



KG Fabriks Limited

CIN : U65999TZ1994PLC005630

Registered Office : Plot No. FF - 1, SIPCOT IGC, Perundurai - 638 052. Erode District.

Ph: 0422 - 2351111 Fax: 0422 - 2351110 Email:cs@kgfabriks.com, Website: www.kgfabriks.com

NOTICE OF TWENTY FOURTH ANNUAL GENERAL MEETING

Notice is hereby given that the TWENTY FOURTH ANNUAL GENERAL MEETING of the Members of KG FABRIKS LIMITED will be held on Tuesday, the 25th September 2018 at 4.30 p.m. at the Registered Office of the Company at Plot No FF-1, SIPCOT IGC, Perundurai – 638 052. Erode District to transact the following business:

ORDINARY BUSINESS

1. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March 2018, including Audited Balance Sheet as at 31st March 2018, Statement of Profit and Loss, Cash Flow Statement and the Reports of the Directors and Auditors thereon.

2. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

To appoint a Director in place of Shri KG Baalakrishnan, (DIN:00002174) who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

3. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to Sections 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification (s) or re-enactment thereof for the time being in force), Shri A Velusamy (DIN:00002204) be and is hereby reappointed as Whole-time Director for 3 years from 27.05.2018 to 26.05.2021 and payment of the following remuneration, perquisites and benefits, subject to approval of members in the General Meeting and such modifications, variations as may be approved and accepted by the appointee.

1. Salary : ₹ 11,00,000 per annum.
2. Perquisites : in addition to the above salary.

Expenditure for medical treatment, leave travel concession, personal accident insurance premium, Company's contribution to Provident Fund to the extent it is not taxable under the Income Tax Act, 1961. Gratuity and Encashment of leave at the end of tenure as per the rules of the Company.

3. a. He shall be entitled to reimbursement of all actual expenses including entertainment and traveling incurred in the course of the Company's business.
- b. The Company shall provide a car with driver and telephone facility at the residence of the Director. Provision of car with driver for use on the Company's business and telephone facility at the residence will not be considered as perquisites. Personal long distance calls on the telephone and use of car for private purposes shall be billed by the Company to the Director.



“RESOLVED FURTHER THAT the remuneration and perquisites shall be subject to the overall ceiling under Section 196,197,198 and 203 of the Companies Act, 2013. In the event of absence or inadequacy of profits in any financial year during the tenure of the Whole-time Director, the remuneration would be paid as above, subject to the ceiling under Para (I) of Section II of Part II of Schedule V of the Companies Act, 2013 as modified from time to time.

4. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, the Company hereby ratifies the remuneration of ₹ 65,000/- (Rupees Sixty five thousand only) plus applicable tax and reimbursement of out-of-pocket expenses payable to Shri M Nagarajan, Cost Accountant, (M No. 6384) to conduct the audit of the cost records of the Company, for the financial year ending 31 March, 2019 as recommended by the Audit Committee and considered and approved by the Board.”

5. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Rules made there under read with Schedule IV of the Act, [including any statutory modification(s) or re-enactment thereof for the time being in force), Shri V Arunachalam (DIN:00051327) who was appointed as Additional (Independent) Director of the Company by the Board of Directors at its meeting held on 01.06.2018 and whose term of office expires at this Annual General Meeting (“AGM”) and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria of independence as provided in Section 149 (6) of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 01.06.2018 not liable to retire by rotation.”

6. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Rules made there under read with Schedule IV of the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri A P Seturaaman (DIN:07331898) who was appointed as Additional (Independent) Director of the Company by the Board of Directors at its meeting held on 01.06.2018 and whose terms of office expires at this Annual General Meeting (“AGM”) and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria of independence as provided in Section 149 (6) of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 01.06.2018 not liable to retire by rotation.”

7. To consider and if deemed fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013, Shri R Rajesh (DIN 02449223) Independent Director of the Company to hold office for 3 years with effect from 01.04.2019 to 31.03.2022.



8. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and any amendment thereto as are made from time to time and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors to enter into a contract(s)/transactions for a period of 3 years with Sri Kannapiran Mills Limited, a related party within the meaning of the aforesaid law, on such terms and conditions, as may be mutually agreed upon, to purchase or sell or supply of any raw material/spares/capital goods, in the ordinary course of business the value of which all taken together may exceed ten percent of the turnover of the Company, however, so that the value of transactions aforesaid during any financial year shall not exceed in aggregate ₹ 20 crores AND availing of /rendering of services like conversion of cotton/fibre into yarn or provision of any services, the value of which all taken together may exceed ten percent of the turnover of the Company, however, so to that the value of transactions aforesaid during any financial year shall not exceed in aggregate ₹ 50 Crores.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to sign and execute necessary documents and papers on an ongoing basis and to do and perform all acts, deeds and things as may be necessary in this regard.”

9. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

RESOLVED THAT pursuant to the provisions of Section 13 and other applicable provisions, if any, of the Companies Act, 2013, the new object clause of the Memorandum of Association of the Company aligned as per the Act be and is hereby approved and adopted. A copy of the realigned Object Clause is placed before the meeting duly initialled by the Chairman for the purpose of identification in the place of existing Object Clause.

RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, to give effect to the aforesaid resolution.

10. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT in terms of Section 14 and other applicable provisions of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) the existing Articles of Association of the Company be and is hereby replaced, by the new Articles of Association of the Company in line with Companies Act 2013, a copy of which is placed before the meeting duly initialled by the Chairman for the purposes of identification and that the Regulations contained in the new set of Articles be and are hereby approved and adopted as the Articles of association of the Company in place of the existing Articles of Association.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to take all such steps and actions for the purpose of making all such filings and registrations as may be required in relation to the aforesaid alteration to the Articles of Association of the Company and further to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.”

Coimbatore
02.07.2018

By Order of the Board
KG Baal Krishnan
(DIN:00002174)
Chairman



NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE ON HIS / HER BEHALF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as proxy on behalf of members not exceeding Fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or member.

The Instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution / authority, as applicable.

2. Statement of Material facts pursuant to Section 102 of the Companies Act, 2013 for Item No.3 to 10 of the Notice is annexed hereto.
3. Members are requested to notify any change in their address to Company's Registered Office immediately.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 19th September 2018 to Tuesday, 25th September 2018 (both days inclusive).
5. As per green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company to enable service of documents such as Notice, Annual Report etc., in electronic form.

6. VOTING THROUGH ELECTRONIC MEANS

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its members facility to exercise their right to vote at the 24th Annual General Meeting (AGM) on the items mentioned in the notice by electronic means through e-voting Services provided by CDSL.

- a) As the Company, being a Unlisted Public Company and having more than 1000 Shareholders, is compulsorily required to provide e-voting facility to its members in terms of Section 108 of the Companies Act, 2013 read with the Rules made there under with effect from 01.01.2015 it has engaged the service of Central Depository Service Limited (CDSL), as the authorised agency to provide the e-voting facilities. The instructions for e-voting is provided below.
- b) The facility for voting through Ballot Paper shall be made available at the Annual General Meeting and the members attending the meeting should note that those who are entitled to vote but have not exercised their right to vote by 'Remote e-voting' may vote at the meeting through Ballot paper.
- c) The e-voting period commences on Saturday, 22nd September 2018 (09.00 a.m) and ends on Monday, 24th September 2018 at (5 p.m). During this period shareholders' of the Company as on the cut-off date (record date) of 18th September 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- d) 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 18th September 2018.



- e) Shri C.A. Venkatesan, Chartered Accountant, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- f) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- g) The Results shall be declared on or after the AGM of the Company along with the Scrutinizer's Report

The instructions for shareholders voting electronically are as under:

- (i) The shareholders should log on to the e-voting website www.evotingindia.com.
- (ii) Click on "Shareholders".
- (iii) Now ENTER your User ID
Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are a first time user follow the steps given below:

| | For Members holding shares in Physical Form |
|---|--|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department <ul style="list-style-type: none">● Members who have not updated their PAN with the Company are requested to use the first two letters of their name and the 8 digits of the sequence number (which is printed in address label as sl no) in the PAN field.● In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. e.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in the company records in order to login. If both the details are not recorded with the company please enter the folio number in the Dividend Bank details field as mentioned in instruction (iv). |

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Members holding shares in physical form will then directly reach the Company selection screen. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant KG FABRIKS LIMITED on which you choose to vote.



