kumaravel  | 00004827 | 01/04/2023                     |
| 8       | Mr. Ramaswamy Selvakumar<br>(Whole-time director)                               | 00051608 | 07/08/2023                     |
| 9       | *Mr. Nallusamy Balasubramaniam Anand  | 00785555 | 24/08/2024                     |
| 10      | *Mrs. Geetha  | 10753728 | 29/08/2024                     |

(i) \*Mr. Nallusamy Balasubramaniam Anand and Mrs. Geetha, were appointed as Independent Director(s) for the first term of consecutive 5 years with effect from 24th August 2024 and 29th August 2024 respectively.

(ii) \*Mr. N Govindarajan was re-appointed as a Non-Executive Independent Director for a further period of the Second term of 5 consecutive years with effect from 29th July 2025 and to continue the directorship on attaining the age of 75 years on 29th December 2024.

(iii) \*Mr. Balakrishnan Srihari was resigned as Managing Director and continues as Non Executive Director with effect from 31st March 2025.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate 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.

**For MDS & Associates LLP**  
Company Secretaries

**M.D.SELVARAJ**  
Managing Partner  
Membership No.: FCS 960 C P No.: 411  
Peer Review No. 6468/2025  
UDIN:F000960G000937962

Place: Coimbatore  
Date: 11.08.2025

# K G DENIM LIMITED

## Management Discussion and Analysis Report

### Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Industry structure and developments:

K G Denim Limited is a leading manufacturer of Denim Fabric. It has manufacturing facilities for Denim Fabric, Apparel Fabric, Readymade Garments and Home Textile products also generating steam for captive consumption and power for both captive consumption and outside sales. Indian textile Exports experienced a decline for the consecutive year in 2024-25, mainly attributed to the geopolitical tensions casting a shadow on the global trade.

India is one of the fastest growing economy in the world. Textile is one of the core segments in the manufacturing sector in India. However, due to geopolitical disturbances and Tariff wars there has been decline in the exports of textile across the Country. The Government of India is holding discussions with countries in Asia, Africa and Europe to explore new Markets. It is expected there would be some improvements in the export segment if the talks materialize.

### Opportunities and threats

| Strength   | Weakness  |
|--|---|
| Ample labour availability – 45 million have been employed in the sector Presence of the entire textile value chain in the country<br>Diversified textile operations from spinning to processing Total spinning mills stand at 3,452, plus 1.8 million power looms and 3.9 million handlooms operate in the country Processing units stand around 3,400 units | Use of outdated technology Fragmentation within the industry Uncompetitive value chain components Existence of small and medium-sized enterprises that are highly risk-averse Lopsided focus on cotton till late, resulting in delayed policies for other more in-demand commodities like man-made fibres and yarns |
| Opportunity  | Threat  |
| Export enhancement due to FTAs Utilisation of the same location value chain to increase competitiveness Strong policy support to increase productivity Can utilise the de-risking stage to increase exports PLIs can make the country a leader in exports of and technical textiles Taking the benefit of the China plus one policy.                         | Increasing shipping cost to affect trade Geo political issues and de-globalisation Increasing and potential competition from Bangladesh, Vietnam, Cambodia, Myanmar, and Indonesia Gaps in the pace of adoption of sustainable technology Rising cost of production   |

### Overall performance

There had been drought in the plant location due to which there was no water supply. The operations of the Company were affected severely for about 5 months. The restarting of the operations got affected due to non-availability of funds. The implementation of the restructuring for loan facilities with the Bankers was also delayed and was implemented only in March 2025.

The Company has recently concluded arrangements with the Bankers for release of working capital funds. To augment funds for working capital and reduction of debts the Company is in the process of selling non-core assets. It is hoped that the operations would be ramped up gradually from September 2025.

### Outlook

The recent Tariff war started by USA appears to affect the export market of textiles since USA was the major importer of Indian textiles. The Government of India is holding discussions with other countries to explore new markets.

### Risks and concerns

The Company recognizes that risk is an integral and unavoidable component of the business. The Company is committed to managing the risk in a proactive and effective manner. Identify the key risks having a severe impact on our business and take suitable measures to mitigate them.

The common risks are operational risks, raw material risk, disaster risk, financial risk, foreign exchange risk and market risks etc... In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans Company are imperative. Senior Executives is continuously monitoring the risk areas that could have an impact on the performance of the Company and take appropriate actions to maximize opportunities in all activities and to minimize adversity.



# K G DENIM LIMITED

## Internal control systems and their adequacy:

The Company has a proper and adequate internal control system that is commensurate with its size and nature of business, to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded, and reported correctly.

The internal control system is responsible for addressing the evolving risks in the business, reliability of financial information, timely reporting of operational and financial transactions, safeguarding of assets and stringent adherence to the applicable laws and regulations. The internal auditors of the Company are responsible for regular monitoring and review of these controls. The Audit Committee periodically reviews the audit reports and ensures correction of any variance, as may be required. Key observations are communicated to the management who undertakes prompt corrective actions

## Financial performance with respect to operational performance

The financial performance of the Company during the financial year 2024-25 has been discussed in the Directors Report and the audited financial statements, which have been prepared in accordance with the requirement of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, discloses a true and fair view of the performance of the company during the said period.

## Material development in Human Resources / Industrial Relations front, including number of people employed :

**Number of people employed - present strength is around 152 which will increase with improvement in operations.**

As the operations of the Company has been severely affected as aforesaid there had been significant reduction in the manpower. The Company is holding discussions with affected employees for amicable settlement and reemployment as the operations progress further.

## Financial Ratios: -

The key Financial Ratios of the Company are given below with an explanation in case of significant change

| S.No | Ratios                           | 2024-25 | 2023-24 | % of Change | Reason for variance ( for change more than 25%)   |
|------|----------------------------------|---------|---------|-------------|---|
| 1    | Current Ratio                    | 1.16    | 0.76    | -40%        | Increased losses incurred due to lower operations |
| 2    | Debt Equity Ratio                | 53.94   | 5.89    | -4806%      |   |
| 3    | Inventory Turnover Ratio         | 0.81    | 2.73    | 193%        |   |
| 4    | Trade Receivables turnover ratio | 0.78    | 2.63    | 185%        |   |
| 5    | Net capital turnover ratio       | 0.82    | -4.06   | -488%       |   |
| 6    | Net profit margin ratio          | -73%    | -9.85%  | 63%         |   |
| 7    | Return on Capital employed       | -3%     | 19.21%  | -16%        | Not applicable                                    |
| 8    | Return on Investment             | 1%      | 17%     | 16%         |   |

## CAUTIONARY STATEMENT

The Management Discussion and Analysis contain forward looking statements regarding Company's projections and 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.

**For K G DENIM LIMITED**

Place: Coimbatore  
Date : 11.08.2025

**KG Baalakrishnan**  
Executive Chairman,  
DIN : 00002174



# K G DENIM LIMITED

## Independent Auditor's 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 standalone balance sheet as at 31st March 2025, the standalone statement of profit and loss (including Other Comprehensive Income), the standalone Statement of Cash Flow and the Standalone 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 ("the 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 Indian Accounting Standards ('Ind AS'), specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2025, 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 Standalone Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

4. Key audit matters are those matters that, in our professional 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.

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

# K G DENIM LIMITED

| S. No | Key Audit Matter  | Auditor's Response  |
|-------|---|---|
| 2.    | <p>the likelihood and/or timing of cash outflows and the interpretation of preliminary and pending court rulings.</p> <p>Refer Note 42 to the Standalone Financial Statements</p> <p><b>Loan Restructuring Arrangement with Consortium Lenders</b></p> <p>As disclosed in Note 61 to the standalone financial statements, the Company has entered into a loan restructuring arrangement with its consortium lenders under the Reserve Bank of India's framework for relief measures in areas affected by natural calamities. While the resolution plan has been approved by the majority of the consortium lenders, one bank holding 7% of the debt exposure has dissented from the plan, and one Non-Banking Financial Company (NBFC) with an outstanding loan of Rs. 625 lakh has not participated in the restructuring scheme. With respect to the dissenting lenders' non-participation in the restructuring scheme, the Company has filed a writ petition before the Hon'ble High Court of Madras and obtained an injunction order, with the matter being sub judice. Repayment under the restructured plan is scheduled to commence from the quarter ending March 2026.</p> | <p><b>Principal Audit Procedures</b></p> <ul style="list-style-type: none"> <li>• Obtained and reviewed the loan restructuring agreements, lender communications, and board resolutions approving the restructuring plan.</li> <li>• Evaluated management's assessment of loan classification, modification accounting, and impairment under Ind AS 109, including consideration of whether the terms of restructuring constitute a substantial modification.</li> <li>• Assessed the legal status of dissent by South Indian Bank and non implementation by the NBFC, including examining relevant court filings, injunction orders, and legal opinion obtained by the Company, if any.</li> <li>• Evaluated the disclosures made in the financial statements in accordance with Schedule III of the Companies Act, 2013 and Ind AS 107 – Financial Instruments: Disclosures.</li> <li>• Discussed with management and those charged with governance the potential financial and legal implications arising from the dissenting lender and the pending litigation.</li> <li>• Assessed the adequacy and appropriateness of disclosures made in the financial statements in respect of the restructuring and legal proceedings</li> </ul> |



# K G DENIM LIMITED

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

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report, Corporate Governance Report, Management Discussion and Analysis, but does not include the standalone financial statements and our auditor's report thereon. The Board's Report, Corporate Governance Report, The Management Discussion and Analysis are expected to be made available to us after the date of this auditor's report.

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 during the course of our audit or otherwise appears to be materially misstated.

When we read the Board's report, Corporate Governance Report, Management Discussion and Analysis, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

6. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under Section 133 of the Act and other accounting principles generally accepted in India. 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.

7. In preparing the financial statements, the Board of Directors are 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

10. As part of an audit in accordance with Standards on Auditing specified under Section 143(10) of the Act, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:



# K G DENIM LIMITED

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system 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 the management.

- Conclude on the appropriateness of Board of Directors' 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.

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

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

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

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

## Report on Other Legal and Regulatory Requirements

14. As required by the Companies (Auditor's Report) Order, 2020 ("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 paragraphs 3 and 4 of the order, to the extent applicable.

15. As required by Section 143 (3) of the Act, based on our audit, we report, 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 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 standalone financial statements 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;

## K G DENIM LIMITED

(e) on the basis of the written representations received from the directors as on 31st March 2025 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2025 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of internal financial controls with reference to financial statements of the Company as on 31st March 2025 and the operating effectiveness of such controls, refer to our report in "**Annexure B**".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the company has not paid any remuneration to its directors during the year.

(h) 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 information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position as at 31st March 2025 in the standalone financial statements in Note no. 42;

ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31st March 2025.

iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("the Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("the Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("the Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representation under sub-clauses (a) and (b) above contains any material misstatement.

v. The Company has not declared or paid any dividend during the year and hence reporting under this clause does not arise.

vi. Based on our examination which included test checks, the company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

**For Gopalaiyer and Subramanian**  
Chartered Accountants  
FRN. 000960S

**R. Mahadevan**  
Partner  
M.No.027497

UDIN: 25027497BMNBAP5744

Place: Coimbatore  
Date: 30th May 2025



# K G DENIM LIMITED

## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in 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, 2025.

I.(a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

(b) The Company has maintained proper records showing full particulars of intangible Assets.

(c) 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.

(d) In our opinion and according to the information and explanations given to us and on the basis of our examination of property tax receipts, registered sale deed / transfer deed / conveyance deed and the records of the Company provided to us, we report that, title in respect of self-constructed buildings and the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.

(e) The Company has not revalued its property, plant and equipment or intangible assets during the year.

(f) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii. (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and based on information and explanations given to us, the frequency of such verification is reasonable and no material discrepancies were noticed at the time of verification.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs.5 Crore, in aggregate, during the year, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements (comprising stock statements, statements on ageing analysis of the debtors / other receivables, and other stipulated financial information) filed by the Company with such banks are not in agreement with the unaudited book of account of the Company of the respective quarters as given hereunder.

### Statement of discrepancy between Quarterly Statement submitted to the Bank and Book of Accounts

Rs. in Lakhs

| Quarter ended<br>as on | Inventory                     |                                 |                     |
|------------------------|-------------------------------|---------------------------------|---------------------|
|                        | As per Stock Statement<br>(A) | As per Books of Accounts<br>(B) | Difference<br>(A-B) |
| 30-06-2024             | 7,210.16                      | 7,220.16                        | -10.00              |
| 30-09-2024             | 6,279.03                      | 6,279.30                        | -0.27               |
| 31-12-2024             | 5,653.83                      | 5,653.83                        | 0.00                |
| 31-03-2025             | 6,109.46                      | 6,109.63                        | -0.17               |

Rs. in Lakhs

| Quarter ended<br>as on | Trade Receivables             |                                 |                  |
|------------------------|-------------------------------|---------------------------------|------------------|
|                        | As per Stock Statement<br>(A) | As per Books of Accounts<br>(B) | Difference (A-B) |
| 30-06-2024             | 9,143.14                      | 9,134.45                        | 8.69             |
| 30-09-2024             | 8,335.07                      | 8,335.02                        | 0.05             |
| 31-12-2024             | 8,434.60                      | 6,237.87                        | 2,196.73         |
| 31-03-2025             | 6,274.44                      | 6,297.91                        | -23.47           |



# K G DENIM LIMITED

Rs. in Lakhs

| Quarter ended<br>as on | Trade Payables                |                                 |                  |
|------------------------|-------------------------------|---------------------------------|------------------|
|                        | As per Stock Statement<br>(A) | As per Books of Accounts<br>(B) | Difference (A-B) |
| 30-06-2024             | 10,136.00                     | 13,204.77                       | -3,068.77        |
| 30-09-2024             | 11,217.14                     | 12,072.80                       | -855.66          |
| 31-12-2024             | 11,913.00                     | 12,713.67                       | -800.67          |
| 31-03-2025             | 12,322.00                     | 10,360.70                       | 1,961.30         |

Note: The difference was on account of different methods of stock valuation adopted in respect of Inventories and pending reconciliation of Trade Receivable and Trade Payable for the purpose of reporting in Quarterly Bank Statements vis-à-vis books of accounts.

iii. (a) In our opinion and according to the information and explanations given to us, during the year the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties.

(b) In our opinion and according to the information and explanations given to us, the guarantees provided, terms and conditions of the guarantees provided (including in earlier years) are not prejudicial to the Company's interest.

(c) The company has not granted any loans and advance in the nature of loans and hence paragraph 3 iii (c), (d), (e) and (f) of the order is not applicable.

iv. The Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans given, investments made and the guarantees and securities provided, as applicable.

v. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit with the meaning of Sections 73 to 76 of the Act and the Rules framed there under. Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

vi. The Central Government has prescribed maintenance of cost records under Sub-section (1) of Section 148 of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148 of the Act, and are of the opinion that prima facie, the prescribed and such accounts and records have been made and maintained.

vii. In respect of statutory dues

(a) In our Opinion, the Company has not been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. However, there were no undisputed amounts payable in respect of the aforesaid statutory dues which are in arrears as at March 31, 2025 for a period of more than six months from the date they became payable.

# K G DENIM LIMITED

## Statement of Arrears of Undisputed Statutory Dues Outstanding for More than Six Months

| Name of Statute   | Nature of Dues                     | Amount (Rs. in lacs) | Period to which the amount relates | Due Date   | Date of Payment |
|---|------------------------------------|----------------------|------------------------------------|------------|-----------------|
| Income Tax Act, 1961  | TDS                                | 5.62                 | Oct-23                             | 07-11-2023 | Not paid        |
| Income Tax Act, 1961  | TDS                                | 6.63                 | Nov-23                             | 07-12-2023 | Not paid        |
| Income Tax Act, 1961  | TDS                                | 5.79                 | Dec-23                             | 07-01-2024 | Not paid        |
| Income Tax Act, 1961  | TDS                                | 6.30                 | Jan-24                             | 07-02-2024 | Not paid        |
| Income Tax Act, 1961  | TDS                                | 7.65                 | Feb-24                             | 07-03-2024 | Not paid        |
| Income Tax Act, 1961  | TDS                                | 9.45                 | Mar-24                             | 30-04-2024 | Not paid        |
| Income Tax Act, 1961  | TDS                                | 4.75                 | Apr-24                             | 07-05-2024 | Not paid        |
| Income Tax Act, 1961  | TDS                                | 2.29                 | May-24                             | 07-06-2024 | Not paid        |
| Income Tax Act, 1961  | TDS                                | 2.56                 | Jun-24                             | 07-07-2024 | Not paid        |
| Income Tax Act, 1961  | TDS                                | 1.83                 | Jul-24                             | 07-08-2024 | Not paid        |
| Employees' Provident Funds and Miscellaneous Provisions Act, 1952 | Employer and Employee Contribution | 25.36                | Apr-24                             | 15-05-2024 | Not paid        |
| Employees' Provident Funds and Miscellaneous Provisions Act, 1952 | Employer and Employee Contribution | 24.45                | May-24                             | 15-06-2024 | Not paid        |
| Employees' Provident Funds and Miscellaneous Provisions Act, 1952 | Employer and Employee Contribution | 22.62                | Jun-24                             | 15-07-2024 | Not paid        |
| Employees' Provident Funds and Miscellaneous Provisions Act, 1952 | Employer and Employee Contribution | 21.57                | Jul-24                             | 15-08-2024 | Not paid        |
| Employees' Provident Funds and Miscellaneous Provisions Act, 1952 | Employer and Employee Contribution | 20.72                | Aug-24                             | 15-09-2024 | Not paid        |
| Employees' State Insurance Act, 1948                              | Employer and Employee Contribution | 0.28                 | Apr-24                             | 15-05-2024 | Not paid        |
| Employees' State Insurance Act, 1948                              | Employer and Employee Contribution | 0.23                 | May-24                             | 15-06-2024 | Not paid        |
| Employees' State Insurance Act, 1948                              | Employer and Employee Contribution | 0.21                 | Jun-24                             | 15-07-2024 | Not paid        |
| Employees' State Insurance Act, 1948                              | Employer and Employee Contribution | 0.24                 | Jul-24                             | 15-08-2024 | Not paid        |
| Employees' State Insurance Act, 1948                              | Employer and Employee Contribution | 0.24                 | Aug-24                             | 15-09-2024 | Not paid        |

# K G DENIM LIMITED

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no due which have not been deposited with the appropriate authorities on account of any dispute except for the following;

## Statement of Disputed Dues

| Name of Statute | Nature of Dues                                     | Amount (Rs. in lacs) | Period to which the amount relates    | Forum where the dispute is pending                          | Remarks  |
|-----------------|--|----------------------|---------------------------------------|---|--|
| Customs Act     | Custom Duty  | 112.61               | FY 2013-14                            | Customs Excise and Service Tax appellate tribunal, Chennai. | Rs. 112.61 Lakhs of demand was stayed by CESTAT, Chennai.  |
|                 | Custom – Duty draw back and Advance License Scheme | 222.74               | 1st April 2005 to 30th September 2006 | High Court of Madras (Madurai Bench)                        | Nil  |
| Income Tax Act  | Income Tax   | 02.53                | AY 2020-21                            | CIT(Appeals), NAFC, Delhi                                   | Out of demand of Rs. 3.16 Lakh, 20% has been paid, and the balance demand of Rs. 2.53 Lakhs is stayed as per stay order dated 19/02/2024 |
| Income Tax Act  | Income Tax   | 00.01                | AY 2021-22                            | CIT(Appeals), NAFC, Delhi                                   | Nil  |

viii. According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.

ix (a) Considering the restructuring scheme as approved by majority of the consortium bankers, the Company has not defaulted in repayment of its interest and principal amount of loans taken from banks and financial institutions. The Company has not taken loans from the Government.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or any other lender.

(c) In our opinion and according to the information and explanations given to us, the Company has not taken any Term Loan during the year other than Term Loans approved in accordance with the restructuring scheme and hence reporting under clause 3(ix)(c) does not arise.



## K G DENIM LIMITED

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) According to the information and explanations given to us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries.

x. (a) The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause 3(x)(a) of the order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or (fully, partly or optionally) convertible debentures during the year. Accordingly, reporting under clause 3

(x)(b) of the Order is not applicable to the Company.

xi. (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.

(b) No report under sub-section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

xii. (a) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii In our opinion and according to the information and explanations given to us all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act, wherever applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standards.

xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the reports issued by the internal Auditors of the Company issued till date, for the period under audit.

xv. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its them and accordingly, provisions of Section 192 of the Act, 2013 are not applicable to the Company.

xvi. (a) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

b) The Company has not conducted any Non-Banking Financial or Housing Finance activities during the year.

c) The Company is not a Core Investment Company (CIC), as defined in the Regulations made by Reserve Bank of India.

d) The Group does not have any CICs.

## K G DENIM LIMITED

xvii. The Company has incurred cash losses to the extent of Rs.3,912.75 lacs in the current financial year covered by our audit and Rs. 2,040.68 lacs in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. In the absence of average net profits in the immediately three preceding years, there is no requirement for the company to spend any amount under Section 135 of the Act and hence accordingly, reporting under clause (xx) of the order is not applicable for the year.

**For Gopalaier and Subramanian**  
Chartered Accountants  
FRN. 000960S

**R. Mahadevan**  
Partner  
M.No.027497  
UDIN: 25027497BMNBAP5744

Place: Coimbatore  
Date: 30th May 2025



# K G DENIM LIMITED

## Annexure - B to the Independent Auditors' Report

### **Independent Auditor's Report on the Internal Financial Controls with reference to the standalone financial statements under Clause (f) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. In conjunction with our audit of the standalone financial statements of K G Denim Limited ("the Company") as at and for the year ended 31st March 2025, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.

### **Responsibilities 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 standalone 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 the company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

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

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone 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 Act, to the extent applicable to an audit of internal financial controls with reference to standalone 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 standalone 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 standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone 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 standalone financial statements.

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

6. A Company's internal financial controls with reference to standalone 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 standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of



## K G DENIM LIMITED

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 standalone 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 standalone financial statements.

