

# **K G DENIM LIMITED**



**Seventeenth Annual Report  
2008 - 2009**



## K G DENIM LIMITED

### BOARD OF DIRECTORS

**Executive Chairman** Shri KG Baalakrishnan

**Managing Directors** Shri B Sriramulu  
Shri B Srihari

**Directors** Shri G V S Desikan  
Shri G P Muniappan  
Shri K N V Ramani  
Shri V Jagadisan  
Smt T Anandhi  
Shri M J Vijayaraaghavan  
Shri Surinder Chhibber  
Shri A Velusamy  
Shri S Muthuswamy  
Director & Company Secretary

#### Registered Office

Then Thirumalai  
Coimbatore - 641 302  
Phone : (04254) 304401 / 304000  
Website : www.kgdenim.com  
E-mail : cskgdl@kgdenim.in

#### Registrar and Share Transfer Agent

Cameo Corporate Services Ltd  
"Subramanian Building"  
No.1 Club House Road  
Chennai - 600 002  
Phone : (044) 28460390 (6 lines)

**Auditors** M/s Gopalaiyer and Subramanian  
Chartered Accountants  
Coimbatore

**Bankers** Indian Bank  
Bank of India  
State Bank of India  
Allahabad Bank  
Indian Overseas Bank  
State Bank of Indore  
State Bank of Hyderabad

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**Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Company**

| 1 | Name of Subsidiary Company   | Trigger Apparels Ltd.                | KG Denim (USA) Inc.                              |
|---|--|--------------------------------------|--|
| 2 | The Financial Year of the Subsidiary Companies ended on  | 31.03.2009                           | 31.03.2009                                       |
| 3 | Date from which they became Subsidiary Companies   | 07.09.2005                           | 06.07.2005                                       |
| 4 | a Number of shares held by K G Denim Ltd. in the Subsidiary as at the end of the financial year of the Subsidiary  | 2000000 Equity Shares @ Rs.10/- each | 700 Nos shares of Common Stock with no par value |
|   | b Extent of Interest of holding Company at the end of the financial year of the Subsidiary Companies   | 100%                                 | 100%   |
| 5 | Net Aggregate amount, so far as it concerns members of K G Denim Ltd and is not dealt with in the Company's accounts, of the Subsidiary's Profit\Losses                        |                                      |  |
|   | a Loss for the Subsidiary's Financial Year ended 31st March, 2009  | Rs.133.50 Lakhs                      | Nil  |
|   | b Loss for the previous years of the Subsidiary since it became the Subsidiary of K G Denim Ltd  | Rs.127.56 Lakhs                      | Nil  |
| 6 | Net aggregate amount of the profits \losses of the Subsidiary, so far as those profits\losses are dealt with, or provision is made for those losses in K G Denim Ltd's account |                                      |  |
|   | a For the Subsidiary's financial year ended on 31st March, 2009  | Nil                                  | Nil  |
|   | b For its previous financial years since it became the Subsidiary of K G Denim Ltd   | Nil                                  | Nil  |

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF K G DENIM LIMITED ON THE  
CONSOLIDATED FINANCIAL STATEMENTS OF K G DENIM LIMITED AND ITS SUBSIDIARIES**

- 1 We have audited the attached Consolidated Balance Sheet of **K G DENIM LIMITED** and its subsidiaries as on 31st March 2009 and also the Consolidated Profit & Loss Account for the year ended on that date annexed thereto and the consolidated cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard - 21 'Consolidated Financial Statement' issued by the Institute of Chartered Accountants of India, on the basis of the individual financial statements of K G Denim Limited and its subsidiary companies included in the aforesaid consolidation.
- 4 Out of the two subsidiary companies, we have conducted the audit of Trigger Apparels Limited. As regards KG Denim (USA) Inc. the another subsidiary, which was incorporated in Delaware USA was not audited. We have been provided with unaudited financial affairs of the KG Denim (USA) Inc. In so far as it relates to the amounts included in respect of the said unaudited subsidiary is based solely on the financial affairs produced by the directors.
- 5 On the basis of the information and explanations given to us and on the consolidation of the separate Audit Reports on individual audited financial statements of K G Denim Limited and one of its subsidiary Trigger Apparels Limited and the unaudited financial statements of affairs of KG Denim (USA) Inc., we report that the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;
  - (a) In the case of Consolidated Balance Sheet, of the state of affairs of K G Denim Limited and its subsidiaries as at 31<sup>st</sup> March 2009;
  - (b) In the case of Consolidated Profit & Loss Account, of the consolidated results of operations of K G Denim Limited and its subsidiaries for the year ended on that date; and
  - (c) In the case of the consolidated cash flow statement, of the consolidated cash flows of K G Denim Limited and its subsidiaries for the year ended on that date.