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- (x) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take out print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xv) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xvi) Note for Non – Individual Shareholders and Custodians
- o Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - o A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - o 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.
 - o The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - o 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.
- (xvii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Coimbatore
02.07.2018

By Order of the Board
KG Baalakrishnan
(DIN 00002174)
Chairman



EXPLANATORY STATEMENT SETTING OUT MATERIAL FACTS UNDER SECTION 102 OF THE COMPANIES ACT, 2013.

ITEM NO.3

Shri A Velusamy is professionally qualified as B.Sc., B.L. He is 62 years old. He is a Director of the Company from 14.03.1998.

The Board of Directors in their meeting held on March 28, 2018 had reappointed Shri A Velusamy, as "Whole-time Director" of the Company for a further period of 3 years from 27.05.2018 to 26.05.2021 subject to approval by the share holders of the Company under Schedule V of the Companies Act, 2013.

The remuneration approved by the Nomination and Remuneration Committee on 26.03.2018 and also by the Board on 28.03.2018 is subject to the approval of shareholders.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the said resolution except Shri A Velusamy the proposed appointee. The Explanation together with accompanying notice may be treated as an abstract of the Terms of Appointment of Shri A Velusamy as Whole-time Director pursuant to the provisions of Section 190 of the Companies Act, 2013.

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

| I. GENERAL INFORMATION | |
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| 1. Nature of Industry | Textiles – weaving and processing of Denim and industrial fabrics |
| 2. Date of commencement of commercial production | 29.03.2006 |
| 3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions in the prospectus | Not applicable |
| 4. Financial performance based on given indicators | The financial performance of the Company for 2016-17 and 2017-18 are provided in the Annual Report 2018 which accompanies this Notice |
| 5. Foreign investments or collaborations, if any | Nil |
| II. INFORMATION ABOUT THE APPOINTEE | |
| Background details: | Shri A Velusamy is a Graduate in Science and Law and has been in the textile industry for nearly three decades spanning over trading, spinning, weaving, processing, garmenting and retailing operations. He has been closely associated with planning, implementation and follow up on new, expansion and diversification projects with detailed exposure to various functional areas viz., production, human resource, administration, commercial, legal, banking, financial and liaison with trade and governmental agencies. He is a Director in Sri Kannapiran Mills Limited, K G Denim Limited, K G B Securities and Investments Private Limited, Trigger Apparels Limited, and Anandhi Power Limited. |



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|---|---|
| Past remuneration: | ₹ 11,00,000 per annum |
| Recognition or awards | - |
| Job profile and his suitability | Shri A Velusamy is a graduate in Applied Science and Law and has nearly 3 decades of practical experience in the setting up and management of textile units. He was Whole-time Director of KG Denim Limited for 10 years and KG Fabriks Limited for 3 years |
| Remuneration proposed | Details of proposed remuneration are presented in the resolution and also in the Statement under Section 102 of the Companies Act, 2013 |
| Comparative remuneration profile with respect to industry, size of company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) | The remuneration offered to Shri A Velusamy is at par with the industry norms considering the nature of the industry, size of the company, profile and position of the person. |
| Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel if any | Besides the remuneration he does not have any other pecuniary relationship with the Company. |
| III. OTHER INFORMATION | |
| Reasons of loss or inadequate profits | Implementation of GST from 1.7.2017 impacted sales as customers took some time to get familiarized with the system. Sale price declined mainly due to intense competition arising out of additional capacity. Increase in input costs could not therefore be fully passed on by way of higher sale price. |
| Steps taken or proposed to be taken for improvement | Product mix is being reoriented in the backdrop of higher cotton prices with productivity improvement and higher export sales and branded segment. |
| Expected increase in productivity and profits in measurable terms | The aforesaid steps being taken up by the Company are expected to improve company's performance and profitability in the future |

The Board recommends the Ordinary Resolution set out at Item No.3 of the Notice for approval by the shareholders

Item No. 4 :

The Board, on the recommendation of Audit Committee, has approved the appointment and remuneration of Shri M Nagarajan, Cost Accountant as the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending March 31,2019 on an annual remuneration of ₹ 65,000/- plus applicable taxes and reimbursement of out of pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.4. of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending March 31, 2019.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the above resolution.