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

7. Because of the inherent limitations of internal financial controls with reference to standalone 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 standalone financial statements to future periods are subject to the risk that internal financial control with reference to standalone 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 standalone financial statements and such controls were operating effectively as at 31st March 2025, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI

**For Gopalalier and Subramanian**  
Chartered Accountants  
FRN. 000960S

**R. Mahadevan**  
Partner  
M.No.027497  
UDIN: 25027497BMNBAP5744

Place: Coimbatore  
Date: 30th May 2025

# K G DENIM LIMITED

## STANDALONE BALANCE SHEET AS AT 31st MARCH 2025

(Rs. in Lakhs)

| Particulars   |  | Note No. | 31.03.2025       | 31.03.2024       |
|---|--|----------|------------------|------------------|
|   |  |          | Audited          | Audited          |
| I.  | <b>ASSETS</b>                                    |          |                  |                  |
| 1   | <b>Non-current assets</b>                        |          |                  |                  |
| (a)   | Property, plant and equipment                    | 1        | 12,834.51        | 13,704.36        |
| (b)   | Capital work-in-progress                         | 1        | -                | -                |
| (c)   | Right of Use Asset                               | 2        | -                | 9.84             |
| (d)   | Non current financial asset                      |          |                  |                  |
|   | Non-current investments                          | 3        | 330.98           | 330.86           |
| (e)   | Deferred tax Assets                              | 4        | 2,462.07         | 1,269.33         |
| (f)   | Other non current assets                         | 5        | 238.56           | 237.25           |
|   |  |          | <b>15,866.12</b> | <b>15,551.64</b> |
| 2   | <b>Current assets</b>                            |          |                  |                  |
| (a)   | Inventories                                      | 6        | 6,109.63         | 9,489.05         |
| (b)   | Current financial asset                          |          |                  |                  |
|   | (i) Trade receivables, current                   | 7        | 6,297.91         | 9,533.41         |
|   | (ii) Cash and cash equivalents                   | 8        | 328.78           | 44.25            |
|   | (iii) Bank balance other than (ii) above         | 9        | 25.67            | 323.28           |
| (c)   | Current tax assets (net)                         | 10       | 199.78           | 279.68           |
| (d)   | Other current asset                              | 11       | 4,878.29         | 5,366.44         |
| (e)   | Asset Held for Sale                              |          | 6.97             | -                |
|   |  |          | <b>17,847.03</b> | <b>25,036.11</b> |
|   |  |          | <b>33,713.15</b> | <b>40,587.75</b> |
| II.   | <b>EQUITY AND LIABILITIES</b>                    |          |                  |                  |
| 1   | <b>EQUITY</b>                                    |          |                  |                  |
| (a)   | Equity share capital                             | 12       | 2,564.90         | 2,564.90         |
| (b)   | Other equity                                     | 13       | -2,164.15        | 972.01           |
|   | <b>Total Equity</b>                              |          | <b>400.75</b>    | <b>3,536.90</b>  |
| 2   | <b>LIABILITIES</b>                               |          |                  |                  |
|   | <b>Non-current liabilities</b>                   |          |                  |                  |
| (a)   | <b>Non current financial liabilities</b>         |          |                  |                  |
|   | (i) Borrowings                                   | 14       | 17,663.09        | 3,244.90         |
|   | (ii) Lease Liabilities                           | 15       | -                | 9.68             |
| (b)   | Long-term provisions                             | 16       | 268.67           | 598.87           |
| (c)   | Long-term - Trade Payable                        |          | -                | -                |
| (d)   | Government grants                                | 17       | -                | 130.87           |
|   |  |          | <b>17,931.76</b> | <b>3,984.32</b>  |
|   | <b>Current liabilities</b>                       |          |                  |                  |
| (a)   | <b>Current financial liabilities</b>             |          |                  |                  |
|   | (i) Borrowings                                   | 18       | 6,085.05         | 17,574.21        |
|   | (ii) Lease Liabilities                           | 19       | -                | 0.43             |
|   | (ii) Trade payable - Micro and Small Enterprises |          | 928.53           | 909.50           |
|   | (iii) Trade payable - Others                     | 20       | 7,332.17         | 13,704.99        |
| (b)   | MSME Interest Payable                            | 21       | 315.68           | 89.32            |
| (c)   | Other current financial liabilities              | 22       | 559.92           | 552.30           |
| (d)   | Short-term provisions                            | 23       | 28.42            | 65.15            |
| (e)   | Government grants                                | 24       | 130.87           | 170.63           |
|   | Difference                                       |          |                  |                  |
|   |  |          | <b>15,380.63</b> | <b>33,066.53</b> |
|   |  |          | <b>33,713.15</b> | <b>40,587.75</b> |
| Significant Accounting Policies                               |  | 35       |                  |                  |
| The notes form an integral part of these financial statements |  |          |                  |                  |

As per our report of even date

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

**R MAHADEVAN**

Partner

Membership No.027497

UDIN : 25027497BMNBAP5744

Place : Coimbatore

Date : 30.05.2025

For and on behalf of the Board of Directors

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**M. BALAJI**  
Company Secretary

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**RAMAPRABHA .S**  
Chief Financial Officer

**B SRIHARI**  
Director  
DIN : 00002556

# K G DENIM LIMITED

## STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH 2025

(Rs. in Lakhs) Except EPS

| Particulars |   | Note No. | 31.03.2025       | 31.03.2024       |
|-------------|---|----------|------------------|------------------|
|             |   |          | Audited          | Audited          |
| I           | <b>INCOME</b>   |          |                  |                  |
|             | Revenue from operations   | 25       | 4,920.66         | 25,642.88        |
|             | Other Income  | 26       | 785.19           | 326.67           |
|             | <b>Total Income</b>   |          | <b>5,705.85</b>  | <b>25,969.55</b> |
| II          | <b>EXPENSES</b>   |          |                  |                  |
|             | Cost of materials consumed  | 27       | 1,102.04         | 12,761.08        |
|             | Purchases of Stock-in-Trade   | 28       | 6.26             | 487.04           |
|             | Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 29       | 2,827.06         | -572.58          |
|             | Other Manufacturing Expense   | 30       | 1,866.32         | 6,847.33         |
|             | Employee benefits expense   | 31       | 2,088.62         | 4,372.93         |
|             | Finance cost  | 32       | 2,889.07         | 2,391.47         |
|             | Depreciation and amortization expense   | 1        | 886.69           | 1,457.21         |
|             | Other expenses  | 33       | 760.60           | 1,996.08         |
|             | <b>Total expenses</b>   |          | <b>12,426.66</b> | <b>29,740.56</b> |
| III         | <b>Profit before exceptional items and tax</b>                                |          | <b>-6,720.81</b> | <b>-3,771.01</b> |
| IV          | Exceptional items - DEPB Receipts   | 34       | -                | 256.75           |
|             | Extraordinary Items - Excise Duty Refund                                      | 34       | 2,039.72         | -                |
| V           | <b>Profit before tax (III- IV)</b>  |          | <b>-4,681.09</b> | <b>-3,514.26</b> |
| VI          | Tax expense:  |          |                  |                  |
|             | (1) Current tax   |          | -                | -                |
|             | (2) Deferred tax  |          | -1,192.74        | -988.21          |
|             | (3) Income Tax for earlier years  |          | 99.62            | -                |
|             |   |          | <b>-1,093.12</b> | <b>-988.21</b>   |
| VII         | <b>Profit/(loss) (after tax) (V-VI)</b>                                       |          | <b>-3,587.97</b> | <b>-2,526.05</b> |
| VIII        | Other Comprehensive Income (Net of Tax)                                       |          |                  |                  |
|             | <b>Items that will not reclassified to Profit or Loss</b>                     |          |                  |                  |
|             | Fair value of Equity Instruments  |          | 0.12             | 1.40             |
|             | Gratuity valuations through OCI   |          | 451.69           | 201.30           |
|             |   |          | -                | -                |
|             |   |          | <b>451.81</b>    | <b>202.70</b>    |
| IX          | <b>Total Comprehensive Income for the period (VII + VIII)</b>                 |          | <b>-3,136.16</b> | <b>-2,323.35</b> |
| X           | Earnings per equity share:  |          |                  |                  |
|             | (1) Basic   |          | -13.99           | -9.85            |
|             | (2) Diluted   |          | -13.99           | -9.85            |
|             | 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                 |          |                  |                  |

As per our report of even date

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

**R MAHADEVAN**

Partner

Membership No.027497

UDIN : 25027497BMNBAP5744

Place : Coimbatore

Date : 30.05.2025

For and on behalf of the Board of Directors

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**M. BALAJI**  
Company Secretary

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**RAMAPRABHA .S**  
Chief Financial Officer

**B SRIHARI**  
Director  
DIN : 00002556



# K G DENIM LIMITED

## STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31.03.2025

|  |  | (Rs. In Lakhs)             |                            |
|--|--|----------------------------|----------------------------|
| PARTICULARS  |  | PERIOD ENDED<br>31.03.2025 | PERIOD ENDED<br>31.03.2024 |
|  |  | (Rs. In Lakhs)             | (Rs. In Lakhs)             |
|  |  | Audited                    | Audited                    |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>                           |  | Audited                    | Audited                    |
| Net profit before tax and extraordinary items                            |  | (6,720.81)                 | (3,771.01)                 |
| Adjustments for:   |  |                            |                            |
| Depreciation and Amortization expenses                                   |  | 886.69                     | 1,457.21                   |
| Finance Cost   |  | 2,889.07                   | 2,391.47                   |
| Interest Income  |  | (418.03)                   | (108.00)                   |
| Dividend Income  |  | (0.07)                     | (0.05)                     |
| Profit/Loss on sale of Fixed Assets                                      |  | (20.52)                    | 11.11                      |
| Apportioned on Government Grants   |  | (170.63)                   | (170.63)                   |
| Remeasurement of Employee Benefits Obligations                           |  | 451.69                     | 201.30                     |
| Gain on Termination of Lease Liability                                   |  | (0.27)                     | (9.65)                     |
| <b>Operating Profit before working capital changes</b>                   |  | <b>(3,102.89)</b>          | <b>1.75</b>                |
| Adjustments for:   |  |                            |                            |
| (Increase)/Decrease in Trade and other receivables                       |  | 3,235.50                   | 416.88                     |
| (Increase)/Decrease in Inventories                                       |  | 3,379.42                   | (226.20)                   |
| (Increase)/Decrease in Other Non current assets                          |  | (1.30)                     | (3.53)                     |
| (Increase)/Decrease in Other Current assets                              |  | 568.05                     | (738.26)                   |
| Increase/(Decrease) in Trade and other payables                          |  | (6,119.77)                 | 1,283.09                   |
| Increase/(Decrease) in Provisions and Others                             |  | (366.94)                   | (93.68)                    |
| <b>Cash generated from operations</b>                                    |  | <b>(2,407.93)</b>          | <b>640.06</b>              |
| <b>Cash flow before extraordinary/Exceptional items</b>                  |  | <b>(2,407.93)</b>          | <b>640.06</b>              |
| <b>Extraordinary/Exceptional item</b>                                    |  | <b>2,039.72</b>            | <b>256.75</b>              |
| <b>Cash flow after extraordinary/Exceptional items</b>                   |  | <b>(368.72)</b>            | <b>896.80</b>              |
| Income Tax for earlier years   |  | (99.62)                    | -                          |
| <b>Net cash (used in)/generated from operating activities</b>            |  | <b>(467.83)</b>            | <b>896.80</b>              |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>                           |  |                            |                            |
| Interest Income  |  | 418.03                     | 108.00                     |
| Dividend Income  |  | 0.07                       | 0.05                       |
| Sale of property, plant and equipment                                    |  | 59.34                      | 21.68                      |
| Capital Subsidy Received   |  | -                          | -                          |
| Purchase of property, plant and equipment                                |  | (62.64)                    | (131.50)                   |
| Margin money deposit with bank   |  | 297.60                     | (5.92)                     |
| <b>Net cash (used in)/generated from investing activities</b>            |  | <b>712.41</b>              | <b>(7.70)</b>              |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>                           |  |                            |                            |
| Proceeds / Repayment from Long term borrowings                           |  | 14,418.19                  | (1,249.47)                 |
| Proceeds / Repayment from short term borrowings                          |  | (11,489.17)                | 2,781.85                   |
| Payment for Equity Dividend  |  | -                          | -                          |
| Distribution Tax on Equity Dividend                                      |  | -                          | -                          |
| Interest paid  |  | (2,889.07)                 | (2,391.47)                 |
| <b>Net cash (used in)/generated from financing activities</b>            |  | <b>39.96</b>               | <b>(859.08)</b>            |
| <b>Net increase in cash and cash equivalents</b>                         |  | <b>284.53</b>              | <b>30.02</b>               |
| Cash and cash equivalents as at 1st April, 2025 / 2024                   |  |                            |                            |
| (Opening Balance)  |  | 44.25                      | 14.23                      |
| Cash and cash equivalents as at 31st March, 2025 / 2024                  |  |                            |                            |
| (Closing Balance)  |  | <b>328.78</b>              | <b>44.25</b>               |
| <b>Cash and cash equivalents as per above comprises of the following</b> |  |                            |                            |
| Cash and cash equivalents  |  | <b>328.78</b>              | <b>44.25</b>               |
| <b>Balance as per Statement of Cash Flows</b>                            |  | <b>328.78</b>              | <b>44.25</b>               |

**Notes: The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, 'Statement of Cash Flows'.**

As per our report of even date  
For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

For and on behalf of the Board of Directors

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**B SRIHARI**  
Director  
DIN : 00002556

**R MAHADEVAN**  
Partner  
UDIN : 25027497BMNBAP5744  
Place : Coimbatore  
Date : 30.05.2025  
Membership No.027497

**M. BALAJI**  
Company Secretary

**RAMAPRABHA .S**  
Chief Financial Officer

# K G DENIM LIMITED

## STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2025

### A. EQUITY SHARE CAPITAL

#### (1) Current Reporting Period

| Balance as at 01.04.2024 | Changes in equity share capital due to prior period errors | Restated balance as at 01.04.2024 | Changes in equity share capital during the current year | Balance as at 31.03.2025 |
|--------------------------|--|-----------------------------------|---|--------------------------|
| 2,564.90                 |  | 2,564.90                          |   | 2,564.90                 |

#### (2) Previous Reporting Period

| Balance as at 01.04.2023 | Changes in equity share capital due to prior period errors | Restated balance as at 01.04.2023 | Changes in equity share capital during the current year | Balance as at 31.03.2024 |
|--------------------------|--|-----------------------------------|---|--------------------------|
| 2,564.90                 |  | 2,564.90                          |   | 2,564.90                 |

### B. OTHER EQUITY

|   | Capital Redemption Reserve | Securities Premium Reserve | General Reserves | Surplus   | Total     |
|---|----------------------------|----------------------------|------------------|-----------|-----------|
| Balance as at 31st March, 2023          | 1.61                       | 444.44                     | 1,549.28         | 1,300.02  | 3,295.35  |
| Profit (loss) for the year              |                            |                            |                  | -2,526.04 | -2,526.04 |
| Other Comprehensive Income for the year |                            |                            |                  | 202.70    | 202.70    |
| Total Comprehensive Income for the year |                            |                            |                  | -2,323.34 | -2,323.34 |
| Balance as at 31st March, 2024          | 1.61                       | 444.44                     | 1,549.28         | -1,023.32 | 972.01    |
| Profit (loss) for the year              |                            |                            |                  | -3,587.97 | -3,587.97 |
| Other Comprehensive Income for the year |                            |                            |                  | 451.81    | 451.81    |
| Total Comprehensive Income for the year |                            |                            |                  | -3,136.16 | -3,136.16 |
| Balance as at 31st March, 2025          | 1.61                       | 444.44                     | 1,549.28         | -4,159.48 | -2,164.15 |

As per our report of even date

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

UDIN : 25027497BMNBAP5744  
Place : Coimbatore  
Date : 30.05.2025

**R MAHADEVAN**  
Partner  
Membership No.027497

For and on behalf of the Board of Directors

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**M. BALAJI**  
Company Secretary

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**RAMAPRABHA .S**  
Chief Financial Officer

**B SRIHARI**  
Director  
DIN : 00002556

# K G DENIM LIMITED

## K G DENIM LIMITED - FIXED ASSETS SCHEDULE - 2024-25

### Note 1: Property, Plant & Equipment

(Rs. in Lakhs)

| Fixed Assets                    | Land            | Buildings       | Plant & Equipment | Electrical Machinery | Furniture & Fixtures | Vehicles      | Office Equipment | Other (Specify nature) | Intangible  | Total            | Capital Work in Progress |
|---------------------------------|-----------------|-----------------|-------------------|----------------------|----------------------|---------------|------------------|------------------------|-------------|------------------|--------------------------|
| <b>Gross Carrying Value</b>     |                 |                 |                   |                      |                      |               |                  |                        |             |                  |                          |
| Deemed Cost as at April 1, 2024 | 1,097.98        | 6,273.49        | 16,493.34         | 770.03               | 206.41               | 730.22        | 222.98           | 7.74                   | 2.10        | 25,804.29        | -                        |
| Additions                       | -               |                 | 59.54             | 2.99                 |                      |               | 0.11             |                        |             | 62.64            |                          |
| (-) IndAs Adjustment            | 6.97            |                 |                   |                      |                      |               |                  |                        |             | 6.97             |                          |
| (-) Disposals                   | -               |                 | 28.11             |                      | 0.11                 | 234.40        |                  |                        |             | 262.62           | -                        |
| <b>As at March 31, 2025</b>     | <b>1,091.01</b> | <b>6,273.49</b> | <b>16,524.77</b>  | <b>773.02</b>        | <b>206.30</b>        | <b>495.82</b> | <b>223.09</b>    | <b>7.74</b>            | <b>2.10</b> | <b>25,597.34</b> | <b>-</b>                 |
| <b>Depreciation</b>             |                 |                 |                   |                      |                      |               |                  |                        |             |                  |                          |
| As at April, 2024               | -               | 1,708.69        | 9,085.73          | 474.19               | 133.96               | 531.81        | 157.49           | 7.36                   | 0.85        | 12,100.07        |                          |
| Depreciation for the year       |                 | 199.56          | 562.58            | 63.08                | 12.79                | 32.29         | 15.99            | -                      | 0.40        | 886.69           |                          |
| (-) On Disposals                | -               | -               | 20.42             | -                    | 0.06                 | 203.32        | -                | -                      |             | 223.80           |                          |
| <b>As at March 31, 2025</b>     | <b>-</b>        | <b>1,908.25</b> | <b>9,627.75</b>   | <b>537.27</b>        | <b>146.69</b>        | <b>360.78</b> | <b>173.48</b>    | <b>7.36</b>            | <b>1.25</b> | <b>12,762.82</b> | <b>-</b>                 |
| <b>Net Carrying Value</b>       |                 |                 |                   |                      |                      |               |                  |                        |             |                  |                          |
| As at March 31, 2025            | 1,091.01        | 4,365.24        | 6,897.02          | 235.75               | 59.61                | 135.04        | 49.61            | 0.38                   | 0.85        | 12,834.51        | -                        |
| As at March 31, 2024            | 1,097.98        | 4,564.80        | 7,407.61          | 295.84               | 72.45                | 198.41        | 65.49            | 0.53                   | 1.25        | 13,704.34        | -                        |

As per our report of even date

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

**R MAHADEVAN**

Partner

Membership No.027497

UDIN : 25027497BMNBAP5744

Place : Coimbatore

Date : 30.05.2025

For and on behalf of the Board of Directors

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**M. BALAJI**

Company Secretary

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**RAMAPRABHA .S**

Chief Financial Officer

**B SRIHARI**  
Director  
DIN : 00002556



# K G DENIM LIMITED

## NOTE 2 RIGHT OF USE ASSETS

(Rs. In Lakhs)

| Particulars                            | 31.03.2025 | 31.03.2024 |
|--|------------|------------|
| Gross Carrying Value                   |            |            |
| Deemed Cost as at 1st April, 2024/2023 | -          | 77.22      |
| Additions                              | -          | -          |
| Disposals                              | -          | -41.90     |
| Balance as at 31st March, 2025/2024    | -          | 35.32      |
| Depreciation                           |            |            |
| As at 1st April, 2024/2023             | -          | 25.48      |
| Additions                              | -          | -          |
| Disposal                               | -          | -          |
| Balance as at 31st March, 2025/2024    | -          | 25.48      |
| Net Block as at 31st March, 2025/2024  | -          | 9.84       |

## NOTE 3 INVESTMENTS-NON CURRENT

(Rs. In Lakhs)

| Particulars   | 31.03.2025        | 31.03.2024        |
|---|-------------------|-------------------|
| <b>A NON-TRADE INVESTMENTS</b>  |                   |                   |
| Equity (Quoted)   |                   |                   |
| i Indian Bank - 605 Equity Shares of Rs.10/- each   | 3.27              | 3.15              |
| <b>TOTAL - A</b>  | <b>3.27</b>       | <b>3.15</b>       |
| <b>B EQUITY INVESTMENTS</b>   |                   |                   |
| <b>I Trade Investments (Subsidiary Companies)</b>   |                   |                   |
| i Trigger Apparels Limited - Subsidiary<br>45,00,000 Equity Shares of Rs.10/- each-Un quoted                        | 450.00            | 450.00            |
| Less : Provision for impairment (*)   | -450.00           | -450.00           |
|   | -                 | -                 |
| ii KG Denim (USA) Inc - Wholly owned Subsidiary-Un quoted   | 0.46              | 0.46              |
| Less : Provision for impairment   | -0.46             | -0.46             |
|   | -                 | -                 |
| <b>SUB TOTAL</b>  | <b>-</b>          | <b>-</b>          |
| <b>II TRADE INVESTMENTS</b>   |                   |                   |
| i KG Fabriks Limited (NIL)  | -                 | -                 |
| (P.Y. 32,70,000 Equity Shares of Rs.10/- each-Un quoted)  |                   |                   |
| i Sri Kannapiran Mills Limited<br>3,31,588 Equity Shares of Rs.10/-each- Un Quoted (P.Y.<br>3,31,588 Equity Shares) | 327.46            | 327.46            |
|   | -                 | -                 |
| ii Cotton Sourcing Company Ltd<br>10,000 Equity Shares of Rs.10/-each-Un quoted                                     | 1.00              | 1.00              |
| Less : Provision for impairment   | -0.75             | -0.75             |
|   | 0.25              | 0.25              |
| <b>SUB TOTAL</b>  | <b>327.71</b>     | <b>327.71</b>     |
| <b>TOTAL (B = I+ II )</b>   | <b>327.71</b>     | <b>327.71</b>     |
| <b>GRAND TOTAL (A + B)</b>  | <b>330.98</b>     | <b>330.86</b>     |
|   |                   |                   |
| <b>Particulars</b>  | <b>31.03.2025</b> | <b>31.03.2024</b> |
| Aggregate amount of quoted investments  | 4.32              | 4.32              |
| Market value of quoted investments  | 3.27              | 3.15              |
| Aggregate amount of unquoted investments at Cost  | 778.92            | 778.92            |
| Aggregate Value of impaired Investments   | -451.21           | -451.21           |

Note: (\*) A provision of impairment losses for Rs. 450.46 Lakhs was recongized during 2019-20 on account of erosion in networth of its subsidiary Trigger Apparels Limited and wholly owned subsidiary KG Denim (USA) Inc.

# K G DENIM LIMITED

## NOTE 5 OTHER NON-CURRENT ASSETS

(Rs. In Lakhs)

| Particulars  | 31.03.2025    | 31.03.2024    |
|--|---------------|---------------|
| <b>a. Capital Advances</b>                             |               |               |
| Advance for Capital Goods - Un secured considered good | 211.26        | 209.95        |
| Others   |               |               |
| <b>TOTAL</b>   | <b>211.26</b> | <b>209.95</b> |
| <b>b. Security Deposits</b>                            |               |               |
| Security Deposits - Un secured considered good         | 27.30         | 27.30         |
| <b>TOTAL</b>   | <b>27.30</b>  | <b>27.30</b>  |
| <b>GRAND TOTAL</b>                                     | <b>238.56</b> | <b>237.25</b> |

## NOTE 4 DEFERRED TAX ASSETS (NET)

(Rs. In Lakhs)

| Particulars   | 31.03.2025      | 31.03.2024      |
|---|-----------------|-----------------|
| <b>Opening Balance</b>  | <b>1,269.33</b> | <b>281.12</b>   |
| On account of Business loss & Depreciation as per books of accounts & IT purpose(DTA) | 1,192.74        | 988.21          |
| <b>Net Deferred Tax Asset</b>   | <b>2,462.07</b> | <b>1,269.33</b> |

## NOTE 6 INVENTORIES

(Rs. In Lakhs)

| Particulars                            | 31.03.2025      | 31.03.2024      |
|--|-----------------|-----------------|
| <b>a. Raw Materials and components</b> | <b>1,117.14</b> | <b>1,193.50</b> |
|  | <b>1,117.14</b> | <b>1,193.50</b> |
| <b>b. Work-in-progress</b>             | <b>513.37</b>   | <b>2,017.03</b> |
|  | <b>513.37</b>   | <b>2,017.03</b> |
| <b>c. Finished goods</b>               | <b>3,266.09</b> | <b>4,444.96</b> |
| Goods-in transit                       | -               | 144.53          |
|  | <b>3,266.09</b> | <b>4,589.49</b> |
| <b>d. Stores and Spares</b>            | <b>1,199.99</b> | <b>1,675.97</b> |
|  | <b>1,199.99</b> | <b>1,675.97</b> |
| <b>e. Others (Specify nature)</b>      |                 |                 |
| Stock of Waste                         | 13.04           | 13.06           |
|  | <b>13.04</b>    | <b>13.06</b>    |
| <b>TOTAL</b>                           | <b>6,109.63</b> | <b>9,489.05</b> |

Mode of valuation : Refer note 34 ii(e) in significant Accounting Policies.