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

**CA. R MAHADEVAN**  
Partner

Coimbatore  
25.06.2009

Membership No.27497

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2009**

| PARTICULARS  | SCHEDULE | AS AT<br>31.03.2009 | AS AT<br>31.03.2008 |
|--|----------|---------------------|---------------------|
| (Rs.000's)   |          |                     |                     |
| <b>SOURCES OF FUNDS</b>                            |          |                     |                     |
| <b>SHAREHOLDERS' FUNDS</b>                         |          |                     |                     |
| Share Capital                                      | 1        | 25 66 51            | 25 66 51            |
| Reserves & Surplus                                 | 2        | 14 24 04            | 27 73 35            |
|  |          | <u>39 90 55</u>     | <u>53 39 86</u>     |
| <b>LOAN FUNDS</b>                                  |          |                     |                     |
| Secured Loans                                      | 3        | 1 27 62 79          | 1 27 98 85          |
| Unsecured Loans                                    | 4        | 4 65 81             | 6 51 17             |
|  |          | <u>1 32 28 60</u>   | <u>1 34 50 02</u>   |
| <b>Deferred Tax Liability (Net)</b>                |          | <u>7 43 69</u>      | <u>13 08 06</u>     |
| <b>Total</b>                                       |          | <u>1 79 62 84</u>   | <u>2 00 97 94</u>   |
| <b>APPLICATION OF FUNDS</b>                        |          |                     |                     |
| <b>FIXED ASSETS</b>                                |          |                     |                     |
|  | 5        |                     |                     |
| Gross Block  |          | 2 19 15 89          | 2 14 58 25          |
| Less : Depreciation                                |          | 94 18 90            | 81 37 70            |
| Net Block  |          | <u>1 24 96 99</u>   | <u>1 33 20 55</u>   |
| Capital Work in Progress                           |          | -                   | -                   |
| <b>INVESTMENTS</b>                                 | 6        | 3 31 37             | 3 31 37             |
| <b>NET CURRENT ASSETS</b>                          |          |                     |                     |
| Current Assets, Loans & Advances                   |          |                     |                     |
| Inventories  | 7        | 73 33 88            | 67 31 98            |
| Trade Debtors                                      | 8        | 22 02 98            | 30 21 48            |
| Cash and Bank Balances                             | 9        | 7 87 99             | 6 92 12             |
| Loans & Advances                                   | 10       | 24 01 95            | 15 56 15            |
| Income Receivable                                  |          | 2 82 31             | 3 12 94             |
|  |          | <u>1 30 09 11</u>   | <u>1 23 14 67</u>   |
| Less : <b>Current Liabilities &amp; Provisions</b> |          |                     |                     |
| Current Liabilities                                | 11       | 77 06 56            | 57 08 04            |
| Provisions   | 12       | 1 68 64             | 1 61 01             |
|  |          | <u>51 33 91</u>     | <u>64 45 62</u>     |
| <b>MISCELLANEOUS EXPENDITURE</b>                   | 13       | 57                  | 40                  |
| <b>(To the extent not written off or adjusted)</b> |          |                     |                     |
| <b>Total</b>                                       |          | <u>1 79 62 84</u>   | <u>2 00 97 94</u>   |
| <b>Notes on Accounts</b>                           | 21       |                     |                     |

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

Coimbatore  
25th June, 2009

**CA. R MAHADEVAN**  
Partner  
Membership No.27497

**KG BAALAKRISHNAN**  
Executive Chairman

**S MUTHUSWAMY**  
Director & Company Secretary

**B SRIRAMULU**  
Managing Director

**B SRIHARI**  
Managing Director



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2009**

| PARTICULARS   | 31.03.2009     | 31.03.2008     |
|---|----------------|----------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>                       |                | (Rs.000's)     |
| Net profit / loss before tax and extraordinary items                  | -187582        | -117876        |
| Adjustments for:  |                |                |
| Depreciation  | 131104         | 128092         |
| Profit/Loss on sale of assets   | 2232           | 1144           |
| Interest Charges  | <u>206820</u>  | <u>184561</u>  |
| <b>Operating Profit before working capital changes</b>                | <b>152574</b>  | <b>195921</b>  |
| Adjustments for:  |                |                |
| Trade and other receivables   | 76016          | -97843         |
| Inventories   | -60190         | 102501         |
| Loans & Advances  | -84619         | -52315         |
| Income Receivables  | 3063           | -7552          |
| Current Liabilities   | <u>206460</u>  | <u>64060</u>   |
| <b>Cash generated from operations</b>                                 | <b>293304</b>  | <b>204772</b>  |
| <b>Cash flow before extraordinary items</b>                           | <b>293304</b>  | <b>204772</b>  |
| Extraordinary items   | -3785          | -7798          |
| <b>Net cash from operating activities</b>                             | <b>289519</b>  | <b>196974</b>  |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>                        |                |                |
| Withdrawn / Sale of fixed assets                                      | 2137           | 617            |
| Acquisitions of fixed assets  | -53117         | -68366         |
| Investments   | -19507         | 4              |
| <b>Net cash used in investing activities</b>                          | <b>-70487</b>  | <b>-67745</b>  |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>                        |                |                |
| Proceeds from issue of Equity Share Capital                           | 19507          | 55554          |
| Proceeds of Share Premium on issued of Equity Share Capital           | -              | 44446          |
| Proceeds from long term borrowings                                    | -34730         | 49388          |
| From Short Term Loan  | 18129          | -9450          |
| Bank Borrowings   | -5531          | 20160          |
| Interest paid   | -206820        | -184561        |
| Redemption of Preference Share Capital                                | -              | -100000        |
| <b>Net cash used in financing activities</b>                          | <b>-209445</b> | <b>-124463</b> |
| <b>Net Increase in cash and cash equivalents</b>                      | <b>9587</b>    | <b>4766</b>    |
| Cash and cash equivalents as at 1st April, 2008<br>(Opening Balance)  | <b>69212</b>   | <b>64446</b>   |
| Cash and cash equivalents as at 31st March, 2009<br>(Closing Balance) | <b>78799</b>   | <b>69212</b>   |