Item No. 5 :

Shri V. Arunachalam was appointed as an Additional Director of the Company by the Board of Directors in its meeting held on 01.06.2018. Pursuant to Section 161 of the Companies Act, 2013 the above Director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received request in writing from a member of the Company proposing his candidature for appointment as Director of the Company in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013.

Further pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with schedule IV to the Companies Act, 2013 and subject to the approval of shareholders of the Company Shri V Arunachalam, be appointed as an Independent Director of the Company in this Annual General Meeting, to hold the office for five consecutive years up to 31.05.2023.

Shri V Arunachalam, aged 56 years is a Associate member of the Institute of Chartered Accountants of India (ICAI) and the Past President of Coimbatore Stock Exchange Limited. He is also Director in Sri Kannapiran Mills Limited, Senthil Paper Product Private Limited and Managing Director of Nelliyaan Commodities Private Limited.

In the opinion of the Board, Shri V Arunachalam fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Shri V. Arunachalam as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on all working days.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri V Arunachalam as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Shri V Arunachalam as an Independent Director, for the approval by the shareholders of the Company.

Except Shri V Arunachalam, being an appointee, none of the Directors and Key Managerial Personnel of the Company is concerned or interested, financially or otherwise, in the resolution set out at Item No.5.

Item No. 6 :

Shri A P Seturaaman was appointed as an Additional Director of the Company by the Board of Directors in its meeting held on 01.06.2018. Pursuant to Section 161 of the Companies Act, 2013 the above Director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received request in writing from a member of the Company proposing his candidature for appointment as Director of the Company in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013.

Further pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with schedule IV to the Companies Act, 2013 and subject to the approval of shareholders of the Company Shri A P Seturaaman, be appointed as an Independent Director of the Company in this Annual General Meeting, to hold the office for five consecutive years up to 31.05.2023.



Shri A P Seturaaman, aged 58 years is carrying on the business of Retail Pharmacy and was the Past President of Nilgris District Chemist & Druggist Association. He is also a Director in K G Denim Limited.

In the opinion of the Board, Shri A P Seturaaman fulfils the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Shri A P Seturaaman as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on all working days.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri A P Seturaaman as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Shri A P Seturaaman as an Independent Director, for the approval by the shareholders of the Company.

Except Shri A P Seturaaman, being an appointee, none of the Directors and Key Managerial Personnel of the Company is concerned or interested, financially or otherwise, in the resolution set out at Item No.6.

Item No.7

Shri R Rajesh is a Non Executive Independent Director of the Company. He joined the Board of Directors of the Company in 2009. Shri R Rajesh is member of Audit and Nomination and Remuneration committee.

Shri R Rajesh is a Non Executive Independent Director of the Company. He joined the Board of Directors of the Company in 2009. Shri R Rajesh is member of Audit and Nomination and Remuneration committee.

Shri R Rajesh, M.Sc.,M.Phil, PGDBA, MBA Ph.D is aged 48 years and is currently Vice President of RND Softech Private Limited which is engaged in medical, business and legal transcription services for clients based in US and Europe.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Shri R Rajesh being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for 3 years from 1st April 2019 to 31st March 2022.

In the opinion of the Board, Shri R Rajesh fulfils the conditions specified in the Companies Act, 2013 and Rules made there under for his appointment as an Independent Director of the Company and is independent of the Management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri R Rajesh as an Independent Director. Accordingly, the Board recommends the resolution for relation to reappointment of Shri R Rajesh as an Independent Director for the approval by the shareholders of the Company.