## NOTE 7 TRADE RECEIVABLES

(Rs. In Lakhs)

| Particulars  | 31.03.2025      | 31.03.2024      |
|--|-----------------|-----------------|
| <b>Current Receivables</b>                               |                 |                 |
| Trade receivables Unsecured Considered Good              | 6,297.91        | 9,533.41        |
| Trade receivables Unsecured Considered as Doubtful Debts | 414.57          | 414.57          |
| Less: Provision for Doubtful Debts                       | -414.57         | -414.57         |
| <b>TOTAL</b>   | <b>6,297.91</b> | <b>9,533.41</b> |

## NOTE 8 CASH AND CASH EQUIVALENTS

(Rs. In Lakhs)

| Particulars                   | 31.03.2025    | 31.03.2024   |
|-------------------------------|---------------|--------------|
| <b>a. Balances with banks</b> | <b>326.71</b> | <b>41.61</b> |
| <b>b. Cash on hand</b>        | <b>2.07</b>   | <b>2.64</b>  |
| <b>Total</b>                  | <b>328.78</b> | <b>44.25</b> |

# K G DENIM LIMITED

## NOTE 9 OTHER BANK BALANCES

(Rs. In Lakhs)

| Particulars                 | 31.03.2025   | 31.03.2024    |
|-----------------------------|--------------|---------------|
| a. Others Bank Balances     |              |               |
| Unclaimed Dividend Account  | 20.67        | 31.18         |
| b. Others                   |              |               |
| Margin Money Deposits on LC | 5.00         | 292.10        |
| <b>Total</b>                | <b>25.67</b> | <b>323.28</b> |

## NOTE 10 CURRENT TAX ASSETS (NET)

(Rs. In Lakhs)

| Particulars               | 31.03.2025    | 31.03.2024    |
|---------------------------|---------------|---------------|
| Tax Paid in advance (net) |               |               |
| For Duties & Taxes        | 199.78        | 279.68        |
| <b>Total</b>              | <b>199.78</b> | <b>279.68</b> |

## NOTE 11 OTHER CURRENT ASSETS

(Rs. In Lakhs)

| Particulars                          | 31.03.2025      | 31.03.2024      |
|--------------------------------------|-----------------|-----------------|
| a. Export incentives Receivable      | 254.03          | 208.30          |
| b. IGST Refund Receivable            | 178.16          | 154.83          |
| c. DEPB Receivable                   | 50.40           | 184.84          |
| d. Duty Drawback Receivable          | 71.91           | 71.91           |
| e. REC Certificate Income Receivable | -               | 63.99           |
| f. Interest Receivable               | 422.46          | 6.70            |
| g. Input Credit GST Receivable       | 2,381.58        | 2,434.32        |
| h. Insurance Claim Receivable        | 27.19           | 27.19           |
| i. Advance for Material Purchase     | 740.10          | 1,400.75        |
| j. Advance for Expenses / Others     | 741.60          | 586.50          |
| k. Prepaid Expenses                  | 10.86           | 227.11          |
| <b>Total</b>                         | <b>4,878.29</b> | <b>5,366.44</b> |

## NOTE 12 SHARE CAPITAL

(Rs. In Lakhs)

| Share Capital   | 31.03.2025      | 31.03.2024      |
|---|-----------------|-----------------|
| <b>Authorised</b>   |                 |                 |
| 3,10,00,000 Equity Shares of Rs.10 each   | 3,100.00        | 3,100.00        |
| 10,00,000 Preference shares of Rs.100 each  | 1,000.00        | 1,000.00        |
| <b>Issued, Subscribed &amp; Paid up share capital</b>   |                 |                 |
| 2,56,37,825 Equity Shares of Rs.10 each<br>(Previous year 2,56,37,825 Equity shares of Rs. 10 each) | 2,563.78        | 2,563.78        |
| <b>ADD:</b>   |                 |                 |
| 37,400 forfeited equity shares  | 1.12            | 1.12            |
| <b>Total</b>  | <b>2,564.90</b> | <b>2,564.90</b> |

## NOTE 13 OTHER EQUITY -RESERVES AND SURPLUS

(Rs. In Lakhs)

| Particulars                                   | 31.03.2025        | 31.03.2024    |
|---|-------------------|---------------|
| <b>a. Securities Premium Reserves</b>         |                   |               |
| Opening Balance                               | 444.44            | 444.44        |
| Add : Addition / Deletion                     |                   |               |
| Closing Balance                               | 444.44            | 444.44        |
| <b>b. Other Reserves</b>                      |                   |               |
| <b>Capital Redemption Reserve</b>             |                   |               |
| Opening Balance                               | 1.61              | 1.61          |
| (+) Current Year Transfer                     |                   |               |
| (-) Written Back in Current Year              |                   |               |
| Closing Balance                               | 1.61              | 1.61          |
| <b>General Reserve</b>                        |                   |               |
| Opening Balance                               | 1,549.28          | 1,549.28      |
| (+) Current Year Transfer                     |                   |               |
| Closing Balance                               | 1,549.28          | 1,549.28      |
| <b>c. Surplus</b>                             |                   |               |
| Opening balance                               | -1,023.32         | 1,300.02      |
| (+) Comprehensive Income For the current year | -3,136.16         | -2,323.35     |
| Closing Balance                               | (4,159.48)        | (1,023.32)    |
| <b>Total</b>                                  | <b>(2,164.15)</b> | <b>972.01</b> |



# K G DENIM LIMITED

## NOTE 14 FINANCIAL LIABILITIES LONG TERM BORROWINGS

(Rs. In Lakhs)

| Particulars  | 31.03.2025       | 31.03.2024      |
|--|------------------|-----------------|
| <b>Secured</b>                                       |                  |                 |
| (a) Term loans                                       |                  |                 |
| Indian Rupee Loan                                    |                  |                 |
| from banks (Secured)                                 | 13,982.15        | 2,455.94        |
| from others -  | 592.56           | 401.44          |
| b) Long term maturities of finance lease obligations | 14.89            | 12.52           |
| (Secured by Vehicles on Hire Purchase Loan)          |                  |                 |
| <b>Unsecured</b>                                     |                  |                 |
| i) Long term Loan - Directors                        | 251.29           | 225.00          |
| ii) Intercompany deposit                             | 162.95           | 150.00          |
| iii) Others - NBFC                                   | 559.25           | -               |
| c) Long-term - Trade Payable                         | 2,100.00         |                 |
| <b>Total</b>   | <b>17,663.09</b> | <b>3,244.90</b> |

## NOTE 15 LEASE LIABILITIES

(Rs. In Lakhs)

| Particulars       | 31.03.2025 | 31.03.2024  |
|-------------------|------------|-------------|
| Lease Liabilities | -          | 9.68        |
| <b>Total</b>      | <b>-</b>   | <b>9.68</b> |

## NOTE 16 LONG TERM PROVISIONS

(Rs. In Lakhs)

| Particulars                         | 31.03.2025    | 31.03.2024    |
|-------------------------------------|---------------|---------------|
| (a) Provision for employee benefits |               |               |
| Gratuity (unfunded)                 | 268.67        | 598.87        |
| <b>Total</b>                        | <b>268.67</b> | <b>598.87</b> |

## NOTE 17 GOVERNMENT GRANTS

(Rs. In Lakhs)

| Particulars       | 31.03.2025 | 31.03.2024    |
|-------------------|------------|---------------|
| Government Grants | -          | 130.87        |
| <b>Total</b>      | <b>-</b>   | <b>130.87</b> |

## NOTE 18 SHORT TERM BORROWINGS

(Rs. In Lakhs)

| Particulars   | 31.03.2025      | 31.03.2024       |
|---|-----------------|------------------|
| <b>Secured</b>  |                 |                  |
| (a) Loans repayable on demand                                   |                 |                  |
| (i) Working Capital Loan from Banks (Secured)                   | 5,699.56        | 13,070.33        |
| (ii) Working Capital Loan from Other than Banks (Secured)       | 384.41          | 444.84           |
| <b>Unsecured</b>  |                 |                  |
| (a) Loans repayable on demand                                   |                 |                  |
| Working Capital Loan from other than Banks (Unsecured)          | -               | 1,499.04         |
| <b>Current Maturities of Long Term Borrowings</b>               |                 |                  |
| (a) Current Maturities of Long-term debts - Secured             | -               | 2,515.06         |
| (b) Current maturities of financial institutions Long-term Debt | 1.08            | 44.94            |
| <b>Total</b>  | <b>6,085.05</b> | <b>17,574.21</b> |

### Security Clause

Working Capital facilities from Indian Bank Consortium (Indian Bank, State Bank of India, Bank of Maharashtra 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, Alangomobu and Karamadai Village in Mettupalayam Taluk, Coimbatore District, Peelamedu, Coimbatore, Tamil Nadu and (ii) 2155.62 sq. meters of land at Amrha Village, Dharampur Taluk, Valsad District, Gujarat through equitable mortgage created with Indian Bank and (b) all plant and machineries (excluding vehicles charged to financiers, Bangalore property) through Deed of Hypothecation. The entire working capital facilities are also guaranteed by Shri KG Baalakrishnan, Executive Chairman and Shri B Sriramulu, Managing Director.

## NOTE 19 LEASE LIABILITIES

(Rs. In Lakhs)

| Particulars       | 31.03.2025 | 31.03.2024  |
|-------------------|------------|-------------|
| Lease Liabilities | -          | 0.43        |
| <b>Total</b>      | <b>-</b>   | <b>0.43</b> |

## NOTE 20 TRADE PAYABLES

(Rs. In Lakhs)

| Particulars   | 31.03.2025      | 31.03.2024       |
|---|-----------------|------------------|
| Trade Payables                                      |                 |                  |
| For Dues of Micro Enterprises and Small Enterprises | 928.53          | 909.50           |
| For Other Dues                                      | 7,332.17        | 13,704.99        |
| <b>Total</b>  | <b>8,260.70</b> | <b>14,614.49</b> |

# K G DENIM LIMITED

## Security Clause - Standalone

### Bank Borrowings of Term Loans

Term Loans from Indian Bank (IB) 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, Peelamedu land, Coimbatore 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, Mumbai Property and Bangalore Property) acquired for the New Capex Plan through Deed of Hypothecation and second pari passu charge on current assets of the Company

It has been proposed in the restructuring sanction to create subservient charge on the Tata Capital and ICICI Property as disbursement condition

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 and Shri. B Sriramulu, Managing Director.

| Term Loan Bank               | Outstanding | Previous Year | Repayment quarterly | Commencement from | Last Instalment | Rate of Interest | Previous Rate of interest |
|------------------------------|-------------|---------------|---------------------|-------------------|-----------------|------------------|---------------------------|
|                              | Rs.in lakhs |               |                     |                   |                 |                  |                           |
| Indian Bank TL -VII          | 134.06      | 181.04        | 16                  | 31.03.2026        | 31.12.2029      | 9.05%            | 9.60%                     |
| Indian Bank TL -VIII         | 80.62       | 101.74        | 16                  | 31.03.2026        | 31.12.2029      | 9.05%            | 9.60%                     |
| Indian Bank Corp. Loan       | 645.00      | 797.32        | 16                  | 31.03.2026        | 31.12.2029      | 9.05%            | 10.10%                    |
| Indian Bank GECL             | 972.94      | 1120.19       | 16                  | 31.03.2026        | 31.12.2029      | 9.05%            | 8.30%                     |
| Union Bank of India GECL     | 134.17      | 266.43        | 16                  | 31.03.2026        | 31.12.2029      | 9.00%            | 7.60%                     |
| State Bank of India GECL     | 166.45      | 197.23        | 16                  | 31.03.2026        | 31.12.2029      | 9.50%            | 7.95%                     |
| South Indian Bank GECL       | 139.69      | 151.43        | 16                  | 31.03.2026        | 31.12.2029      | 9.20%            | 9.20%                     |
| Indian Bank GECL-2.0         | 998.44      | 1059.43       | 16                  | 31.03.2026        | 31.12.2029      | 9.05%            | 8.30%                     |
| Union Bank of India GECL-2.0 | 171.99      | 243.00        | 16                  | 31.03.2026        | 31.12.2029      | 9.00%            | 7.85%                     |
| State Bank of India GECL-2.0 | 159.17      | 185.99        | 16                  | 31.03.2026        | 31.12.2029      | 9.50%            | 7.95%                     |
| South Indian Bank GECL-2.0   | 135.94      | 137.00        | 16                  | 31.03.2026        | 31.12.2029      | 9.25%            | 9.25%                     |
| Indian Bank WCTL             | 4397.00     | 0.00          | 16                  | 31.03.2026        | 31.12.2029      | 9.05%            |                           |
| Union Bank of India WCTL     | 1074.19     | 0.00          | 16                  | 31.03.2026        | 31.12.2029      | 9.00%            |                           |
| State Bank of India WCTL     | 1147.00     | 0.00          | 16                  | 31.03.2026        | 31.12.2029      | 9.50%            |                           |
| Bank of Maharashtra WCTL     | 884.06      | 0.00          | 16                  | 31.03.2026        | 31.12.2029      | 9.00%            |                           |
| Indian Bank FITL-I           | 1165.34     | 0.00          | 16                  | 31.03.2026        | 31.12.2029      | 9.05%            |                           |
| Union Bank of India FITL-I   | 163.12      | 0.00          | 16                  | 31.03.2026        | 31.12.2029      | 9.00%            |                           |
| State Bank of India FITL-I   | 216.19      | 0.00          | 16                  | 31.03.2026        | 31.12.2029      | 9.50%            |                           |
| Bank of Maharashtra FITL-I   | 101.23      | 0.00          | 16                  | 31.03.2026        | 31.12.2029      | 9.00%            |                           |

### Period & Repayment

Door to Door tenor of 20 quarterly instalments with moratorium of 4 quarters and principle repayable in 16 equal quarterly instalments commencing from quarter ending March 2026 and ending on December 2029. Interest to be serviced as and when debited post moratorium period.

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

| Term Loan Bank                          | Outstanding | Previous Year | Repayment months | Commencement from | Last Instalment | Rate of Interest | Previous Rate of interest |
|---|-------------|---------------|------------------|-------------------|-----------------|------------------|---------------------------|
|   | Rs.in lakhs |               |                  |                   |                 |                  |                           |
| ICICI Bank Ltd                          | 46.00       | 113.08        | 120              | 05.05.2017        | 05.05.2027      | 8.60%            | 8.60%                     |
| Tata Capital Financial Services Ltd     | 333.13      | 380.80        | 84               | 15.10.2019        | 15.09.2026      | 11.00%           | 11.00%                    |
| Tata Capital Financial Services Ltd-2.0 | 218.43      | 264.00        | 48               | 01.01.2024        | 01.01.2027      | 11.00%           | 11.00%                    |
| Samunatti - WCTL                        | 468.75      | 0.00          | 16               | 31.03.2026        | 31.12.2029      | 16.00%           |                           |
| Samunatti- FITL-I                       | 55.55       | 0.00          | 16               | 31.03.2026        | 31.12.2029      | 16.00%           |                           |

# K G DENIM LIMITED

## Note 21 Other Financial Liabilities

| Particulars               | 31.03.2025    | 31.03.2024   |
|---------------------------|---------------|--------------|
| (a) MSME Interest Payable | 315.68        | 89.32        |
| <b>Total</b>              | <b>315.68</b> | <b>89.32</b> |

## NOTE 22 OTHER CURRENT LIABILITIES

(Rs. In Lakhs)

| Particulars                     | 31.03.2025    | 31.03.2024    |
|---------------------------------|---------------|---------------|
| (a) Customer Credit Balance     | 244.90        | 370.25        |
| (b) Duties and Taxes            | 243.19        | 101.30        |
| (c) Creditors for Capital goods | 51.16         | 49.57         |
| (d) Unpaid Dividend accrued     | 20.67         | 31.18         |
| <b>Total</b>                    | <b>559.92</b> | <b>552.30</b> |

There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31st March 2025 of Rs. 10,35,218/- (Previous year Rs. 8,60,098/-)

## NOTE 23 SHORT TERM PROVISIONS

(Rs. In Lakhs)

| Particulars  | 31.03.2025   | 31.03.2024   |
|--|--------------|--------------|
| (a) Provision for employee benefits<br>Gratuity (unfunded) | 28.42        | 65.15        |
| <b>Total</b>   | <b>28.42</b> | <b>65.15</b> |

## NOTE 24 GOVERNMENT GRANTS

| Particulars       | 31.03.2025    | 31.03.2024    |
|-------------------|---------------|---------------|
| Government Grants | 130.87        | 170.63        |
| <b>Total</b>      | <b>130.87</b> | <b>170.63</b> |

## NOTE 25 REVENUE FROM OPERATIONS

| Particulars   | 31.03.2025      | 31.03.2024       |
|---|-----------------|------------------|
| Sale of products  | 4,541.69        | 23,922.79        |
| Sale of services - Job work                                     | 245.86          | 505.90           |
| Other operating revenues : Waste Cotton/Yarn /Accessories sales | 35.18           | 770.11           |
| Export Incentives   | 97.93           | 444.08           |
| <b>Total</b>  | <b>4,920.66</b> | <b>25,642.88</b> |

## NOTE 26 OTHER INCOME

| Particulars                                | 31.03.2025    | 31.03.2024    |
|--|---------------|---------------|
| Interest Income                            | 418.03        | 108.00        |
| Other Income - Creditors no longer payable | 150.00        | -             |
| Apportioned income from Govt Grant         | 170.63        | 170.63        |
| Dividend Income                            | 0.07          | 0.05          |
| Lease Rent Receipts                        | 2.60          | 2.10          |
| Miscellaneous Income                       | 5.53          | 13.94         |
| Insurance Claim Received                   | 2.91          | 28.92         |
| Profit on sale of fixed assets             | 20.52         | 3.03          |
| Exchange Difference Gain                   | 14.90         | -             |
| <b>Total</b>                               | <b>785.19</b> | <b>326.67</b> |



# K G DENIM LIMITED

## NOTE 27 COST OF MATERIALS CONSUMED

(Rs. In Lakhs)

| Particulars            | 31.03.2025 | 31.03.2024 |
|------------------------|------------|------------|
| Opening Stock          | 1,193.50   | 1,416.97   |
| Purchases              | 1,025.68   | 12,537.61  |
| Sub-total              | 2,219.18   | 13,954.58  |
| Less : Closing stock   | 1,117.14   | 1,193.50   |
| Raw materials consumed | 1,102.04   | 12,761.08  |

## NOTE 28 PURCHASES OF STOCK-IN-TRADE

(Rs. In Lakhs)

| Particulars       | 31.03.2025 | 31.03.2024 |
|-------------------|------------|------------|
| Garments purchase | 6.26       | 487.04     |
| Total             | 6.26       | 487.04     |

## NOTE 29 CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE

(Rs. In Lakhs)

| Particulars     | 31.03.2025 | 31.03.2024 |
|-----------------|------------|------------|
| Opening Stock : |            |            |
| Work-in-process | 2,017.03   | 1,384.54   |
| Finished Goods  | 4,589.49   | 4,649.40   |
| Traded Items    | -          | -          |
|                 | 6,606.52   | 6,033.94   |
| Closing Stock : |            |            |
| Work-in-process | 513.37     | 2,017.03   |
| Finished Goods  | 3,266.09   | 4,589.49   |
| Traded Items    | -          | -          |
|                 | 3,779.46   | 6,606.52   |
| Total           | 2,827.06   | -572.58    |

## NOTE 30 OTHER MANUFACTURING EXPENSES

(Rs. In Lakhs)

| Particulars                              | 31.03.2025 | 31.03.2024 |
|--|------------|------------|
| (a) Power & Fuel                         | 1,342.74   | 5,206.33   |
| (b) Consumptions of Stores & Spare Parts | 245.30     | 685.23     |
| (c) Processing Charges                   | 188.26     | 567.96     |
| (d) Repairs & Maintenance                |            |            |
| For Plant & Machinery                    | 52.17      | 227.20     |
| For Buildings                            | 14.04      | 34.97      |
| For Others                               | 23.81      | 125.64     |
| Total                                    | 1,866.32   | 6,847.33   |

# K G DENIM LIMITED

## NOTE 31 EMPLOYEE BENEFITS EXPENSES

(Rs. In Lakhs)

| Particulars  | 31.03.2025      | 31.03.2024      |
|--|-----------------|-----------------|
| (a) Wages  | 1,844.53        | 3,712.31        |
| (b) Salaries - Managing Directors / Whole Time Directors | -               | 156.00          |
| (c) Contributions to Provident fund and other funds      | 105.19          | 214.31          |
| (d) Gratuity as per actuarial valuations                 | 85.64           | 111.34          |
| (e) Staff welfare expenses                               | 53.26           | 178.97          |
| <b>Total</b>   | <b>2,088.62</b> | <b>4,372.93</b> |

## NOTE 32 FINANCE COST

(Rs. In Lakhs)

| Particulars  | 31.03.2025      | 31.03.2024      |
|--|-----------------|-----------------|
| Interest expense   | 2,813.79        | 2,211.77        |
| Other borrowing costs  | 72.98           | 178.72          |
| Applicable net (gain) /loss on foreign currency transactions, translation and Import reinstatement | 2.30            | 0.98            |
| <b>Total</b>   | <b>2,889.07</b> | <b>2,391.47</b> |

## NOTE 33 OTHER EXPENSES

(Rs. In Lakhs)

| Particulars                                    | 31.03.2025    | 31.03.2024      |
|--|---------------|-----------------|
| Rent   | 15.58         | 55.50           |
| Insurance                                      | 212.23        | 259.96          |
| Rates and taxes, excluding, taxes on income.   | 73.36         | 54.49           |
| <b>Payments to the auditor as</b>              |               |                 |
| a. as statutory auditor                        | 6.00          | 6.00            |
| Legal, Professional & Consultancy Charges      | 71.18         | 114.93          |
| Printing and Stationery                        | 3.99          | 19.16           |
| Postage, Telegrams and Telephones              | 24.17         | 99.60           |
| Traveling Expenses and Maintenance of Vehicles | 181.75        | 444.36          |
| Director Sitting Fees                          | 1.35          | 5.60            |
| Software Maintenance Expenses                  | 5.88          | 7.73            |
| Commission on Sales                            | 9.71          | 92.05           |
| Discount on Sales                              | 21.05         | 113.48          |
| Selling Expenses                               | 16.45         | 359.22          |
| Freight Outwards                               | 77.20         | 220.78          |
| Prayer Hall Repairs and maintenance            | -             | 6.90            |
| Sundry Balance / Bad debts written off         | 0.03          | 9.92            |
| Miscellaneous expenses                         | 26.29         | 107.98          |
| Loss on sale of Fixed Assets                   | -             | 14.15           |
| Loss on sale of Export Licenses                | 14.38         | 4.27            |
| <b>Total</b>                                   | <b>760.60</b> | <b>1,996.08</b> |

## NOTE 34 EXCEPTIONAL ITEMS - DEPB RECEIPTS

(Rs. In Lakhs)

| Particulars                              | 31.03.2025      | 31.03.2024    |
|--|-----------------|---------------|
| DEPB Receipts                            | -               | 184.84        |
| Duty Draw Back Receipts                  | -               | 71.91         |
| Extraordinary Items - Excise Duty Refund | 2,039.72        | -             |
|  | <b>2,039.72</b> | <b>256.75</b> |

# K G DENIM LIMITED

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2025

### Note:- 35: STATEMENT OF MATERIAL 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. Material Accounting Policies followed by the Company

##### Basis of preparation

##### 1. 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.

##### 2. 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.

##### 3. Going Concern

The accounts are prepared on the basis of going concern concept

##### 4. 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.

##### 5. Presentation and Functional Currency

The standalone financial statements and Notes are presented in the Company's functional and presentation currency, Indian rupee (Rs.), rounded off to the nearest rupees in lakhs, unless otherwise stated.

##### Use of estimates and judgments

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known / materialised. The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

##### 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 derecognized when replaced. All other repairs and maintenance are



# K G DENIM LIMITED

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 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    |
| Computers              | 3 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.

## Intangible Assets

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/ depletion and impairment loss, if any. The cost comprises of purchase price, borrowing costs and any cost directly attributable to bringing the asset to its working condition for the intended use. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognized as income or expense in the statement of profit and loss.

Cost of items of intangible assets not ready for intended use as on the balance sheet date are disclosed as intangible assets under development. Amortisation method and periods. Amortisation is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

## Non-Current Assets held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

# K G DENIM LIMITED

## **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.

## **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.

## **Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of tax expenses, transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

## **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.

**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) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument. All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the transaction value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. While, financial liabilities like loans and borrowings and payables are recognised net of directly attributable transaction costs.

