



# ANNUAL REPORT

## 2019-2020

**K G DENIM LIMITED**



## K G DENIM LIMITED

### BOARD OF DIRECTORS

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

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

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

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

**Company Secretary** Shri M Balaji

**Chief Financial Officer** Shri S Muthuswamy

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

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

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

CONTENTS	Page
Directors' Report	2
Auditors' Report	37
Balance Sheet	44
Statement of Profit & Loss	45
Cash Flow Statement	46
Notes	48
Consolidated Financial Statements	80
Notice	I to VIII

# K G DENIM LIMITED

## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

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

### FINANCIAL RESULTS

(Rs. in lakhs)

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

### STATE OF THE COMPANY'S AFFAIRS

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

### PERFORMANCE OF THE COMPANY

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

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

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

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

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

### DIVIDEND

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

### INDUSTRY STRUCTURE AND DEVELOPMENT

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

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

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

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

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

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

# K G DENIM LIMITED

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

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

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

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

## OPPORTUNITIES AND THREATS

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

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

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

## IMPACT OF COVID-19

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

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

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

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

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

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

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

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

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

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

## LISTING OF EQUITY SHARES

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

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

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

## PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES

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

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

# K G DENIM LIMITED

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

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

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

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

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

## CONSOLIDATED FINANCIAL STATEMENTS

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

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

## CEO/CFO CERTIFICATION

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

## MEETINGS OF THE BOARD OF DIRECTORS

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

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

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

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

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

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

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

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

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

## NOMINATION AND REMUNERATION COMMITTEE

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

# K G DENIM LIMITED

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

Brief description of terms of reference:

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

## **NOMINATION AND REMUNERATION POLICY**

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

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

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

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

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

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

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

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

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

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

### **EXTRACT OF ANNUAL RETURN**

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

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

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

# K G DENIM LIMITED

## RISK MANAGEMENT COMMITTEE

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

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

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

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

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

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

## EVALUATION OF BOARD

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

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

## DIRECTORS

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

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

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

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

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

His term ends on 04.11.2020.

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

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

## KEY MANAGERIAL PERSONNEL

The following are the Key Managerial Personnel of the Company :

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

## DEPOSITS

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

## STATUTORY AUDITORS

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

# K G DENIM LIMITED

## AUDITORS REPORT

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

There are no qualifications in Auditors' Report.

## INTERNAL AUDITORS

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

## COST AUDITORS

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

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

## AUDIT COMMITTEE

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

All the members of the Audit Committee are Independent Directors.

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

## CORPORATE GOVERNANCE

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

## VIGIL MECHANISM

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

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

## SECRETARIAL AUDITORS REPORT

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

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

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

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

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

## ENVIRONMENT

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



# K G DENIM LIMITED

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

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

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

## HEALTH AND SAFETY

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

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

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

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

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

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

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

## POLICY ON SEXUAL HARASSMENT

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

## SOCIAL RESPONSIBILITIES

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

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

## INSURANCE

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

## FINANCE

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

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

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

# K G DENIM LIMITED

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

## CHANGE IN THE NATURE OF BUSINESS

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

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

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

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

## MATERIAL CHANGES AND COMMITMENTS

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

## ACKNOWLEDGMENT

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

## PERSONNEL

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

## CAUTIONARY STATEMENT

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

## PARTICULARS OF EMPLOYEES

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

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

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

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

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

Coimbatore  
14.09.2020