Except Shri R Rajesh, being an reappointee, none of the Directors and Key Managerial Personnel of the Company is concerned or interested, financially or otherwise, in the resolution set out at Item No.7

Item No. 8 :

The Companies Act, 2013, under Section 188, inter alia, provides that no contract or arrangement or transactions for sale, purchase or supply of any goods or materials exceeding ten per cent or more of the turnover of the Company or Rs.100 crores whichever is lower, availing/rendering of any services exceeding ten per cent or more of the turnover of the Company or Rs. 50 crores whichever is lower shall be entered into by the Company except with the prior approval of the shareholders by an ordinary resolutions.



It is proposed to continue the pre-existing arrangement by entering into a fresh contracts/transactions for a period of 3 years from the date of Annual General Meeting (AGM) to purchase/sell/supply raw materials, spares, capital goods in the ordinary course of business and availing and/or rendering services like conversion of cotton/fibre into yarn, yarn into fabric with Sri Kannapiran Mills Limited a related party within the definition under the Companies Act, 2013.

The aggregate value of the contracts/transactions for purchase or supply of goods or rendering or availing of services is likely to exceed the limits under Section 188 read with Rules made there under. Even though the related party transactions are on arm's length basis, it is proposed to obtain permission of the members to enter into such transactions with related parties under Section 188 of the Companies Act, 2013 by way of an ordinary resolution.

Sri Kannapiran Mills Limited is engaged in spinning of ring spun and open end yarn at its 4 spinning units located in and around Coimbatore. Company has been converting its cotton in to yarn using the manufacturing facilities of Sri Kannapiran Mills Limited as they are specialized in spinning of yarn suited for Denim fabrics. It has been doing the same conversion of cotton into yarn since 2005 i.e., for the last 13 years.

The Company and Sri Kannapiran Mills Limited entered into a 3 year contract from 26.09.2015 to 26.09.2018 which needs to be renewed for a further period of 3 years.

1. Name of the related party:
Sri Kannapiran Mills Limited
2. Name of the Director or Key managerial Person who is related
Shri KG Baal Krishnan and Shri A Velusamy.
3. Nature of relationship :
Related party as per Section 2(76)(v) – Director's / their relatives shareholding in Sri Kannapiran Mills Limited exceeds 2% of paid up capital.
4. Monetary value :
Estimated aggregate contract value for the matters proposed in the Resolution will not exceed ₹ 70 Crores (Purchase/Sales ₹ 20 Crores and availing/rendering of service ₹ 50 Crores) in any financial year.
5. Nature, material terms and particulars of arrangement:
 - a) Conversion of cotton / fibre into yarn covered under Section 188(1)(d) of Companies Act, 2013 and purchase/sale of cotton
 - b) The Conversion charges are being arrived based on unrelated price method
 - c) Purchase/Sale of Cotton/Fibre, waste and yarn at market prices.
 - d) Period of contract : 3 years from the date of 25.09.2018 AGM. By passing of this resolution the existing agreement terminates on the date of 25.09.2018 AGM.

The Memorandum of terms and conditions of the transactions to be entered into with Sri Kannapiran Mills Limited is available for inspection at the Registered Office of the Company during normal business hours on all working days.

The related parties have expressed their interest in the resolution. None of the other Directors or their relatives are in any way concerned or interested in the resolution.

Item No.9 & 10 :

The Companies Act, 2013 had made a virtual overhaul of the provisions hitherto existing under the Companies Act, 1956.



The amended provisions of Companies Act, 2013 necessitated all companies to realign/redraft their Memorandum and Articles of Association to be in line with the Companies Act, 2013. Besides certain activities which the Company may undertake in future have also been incorporated.

In terms of Section 13 and 14 of the Companies Act, 2013 a Special Resolution needs to be passed at the Annual General Meeting of the Company for Alteration of Memorandum and Articles of Association of the Company.

A copy of the draft Articles of Association of the Company is available on the website of the Company and can be viewed by the members through the web-link www.kgfabriks.com. Both the existing and new set of Articles of Association of the Company are available for inspection at the Registered Office of the Company during the business hours on any working day up to the date of the Annual General Meeting. Upon request received from members a physical copy of the proposed new set of Memorandum and Articles would be sent to their registered address.

Coimbatore
02.07.2018

By Order of the Board
KG Baalakrishnan
(DIN:00002174)
Chairman

ROUTE MAP TO THE VENUE OF THE AGM