## **(a) Non-derivative 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.

## **Measurement**

### **Equity instruments at FVTOCI**

All equity instruments except Investments in subsidiaries are measured at fair value. Equity instruments held for trading is classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent



changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI which is not subsequently reclassified to statement of profit and loss.

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.

## **Financial assets at FVTPL**

FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as FVTPL. In addition, the Company may elect to designate the financial asset, which otherwise meets amortised cost or FVOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

## **Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in Statement of Profit and Loss.

## **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.

## **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 (cashgenerating units). Non- financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## **(b) Derivative financial instruments**

The Company uses derivative financial instruments, e.g. foreign currency foreign exchange forward contracts to hedge its foreign currency risks. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each period. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

## **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

### **Financial liabilities measured at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

## **Derecognition of financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

## **Segment Reporting:**

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

## **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.



**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.

**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.

**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 and Interest Income**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured



reliably). Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## **Insurance claims**

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

## **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) Defined contribution plans**

For certain group of employees, employee benefit in the form of Provident fund, Employees State Insurance Contribution and Labour Welfare fund are defined contribution plans. The Company has no obligation, other than the contribution payable to the respective fund. The Company recognises contribution payable to these funds/ schemes as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

### **(iii) Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date.

The Company recognises the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Remeasurement, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Remeasurement is not reclassified to profit or loss in subsequent periods.

# K G DENIM LIMITED

## Foreign currency translation and translations

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit and loss and reported within foreign exchange gains/ (losses).

Non-monetary assets and liabilities measured in terms of historical cost in foreign currencies are not retranslated. Foreign currency gains and losses are reported on a net basis.

## 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 offset 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.

## Earnings Per Share

Basic earnings per share

Basic earnings per share are calculated by dividing:

the profit attributable to owners of the Company

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

## **Diluted earnings per share**

Diluted earnings per share adjust 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.

## **Government Grants**

Grants from the government are recognized 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.

## **Critical estimates and judgments**

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 judgment in applying the company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment 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 judgments 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 judgment 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.



# K G DENIM LIMITED

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.

(Rs. In Lakhs)

| Financial Assets and Liabilities as at 31st March 2025 | Non current      | Current          | Total            | Level 1 | Level 2 | Level 3          | Total            |
|--|------------------|------------------|------------------|---------|---------|------------------|------------------|
| <b>Financial Assets</b>                                |                  |                  |                  |         |         |                  |                  |
| Investments  |                  |                  |                  |         |         |                  |                  |
| Equity instruments                                     | 330.98           |                  | 330.98           |         |         | 330.98           | 330.98           |
| <b>Other Assets</b>                                    |                  |                  |                  |         |         |                  |                  |
| Trade Receivables                                      |                  | 6,297.91         | 6,297.91         |         |         | 6,297.91         | 6,297.91         |
| Cash and cash equivalents                              |                  | 328.78           | 328.78           |         |         | 328.78           | 328.78           |
| Other Bank Balances                                    |                  | 25.67            | 25.67            |         |         | 25.67            | 25.67            |
| <b>Sub - Total</b>                                     | -                | <b>6,652.36</b>  | <b>6,652.36</b>  | -       | -       | <b>6,652.36</b>  | <b>6,652.36</b>  |
| <b>Total</b>   | <b>330.98</b>    | <b>6,652.36</b>  | <b>6,983.34</b>  | -       | -       | <b>6,983.34</b>  | <b>6,983.34</b>  |
| <b>Financial Liabilities</b>                           |                  |                  |                  |         |         |                  |                  |
| Borrowings   | 15,519.41        | 6,097.94         | 21,617.35        |         |         | 21,617.35        | 21,617.35        |
| Lease Liability  | -                | -                | -                |         |         | -                | -                |
| Trade payables   |                  | 8,576.38         | 8,576.38         |         |         | 8,576.38         | 8,576.38         |
| <b>Total</b>   | <b>15,519.41</b> | <b>14,674.32</b> | <b>30,193.73</b> |         |         | <b>30,193.73</b> | <b>30,193.73</b> |

(Rs. In Lakhs)

| Financial Assets and Liabilities as at 31st March 2024 | Non current     | Current          | Total            | Level 1     | Level 2 | Level 3          | Total            |
|--|-----------------|------------------|------------------|-------------|---------|------------------|------------------|
| <b>Financial Assets</b>                                |                 |                  |                  |             |         |                  |                  |
| Investments  |                 |                  |                  |             |         |                  |                  |
| Equity instruments                                     | 330.86          |                  | 330.86           | 3.15        |         | 327.71           | 330.86           |
| <b>Other Assets</b>                                    |                 |                  |                  |             |         |                  |                  |
| Trade Receivables                                      |                 | 9,533.41         | 9,533.41         |             |         | 9,533.41         | 9,533.41         |
| Cash and cash equivalents                              |                 | 44.25            | 44.25            |             |         | 44.25            | 44.25            |
| Other Bank Balances                                    |                 | 323.28           | 323.28           |             |         | 323.28           | 323.28           |
| <b>Sut-Total</b>                                       | -               | <b>9,900.94</b>  | <b>9,900.94</b>  | -           | -       | <b>9,900.94</b>  | <b>9,900.94</b>  |
| <b>Total</b>   | <b>330.86</b>   | <b>9,900.94</b>  | <b>10,231.80</b> | <b>3.15</b> | -       | <b>10,228.65</b> | <b>10,231.80</b> |
| <b>Financial Liabilities</b>                           |                 |                  |                  |             |         |                  |                  |
| Borrowings   | 3,244.90        | 17,574.21        | 20,819.10        |             |         | 20,819.10        | 20,819.10        |
| Lease Liability  | 9.68            | 0.43             | 10.11            |             |         | 10.11            | 10.11            |
| Trade payables   | -               | 14,703.81        | 14,703.81        |             |         | 14,703.81        | 14,703.81        |
| <b>Total</b>   | <b>3,254.58</b> | <b>32,278.44</b> | <b>35,533.02</b> |             |         | <b>35,533.02</b> | <b>35,533.02</b> |

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

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

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

- i. Actual or expected significant adverse changes in business,
- ii. Actual or expected significant changes in the operating results of the counterparty,
- iii. Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- iv. Significant increase in credit risk on other financial instruments of the same counterparty,
- v. Financial assets are written off when there is no reasonable expectation 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.

**Trade Receivables Ageing Schedule:**

# K G DENIM LIMITED

**AS AT 31st March 25** Outstanding for following periods from due date of payment

(Rs.in Lakhs)

| Particulars   | < 6 months    | 6M-1 Yrs      | 1-2Yrs          | 2-3 Yrs       | >3 yrs          | Total           |
|---|---------------|---------------|-----------------|---------------|-----------------|-----------------|
| (i) Undisputed Trade Receivable- Considered Good                                | 455.37        | 378.91        | 890.02          | 372.95        | 3,786.09        | 5,883.34        |
| (ii) Undisputed Trade Receivable-which have significant increase in credit risk | -             | -             | 153.60          | 118.44        | 142.53          | 414.57          |
| (iii) Undisputed Trade Receivables credit impaired                              | -             | -             | -               | -             | -               | -               |
| (iv) Disputed Trade Receivables Considered good                                 | -             | -             | -               | -             | -               | -               |
| (v) Disputed Trade Receivables -which have significant increase in credit risk  | -             | -             | -               | -             | -               | -               |
| (vi) Disputed Trade Receivables - Credit impaired                               | -             | -             | -               | -             | -               | -               |
| <b>TOTAL</b>  | <b>455.37</b> | <b>378.91</b> | <b>1,043.62</b> | <b>491.39</b> | <b>3,928.62</b> | <b>6,297.91</b> |

**AS AT 31st March 24** Outstanding for following periods from due date of payment

(Rs.in Lakhs)

| Particulars   | < 6 months      | 6M-1 Yrs        | 1-2Yrs          | 2-3 Yrs       | >3 yrs        | Total           |
|---|-----------------|-----------------|-----------------|---------------|---------------|-----------------|
| (i) Undisputed Trade Receivable- Considered Good                                | 5,581.77        | 1,922.78        | 1,972.01        | 56.85         | -             | 9,533.41        |
| (ii) Undisputed Trade Receivable-which have significant increase in credit risk | 94.94           | 26.74           | 31.92           | 118.44        | 142.53        | 414.57          |
| (iii) Undisputed Trade Receivables credit impaired                              | -               | -               | -               | -             | -             | -               |
| (iv) Disputed Trade Receivables Considered good                                 | -               | -               | -               | -             | -             | -               |
| (v) Disputed Trade Receivables -which have significant increase in credit risk  | -               | -               | -               | -             | -             | -               |
| (vi) Disputed Trade Receivables - Credit impaired                               | -               | -               | -               | -             | -             | -               |
| <b>TOTAL</b>  | <b>5,676.71</b> | <b>1,949.52</b> | <b>2,003.93</b> | <b>175.29</b> | <b>142.53</b> | <b>9,947.98</b> |

## Financial risk management objectives and policies

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

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

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

## 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 un drawn borrowing facilities at the end of the reporting period:



# K G DENIM LIMITED

## (ii) Maturity patterns of borrowings

(Rs. in Lakhs)

|   | As at 31st March, 2025 |           |                |           | As at 31st March, 2024 |           |                |           |
|---|------------------------|-----------|----------------|-----------|------------------------|-----------|----------------|-----------|
|   | 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) |                        | 15,519.41 |                | 15,519.41 | 2,560.00               | 3,244.90  | -              | 5,804.90  |
| Short term borrowings   | 6,097.94               |           |                | 6,097.94  | 15,014.21              |           |                | 15,014.21 |
| Total   | 6,097.94               | 15,519.41 | -              | 21,617.35 | 17,574.22              | 3,244.90  | -              | 20,819.12 |

## Maturity Patterns of other Financial Liabilities

### AS AT 31<sup>st</sup> March 2025

Rs. in lakhs

| Trade payable   | < 1Year | 1-2 Yrs | 2-3Yrs  | >3 Yrs | Total    |
|-----------------|---------|---------|---------|--------|----------|
| MSME            | 928.53  |         |         |        | 928.53   |
| Others          | 1446.20 | 4599.93 | 2601.72 | 784.31 | 9432.16  |
| Disputed MSME   |         |         |         | 0.00   |          |
| Disputed Others |         |         |         | 0.00   |          |
| TOTAL           | 2374.73 | 4599.93 | 2601.72 | 784.31 | 10360.69 |

### AS AT 31<sup>st</sup> March 2024

Rs. in lakhs

| Trade payable   | < 1Year | 1-2 Yrs | 2-3Yrs  | >3 Yrs | Total    |
|-----------------|---------|---------|---------|--------|----------|
| MSME            | 909.50  |         |         |        | 909.50   |
| Others          | 8134.46 | 4474.83 | 1185.02 |        | 13794.31 |
| Disputed MSME   | -       | -       | -       | -      | 0.00     |
| Disputed Others | -       | -       | -       | -      | 0.00     |
| TOTAL           | 9043.96 | 4474.83 | 1185.02 | 0.00   | 14703.81 |

## Note-38 : CAPITAL RISK MANAGEMENT

### Risk Management

The Company aim to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimize returns to our shareholders. The capital structure of the Company is based on management's judgment 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's will take appropriate steps in order to maintain, or if necessary, adjust, its capital structure.

# K G DENIM LIMITED

## Note-39: DIVIDEND

(Rs.in lakhs)

| Dividend | 31st March,<br>2025 | 31st March,<br>2024 |
|----------|---------------------|---------------------|
|          | -                   | -                   |

## Note-39 : EARNINGS PER SHARE

(Rs. In Lakhs), Except EPS

|  | 31st Mar 25 | 31st Mar 24 |
|--|-------------|-------------|
| <b>Earnings per share has been computed as under:</b>        |             |             |
| Profit / (Loss) for the year                                 | -3587.97    | -2526.04    |
| Weighted average number of equity shares outstanding         | 25637825    | 25637825    |
| Earnings per share - Basic (Face Value of Rs.10 per share)   | -13.99      | -9.85       |
| Diluted earning per share is same as basic earning per share | -13.99      | -9.85       |

## 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 : DETAILS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

The Provisions of Section 135 of the Companies Act 2013 are not applicable to the Company during the Financial Year 2024-25.

## NOTE 42: 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)

|                                  | 2024 - 2025 | 2023 - 2024 |
|----------------------------------|-------------|-------------|
| Disputed Excise / Customs duties | 367.17      | 367.17      |

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.

# K G DENIM LIMITED

## (b) Guarantees

(Rs.in lakhs)

|   | 2024 - 2025 | 2023 - 2024 |
|---|-------------|-------------|
| Guarantees given to Bank for loan to subsidiary | 500.00      | 500.00      |

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

(Rs.in lakhs)

|                             | 2024 - 2025 | 2023 - 2024 |
|-----------------------------|-------------|-------------|
| Bills discounted with banks | -           | 1457.21     |

## II Commitments

There are no contracts remaining to be executed in Capital Account

### Note 43: SEGMENT REPORTING:

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

### Note 44: TRADE PAYABLE

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

#### AS AT 31<sup>st</sup> March 2025

Rs. In lakhs

|   | 0-3 Months | 3-6 Months | 6 to 12 Months | Beyond 12 Months | Total    |
|---|------------|------------|----------------|------------------|----------|
| Trade payable                             | 272.86     | 357.06     | 1744.80        | 7985.97          | 10360.69 |
| Lease Liability (Current and Non Current) | -          | -          | -              | -                | -        |
| Total                                     | 272.86     | 357.06     | 1744.80        | 7985.97          | 10360.69 |

#### AS AT 31<sup>st</sup> March 2024

Rs. In lakhs

|   | 0-3 Months | 3-6 Months | 6 to 12 Months | Beyond 12 Months | Total     |
|---|------------|------------|----------------|------------------|-----------|
| Trade payable                             | 3,754.43   | 2,411.62   | 2,877.91       | 5,659.85         | 14,703.81 |
| Lease Liability (Current and Non Current) | 10.11      | -          | -              | -                | 10.11     |
| Total                                     | 3,764.54   | 2,411.62   | 2,877.91       | 5,659.85         | 14,713.92 |



# K G DENIM LIMITED

## Note - 45 : GRATUITY

| <b>I. PRINCIPAL ACTUARIAL ASSUMPTIONS</b> [Expressed as weighted averages] | <b>31-03-2024</b> | <b>31-03-2025</b> |
|--|-------------------|-------------------|
| Discount Rate  | 6.97%             | 6.43%             |
| Rate of increase in compensation levels                                    | 5.00%             | 5.00%             |
| Attrition Rate   | 5.00%             | 5.00%             |
| Expected rate of return on Plan Assets                                     | 0.00%             | 0.00%             |

All amounts are in Rupees

| <b>II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO)</b> |              |              |
|---|--------------|--------------|
| PVO as at the beginning of the period                           | 7,57,28,224  | 6,64,02,562  |
| Interest Cost   | 54,33,013    | 46,25,135    |
| Current service cost  | 57,00,802    | 39,38,835    |
| Past service cost   | 0            | 0            |
| Benefits paid and Charges deducted                              | -3,29,515    | -89,639      |
| Actuarial loss/(gain) on obligation (balancing figure)          | -2,01,29,962 | -4,51,68,514 |
| PVO as at the end of the period                                 | 6,64,02,562  | 2,97,08,379  |

| <b>III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:</b> |           |         |
|--|-----------|---------|
| Fair value of plan assets as at the beginning of the period  | 0         | 0       |
| Expected return on plan assets   | 0         | 0       |
| Contributions  | 3,29,515  | 89,639  |
| Benefits paid and Charges deducted   | -3,29,515 | -89,639 |
| Actuarial gain/(loss) on plan assets (balancing figure)  | 0         | 0       |
| Fair value of plan assets as at the end of the period  | 0         | 0       |

| <b>IV. ACTUAL RETURN ON PLAN ASSETS</b> |   |   |
|---|---|---|
| Expected return on plan assets          | 0 | 0 |
| Actuarial gain (loss) on plan assets    | 0 | 0 |
| Actual return on plan assets            | 0 | 0 |

| <b>V. ACTUARIAL GAINS AND LOSSES RECOGNIZED</b>                |              |              |
|--|--------------|--------------|
| Actuarial gain (loss) for year - obligation                    | 2,01,29,962  | 4,51,68,514  |
| Actuarial gain (loss) for year - plan assets                   | 0            | 0            |
| Subtotal   | 2,01,29,962  | 4,51,68,514  |
| Actuarial (gain) / loss recognized                             | -2,01,29,962 | -4,51,68,514 |
| Unrecognized actuarial gains (losses) at the end of the period | 0            | 0            |

# K G DENIM LIMITED

## VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES

|  |             |             |
|--|-------------|-------------|
| Present value of the obligation  | 6,64,02,562 | 2,97,08,379 |
| Fair value of plan assets  | 0           | 0           |
| Amount determined under para 63 of Ind AS19                                  | 6,64,02,562 | 2,97,08,379 |
| Net Defined Benefit Liability recognized in the balance sheet                | 6,64,02,562 | 2,97,08,379 |
| Present value of future reduction in contribution under para 65 of Ind AS 19 | 0           | 0           |
| Net Defined Benefit Asset recognised under para 64 of Ind AS19               | 0           | 0           |

## VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:

|   |             |           |
|---|-------------|-----------|
| Current service cost                                    | 57,00,802   | 39,38,835 |
| Net Interest on Net Defined Benefit Obligations         | 54,33,013   | 46,25,135 |
| Net actuarial (gain)/loss recognised during the period  | 0           | 0         |
| Past service cost                                       | 0           | 0         |
| Expenses recognized in the statement of profit and loss | 1,11,33,815 | 85,63,970 |

## VIII. AMOUNT RECOGNIZED FOR THE CURRENT PERIOD IN THE STATEMENT OF OTHER COMPREHENSIVE INCOME [OCI]

|  |              |              |
|--|--------------|--------------|
| Actuarial (gain)/loss on Plan Obligations  | -2,01,29,962 | -4,51,68,514 |
| Difference between Actual Return and Interest Income on Plan Assets- (gain)/loss | -            | -            |
| Effect of Balance Sheet asset limit  | -            | -            |
| Amount recognized in OCI for the current period                                  | -2,01,29,962 | -4,51,68,514 |

## IX. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET

|  |              |              |
|--|--------------|--------------|
| Opening net liability adjusted for effect of balance sheet limit | 7,57,28,224  | 6,64,02,562  |
| Amount recognised in Profit and Loss                             | 1,11,33,815  | 85,63,970    |
| Amount recognised in OCI   | -2,01,29,962 | -4,51,68,514 |
| Contribution paid  | -3,29,515    | -89,639      |
| Closing net liability  | 6,64,02,562  | 2,97,08,379  |

## X. AMOUNT FOR THE CURRENT PERIOD

|   |              |              |
|---|--------------|--------------|
| Present Value of obligation                                     | 6,64,02,562  | 2,97,08,379  |
| Plan Assets   | 0            | 0            |
| Surplus (Deficit)   | -6,64,02,562 | -2,97,08,379 |
| Experience adjustments on plan liabilities -(loss)/gain         | 2,10,59,758  | 4,59,48,001  |
| Impact of Change in Assumptions on Plan Liabilities-(loss)/gain | -9,29,796    | -7,79,487    |
| Experience adjustments on plan assets -(loss)/gain              | 0            | 0            |

# K G DENIM LIMITED

## NOTE - 46 : RELATED PARTY DISCLOSURES AS PER Ind AS 2 5

| Particulars                         | 2024-2025  |                       |                          |                                       | 2023-2024  |                       |                          |                                       |
|-------------------------------------|------------|-----------------------|--------------------------|---------------------------------------|------------|-----------------------|--------------------------|---------------------------------------|
|                                     | Subsidiary | Other Related Parties | Key Management Personnel | Relatives of Key Management Personnel | Subsidiary | Other Related Parties | Key Management Personnel | Relatives of Key Management Personnel |
| Purchase of Goods                   |            |                       |                          |                                       |            |                       |                          |                                       |
| Trigger Apparels Ltd                | 0.65       |                       |                          |                                       | 502.86     |                       |                          |                                       |
| Sri Kannapiran Mills Limited        |            | 416.35                |                          |                                       |            | 2,894.00              |                          |                                       |
| Other related party                 |            | 0.59                  |                          |                                       |            | 1,897.96              |                          |                                       |
| Sale of Goods                       |            |                       |                          |                                       |            |                       |                          |                                       |
| Trigger Apparels Ltd                | 78.89      |                       |                          |                                       | 531.30     |                       |                          |                                       |
| KG Denim (USA) Inc                  |            |                       |                          |                                       | 3.55       |                       |                          |                                       |
| Sri Kannapiran Mills Limited        |            | 23.09                 |                          |                                       |            | 166.15                |                          |                                       |
| Other related party                 |            |                       |                          |                                       |            | 737.26                |                          |                                       |
| Processing / other Charges Paid     |            |                       |                          |                                       |            |                       |                          |                                       |
| Trigger Apparels Ltd                |            |                       |                          |                                       |            |                       |                          |                                       |
| Sri Kannapiran Mills Limited        |            | 0.18                  |                          |                                       | -          | 9.03                  |                          |                                       |
| Other related party                 |            |                       |                          |                                       |            |                       |                          |                                       |
| Processing / other Charges Received |            |                       |                          |                                       |            |                       |                          |                                       |
| Sri Kannapiran Mills Limited        |            |                       |                          |                                       |            | 15.72                 |                          |                                       |
| Other related party                 |            |                       |                          |                                       |            |                       |                          |                                       |
| Remuneration                        |            |                       | 19.32                    | 24.00                                 |            |                       | 201.42                   | 23.72                                 |

## NOTE :- 46.1 : Balance Outstanding

| Particulars        | as on 31.03.2025 |                       |                          |                                       | as on 31.03.2024 |                       |                          |                                       |
|--------------------|------------------|-----------------------|--------------------------|---------------------------------------|------------------|-----------------------|--------------------------|---------------------------------------|
|                    | Subsidiary       | Other Related Parties | Key Management Personnel | Relatives of Key Management Personnel | Subsidiary       | Other Related Parties | Key Management Personnel | Relatives of Key Management Personnel |
| Trade Receivable   | 3,570.38         | 41.36                 |                          |                                       | 3,582.05         | 36.03                 | -                        | -                                     |
| Trade Payable      |                  | 2393.04               |                          |                                       |                  | 2159.21               | -                        | -                                     |
| Investments        | 450.46           | 328.69                |                          |                                       | 450.46           | 328.69                | -                        | -                                     |
| Guarantee          | 500.00           |                       |                          |                                       | 500.00           |                       |                          |                                       |
| Loans and Advances |                  | 150.00                |                          |                                       | -                | 150.00                | -                        | -                                     |

## NOTE :- 46.2

|                                      |   |
|--------------------------------------|---|
| Other Related Party                  | Sri Kannapiran Mills Limited<br>Sri Balamurugan Textile Processing Limited<br>Danalakshmi Paper Mills Private Limited<br>Crocodile India Pvt Ltd  |
| Key Management Personnel             | Shri KG Baalakrishnan, Executive Chairman<br>Shri B Sriramulu, Managing Director<br>Shri B Srihari, Director<br>Smt S Ramaprabha, Chief Financial Officer<br>Shri.M.Balaji, Company Secretary |
| Relative of Key Management Personnel | Shri Pranav Sriraman (Son of Shri B Sriramulu)  |



# K G DENIM LIMITED

**NOTE:- 47: Title deeds of Properties**

Titles deeds of all the immovable properties in the Financial Statements are held in the name of the company only.

**NOTE:- 48: Capital-work-in progress.**

There is no Capital-work-in progress as on the date of balance sheet as at 31st March 2025. There is no project which is temporarily suspended.

**NOTE:- 49: Intangible Assets under development.**

There are no any intangible assets under development as on the date of balance sheet as at 31st March 2025.

**NOTE:- 50: Relationship with strike off companies.**

Company does not have any transactions with the companies "Striken off " or in the process of strike off.

**NOTE:- 51: Scheme of arrangements**

The company has not entered into any "Scheme of Arrangements" during the year ended 31st March 2025.

**NOTE - 52: Details of Benami Property Held**

The company does not hold any benami property as defined under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made there under. No proceeding has been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made there under.

**NOTE - 53: Compliance with number of layer of companies.**

The Company is in compliance with the number of layers prescribed under clause (87) of section 2 of the Companies Act read with the Companies (Restriction on number of Layers) Rules, 2017

**NOTE - 54:** The Company has not traded or invested in crypto currency or virtual currency.

**NOTE:-55: Registration of charges or satisfaction with Registrar of Companies.**

The company does not have any charges or satisfaction, which is yet to be registered with ROC beyond the statutory period.

**NOTE:-56:** The Company has not done any revaluation of Property, Plant & Equipment or Intangible assets.

**NOTE:-57:** The Company was not declared as "willful defaulter" by any bank or financial Institution or other lender.

**Note : 58** The company has no such transactions which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (Such as search or survey or any other relevant provisions of Income Tax Act, 1961).

**Note 59:** The company has not advanced or loaned or invested funds to any other person(s) or entity (ies), including foreign entities (Intermediaries) with the understanding that the intermediary shall:

- i. Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- ii. Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

**Note 60:** The company has not received any fund from any person(s) or entity (ies), including foreign entities (Funding party) with the understanding (whether recorded in writing or otherwise) that the company shall:

- i. Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (Ultimate Beneficiaries) or

# K G DENIM LIMITED

ii. Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

## Note 61: Restructuring of Debit

The operations of the company came to halt since March 2024 due to TN Government Order putting a ban on drawal of processing water from Bhavani River, subsequently the Company has entered into a loan restructuring arrangement with its consortium lenders under the Reserve Bank of India's framework for relief measures in areas affected by natural calamities. While the resolution plan has been approved by the majority of the consortium lenders, one bank holding 7% of the debt exposure has dissented from the plan, and one Non-Banking Financial Company (NBFC) with an outstanding loan of Rs. 625 lakh has not participated in the restructuring scheme. With respect to the dissenting lenders' non-participation in the restructuring scheme, the Company has filed a writ petition before the Hon'ble High Court of Madras and obtained an injunction order, with the matter being sub-judice. Repayment under the restructured plan is scheduled to commence from the quarter ending March 2026 restructuring was implemented on 5th March 2025.

## Note 62: Approved Financial Statements:

The Board of Directors of the company has reviewed the realizable value of all the current assets and has confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognized in the financial statements. In addition, the board has also confirmed the carrying value of the non-current assets in the financial statements. The Board, duly taking into account all the relevant disclosures made, has approved these financial statements in its meeting held on 30th May 2025.

## Note 63: Stock Statement

The Company has borrowed from banks on the basis of security of current assets. Quarterly returns or statements of current assets filed by the Company are in agreement with books of accounts. Summary of reconciliation as at 31st March 2025 is given below.

## Note 64: Asset held for sale

This consist of 11.51 acres of non-core factory land shown as per asset held for sale which is sold in April 2025 as per restructuring

| (Rs. In Lakhs)                                |                  |                  |
|---|------------------|------------------|
| Particulars                                   | As at March 2025 | As at March 2024 |
| Inventories as per declaration with Bank      | 6,109.46         | 9,222.51         |
| Trade Receivable as per declaration with Bank | 6,297.91         | 9,547.10         |
| <b>TOTAL (A)</b>                              | <b>12,407.37</b> | <b>18,769.61</b> |
| Inventories as per Books                      | 6,109.63         | 9,489.05         |
| Trade Receivables as per Books                | 6,297.91         | 9,533.41         |
| <b>TOTAL (B)</b>                              | <b>12,407.54</b> | <b>19,022.46</b> |
| Difference in Inventories                     | -0.17            | -266.54          |
| Difference in Receivables                     | -                | 13.69            |
| <b>TOTAL DIFFERENCE (A)-(B)</b>               | <b>-0.17</b>     | <b>-252.85</b>   |

As per our report of even date

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

**R MAHADEVAN**

Partner  
Membership No.027497

UDIN : 25027497BMNBAP5744  
Place : Coimbatore  
Date : 30.05.2025

For and on behalf of the Board of Directors

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**M. BALAJI**  
Company Secretary

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**RAMAPRABHA .S**  
Chief Financial Officer

**B SRIHARI**  
Director  
DIN : 00002556



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## INDEPENDENT AUDITOR'S REPORT

To the Members of K G Denim Limited  
Report on the Audit of the Consolidated Ind AS Financial Statements

### Opinion

1. We have audited the accompanying Consolidated financial statements of K G Denim Limited ('the Holding Company') and its subsidiary companies – KG Denim (USA) Inc. and Trigger Apparels Limited (together referred to as 'the Group') which comprise the Consolidated Balance sheet as at 31 March 2025, the Consolidated statement of profit and loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flow 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 (hereinafter referred to as ("the consolidated Ind AS financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements ('the 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 Indian Accounting Standards ('Ind AS'), specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2025, and their consolidated loss (including other comprehensive Income), 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 Group 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 consolidated 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 audit opinion.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgement 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.    | <b>Litigations - Contingencies</b><br><br>The Holding 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.<br><br>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. | <b>Principal Audit Procedures</b><br>Our audit approach was a combination of test of internal controls and substantive procedures including:<br><br>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. |



## CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

|  |  |
|--|--|
| <p>Claims against the Holding 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 60 to the Consolidated Financial Statements</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>  |
| <p><b>Loan Restructuring Arrangement with Consortium Lenders</b></p> <p>As disclosed in Note 54 to the Consolidated financial statements, the Holding Company has entered into a loan restructuring arrangement with its consortium lenders under the Reserve Bank of India's framework for relief measures in areas affected by natural calamities. While the resolution plan has been approved by the majority of the consortium lenders, one bank holding 7% of the debt exposure has dissented from the plan, and one Non-Banking Financial Company (NBFC) with an outstanding loan of ₹625 lakh has not participated in the restructuring scheme. With respect to the dissenting lenders' non-participation in the restructuring scheme, the Holding Company has filed a writ petition before the Hon'ble High Court of Madras and obtained an injunction order, with the matter being sub judice. Repayment under the restructured plan is scheduled to commence from the quarter ending March 2026.</p> | <p><b>Principal Audit Procedures</b></p> <ul style="list-style-type: none"> <li>• Obtained and reviewed the loan restructuring agreements, lender communications, and board resolutions approving the restructuring plan.</li> <li>• Evaluated management's assessment of loan classification, modification accounting, and impairment under Ind AS 109, including consideration of whether the terms of restructuring constitute a substantial modification.</li> <li>• Assessed the legal status of dissent by South Indian Bank and nonimplementation by the NBFC, including examining relevant court filings, injunction orders, and legal opinion obtained by the Company, if any.</li> <li>• Evaluated the disclosures made in the financial statements in accordance with Schedule III of the Companies Act, 2013 and Ind AS 107 – Financial Instruments: Disclosures.</li> <li>• Discussed with management of the Holding company and those charged with governance the potential financial and legal implications arising from the dissenting lender and the pending litigation.</li> <li>• Assessed the adequacy and appropriateness of disclosures made in the financial statements in respect of the restructuring and legal proceeding</li> </ul> |

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management and Discussion Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information but does not include the Consolidated Financial Statements and our auditors' report thereon.

## CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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 such 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**

5. The accompanying consolidated financial statements have been approved by the holding Company's Board of Directors. The Holding Company's Board of Directors are 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 financial position, consolidated financial position, consolidated performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are 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 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 of the Group 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 Board of directors of the Holding Company, as aforesaid.

6. 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.

7. The respective Board of Directors of the companies included in the Group are also 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**

8. 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.

9. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act 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



## CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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 Group has adequate internal financial controls system 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 Board of Director'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 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 financial statements, including the disclosures, and whether the 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 / financial statements 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 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.

10. 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.

11. 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.

12. 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.

### Other Matters

13. We did not audit the financial statements of wholly owned Foreign subsidiary KG Denim (USA) Inc., included in the consolidated financial results, whose financial statements reflect total assets of Rs.127.99 lakhs as at March 31, 2025 and total revenues of Rs. 4.85 Lakhs for the year ended March 31,2025, total net loss after tax of Rs. 1.81 lakhs for the year ended March 31, 2025 and net cash inflows of Rs. 7.56 Lakhs for the year ended March 31, 2025 as considered in the statement.

14. 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.



## CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the financial statements / financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books.

(c) The consolidated financial statement, the Consolidated Statement of Profit and Loss, the consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

(d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Group as on 31st March 2025, taken on record by the Board of Directors of the respective companies, covered under the Act, none of the directors of the Group, are disqualified as on 31st March 2025 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls with reference to the Financial Statements of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

(g) As required by Section 197 (16) of the Act, based on audit, we report that both the Holding company and its subsidiary companies have not paid any remuneration to its directors during the year.

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

i. The Consolidated Financial Statements disclose the impact of pending litigations as at 31st March 2025 on the consolidated financial position of the Group. Refer Note No. 60 to the consolidated Financial Statements.

ii. The Group did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company. With regard to subsidiaries there are no requirement for such transfer.

iv. (a) The respective management of the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have represented to us, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies to or in any other person(s) or entity(ies), including foreign entities ("the Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies ("the Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective managements of the Holding company and the subsidiary company incorporated in India whose financial statements have been audited under the Act have represented to us, to the best of their knowledge and belief, no

## CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

funds have been received by the Holding Company or its subsidiary companies from any person(s) or entity(ies), including foreign entities ("the Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on such audit procedures performed by us, as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. In our opinion and according to the information and explanations given to us, both the Holding company and its subsidiary company have not declared or paid any dividend during the year.

vi. Based on our examination which included test checks, both the Holding company and the Subsidiary Company incorporated in India, has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with and the audit trail has been preserved by the Holding company and the Subsidiary Company incorporated in India as per the statutory requirements for record retention.

| S.No. | Name              | CIN                   | Clause number of the CARO report which is qualified or adverse |
|-------|-------------------|-----------------------|--|
| 1     | K G Denim Limited | L17115TZ1992PLC003798 | (ii)(b), (vii)(a)  |

However, CARO reporting is not applicable to the Subsidiary Company incorporated in India.

**For Gopalaiyer and Subramanian**

Chartered Accountants

(Firm Regn. No:000960S)

**CA.R. Mahadevan**

Partner

M. no: 027497

UDIN: 25027497BMNBAQ7347

Place: Coimbatore  
Date: 30th May 2025



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## Annexure - A to the Independent Auditors' Report

### Independent Auditor's Report on the Internal Financial Controls with reference to consolidated Ind AS financial statements under Clause (f) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the Consolidated Ind AS financial statements of K G Denim Limited (the 'Holding Company') as of and for the year ended 31 March 2025, we have audited the internal financial controls with reference to financial statements of the holding company and its Indian subsidiary covered under the Act, (the Holding Company and its Indian subsidiary together referred to as "the Group"), 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 company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal financial control 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 the Company's 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 consolidated financial statements of the Holding Company and its subsidiary company 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 consolidated 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 consolidated 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 consolidated 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 their 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 consolidated financial statements of the Holding Company and its subsidiary company as aforesaid.

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

6. A Group's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements include 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 consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and



## CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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 consolidated financial statements.

### **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 consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated 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, the Holding Company and its Indian subsidiary company, have, in all material respects, adequate internal financial controls with reference consolidated financial statements and such controls were operating effectively as at 31st March, 2025, based on the internal control over financial reporting criteria established by the Group, considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For Gopalaiyer and Subramanian**

Chartered Accountants

(Firm Regn. No:000960S)

**CA.R. Mahadevan**

Partner

M. no: 027497

UDIN: 25027497BMNBAQ7347

Place: Coimbatore  
Date: 30th May 2025

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2025

(Rs. In Lakhs)

| Particulars |   | Note No. | 31.03.2025       | 31.03.2024       |
|-------------|---|----------|------------------|------------------|
|             |   |          | Audited          | Audited          |
| I.          | <b>ASSETS</b>   |          |                  |                  |
| 1           | <b>Non-current assets</b>                                     |          |                  |                  |
| (a)         | Property, plant and equipment                                 | 1        | 12,919.85        | 13,801.01        |
| (b)         | Intangible Assets   | 1A       | 0.01             | 0.01             |
| (c)         | Right to Use Asset  | 2        | -                | 9.84             |
| (d)         | Financial Assets  |          |                  |                  |
|             | Non-current investments                                       | 3        | 330.98           | 330.86           |
| (e)         | Deferred Tax Assets   | 4        | 2,942.51         | 1,740.42         |
| (f)         | Other non current assets                                      | 5        | 238.63           | 237.32           |
|             | <b>TOTAL</b>  |          | <b>16,431.98</b> | <b>16,119.46</b> |
| 2           | <b>Current assets</b>   |          |                  |                  |
| (a)         | Inventories   | 6        | 7,714.82         | 10,976.36        |
| (b)         | Financial Assets  |          |                  |                  |
|             | (i) Trade receivables, current                                | 7        | 3,885.85         | 6,781.55         |
|             | (ii) Cash and cash equivalents                                | 8        | 355.91           | 107.74           |
|             | (iii) Bank balance other than (ii) above                      | 9        | 26.65            | 324.08           |
| (c)         | Current tax assets (net)                                      | 10       | 199.78           | 279.68           |
| (d)         | Other current assets  | 11       | 5,437.48         | 5,910.57         |
| (e)         | Assets Held for Sale  |          | 6.97             |                  |
|             | <b>TOTAL</b>  |          | <b>17,627.46</b> | <b>24,379.98</b> |
|             | <b>TOTAL ASSETS</b>   |          | <b>34,059.44</b> | <b>40,499.44</b> |
| II.         | <b>EQUITY AND LIABILITIES</b>                                 |          |                  |                  |
| 1           | <b>EQUITY</b>   |          |                  |                  |
| (a)         | Equity share capital  | 12       | 2,564.90         | 2,564.90         |
| (b)         | Other equity  | 13       | -3,405.57        | -277.03          |
|             | <b>Equity attributable to shareholders of the Company</b>     |          | <b>-840.67</b>   | <b>2,287.87</b>  |
|             | Non-Controlling Interest Equity                               |          | -396.32          | -399.46          |
|             | <b>TOTAL EQUITY</b>   |          | <b>-1,236.99</b> | <b>1,888.41</b>  |
| 2           | <b>LIABILITIES</b>  |          |                  |                  |
|             | <b>NON-CURRENT LIABILITIES</b>                                |          |                  |                  |
| (a)         | <b>Financial liabilities</b>                                  |          |                  |                  |
|             | (i) Borrowings  | 14       | 17,759.05        | 3,388.86         |
|             | (ii) Lease Liabilities  | 15       | -                | 9.68             |
|             | (iii) Other non current financial liabilities                 | 16       | 321.14           | 310.68           |
| (b)         | Long-term provisions  | 17       | 282.26           | 611.65           |
| (c)         | Government grants   | 18       | -                | 130.87           |
|             | <b>TOTAL</b>  |          | <b>18,362.45</b> | <b>4,451.74</b>  |
|             | <b>CURRENT LIABILITIES</b>                                    |          |                  |                  |
| (a)         | <b>Financial liabilities</b>                                  |          |                  |                  |
|             | (i) Borrowings  | 19       | 6,785.63         | 18,429.53        |
|             | (ii) Lease Liability  | 20       | -                | 0.43             |
|             | (iii) Trade payable - Micro and Small Enterprises             | 21       | 928.53           | 909.50           |
|             | (iv) Trade payable - Others                                   | 22       | 8,133.68         | 13,913.02        |
|             | (v) Other financial liabilities                               | 22       | 315.68           | 89.32            |
| (b)         | Other current financial liabilities                           | 23       | 608.49           | 579.05           |
| (c)         | Short-term provisions   | 24       | 31.10            | 67.81            |
| (d)         | Government grants   | 25       | 130.87           | 170.63           |
|             | <b>TOTAL</b>  |          | <b>16,933.98</b> | <b>34,159.29</b> |
|             | <b>TOTAL EQUITY AND LIABILITIES</b>                           |          | <b>34,059.44</b> | <b>40,499.44</b> |
|             | Significant Accounting Policies                               | 35       |                  |                  |
|             | The notes form an integral part of these financial statements |          |                  |                  |

As per our report of even date

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

**R MAHADEVAN**

Partner  
Membership No.027497

For and on behalf of the Board of Directors

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**M. BALAJI**  
Company Secretary

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**RAMAPRABHA .S**  
Chief Financial Officer

**B SRIHARI**  
Director  
DIN : 00002556

UDIN : 25027497BMNBAQ7347  
Place : Coimbatore  
Date : 30.05.2025

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2025

(Rs. In Lakhs)

| Particulars  | Note No. | 31.03.2025        | 31.03.2024        |
|--|----------|-------------------|-------------------|
|  |          | Audited           | Audited           |
| <b>I INCOME</b>  |          |                   |                   |
| Revenue from operations  | 26       | 6,546.79          | 26,446.41         |
| Other income   | 27       | 785.42            | 328.54            |
| <b>Total Income</b>  |          | <b>7,332.21</b>   | <b>26,774.95</b>  |
| <b>II EXPENSES</b>   |          |                   |                   |
| Cost of materials consumed   | 28       | 1,114.35          | 12,788.20         |
| Purchases of Stock-in-Trade  | 29       | 953.31            | 287.89            |
| Changes in inventories of finished goods ,<br>work-in-progress and Stock-in-Trade  | 30       | 2,708.95          | -503.05           |
| Other Manufacturing Expenses   | 31       | 1,896.42          | 6,859.14          |
| Employee benefits expense  | 32       | 2,333.12          | 4,721.19          |
| Finance costs  | 33       | 3,014.76          | 2,557.82          |
| Depreciation and amortization expense  |          | 897.99            | 1,470.86          |
| Other expenses   | 34       | 1,134.65          | 2,425.64          |
| <b>Total expenses</b>  |          | <b>14,053.55</b>  | <b>30,607.69</b>  |
| <b>III Profit before exceptional items and tax</b>   |          | <b>(6,721.34)</b> | <b>(3,832.74)</b> |
| <b>IV Exceptional items</b>  |          | <b>0.00</b>       | <b>256.75</b>     |
| Extraordinary Items - Excise Duty Refund   |          | 2039.72           |                   |
| <b>V Profit before tax (III- IV)</b>   |          | <b>(4,681.62)</b> | <b>3,575.99)</b>  |
| <b>VI Tax expense:</b>   |          |                   |                   |
| (1) Current tax  |          | 0.00              | 0.00              |
| (2) MAT Credit Entitlement   |          | -                 | -                 |
| (3) Deferred tax   |          | -1,202.09         | -1,003.25         |
| (4) Income Tax for earlier years   |          | 99.62             | 0.00              |
|  |          | <b>-1,102.47</b>  | <b>-1,003.25</b>  |
| <b>VII Profit (Loss) for the period from continuing operations (V-VI)</b>  |          | <b>-3,579.15</b>  | <b>-2,572.74</b>  |
| <b>VIII Other Comprehensive Income items that will not reclassified to Profit or Loss</b>  |          |                   |                   |
| Fair value of Equity Instruments   |          | 0.12              | 1.40              |
| Gratuity valuations through OCI  |          | 453.64            | 207.19            |
| <b>Profit/(loss) (after tax) (VII)</b>   |          | <b>453.76</b>     | <b>208.59</b>     |
| <b>IX Total Comprehensive Income for the year (VII + VIII) comprising profit or (loss) and other comprehensive income for the period</b> |          | <b>(3,125.39)</b> | <b>(2,364.15)</b> |
| <b>Profit for the year attributable to:</b>  |          |                   |                   |
| Share holder of the Company  |          | -3581.81          | -2561.10          |
| Non-controllable interest  |          | 2.66              | -11.64            |
|  |          | <b>(3,579.15)</b> | <b>(2,572.74)</b> |
| <b>Other Comprehensive Income for the year attributable to:</b>  |          |                   |                   |
| Share holder of the Company  |          | 453.27            | 207.12            |
| Non-controllable interest  |          | 0.49              | 1.47              |
|  |          | <b>453.76</b>     | <b>208.59</b>     |
| <b>Total Comprehensive Income for the year attributable to:</b>  |          |                   |                   |
| Share holder of the Company  |          | <b>(3,128.55)</b> | <b>-2353.99</b>   |
| Non-controllable interest  |          | 3.15              | -10.16            |
|  |          | <b>(3,125.39)</b> | <b>(2,364.15)</b> |
| <b>X Earnings per equity share:</b>  |          |                   |                   |
| (1) Basic  |          | -13.97            | -9.99             |
| (2) Diluted  |          | -13.97            | -9.99             |
| 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  |          |                   |                   |

As per our report of even date

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

**R MAHADEVAN**

Partner

Membership No.027497

UDIN : 25027497BMNBAQ7347

Place : Coimbatore

Date : 30.05.2025

For and on behalf of the Board of Directors

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**M. BALAJI**  
Company Secretary

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**RAMAPRABHA .S**  
Chief Financial Officer

**B SRIHARI**  
Director  
DIN : 00002556



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31.03.2025

(Rs. In Lakhs)

| PARTICULARS   | YEAR ENDED<br>31.03.2025 | YEAR ENDED<br>31.03.2024 |
|---|--------------------------|--------------------------|
|   | Audited                  | Audited                  |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>                              |                          |                          |
| Net profit before tax and extra ordinary items                              | (6,721.34)               | (3,832.74)               |
| Adjustments for:  |                          |                          |
| Depreciation and Amortization expenses                                      | 897.99                   | 1,470.86                 |
| Provision for Doubtful Debts  | -0.00                    | -0.00                    |
| Loss/(Profit) on Sale of Fixed Assets                                       | (20.52)                  | 11.12                    |
| Interest Income   | (418.26)                 | (108.00)                 |
| Dividend Income   | (0.07)                   | (0.05)                   |
| Apportioned on Government Grants  | (170.63)                 | (170.63)                 |
| Remeasurement of Employee Benefit Obligations                               | 453.64                   | 207.19                   |
| Gain on Termination of Lease  | (0.27)                   | -0.00                    |
| Finance cost  | 3,014.76                 | 2,557.82                 |
| <b>Operating Profit before working capital changes</b>                      | <b>(2,964.70)</b>        | <b>135.57</b>            |
| Adjustments for:  |                          |                          |
| (Increase)/Decrease in Trade and other receivables                          | 2,895.70                 | 467.47                   |
| (Increase)/Decrease in Inventories  | 3,261.54                 | (156.64)                 |
| (Increase)/Decrease in Other Non current assets                             | 9.15                     | (3.52)                   |
| (Increase)/Decrease in Other Current assets                                 | 552.99                   | (743.18)                 |
| Increase/(Decrease) in Trade and other payables                             | (5,504.31)               | 868.59                   |
| Increase/(Decrease) in Provisions   | (366.10)                 | (97.25)                  |
| <b>Cash generated from operations</b>                                       | <b>(2,115.93)</b>        | <b>471.04</b>            |
| <b>Cash flow before extraordinary items</b>                                 | <b>(2,115.93)</b>        | <b>471.04</b>            |
| Exceptional items   | 2,039.72                 | 256.75                   |
| <b>Cash flow after extraordinary items</b>                                  | <b>(76.21)</b>           | <b>727.79</b>            |
| Income Tax  | 99.62                    | -0.00                    |
| <b>Net cash (used in)/generated from operating activities</b>               | <b>(175.83)</b>          | <b>727.79</b>            |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>                              |                          |                          |
| Sale Proceeds of property, plant and equipment                              | 59.35                    | 21.68                    |
| Purchase of property, plant and equipment                                   | (62.64)                  | (134.69)                 |
| Interest Income   | 418.25                   | 108.00                   |
| Dividend Income   | 0.07                     | 0.05                     |
| Capital Subsidy received  | -0.00                    | -0.00                    |
| Margin money deposit with bank  | 297.43                   | (5.93)                   |
| <b>Net cash (used in)/generated from investing activities</b>               | <b>712.47</b>            | <b>(10.89)</b>           |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>                              |                          |                          |
| Proceeds/ (Repayment) from Long term borrowings                             | 14,370.19                | (1,249.47)               |
| Proceeds / (Repayment) from short term borrowings                           | (11,643.90)              | 3,130.41                 |
| Interest paid   | (3,014.77)               | (2,557.82)               |
| Repayment to lease liabilities  | -                        | (9.65)                   |
| <b>Net cash (used in)/generated from financing activities</b>               | <b>(288.48)</b>          | <b>(686.53)</b>          |
| <b>Net increase in cash and cash equivalents</b>                            | <b>248.17</b>            | <b>30.38</b>             |
| Cash and cash equivalents as at 1st April, 2024 / 2023<br>(Opening Balance) | 107.74                   | 77.36                    |
| Cash and cash equivalents as at 31st Mar, 2025 / 2024<br>(Closing Balance)  | 355.91                   | 107.74                   |
| <b>Cash and cash equivalents as per above comprises of the following</b>    |                          |                          |
| Cash and cash equivalents   | 355.91                   | 107.74                   |
| <b>Balance as per Statement of Cash Flows</b>                               | <b>355.91</b>            | <b>107.74</b>            |
|   | -0.00                    | -0.00                    |

Notes: The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, 'Statement of Cash Flows'

As per our report of even date  
For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

For and on behalf of the Board of Directors  
**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**B SRIHARI**  
Director  
DIN : 00002556

**R MAHADEVAN**  
Partner  
Membership No.027497  
UDIN : 25027497BMNBAQ7347  
Place : Coimbatore  
Date : 30.05.2025

**M. BALAJI**  
Company Secretary

**RAMAPRABHA .S**  
Chief Financial Officer

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2025

### A. EQUITY SHARE CAPITAL

#### (1) Current Reporting Period

| Balance as at 01.04.2024 | Changes in equity share capital due to prior period errors | Restated balance as at 01.04.2024 | Changes in equity share capital during the current year |  |  | Balance as at 31.03.2025 |
|--------------------------|--|-----------------------------------|---|--|--|--------------------------|
| 2,564.90                 |  | 2,564.90                          |   |  |  | 2,564.90                 |

#### (2) Previous Reporting Period

(Rs. In Lakhs)

| Balance as at 01.04.2023 | Changes in equity share capital due to prior period errors | Restated balance as at 01.04.2023 | Changes in equity share capital during the current year |  |  | Balance as at 31.03.2024 |
|--------------------------|--|-----------------------------------|---|--|--|--------------------------|
| 2,564.90                 |  | 2,564.90                          |   |  |  | 2,564.90                 |

### 13. OTHER EQUITY

|  | Capital Redemption Reserve | Securities Premium Reserve | General Reserves | Retained Earnings | Retained Earning in Jointly Controlled Entities | Total Equity | Non Controlling Interest | Total     |
|--|----------------------------|----------------------------|------------------|-------------------|---|--------------|--------------------------|-----------|
| Balance as at 31st March, 2023               | 1.61                       | 444.44                     | 1,549.28         | 2,368.09          | 410.06  | 2,076.96     | -389.30                  | 1,687.66  |
| On Allotment of Shares by Subsidiary Company |                            |                            |                  |                   | 539.30  | 539.30       | -389.30                  | 150.00    |
| Profit (loss) for the year                   |                            |                            |                  | -2,526.20         | -34.90  | -2,561.10    | -11.64                   | -2,572.74 |
| Other Comprehensive Income for the year      |                            |                            |                  | 202.70            | 4.42  | 207.12       | 1.47                     | 208.59    |
| Total Comprehensive Income for the year      |                            |                            |                  | -2,323.50         | -30.48  | -2,353.98    | -10.17                   | -2,364.15 |
| Balance as at 31st March, 2024               | 1.61                       | 444.44                     | 1,549.28         | 44.59             | 379.58  | -277.02      | -399.47                  | -676.49   |
| On Allotment of Shares by Subsidiary Company |                            |                            |                  |                   | 549.47  | 549.47       | -399.47                  | 150.00    |
| Profit (loss) for the year                   |                            |                            |                  | -3,587.97         | 7.97  | -3,580.00    | 2.66                     | -3,577.34 |
| Other Comprehensive Income for the year      |                            |                            |                  | 451.70            | 1.46  | 453.16       | 0.49                     | 453.65    |
| Total Comprehensive Income for the year      |                            |                            |                  | -3,136.27         | 9.43  | -3,126.84    | 3.15                     | -3,123.69 |
| Balance as at 31st March, 2025               | 1.61                       | 444.44                     | 1,549.28         | -3,091.68         | 389.01  | -3,403.86    | -396.32                  | -3,800.18 |

As per our report of even date

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

**R MAHADEVAN**

Partner  
Membership No.027497

UDIN : 25027497BMNBAQ7347  
Place : Coimbatore  
Date : 30.05.2025

For and on behalf of the Board of Directors

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**M. BALAJI**  
Company Secretary

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**RAMAPRABHA .S**  
Chief Financial Officer

**B SRIHARI**  
Director  
DIN : 00002556

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## Note 1: Property, Plant & Equipment - Consolidated

(Rs. In Lakhs)

| Fixed Assets                    | Land            | Buildings       | Plant & Equipment | Electrical Machinery | Furniture & Fixtures | Vehicles      | Office Equipment | Other (Specify nature) | Total            | Capital Work in Progress |
|---------------------------------|-----------------|-----------------|-------------------|----------------------|----------------------|---------------|------------------|------------------------|------------------|--------------------------|
| <b>Gross Carrying Value</b>     |                 |                 |                   |                      |                      |               |                  |                        |                  |                          |
| Deemed Cost as at April 1, 2024 | 1,097.98        | 6,273.54        | 16,579.96         | 774.50               | 316.21               | 731.99        | 301.14           | 10.37                  | 26,085.69        | -                        |
| Additions                       | -               | -               | 59.54             | 2.99                 | -                    | -             | 0.11             | -                      | 62.64            | -                        |
| (-) IndAs Adjustment            | 6.97            | -               | -                 | -                    | -                    | -             | -                | -                      | 6.97             | -                        |
| (-) Disposals                   | -               | -               | 28.11             | -                    | 0.11                 | 234.40        | -                | -                      | 262.62           | -                        |
| <b>As at March 31, 2025</b>     | <b>1,091.01</b> | <b>6,273.54</b> | <b>16,611.39</b>  | <b>777.49</b>        | <b>316.10</b>        | <b>497.59</b> | <b>301.25</b>    | <b>10.37</b>           | <b>25,878.74</b> | <b>-</b>                 |
| <b>Depreciation</b>             |                 |                 |                   |                      |                      |               |                  |                        |                  |                          |
| As at April 1, 2024             | -               | 1,708.04        | 9,182.53          | 476.42               | 183.82               | 531.78        | 213.92           | 7.37                   | 12,284.68        | -                        |
| Depreciation for the year       | -               | 199.56          | 562.87            | 63.28                | 18.25                | 32.73         | 20.90            | 0.40                   | 897.99           | -                        |
| (-) On Disposals                | -               | -               | 20.42             | -                    | 0.06                 | 203.31        | -                | -                      | 223.79           | -                        |
| <b>As at March 31, 2025</b>     | <b>-</b>        | <b>1,908.40</b> | <b>9,704.98</b>   | <b>539.70</b>        | <b>202.01</b>        | <b>361.20</b> | <b>234.82</b>    | <b>7.77</b>            | <b>12,958.88</b> | <b>-</b>                 |
| <b>Net Carrying Value</b>       |                 |                 |                   |                      |                      |               |                  |                        |                  |                          |
| As at March 31, 2025            | 1,091.01        | 4,365.14        | 6,906.41          | 237.79               | 114.09               | 136.39        | 66.43            | 2.60                   | 12,919.85        | -                        |
| As at March 31, 2024            | 1,097.98        | 4,564.70        | 7,417.43          | 298.08               | 132.39               | 200.21        | 87.22            | 3.00                   | 13,801.01        | -                        |

## Note 1 A : Intangible Assets

(Rs. In Lakhs)

|                                      | Others      | Total       |
|--------------------------------------|-------------|-------------|
| <b>Gross Carrying Amount</b>         |             |             |
| Balance as at 31st March 2023        | 0.01        | 0.01        |
| Additions                            | -           | -           |
| Disposals                            | -           | -           |
| <b>Balance as at 31st March 2024</b> | <b>0.01</b> | <b>0.01</b> |
| <b>Accumulated Depreciation</b>      |             |             |
| Balance as at 31st March 2023        | -           | -           |
| Additions                            | -           | -           |
| Disposals                            | -           | -           |
| <b>Balance as at 31st March 2024</b> | <b>-</b>    | <b>-</b>    |
| <b>Net Carrying Amount</b>           |             |             |
| Balance as at 31st March 2023        | 0.01        | 0.01        |
| Balance as at 31st March 2024        | 0.01        | 0.01        |



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## Note 2 Right of Use Assets

(Rs. In Lakhs)

| Particulars                          | 31.03.2025 | 31.03.2024 |
|--------------------------------------|------------|------------|
| <b>Movement during the year</b>      |            |            |
| Deemed Cost as at April 1, 2024/2023 | -          | 77.22      |
| Additions                            | -          | -          |
| Disposals                            | -          | -41.90     |
| Balance as at 31st March 2025/2024   | 0.00       | 35.32      |
| <b>Depreciation</b>                  |            |            |
| As at April 1, 2024/ 2023            | -          | 25.48      |
| Additions                            | -          | -          |
| Disposals                            | -          | -          |
| Balance as at 31st March 2025/2024   | 0.00       | 25.48      |
|                                      | -          | -          |
| <b>Total</b>                         | -          | 9.84       |

## Note 3 Investments-Non current

(Rs. In Lakhs)

| Particulars   | 31.03.2025 | 31.03.2024 |
|---|------------|------------|
| <b>A Non-Trade Investments</b>                              |            |            |
| Equity (Quoted)   |            |            |
| i Indian Bank - 605 Equity Shares of Rs.10/- each           | 3.27       | 3.15       |
| <b>Total - A</b>  | 3.27       | 3.15       |
| <b>II Trade Investments</b>                                 |            |            |
| i Sri Kannapiran Mills Limited                              | 327.46     | 327.46     |
| 3,31,588 Equity Shares of Rs.10/-each-Quoted                | -          | -          |
| ii Cotton Sourcing Company Ltd                              | 1.00       | 1.00       |
| 10,000 Equity Shares of Rs.10/-each-Un quoted               | -          | -          |
| Less : Provision for diminution in the value of Investments | -0.75      | -0.75      |
| <b>sub-total</b>  | 327.71     | 327.71     |
| <b>Total (B = I+ II )</b>                                   | 327.71     | 327.71     |
| <b>Grand Total (A + B)</b>                                  | 330.98     | 330.86     |
| Less : Provision for diminution in the value of Investments | -          | -          |
| <b>Total</b>  | 330.98     | 330.86     |

## Note 4 Deferred Tax Assets (Net)

| Particulars  | 31.03.2025 | 31.03.2024 |
|--|------------|------------|
| <b>Deferred Tax Asset / (Liabilities)</b>  |            |            |
| Opening balance  | 1,740.42   | 737.17     |
| On account of business loss & Depreciation as per books of accounts & IT purpose (DTA) | 1,202.09   | 1,003.25   |
| <b>Net Deferred tax asset</b>  | 2,942.51   | 1,740.42   |

## Note 5 Other Non Current Assets

(Rs. In Lakhs)

| Particulars  | 31.03.2025 | 31.03.2024 |
|--|------------|------------|
| <b>a. Capital Advances</b>                             |            |            |
| Advance for Capital Goods - Un secured considered good | 211.26     | 209.95     |
| Others   | -          | -          |
|  | 211.26     | 209.95     |
| <b>b. Security Deposits</b>                            |            |            |
| Security Deposits - Un secured considered good         | 27.37      | 27.37      |
|  | 27.37      | 27.37      |
| <b>Total</b>   | 238.63     | 237.32     |

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## Note 6 Inventories

(Rs. In Lakhs)

| Particulars                     | 31.03.2025      | 31.03.2024       |
|---------------------------------|-----------------|------------------|
| a. Raw Materials and components | 1,118.99        | 1,195.76         |
|                                 | <b>1,118.99</b> | <b>1,195.76</b>  |
| b. Work-in-progress             | 513.37          | 2,017.03         |
|                                 | <b>513.37</b>   | <b>2,017.03</b>  |
| c. Finished goods               | 4,869.43        | 5,930.01         |
| Goods-in transit                | -               | 144.53           |
|                                 | <b>4,869.43</b> | <b>6,074.54</b>  |
| d. Stores and Spares            | 1,199.99        | 1,675.97         |
|                                 | <b>1,199.99</b> | <b>1,675.97</b>  |
| e. Others (Specify nature)      |                 |                  |
| Stock of Waste                  | 13.04           | 13.06            |
|                                 | <b>13.04</b>    | <b>13.06</b>     |
|                                 |                 |                  |
| <b>Total</b>                    | <b>7,714.82</b> | <b>10,976.36</b> |

## Note 7 Trade Receivables

(Rs. In Lakhs)

| Particulars                                  | 31.03.2025      | 31.03.2024      |
|--|-----------------|-----------------|
| <b>Current Receivables</b>                   |                 |                 |
| Trade receivables Unsecured Considered Good  | 3,785.26        | 6,680.96        |
| Trade receivables Unsecured - Doubtful Debts | 515.16          | 515.16          |
| Less: Provision for Doubtful Debts           | -414.57         | -414.57         |
| <b>Total</b>                                 | <b>3,885.85</b> | <b>6,781.55</b> |

## Note 8 Cash and cash equivalents

(Rs. In Lakhs)

| Particulars            | 31.03.2025    | 31.03.2024    |
|------------------------|---------------|---------------|
| a. Balances with banks | 353.74        | 104.99        |
| b. Cash on hand        | 2.17          | 2.75          |
| <b>Total</b>           | <b>355.91</b> | <b>107.74</b> |

## Note 9 Other Bank balances

(Rs. In Lakhs)

| Particulars                 | 31.03.2025   | 31.03.2024    |
|-----------------------------|--------------|---------------|
| a. Others Bank Balances     |              |               |
| Unclaimed Dividend Account  | 20.67        | 31.18         |
| b. Others                   |              |               |
| Margin Money Deposits on LC | 5.98         | 292.90        |
| <b>Total</b>                | <b>26.65</b> | <b>324.08</b> |

## Note 10 Current Tax Assets (net)

(Rs. In Lakhs)

| Particulars        | 31.03.2025    | 31.03.2024    |
|--------------------|---------------|---------------|
|                    |               |               |
| For Duties & Taxes | 199.78        | 279.68        |
| <b>Total</b>       | <b>199.78</b> | <b>279.68</b> |

## Note 11 Other Current Assets

(Rs. In Lakhs)

| Particulars                               | 31.03.2025      | 31.03.2024      |
|---|-----------------|-----------------|
| a. Export incentives Receivable           | 271.01          | 225.28          |
| b. IGBT Refund Receivable                 | 178.16          | 154.83          |
| c. DEPB Receivable- Court Order           | 50.40           | 184.84          |
| d. Duty Drawback Receivable - Court Order | 71.91           | 71.91           |
| e. REC Certificate Income Receivable      | -               | 63.99           |
| f. Interest Receivable                    | 422.46          | 6.70            |
| g. Input Credit GST Receivable            | 2,602.90        | 2,631.44        |
| h. Insurance Claim Receivable             | 27.19           | 27.19           |
| i Advance for Material Purchase           | 865.78          | 1,539.18        |
| j Advance for Expenses / Others           | 921.32          | 760.88          |
| k Prepaid Expenses                        | 26.35           | 244.33          |
| <b>Total</b>                              | <b>5,437.48</b> | <b>5,910.57</b> |

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## Note 12 Share capital

(Rs. In Lakhs)

| Particulars  | 31.03.2025      | 31.03.2024      |
|--|-----------------|-----------------|
| <b>Authorised</b>  |                 |                 |
| 3,10,00,000 Equity Shares of Rs.10 each  | 3,100.00        | 3,100.00        |
| 10,00,000 Preference shares of Rs.100 each   | 1,000.00        | 1,000.00        |
| <b>Issued, Subscribed &amp; Paid up sharecapital</b>   |                 |                 |
| 2,56,37,825 Equity Shares of Rs.10 each<br>(Previous year 2,56,37,825 equity share of Rs. 10 each) | 2,563.78        | 2,563.78        |
| <b>ADD:</b>  |                 |                 |
| 37,400 Forfeited equity shares   | 1.12            | 1.12            |
| <b>Total</b>   | <b>2,564.90</b> | <b>2,564.90</b> |

## Note 13 :Other Equity

(Rs. In Lakhs)

| Particulars   | 31.03.2025       | 31.03.2024       |
|---|------------------|------------------|
| <b>a. Securities Premium Reserves</b>                 |                  |                  |
| Opening Balance                                       | 444.44           | 444.44           |
| Add : Addition / Deletion                             | -                | -                |
| Closing Balance                                       | <b>444.44</b>    | <b>444.44</b>    |
| <b>b. Other Reserves</b>                              |                  |                  |
| <b>Capital Redemption Reserve</b>                     |                  |                  |
| Opening Balance                                       | 1.61             | 1.61             |
| (+) Current Year Transfer                             | -                | -                |
| (-) Written Back in Current Year                      | -                | -                |
| Closing Balance                                       | <b>1.61</b>      | <b>1.61</b>      |
| <b>General Reserve</b>                                |                  |                  |
| Opening Balance                                       | 1,549.28         | 1,549.28         |
| (+) Current Year Transfer                             | -                | -                |
| (-) Written Back in Current Year (Capital Redemption) | -                | -                |
| (-) Written Back in Current Year (Share Buy Back Exp) | -                | -                |
| Closing Balance                                       | <b>1,549.28</b>  | <b>1,549.28</b>  |
| <b>c. Surplus</b>                                     |                  |                  |
| Opening balance                                       | -2,821.82        | -457.67          |
| (+) Comprehensive Income For the current year         | -3,125.39        | -2,364.15        |
| (-) Fair Valuation of Receivables                     | -                | -                |
| Closing Balance                                       | <b>-5,947.21</b> | <b>-2,821.82</b> |
| <b>Total</b>  | <b>-3,951.88</b> | <b>-826.49</b>   |

## Note 14 : Financial Liabilities

(Rs. In Lakhs)

| Particulars  | 31.03.2025       | 31.03.2024      |
|--|------------------|-----------------|
| <b>Secured</b>   |                  |                 |
| <b>(a) Term loans</b>  |                  |                 |
| Indian Rupee Loan  |                  |                 |
| from banks (Secured)   | 14,078.11        | 2,599.90        |
| from others  | 592.56           | 401.44          |
| <b>(b) Long Term maturities of finance lease obligations</b> |                  |                 |
| from Others - Vehicle Hire Purchase                          | 14.89            | 12.52           |
|  | 251.29           | 225.00          |
| <b>c) Long term - Unsecured Loan</b>                         | 162.95           | 150.00          |
| <b>d) Intercompany deposit</b>                               | 559.25           | -               |
| <b>e) Others - NBFC</b>                                      | 2,100.00         | -               |
| <b>f) Long-term - Trade Payable</b>                          |                  |                 |
| <b>Total</b>   | <b>17,759.05</b> | <b>3,388.86</b> |



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## Security Clause

### Bank Borrowings of Term Loans

Term Loans from Indian Bank (IB) 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, Peelamedu land, Coimbatore 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, Mumbai Property and Bangalore Property) acquired for the New Capex Plan through Deed of Hypothecation and second pari passu charge on current assets of the Company

It has been proposed in the restructuring sanction to create subservient charge on the Tata Capital and ICICI Property as disbursement condition

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 and Shri. B. Sriramulu, Managing Director.

| Term Loan Bank               | Outstanding | Previous Year | Repayment quarterly | Commencement from | Last Instalment | Rate of Interest | Previous Rate of interest |
|------------------------------|-------------|---------------|---------------------|-------------------|-----------------|------------------|---------------------------|
|                              | Rs.in lakhs |               |                     |                   |                 |                  |                           |
| Indian Bank TL -VII          | 134.06      | 181.04        | 16                  | 31.03.2026        | 31.12.2029      | 9.05%            | 9.60%                     |
| Indian Bank TL -VIII         | 80.62       | 101.74        | 16                  | 31.03.2026        | 31.12.2029      | 9.05%            | 9.60%                     |
| Indian Bank Corp. Loan       | 645.00      | 797.32        | 16                  | 31.03.2026        | 31.12.2029      | 9.05%            | 10.10%                    |
| Indian Bank GECL             | 972.94      | 1120.19       | 16                  | 31.03.2026        | 31.12.2029      | 9.05%            | 8.30%                     |
| Union Bank of India GECL     | 134.17      | 266.43        | 16                  | 31.03.2026        | 31.12.2029      | 9.00%            | 7.60%                     |
| State Bank of India GECL     | 166.45      | 197.23        | 16                  | 31.03.2026        | 31.12.2029      | 9.50%            | 7.95%                     |
| South Indian Bank GECL       | 139.69      | 151.43        | 16                  | 31.03.2026        | 31.12.2029      | 9.20%            | 9.20%                     |
| Indian Bank GECL-2.0         | 998.44      | 1059.43       | 16                  | 31.03.2026        | 31.12.2029      | 9.05%            | 8.30%                     |
| Union Bank of India GECL-2.0 | 171.99      | 243.00        | 16                  | 31.03.2026        | 31.12.2029      | 9.00%            | 7.85%                     |
| State Bank of India GECL-2.0 | 159.17      | 185.99        | 16                  | 31.03.2026        | 31.12.2029      | 9.50%            | 7.95%                     |
| South Indian Bank GECL-2.0   | 135.94      | 137.00        | 16                  | 31.03.2026        | 31.12.2029      | 9.25%            | 9.25%                     |
| Indian Bank WCTL             | 4397.00     | 0.00          | 16                  | 31.03.2026        | 31.12.2029      | 9.05%            |                           |
| Union Bank of India WCTL     | 1074.19     | 0.00          | 16                  | 31.03.2026        | 31.12.2029      | 9.00%            |                           |
| State Bank of India WCTL     | 1147.00     | 0.00          | 16                  | 31.03.2026        | 31.12.2029      | 9.50%            |                           |
| Bank of Maharashtra WCTL     | 884.06      | 0.00          | 16                  | 31.03.2026        | 31.12.2029      | 9.00%            |                           |
| Indian Bank FITL-I           | 1165.34     | 0.00          | 16                  | 31.03.2026        | 31.12.2029      | 9.05%            |                           |
| Union Bank of India FITL-I   | 163.12      | 0.00          | 16                  | 31.03.2026        | 31.12.2029      | 9.00%            |                           |
| State Bank of India FITL-I   | 216.19      | 0.00          | 16                  | 31.03.2026        | 31.12.2029      | 9.50%            |                           |
| Bank of Maharashtra FITL-I   | 101.23      | 0.00          | 16                  | 31.03.2026        | 31.12.2029      | 9.00%            |                           |

### Period & Repayment

Door to Door tenor of 20 quarterly installments with moratorium of 4 quarters and principle repayable in 16 equal quarterly installments commencing from quarter ending March 2025 and ending on December 2029. Interest to be serviced as and when debited post moratorium period.

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.

| Term Loan Bank                          | Outstanding | Previous Year | Repayment months | Commencement from | Last Instalment | Rate of Interest | Previous Rate of interest |
|---|-------------|---------------|------------------|-------------------|-----------------|------------------|---------------------------|
|   | Rs.in lakhs |               |                  |                   |                 |                  |                           |
| ICICI Bank Ltd                          | 46.00       | 113.08        | 120              | 05.05.2017        | 05.05.2027      | 8.60%            | 8.60%                     |
| Tata Capital Financial Services Ltd     | 333.13      | 380.80        | 84               | 15.10.2019        | 15.09.2026      | 11.00%           | 11.00%                    |
| Tata Capital Financial Services Ltd-2.0 | 218.43      | 264.00        | 48               | 01.01.2024        | 01.01.2027      | 11.00%           | 11.00%                    |
| Samunatti - WCTL                        | 468.75      | 0.00          | 16               | 31.03.2026        | 31.12.2029      | 16.00%           |                           |
| Samunatti- FITL-I                       | 55.55       | 0.00          | 16               | 31.03.2026        | 31.12.2029      | 16.00%           |                           |

### Subsidiary Term Loan

The Subsidiary Company Trigger Apparels Limited availed a Term Loan from Indian Overseas Bank is having exclusive charge on the Mumbai Office Property

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## Note 15 : Lease Liabilities (Rs. In Lakhs)

| Particulars     | 31.03.2025 | 31.03.2024  |
|-----------------|------------|-------------|
| Lease Liability | -          | 9.68        |
| <b>Total</b>    | <b>-</b>   | <b>9.68</b> |

## Note 16 : Other Financial Liabilities (Rs. In Lakhs)

| Particulars                   | 31.03.2025    | 31.03.2024    |
|-------------------------------|---------------|---------------|
| (a) Others - Security Deposit | 321.14        | 310.68        |
| <b>Total</b>                  | <b>321.14</b> | <b>310.68</b> |

## Note 17 : Long Term Provisions (Rs. In Lakhs)

| Particulars                         | 31.03.2025    | 31.03.2024    |
|-------------------------------------|---------------|---------------|
| (a) Provision for employee benefits |               |               |
| Gratuity (unfunded)                 | 282.26        | 611.65        |
| <b>Total</b>                        | <b>282.26</b> | <b>611.65</b> |

## Note 18: Government Grants (Rs. In Lakhs)

| Particulars       | 31.03.2025 | 31.03.2024    |
|-------------------|------------|---------------|
| Government Grants | -          | 130.87        |
|                   | <b>-</b>   | <b>130.87</b> |

## Note 19: Short Term Borrowings (Rs. In Lakhs)

| Particulars  | 31.03.2025      | 31.03.2024       |
|--|-----------------|------------------|
| <b>Secured</b>   |                 |                  |
| (a) Loans repayable on demand  |                 |                  |
| Working Capital Loan from Banks (Secured)  | 6,400.14        | 13,925.65        |
| Working Capital Loan from other than Banks (Secured)   | 384.41          | 444.84           |
| <b>Unsecured</b>   |                 |                  |
| Working Capital Loan from other than Banks (Unsecured)   | -               | 1,499.04         |
| (b) Current Maturities of Long Term Borrowings   |                 |                  |
| Current Maturities of Long-term Debt - Secured   | -               | 2,515.06         |
| Current maturities of financial institutions   | 1.08            | 44.94            |
| <i>There are no case of default in repayment of loan and interest as on date of balance sheet.</i> |                 |                  |
| <b>Total</b>   | <b>6,785.63</b> | <b>18,429.53</b> |

### Security Clause -

Working Capital facilities from Indian Bank Consortium (Indian Bank, State Bank of India, Bank of Maharashtra 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, Alangomobu and Karamadai Village in Mettupalayam Taluk, Coimbatore District, Peelamedu, Coimbatore, 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, Bangalore property) through Deed of Hypothecation. The entire working capital facilities are also guaranteed by Shri KG Baalakrishnan, Executive Chairman and Shri B Srinanulu, Managing Director.

### 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 loan are also personally guaranteed by Shri K G Baalakrishnan, Director.

## Note 21 :Lease Liability (Rs. In Lakhs)

| Particulars     | 31.03.2025 | 31.03.2024  |
|-----------------|------------|-------------|
| Lease Liability | -          | 0.43        |
| <b>Total</b>    | <b>-</b>   | <b>0.43</b> |

## Note 22: Trade Payables (Rs. In Lakhs)

| Particulars   | 31.03.2025      | 31.03.2024       |
|---|-----------------|------------------|
| Trade Payables                                      |                 |                  |
| For Dues of Micro Enterprises and Small Enterprises | 928.53          | 909.50           |
| For Other Dues                                      | 8,133.68        | 14,002.34        |
| <b>Total</b>  | <b>9,062.21</b> | <b>14,911.84</b> |

| Particulars               | 31.03.2025    | 31.03.2024   |
|---------------------------|---------------|--------------|
| (a) MSME Interest Payable | 315.68        | 89.32        |
| <b>Total</b>              | <b>315.68</b> | <b>89.32</b> |

## Note 23: Other Current Liabilities (Rs. In Lakhs)

| Particulars                     | 31.03.2025    | 31.03.2024    |
|---------------------------------|---------------|---------------|
| (a) Customer Credit Balance     | 290.29        | 394.82        |
| (b) Duties and Taxes            | 246.37        | 103.48        |
| (c) Creditors for Capital goods | 51.16         | 49.57         |
| (d) Unpaid Dividend Accrued     | 20.67         | 31.18         |
| <b>Total</b>                    | <b>608.49</b> | <b>579.05</b> |

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## Note 24: Short Term Provisions

(Rs. In Lakhs)

| Particulars                         | 31.03.2025   | 31.03.2024   |
|-------------------------------------|--------------|--------------|
| (a) Provision for employee benefits |              |              |
| Gratuity (unfunded)                 | 31.10        | 67.81        |
| <b>Total</b>                        | <b>31.10</b> | <b>67.81</b> |

## Note 25: Government Grants

(Rs. In Lakhs)

| Particulars       | 31.03.2025    | 31.03.2024    |
|-------------------|---------------|---------------|
| Government Grants | 130.87        | 170.63        |
| <b>Total</b>      | <b>130.87</b> | <b>170.63</b> |

## Note 26: Revenue from operations

(Rs. In Lakhs)

| Particulars   | 31.03.2025      | 31.03.2024       |
|---|-----------------|------------------|
| Sale of products  | 6,167.82        | 24,726.32        |
| Sale of services - Job work                                     | 245.86          | 505.90           |
| Other operating revenues : Waste Cotton/Yarn /Accessories sales | 35.18           | 770.11           |
| Export Incentives   | 97.93           | 444.08           |
| <b>Total</b>  | <b>6,546.79</b> | <b>26,446.41</b> |

## Note 27: Other income

(Rs. In Lakhs)

| Particulars                                | 31.03.2025    | 31.03.2024    |
|--|---------------|---------------|
| Interest Income                            | 418.26        | 108.00        |
| Other Income - Creditors no longer payable | 150.00        | -             |
| Apportioned Income from Govt. Grant        | 170.63        | 170.63        |
| Dividend Income                            | 0.07          | 0.05          |
| Lease Rent Receipt                         | 2.60          | 2.10          |
| Miscellaneous Income                       | 5.53          | 15.81         |
| Insurance Claim Received                   | 2.91          | 28.92         |
| Profit/Loss on sale of Fixed Assets        | 20.52         | 3.03          |
| Exchange Difference Gain                   | 14.90         | -             |
| <b>Total</b>                               | <b>785.42</b> | <b>328.54</b> |

## Note 28: Cost of materials consumed

(Rs. In Lakhs)

| Particulars                   | 31.03.2025      | 31.03.2024       |
|-------------------------------|-----------------|------------------|
| Opening Stock                 | 1,195.76        | 1,421.55         |
| Purchases                     | 1,037.58        | 12,562.41        |
| sub-total                     | 2,233.34        | 13,983.96        |
| Less : Closing stock          | 1,118.99        | 1,195.76         |
| <b>Raw materials consumed</b> | <b>1,114.35</b> | <b>12,788.20</b> |

## Note 29: Purchases of Stock-in-Trade

(Rs. In Lakhs)

| Particulars       | 31.03.2025    | 31.03.2024    |
|-------------------|---------------|---------------|
| Garments purchase | 947.05        | 287.89        |
| Fabric Purchase   | 6.26          | -             |
| <b>Total</b>      | <b>953.31</b> | <b>287.89</b> |

## Note 30: Changes in inventories of finished goods work-in-progress and Stock-in-Trade

(Rs. In Lakhs)

| Particulars     | 31.03.2025      | 31.03.2024      |
|-----------------|-----------------|-----------------|
| Opening Stock : |                 |                 |
| Work-in-process | 2,017.03        | 1,384.54        |
| Finished Goods  | 6,074.72        | 6,204.78        |
|                 | <b>8,091.75</b> | <b>7,589.32</b> |
| Closing Stock : |                 |                 |
| Work-in-process | 513.37          | 2,017.03        |
| Finished Goods  | 4,869.43        | 6,075.34        |
|                 | <b>5,382.80</b> | <b>8,092.37</b> |
| <b>Total</b>    | <b>2,708.95</b> | <b>-503.05</b>  |



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## Note 31: Other Manufacturing Expenses

(Rs. In Lakhs)

| Particulars  | 31.03.2025      | 31.03.2024      |
|--|-----------------|-----------------|
| (a) Power & Fuel                                   | 1,356.97        | 5,206.33        |
| (b) Consumptions of Stores & Spare Parts           | 245.30          | 685.23          |
| (c) Processing Charges                             | 188.26          | 567.96          |
| (d) Repairs & Maintenance<br>For Plant & Machinery | 52.17           | 227.20          |
| For Buildings                                      | 14.04           | 34.97           |
| For Others   | 39.68           | 137.45          |
| <b>Total</b>                                       | <b>1,896.42</b> | <b>6,859.14</b> |

## Note 32 : Employee Benefits Expense

(Rs. In Lakhs)

| Particulars  | 31.03.2025      | 31.03.2024      |
|--|-----------------|-----------------|
| (a) Salaries and Wages                                   | 2,077.42        | 4,045.09        |
| (b) Salaries - Managing Directors / Whole Time Directors | -               | 156.00          |
| (c) Contributions to Provident fund and other funds      | 105.74          | 215.52          |
| (d) Gratuity as per actuarial valuations                 | 88.43           | 115.47          |
| (e) Staff welfare expenses                               | 61.53           | 189.11          |
| <b>Total</b>   | <b>2,333.12</b> | <b>4,721.19</b> |

## Note 33 : Finance costs

(Rs. In Lakhs)

| Particulars   | 31.03.2025      | 31.03.2024      |
|---|-----------------|-----------------|
| Interest expense  | 2,939.48        | 2,338.32        |
| Other borrowing costs   | 72.98           | 218.52          |
| Applicable net gain/loss on foreign currency transactions, translation and import reinstatement | 2.30            | 0.98            |
| <b>Total</b>  | <b>3,014.76</b> | <b>2,557.82</b> |

## Note 34 : Other expenses

(Rs. In Lakhs)

| Particulars                                    | 31.03.2025      | 31.03.2024      |
|--|-----------------|-----------------|
| Rent   | 57.54           | 114.22          |
| Insurance                                      | 239.13          | 291.17          |
| Rates and taxes, excluding, taxes on income.   | 76.53           | 56.32           |
| <b>Payments to the auditor as</b>              |                 |                 |
| a. as statutory auditor                        | 7.10            | 6.90            |
| b. for other services                          | 0.50            | 0.24            |
| Legal, Professional & Consultancy Charges      | 84.66           | 118.56          |
| Printing and Stationery                        | 5.65            | 20.92           |
| Postage, Telegrams and Telephones              | 26.51           | 115.82          |
| Traveling Expenses and Maintenance of Vehicles | 203.43          | 474.49          |
| Director Sitting Fees                          | 1.35            | 5.60            |
| Software Maintenance Expenses                  | 8.13            | 7.73            |
| Commission on Sales                            | 213.15          | 281.67          |
| Discount on Sales                              | 21.05           | 114.67          |
| Selling Expenses                               | 39.14           | 421.59          |
| Freight Outwards                               | 107.42          | 248.76          |
| Prayer Hall Repairs and maintenance            | -               | 6.90            |
| Sundry Balance / Bad debts written off         | 0.03            | 9.92            |
| Miscellaneous expenses,                        | 28.95           | 111.74          |
| Loss on sale of Fixed Assets                   | -               | 14.15           |
| Loss on sale of DEPB Licenses                  | 14.38           | 4.27            |
| <b>Total</b>                                   | <b>1,134.65</b> | <b>2,425.64</b> |

## NOTE 35 EXCEPTIONAL ITEMS - DEPB RECEIPTS

(Rs. In Lakhs)

| Particulars                              | 31.03.2025      | 31.03.2024    |
|--|-----------------|---------------|
| DEPB Receipts                            | -               | 184.84        |
| Duty Draw Back Receipts                  | -               | 71.91         |
| Extraordinary Items - Excise Duty Refund | 2,039.72        | -             |
|  | <b>2,039.72</b> | <b>256.75</b> |

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2025 Note :- 35: STATEMENT OF MATERIAL ACCOUNTING POLICIES

### 35.1. Principles of Consolidation:

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group. The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

The subsidiary companies considered in the consolidated financial statements are

| Name of the Company      | Country of Incorporation | Proportion of voting power as on 31.03.2025 |
|--------------------------|--------------------------|---|
| Trigger Apparels Limited | India                    | 75%   |
| KG Denim (USA) Inc.      | Delaware USA             | 100%  |

### 36.2 Other Material Accounting policies:

#### (a) Basis of preparation

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

These consolidated 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) Presentation and Functional Currency

The Consolidated financial statements and Notes are presented in the Company's functional and presentation currency, Indian rupee (Rs.), rounded off to the nearest rupees in lakhs, unless otherwise stated.



## CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

### 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.

### Property, plant and equipment

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

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

### Depreciation methods, estimated useful lives and residual value

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

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

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

| Asset Class            | Useful Life |
|------------------------|-------------|
| Factory Building       | 30 years    |
| Non- Factory Building  | 60 years    |
| Plant and Machinery    | 15 years    |
| Furniture and Fixtures | 10 years    |
| Office Equipment       | 5 years     |
| Vehicles               | 8 years     |
| Power Plant            | 20 years    |
| Computers              | 3 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. Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

### Intangible Assets

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/ depletion and impairment loss, if any. The cost comprises of purchase price, borrowing costs and any cost directly attributable to bringing the asset to its working condition for the intended use. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognized as income or expense in the statement of profit and loss.



## CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

Cost of items of intangible assets not ready for intended use as on the balance sheet date are disclosed as intangible assets under development.

Amortisation is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

Intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

### Non-Current Assets held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

### 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.

### 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 comprises 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.

### Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of tax expenses, transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### Lease

**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.

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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.

## 1. h) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument. All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the transaction value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. While, financial liabilities like loans and borrowings and payables are recognised net of directly attributable transaction costs.

### (a) Non-derivative Financial Assets

#### (i) Classification

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

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

(b) 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.

## 2. Measurement

### Equity instruments at FVTOCI

All equity instruments except investments in subsidiaries are measured at fair value. Equity instruments held for trading is classified as FVTPL. For all other equity instruments, the Group may make an irrevocable election to present subsequent changes in the fair value in OCI. The Group makes such election on an instrument-by-instrument basis. If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI which is not subsequently reclassified to statement of profit and loss.

At initial recognition, the Group measures a financial asset at its fair value. Transaction costs of financial assets carried at



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

fair value through the Profit and Loss are expensed in the Statement of Profit and Loss.

## Financial assets at FVTPL

FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as FVTPL. In addition, the Group may elect to designate the financial asset, which otherwise meets amortised cost or FVOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

## Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in Statement of Profit and Loss.

## 3. 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.

## 4. 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.

## 5. (b) Derivative financial instruments

The Group uses derivative financial instruments, e.g. foreign currency foreign exchange forward contracts to hedge its foreign currency risks. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each period. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

## Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

## Financial liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.



## CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

### **Derecognition of financial liabilities**

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

### **Segment Reporting:**

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

### **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.

### **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.

### **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.

### **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

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below.

## Sale of goods

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

## Revenue from services

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

## Export Incentive

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

## Dividend and Interest Income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably). Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## Insurance claims

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

## 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.

### (i) Defined contribution plans

For certain group of employees, employee benefit in the form of Provident fund, Employees State Insurance Contribution and Labour Welfare fund are defined contribution plans. The Company has no obligation, other than the contribution payable to the respective fund. The Company recognises contribution payable to these funds/ schemes as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

### (ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

balance sheet date.

The Company recognises the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Remeasurement, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Remeasurement is not reclassified to profit or loss in subsequent periods.

## 1. Foreign currency translation and translations

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit and loss and reported within foreign exchange gains/ (losses).

Non-monetary assets and liabilities measured in terms of historical cost in foreign currencies are not retranslated. Foreign currency gains and losses are reported on a net basis.

## 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 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 convincing evidence to the effect that the Group will pay normal income tax during the specified period

## Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

(i) the profit attributable to owners of the Group

(ii) 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



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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.

## 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.

## 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 judgment 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 judgments 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 judgment 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:

- 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.

- 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 counterparty 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.

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

(Rs. In Lakhs)

| Financial Assets and Liabilities as at 31st March 2025 | Non current      | Current          | Total            | Level 1     | Level 2  | Level 3          | Total            |
|--|------------------|------------------|------------------|-------------|----------|------------------|------------------|
| <b>Financial Assets</b>                                |                  |                  |                  |             |          |                  |                  |
| <b>Investments</b>                                     |                  |                  |                  |             |          |                  |                  |
| Equity instruments                                     | 330.98           |                  | 330.98           | 3.27        |          | 327.71           | 330.98           |
| <b>Other Assets</b>                                    |                  |                  |                  |             |          |                  |                  |
| Trade Receivables                                      |                  | 3,885.85         | 3,885.85         |             |          | 3,885.85         | 3,885.85         |
| Cash and cash equivalents                              |                  | 355.91           | 355.91           |             |          | 355.91           | 355.91           |
| Other Bank Balances                                    |                  | 26.65            | 26.65            |             |          | 26.65            | 26.65            |
| <b>Sub-Total</b>                                       |                  | <b>4,268.41</b>  | <b>4,268.41</b>  | <b>-</b>    | <b>-</b> | <b>4,268.41</b>  | <b>4,268.41</b>  |
| <b>Total</b>   | <b>330.98</b>    | <b>4,268.41</b>  | <b>4,599.39</b>  | <b>3.27</b> | <b>-</b> | <b>4,596.12</b>  | <b>4,599.39</b>  |
| <b>Financial Liabilities</b>                           |                  |                  |                  |             |          |                  |                  |
| Borrowings   | 15,615.37        | 6,798.52         | 22,413.89        |             |          | 22,413.89        | 22,413.89        |
| Lease Liability  | -                | -                | -                |             |          | -                | -                |
| Trade payables   |                  | 9,062.21         | 9,062.21         |             |          | 9,062.21         | 9,062.21         |
| Other Financial Liabilities                            | 321.14           |                  | 321.14           |             |          | 321.14           | 321.14           |
| <b>Total</b>   | <b>15,936.51</b> | <b>15,860.73</b> | <b>31,797.24</b> | <b>-</b>    | <b>-</b> | <b>31,797.24</b> | <b>31,797.24</b> |

(Rs. In Lakhs)

| Financial Assets and Liabilities as at 31st March 2024 | Non current     | Current          | Total            | Level 1     | Level 2  | Level 3          | Total            |
|--|-----------------|------------------|------------------|-------------|----------|------------------|------------------|
| <b>Financial Assets</b>                                |                 |                  |                  |             |          |                  |                  |
| <b>Investments</b>                                     |                 |                  |                  |             |          |                  |                  |
| Equity instruments                                     | 330.86          |                  | 330.86           | 3.15        |          | 327.71           | 330.86           |
| <b>Other Assets</b>                                    |                 |                  |                  |             |          |                  |                  |
| Trade Receivables                                      |                 | 6,781.55         | 6,781.55         |             |          | 6,781.55         | 6,781.55         |
| Cash and cash equivalents                              |                 | 107.74           | 107.74           |             |          | 107.74           | 107.74           |
| Other Bank Balances                                    |                 | 324.08           | 324.08           |             |          | 324.08           | 324.08           |
| <b>Sub-total</b>                                       |                 | <b>7,213.37</b>  | <b>7,213.37</b>  | <b>-</b>    | <b>-</b> | <b>7,213.37</b>  | <b>7,213.37</b>  |
| <b>Total</b>   | <b>330.86</b>   | <b>7,213.37</b>  | <b>7,544.23</b>  | <b>3.15</b> | <b>-</b> | <b>7,541.08</b>  | <b>7,544.23</b>  |
| <b>Financial Liabilities</b>                           |                 |                  |                  |             |          |                  |                  |
| Borrowings   | 3,368.86        | 18,429.53        | 21,818.39        |             |          | 21,818.39        | 21,818.39        |
| Lease Liability  | 9.58            | 0.43             | 10.11            |             |          | 10.11            | 10.11            |
| Trade payables   |                 | 14,911.84        | 14,911.84        |             |          | 14,911.84        | 14,911.84        |
| Other current liabilities                              | 310.68          |                  | 310.68           |             |          | 310.68           | 310.68           |
| <b>Total</b>   | <b>3,709.22</b> | <b>33,341.90</b> | <b>37,051.02</b> | <b>-</b>    | <b>-</b> | <b>37,051.02</b> | <b>37,051.02</b> |

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation cheque: Level 1: quoted (unadjusted) prices in active markets for identical Assets or Liabilities.

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

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

## 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.

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



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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:

1. Actual or expected significant adverse changes in business,
2. Actual or expected significant changes in the operating results of the counterparty,
3. Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
4. Significant increase in credit risk on other financial instruments of the same counterparty,
5. Financial assets are written off when there is no reasonable expectation 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

| AS AT 31 MAR 25  |               |               |               |               |               |                 |
|--|---------------|---------------|---------------|---------------|---------------|-----------------|
| (Rs. in Lakhs)   |               |               |               |               |               |                 |
| Particulars  | < 6 months    | 6M-1 Yrs      | 1-2Yrs        | 2-3 Yrs       | >3 yrs        | Total           |
| (i) Un Disputed Trade Receivable- Considered Goods     | 863.74        | 373.45        | 782.38        | 704.19        | 747.52        | 3,471.28        |
| (ii) Un Disputed Trade Receivable- Considered Doubtful | -             | -             | 121.68        | 148.79        | 144.10        | 414.57          |
| (iii) Disputed Trade Receivables Considered Good       | -             | -             | -             | -             | -             | -               |
| (iv) Disputed Trade Receivables Considered Doubtful    | -             | -             | -             | -             | -             | -               |
| <b>TOTAL</b>   | <b>863.74</b> | <b>373.45</b> | <b>904.06</b> | <b>852.98</b> | <b>891.62</b> | <b>3,885.85</b> |

| AS AT 31 MAR 24  |                 |               |               |               |               |                 |
|--|-----------------|---------------|---------------|---------------|---------------|-----------------|
| (Rs. in Lakhs)   |                 |               |               |               |               |                 |
| Particulars  | < 6 months      | 6M-1 Yrs      | 1-2Yrs        | 2-3 Yrs       | >3 yrs        | Total           |
| (i) Un Disputed Trade Receivable- Considered Goods     | 5,199.16        | 692.12        | 517.64        | 374.20        | -             | 6,783.12        |
| (ii) Un Disputed Trade Receivable- Considered Doubtful | 94.94           | 26.74         | 31.92         | 116.87        | 144.10        | 414.57          |
| (iii) Disputed Trade Receivables Considered Good       | -               | -             | -             | -             | -             | -               |
| (iv) Disputed Trade Receivables Considered Doubtful    | -               | -             | -             | -             | -             | -               |
| <b>TOTAL</b>   | <b>5,294.10</b> | <b>718.86</b> | <b>549.56</b> | <b>491.07</b> | <b>144.10</b> | <b>7,197.69</b> |

## 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 un drawn borrowing facilities at the end of the reporting period:



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## (ii) Maturity patterns of borrowings

(Rs. In Lakhs)

|  | As at 31st March, 2025 |                 |                |                 | As at 31st March, 2024 |                |                |                 |
|--|------------------------|-----------------|----------------|-----------------|------------------------|----------------|----------------|-----------------|
|  | 0-1 years              | 1-5 years       | beyond 5 years | Total           | 0-1 years              | 1-5 years      | beyond 5 years | Total           |
| Long term borrowings<br>(Including current maturity of long term debt) | 13.97                  | 15615.37        |                | 15,629.34       | 2560.00                | 3388.86        |                | 5,948.86        |
| Short term borrowings  | 6784.55                |                 |                | 6,784.55        | 15869.53               |                |                | 15,869.53       |
| <b>Total</b>   | <b>6798.52</b>         | <b>15615.37</b> | <b>0</b>       | <b>22413.89</b> | <b>18429.53</b>        | <b>3388.86</b> | <b>0</b>       | <b>21818.39</b> |

## Maturity patterns of other Financial Liabilities

### AS AT 31<sup>st</sup> March 2025

Rs. In lakhs

| Trade payable   | < 1Year         | 1-2 Yrs         | 2-3Yrs          | >3 Yrs        | Total            |
|-----------------|-----------------|-----------------|-----------------|---------------|------------------|
| MSME            | 928.53          |                 |                 |               | 928.53           |
| Others          | 2,073.88        | 4,729.20        | 2,639.81        | 790.79        | 10,233.68        |
| Disputed MSME   |                 |                 |                 |               | -                |
| Disputed Others |                 |                 |                 |               | -                |
| <b>TOTAL</b>    | <b>3,002.41</b> | <b>4,729.20</b> | <b>2,639.81</b> | <b>790.79</b> | <b>11,162.21</b> |

### AS AT 31<sup>st</sup> March 2024

Rs. In lakhs

| Trade payable   | < 1Year         | 1-2 Yrs         | 2-3Yrs          | >3 Yrs      | Total            |
|-----------------|-----------------|-----------------|-----------------|-------------|------------------|
| MSME            | 909.50          |                 |                 |             | 909.50           |
| Others          | 8,304.00        | 4,535.64        | 1,161.95        | 0.75        | 14,002.34        |
| Disputed MSME   |                 |                 |                 |             | -                |
| Disputed Others |                 |                 |                 |             | -                |
| <b>TOTAL</b>    | <b>9,213.50</b> | <b>4,535.64</b> | <b>1,161.95</b> | <b>0.75</b> | <b>14,911.84</b> |

## Financial risk management objectives and policies

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

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

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

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## Note 38: GRATUITY

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

## NOTE - 39 : RELATED PARTY DISCLOSURES AS PER Ind AS 24

(Rs. in Lakhs)

| Particulars                                | 2024-2025             |                          |                                       | 2023-2024             |                          |                                       |
|--|-----------------------|--------------------------|---------------------------------------|-----------------------|--------------------------|---------------------------------------|
|  | Other Related Parties | Key Management Personnel | Relatives of Key Management Personnel | Other Related Parties | Key Management Personnel | Relatives of Key Management Personnel |
| <b>Purchase of Goods</b>                   |                       |                          |                                       |                       |                          |                                       |
| Sri Kannapiran Mills Limited               | 416.35                |                          |                                       | 2,594.00              |                          |                                       |
| Other related party                        | 0.59                  |                          |                                       | 1,897.96              |                          |                                       |
| <b>Sale of Goods</b>                       |                       |                          |                                       |                       |                          |                                       |
| Sri Kannapiran Mills Limited               | 23.09                 |                          |                                       | 166.15                |                          |                                       |
| Other related party                        |                       |                          |                                       | 737.26                |                          |                                       |
| <b>Processing / other Charges Paid</b>     |                       |                          |                                       |                       |                          |                                       |
| Sri Kannapiran Mills Limited               | 0.18                  |                          |                                       | 9.03                  |                          |                                       |
| Other related party                        |                       |                          |                                       |                       |                          |                                       |
| <b>Processing / other Charges Received</b> |                       |                          |                                       |                       |                          |                                       |
| Sri Kannapiran Mills Limited               |                       |                          |                                       | 15.72                 |                          |                                       |
| Other related party                        |                       |                          |                                       |                       |                          |                                       |
| Remuneration                               |                       | 19.32                    | 24.00                                 |                       | 201.42                   | 23.72                                 |

## NOTE - 39.1 Balance Outstanding

À ÇÖÏ ÎÖÖÀ

| Particulars        | as on 31.03.2025    |                          |                                       | as on 31.03.2024      |                          |                                       |
|--------------------|---------------------|--------------------------|---------------------------------------|-----------------------|--------------------------|---------------------------------------|
|                    | Other Related Party | Key Management Personnel | Relatives of Key Management Personnel | Other Related Parties | Key Management Personnel | Relatives of Key Management Personnel |
| Trade Receivable   | 41.36               |                          |                                       | 36.03                 |                          |                                       |
| Trade payable      | 2383.04             |                          |                                       | 2159.21               |                          |                                       |
| Investments        | 328.69              |                          |                                       | 327.46                |                          |                                       |
| Loans and Advances | 150.00              |                          |                                       | 150.00                |                          |                                       |

|                                      |   |
|--------------------------------------|---|
| Other Related Party                  | Sri Kannapiran Mills Limited<br>Sri Balamurugan Textile Processing Limited<br>Danalakshmi Paper Mills Private Limited<br>Crocodile India Pvt Ltd  |
| Key Management Personnel             | Shri KG Baalakrishnan, Executive Chairman<br>Shri B Sriramulu, Managing Director<br>Shri B Srihari, Director<br>Smt S Ramaprabha, Chief Financial Officer<br>Shri.M.Balaji, Company Secretary |
| Relative of Key Management Personnel | Shri Pranav Sriraman (Son of Shri B Sriramulu)  |

## CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

### **NOTE - 40: Title deeds of Properties**

Titles deeds of all the immovable properties in the Financial Statements are held in the name of the group only.

### **NOTE - 41: Capital-work-in progress.**

There is no Capital-work-in progress as on the date of balance sheet as at 31st March 2025. There is no project which is temporarily suspended.

### **NOTE - 42: Intangible Assets under development.**

There are no any intangible assets under development as on the date of balance sheet as at 31st March 2025.

### **NOTE - 43: Relationship with strike off companies.**

Group does not have any transactions with the companies "Striken off" or in the process of strike off.

### **NOTE - 44: Scheme of arrangements**

The group has not entered into any "Scheme of Arrangements" during the year ended 31st Mar 2025.

### **NOTE - 45: Details of Benami Property Held**

The group does not hold any benami property as defined under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made there under. No proceeding has been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made there under.

### **NOTE - 46: Compliance with number of layer of companies.**

The group is in compliance with the number of layers prescribed under clause (87) of section 2 of the Companies Act read with the Companies (Restriction on number of Layers) Rules, 2017

### **NOTE - 47: The group has not traded or invested in crypto currency or virtual currency.**

### **NOTE -48: Registration of charges or satisfaction with Registrar of Companies.**

The group does not have any charges or satisfaction, which is yet to be registered with ROC beyond the statutory period.

### **NOTE - 49: The group has not done any revaluation of Property, Plant & Equipment or Intangible assets.**

### **NOTE - 50: The group was not declared as "willful defaulter" by any bank or financial Institution or other lender.**

**Note 51 :** The group has no such transactions which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (Such as search or survey or any other relevant provisions of Income Tax Act, 1961).

**Note - 52:** The group has not advanced or loaned or invested funds to any other person(s) or entity (ies), including foreign entities (Intermediaries) with the understanding that the intermediary shall:



## CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

b) Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

**Note - 53:** The group has not received any fund from any person(s) or entity (ies), including foreign entities (Funding party) with the understanding (whether recorded in writing or otherwise) that the group shall:

1. Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (Ultimate Beneficiaries) or

2. Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

### **Note - 54: Restructuring of Debit**

The operations of the holding Company came to halt since March 2024 due to TN Government Order putting a ban on drawal of processing water from Bhavani River, subsequently the holding Company has entered into a loan restructuring arrangement with its consortium lenders under the Reserve Bank of India's framework for relief measures in areas affected by natural calamities. While the resolution plan has been approved by the majority of the consortium lenders, one bank holding 7% of the debt exposure has dissented from the plan, and one Non-Banking Financial Company (NBFC) with an outstanding loan of Rs. 625 lakh has not participated in the restructuring scheme. With respect to the dissenting lenders' non-participation in the restructuring scheme, the holding Company has filed a writ petition before the Hon'ble High Court of Madras and obtained an injunction order, with the matter being sub-judice. Repayment under the restructured plan is scheduled to commence from the quarter ending March 2026.

### **Note - 55: Approved Financial Statements:**

The Board of Directors of the group has reviewed the realizable value of all the current assets and has confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognized in the financial statements. In addition, the board has also confirmed the carrying value of the non-current assets in the financial statements. The Board, duly taking into account all the relevant disclosures made, has approved these financial statements in its meeting held on 30th May 2025.

### **Note - 56 : CAPITAL RISK MANAGEMENT**

#### **Risk Management**

The group aim to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the 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 group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The group'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.

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## NOTE - 57 : EARNINGS PER SHARE

|  | Rs.in Lakhs |             |
|--|-------------|-------------|
|  | 31-Mar-25   | 31-Mar-24   |
| Earnings Per Share has been computed as under :              |             |             |
| Profit / (Loss) for the year                                 | -3579.15    | -2572.74    |
| 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)   | -13.96      | -10.03      |
| Diluted earning per share is same as basic earning per share | -13.96      | -10.03      |

## NOTE - 58 : 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 - 59: DETAILS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

The Provisions of Section 135 of the Companies Act 2013 are not applicable to the Company during the Financial Year 2024-25.

## NOTE - 60: 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)

|  | 2024 -2025 | 2023 -2024 |
|--|------------|------------|
| Disputed Excise / Customs duties       | 335.35     | 335.35     |
| Legal Case – Claim of Security Deposit | 9.68       | 9.68       |

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

#### b) Guarantees

|   | 2024 - 2025 | 2023 - 2024 |
|---|-------------|-------------|
| Guarantees given to Bank for loan to subsidiary | 500.00      | 500.00      |

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

|                             | 2024 - 2025 | 2023 - 2024 |
|-----------------------------|-------------|-------------|
| Bills discounted with banks |             | 1456.68     |

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## II. Commitments

There is no contract remaining to be executed in Capital Account.

### Note - 61: SEGMENT REPORTING:

Operating Segments:

(i) Textile (ii) Power (iii) 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

(Rs. In Lakhs)

| S.No. | Particulars  | Consolidated          |                       |
|-------|--|-----------------------|-----------------------|
|       |  | Audited<br>31.03.2025 | Audited<br>31.03.2024 |
| 1     | Segment Revenue (Net Sales / Income from Operations)       |                       |                       |
|       | (a) Textiles   | 5408                  | 23122                 |
|       | (b) Power  | 428                   | 4476                  |
|       | (c) Garments   | 1708                  | 1758                  |
|       | <b>Total</b>   | <b>7544</b>           | <b>29356</b>          |
|       | Add: Other Unallocable Income                              |                       |                       |
|       | Less: Inter Segment Sales                                  | 212                   | 2581                  |
|       | <b>Net Sales / Income from operations</b>                  | <b>7332</b>           | <b>26775</b>          |
| 2     | Segment Results (Profit before Interest & Tax)             |                       |                       |
|       | (a) Textiles   | -855                  | -703                  |
|       | (b) Power  | -1068                 | -676                  |
|       | (c) Garments   | 124                   | 104                   |
|       | <b>Total</b>   | <b>-1799</b>          | <b>-1275</b>          |
|       | Less:  |                       |                       |
|       | * Interest & Finance Charges(Net)                          | 2883                  | 2558                  |
|       | * Other Unallocable expenditure(Net of Unallocable Income) |                       |                       |
|       | <b>Profit Before Extra Ordinary Items &amp; Tax</b>        | <b>-4682</b>          | <b>-3833</b>          |
| 3     | Segment Assets   |                       |                       |
|       | (a) Textiles   | 25619                 | 30601                 |
|       | (b) Power  | 4624                  | 6506                  |
|       | (c) Garments   | 3816                  | 3393                  |
|       | <b>Total Segment Assets</b>                                | <b>34059</b>          | <b>40499</b>          |
| 4     | Segment Liabilities  |                       |                       |
|       | (a) Textiles   | 12822                 | 29771                 |
|       | (b) Power  | 2602                  | 3295                  |
|       | (c) Garments   | 1554                  | 1093                  |
|       | <b>Total Segment Liabilities</b>                           | <b>16978</b>          | <b>34159</b>          |



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## NOTE - 62 HOLDING AND SUBSIDIARY COMPANY STOCK STATEMENT SUBMISSION WITH BANKS

The group has borrowed from banks on the basis of security of current assets. Quarterly returns or statements of current assets filed by the group are not in agreement with books of accounts. Summary of reconciliation and reasons for material discrepancies as at 31<sup>st</sup> March 2025 is given below.

| HOLDING COMPANY                               |                  | (Rs. In Lakhs)   |  |
|---|------------------|------------------|--|
| Particulars                                   | 31.03.2025       | 31.03.2024       |  |
| Inventories as per declaration with Bank      | 6,109.46         | 9,222.51         |  |
| Trade Receivable as per declaration with Bank | 6,297.91         | 9,547.10         |  |
| <b>TOTAL (A)</b>                              | <b>12,407.37</b> | <b>18,769.61</b> |  |
| Inventories as per Books                      | 6,109.63         | 9,489.05         |  |
| Trade Receivables as per Books                | 6,297.91         | 9,533.41         |  |
| <b>TOTAL (B)</b>                              | <b>12,407.54</b> | <b>19,022.46</b> |  |
| Difference in Inventories                     | -0.17            | -266.54          |  |
| Difference in Receivables                     | -                | 13.69            |  |
| <b>TOTAL DIFFERENCE (A)-(B)</b>               | <b>-0.17</b>     | <b>-252.85</b>   |  |

The aforesaid difference, were due to the declaration made to the bank before financial reporting closure process. The predominant reason for trade receivables being lower in financial statement are the difference is due to the credit notes, discount and other year end provisions in financial statement. Similarly with respect to inventory being higher in financial statement is because of stock valuation as part of year end cut-off procedures.

## SUBSIDIARY COMPANY – TRIGGER APPAREL LIMITED STOCK STATEMENT SUBMISSION WITH BANKS

|  |                 | (Rs. In Lakhs)  |  |
|--|-----------------|-----------------|--|
| Particulars                                    | 31.03.2025      | 31.03.2024      |  |
| Inventories as per declaration with Bank       | 1,499.80        | 1,380.62        |  |
| Trade receivables as per declaration with Bank | 1,003.65        | 666.53          |  |
| <b>Total (A)</b>                               | <b>2,503.45</b> | <b>2,047.15</b> |  |
| Inventories(Finished) as per Books             | 1,501.65        | 1,377.29        |  |
| Trade receivables as per Books                 | 1,047.41        | 717.34          |  |
| <b>Total (B)</b>                               | <b>2,549.06</b> | <b>2,094.63</b> |  |
| Difference in inventories                      | 1.85            | -3.33           |  |
| Difference in receivables                      | 43.76           | 50.81           |  |
| <b>Total Difference (A)-(B)</b>                | <b>45.61</b>    | <b>47.48</b>    |  |

The aforesaid difference, were due to the declaration made to the bank before financial reporting closure process. The predominant reason for trade receivables being higher in financial statement are the difference is due to the credit notes, discount and other year end provisions in financial statement.

**Note - 63:** There are certain amounts remaining overdue to the trade creditors. Some of the trade creditors have issued legal notices demanding their dues thereby indicating liquidity stress. Subsequently, trade creditors for aggregate value of Rs.2252 Lakh have filed liquidation petitions before the NCLT.

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

For disclosures mandated by Schedule III of the Companies Act, 2013 by way of additional information

(Amount Rs.in Lakhs) 2024-25

| Name of the entity in the Group                       | Net Assets i.e., total assets minus total liabilities |                 | Share in profit or loss             |                 | Share in other Comprehensive Income             |               | Share in total comprehensive income |                 |
|---|---|-----------------|-------------------------------------|-----------------|---|---------------|-------------------------------------|-----------------|
|   | As % of Consolidated net assets                       | Amount          | As % of Consolidated profit or loss | Amount          | As % of Consolidated other Comprehensive Income | Amount        | As % of total comprehensive income  | Amount          |
| <b>Parent</b>   |   |                 |                                     |                 |   |               |                                     |                 |
| K G Denim Limited                                     | -29.96  | 400.75          | 100.25                              | -3587.97        | 99.57   | 451.81        | 100.34                              | -3136.16        |
| <b>Subsidiary- Indian</b>                             |   |                 |                                     |                 |   |               |                                     |                 |
| Trigger Apparels Ltd                                  | 118.52  | -1585.26        | -0.30                               | 10.63           | 0.43  | 1.95          | -0.40                               | 12.58           |
| <b>Subsidiary - Foreign</b>                           |   |                 |                                     |                 |   |               |                                     |                 |
| KG Denim (USA) Inc                                    | 11.44   | -153.06         | 0.05                                | 1.81            | -   | -             | 0.06                                | - 1.81          |
| <b>Sub Total</b>                                      | -   | <b>1337.57</b>  | -                                   | <b>-3579.15</b> | -   | <b>453.76</b> | -                                   | <b>-3125.39</b> |
| Intercompany elimination and consolidated adjustments | -40.53  | 500.06          | -                                   | -               | -   | -             | -                                   | -               |
| Non controlling interest in subsidiaries              | 32.12   | -396.32         | -                                   | 10.63           | -   | 0.49          | -                                   | 3.15            |
| <b>Grand Total</b>                                    |   | <b>-1733.89</b> | -                                   | <b>-3568.52</b> | -   | <b>454.25</b> | -                                   | <b>-3122.24</b> |

2023-24

| Name of the entity in the Group                       | Net Assets i.e., total assets minus total |                 | Share in profit or loss             |                  | Share in other Comprehensive Income             |               | Share in total comprehensive income |                  |
|---|---|-----------------|-------------------------------------|------------------|---|---------------|-------------------------------------|------------------|
|   | As % of Consolidated net assets           | Amount          | As % of Consolidated profit or loss | Amount           | As % of Consolidated other Comprehensive income | Amount        | As % of total comprehensive income  | Amount           |
| <b>Parent</b>   |   |                 |                                     |                  |   |               |                                     |                  |
| K G Denim Limited                                     | 197.83                                    | 3,536.90        | 98.19                               | -2,526.05        | 97.18   | 202.70        | 95.72                               | -2,323.35        |
| <b>Subsidiary- Indian</b>                             |   |                 |                                     |                  |   |               |                                     |                  |
| Trigger Apparels Ltd                                  | -89.37                                    | -1,597.84       | 1.81                                | -46.54           | 2.82  | 5.89          | 1.67                                | -40.65           |
| <b>Subsidiary - Foreign</b>                           |   |                 |                                     |                  |   |               |                                     |                  |
| KG Denim (USA) Inc                                    | -8.46                                     | -151.25         | 0.01                                | -0.15            | -   | -             | 2.61                                | -63.32           |
| <b>Sub Total</b>                                      | -   | <b>1,787.81</b> | -                                   | <b>-2,572.74</b> | -   | <b>208.59</b> | -                                   | <b>-2,427.32</b> |
| Intercompany elimination and consolidated adjustments | 26.48                                     | 500.06          |                                     |                  |   |               |                                     |                  |
| Non controlling interest in subsidiaries              | -21.15                                    | -399.46         |                                     | -11.64           |   | 1.47          |                                     | -0.15            |
| <b>Grand Total</b>                                    |   | <b>1,888.41</b> |                                     | <b>-2,584.38</b> |   | <b>210.06</b> |                                     | <b>-2,427.47</b> |

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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

| Part A Subsidiaries |                        |   |  |               |                    |              |                   |             |              |                        |                        |                       |                   | (Rs in Lakhs)      |  |
|---------------------|------------------------|---|--|---------------|--------------------|--------------|-------------------|-------------|--------------|------------------------|------------------------|-----------------------|-------------------|--------------------|--|
| Sr                  | Name of the Subsidiary | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Reporting and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries | Share Capital | Reserves & Surplus | Total assets | Total liabilities | Investments | Total Income | Profit before taxation | Provision for taxation | Profit after taxation | Proposed Dividend | % of Share holding |  |
| 1                   | Trigger Apparel Ltd    |   |  | 6000          | -2,185.26          | 3,688.10     | 5,273.36          | -           | 1,702.91     | 1.28                   | 9.35                   | 12.58                 | -                 | 75%                |  |
| 2                   | KGDenn (USA) Inc       |   | Exchange rate: Rs 86.75 per USD  | 0.45          | -158.52            | 127.99       | 281.05            | -           | 4.85         | -1.81                  | -                      | -1.81                 | -                 | 100%               |  |

As per our report of even date

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

**R MAHADEVAN**

Partner

Membership No.027497

UDIN : 25027497BMNBAQ7347

Place : Coimbatore

Date : 30.05.2025

For and on behalf of the Board of Directors

**KG BAALAKRISHNAN**  
Executive Chairman  
DIN : 00002174

**M. BALAJI**

Company Secretary

**B SRIRAMULU**  
Managing Director  
DIN : 00002560

**RAMAPRABHA .S**

Chief Financial Officer

**B SRIHARI**  
Director  
DIN : 00002556



# K G DENIM LIMITED

CIN: L17115TZ1992PLC003798

Registered Office: Then Thirumalai, Coimbatore - 641302

E-mail: cskgdl@kgdenim.in

Website: www.kgdenim.com Phone: 04254-235240

## Attendance Slip 33<sup>rd</sup> Annual General Meeting

|                |               |
|----------------|---------------|
| DP ID          | Folio No.     |
| Client ID      | No. of Shares |
| Name of Member |               |
| Name of Proxy  |               |

I hereby record my presence at the 33<sup>rd</sup> Annual General Meeting of the Company held on Tuesday the 9th day of September 2025 at 4.30 pm at Then Thirumalai, Coimbatore - 641 302

Member's / Proxy's Signature



### **Form No. MGT-11** **Proxy Form**

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

#### **K G DENIM LIMITED**

CIN: L17115TZ1992PLC003798

Registered Office: Then Thirumalai, Coimbatore - 641302

E-mail: cskgdl@kgdenim.in

Website: www.kgdenim.com Phone: 04254-235240

### **33<sup>rd</sup> Annual General Meeting (9th September 2025)**

|                          |        |
|--------------------------|--------|
| Name of the Member (s) : |        |
| Registered address :     |        |
| Email ID :               |        |
| Folio No. / Client Id :  | DP ID: |

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

|            |                |
|------------|----------------|
| 1. Name:   | or failing him |
| Address:   |                |
| E-mail ID: |                |
| Signature: |                |
| 2. Name:   | or failing him |
| Address:   |                |
| E-mail ID: |                |
| Signature: |                |
| 3. Name:   |                |
| Address:   |                |
| E-mail ID: |                |
| Signature: |                |

as my / our proxy to attend and vote (on a poll ) for me / us and on my / our behalf at the 33rd Annual General Meeting of the Company to be held on Tuesday the 9th day of September 2025 at 4.30 pm at Then Thirumalai, Coimbatore - 641 302 and at any adjournment thereof in respect of such resolutions as are indicated below.

| S. No.            | Resolutions   | Optional*                |                          |
|-------------------|---|--------------------------|--------------------------|
|                   |   | For                      | Against                  |
| Ordinary Business |   |                          |                          |
| 1.                | To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements including Balance Sheet as on 31st March, 2025 the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year ended on that date together with the Report of Board of Directors and the Auditors' thereon. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.                | To appoint a Director in place of Shri Balakrishnan Sriramulu (DIN: 00002560), who retires by rotation and being eligible, offers himself for re-appointment.   | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.                | To appoint a Director in place of Shri Ramaswamy Selvakumar (DIN: 00051608), who retires by rotation and being eligible, offers himself for re-appointment.   | <input type="checkbox"/> | <input type="checkbox"/> |
| Special Business  |   |                          |                          |
| 4.                | To approve the appointment of MDS & Associates LLP, Company Secretaries as Secretarial Auditors of the Company for the first term of five (5) consecutive financial years.  | <input type="checkbox"/> | <input type="checkbox"/> |
| 5.                | To approve the offer, issue and allotment of warrants fully convertible into equity shares to the Promoter of the Company on preferential basis.  | <input type="checkbox"/> | <input type="checkbox"/> |
| 6.                | To approve the offer, issue and allot 6% Non-convertible Cumulative Redeemable Preference Shares through private placement.   | <input type="checkbox"/> | <input type="checkbox"/> |

Signed this ..... day of ..... 2025

Signature of Shareholder .....

Signature of Proxy holder(s) .....

Affix 1  
Re  
Revenue  
Stamp

**Notes :**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the resolutions, explanatory statements and Notes please refer to the Notice of the 33rd Annual General Meeting.
3. It is optional to put '✓' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolution, your proxy will be entitled to vote in the manner as he / she thinks appropriate.
4. Please complete all details including details of member(s) in the above box before submission.