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

Coimbatore  
25th June, 2009

**CA. R MAHADEVAN**  
Partner  
Membership No.27497

**KG BAALAKRISHNAN**  
Executive Chairman

**S MUTHUSWAMY**  
Director & Company Secretary

**B SRIRAMULU**  
Managing Director

**B SRIHARI**  
Managing Director

**SCHEDULES ANNEXED TO THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009 AND CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

| PARTICULARS   | AS AT              | AS AT             |
|---|--------------------|-------------------|
|   | 31.03.2009         | 31.03.2008        |
| (Rs.000's)  |                    |                   |
| <b>SCHEDULE 1 : SHARE CAPITAL</b>                                     |                    |                   |
| <b>Authorised Capital</b>   |                    |                   |
| 31000000 Equity Shares of Rs.10 each                                  | 31 00 00           | 31 00 00          |
| 1000000 10% Cumulative Redeemable Preference<br>Shares of Rs.100 each | <u>10 00 00</u>    | <u>10 00 00</u>   |
| <b>Issued Capital</b>   |                    |                   |
| 25691305 Equity Shares of Rs.10 each                                  | <u>25 69 13</u>    | <u>25 69 13</u>   |
| <b>Subscribed and Paid up Capital</b>                                 |                    |                   |
| 25653905 Equity Shares of Rs.10 each                                  | 25 65 39           | 25 65 39          |
| Add: Forfeited Shares   | <u>1 12</u>        | <u>1 12</u>       |
|   | <u>25 66 51</u>    | <u>25 66 51</u>   |
| <b>SCHEDULE 2 : RESERVES &amp; SURPLUS</b>                            |                    |                   |
| Share Premium   | 4 44 44            | 4 44 44           |
| General Reserve   | 15 55 71           | 15 55 71          |
| Less Debit balance in Profit and Loss Account                         | <u>(-) 5 76 11</u> | -                 |
| <b>Surplus in Profit &amp; Loss A/c</b>                               | <u>-</u>           | <u>7 73 20</u>    |
|   | <u>14 24 04</u>    | <u>27 73 35</u>   |
| <b>SCHEDULE 3 : SECURED LOANS</b>                                     |                    |                   |
| Rupee Term Loans  | 81 19 29           | 83 66 59          |
| Working Capital Loans from Banks                                      | <u>46 43 50</u>    | <u>44 32 26</u>   |
|   | <u>1 27 62 79</u>  | <u>1 27 98 85</u> |
| <b>SCHEDULE 4 : UNSECURED LOANS</b>                                   |                    |                   |
| From Banks  | 50 78              | 1 09 20           |
| Inter Corporate Deposits  | 4 00 00            | 5 00 00           |
| From Others   | 15 03              | 41 97             |
|   | <u>4 65 81</u>     | <u>6 51 17</u>    |



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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## SCHEDULE 5 : FIXED ASSETS

(Rs. 000's)

| Description of Assets | GROSS BLOCK          |                           |                                |                            | DEPRECIATION BLOCK |                           |                           |                 | NET BLOCK       |                 |
|-----------------------|----------------------|---------------------------|--------------------------------|----------------------------|--------------------|---------------------------|---------------------------|-----------------|-----------------|-----------------|
|                       | Cost as at 31.3.2008 | Additions during the year | Sales/Transfer during the year | Total cost as at 31.3.2009 | Up to 31.3.2008    | Depreciation for the year | Withdrawn during the year | Up to 31.3.2009 | As at 31.3.2009 | As at 31.3.2008 |
| Land                  | 38847                | 222                       | -                              | 39069                      | -                  | -                         | -                         | -               | 39069           | 38847           |
| Buildings             | 260477               | 4217                      | -                              | 264694                     | 50310              | 7683                      | -                         | 57993           | 206701          | 210167          |
| Machinery             | 1672611              | 43227                     | 7097                           | 1708741                    | 683774             | 114164                    | 2765                      | 795173          | 913568          | 988837          |
| Electric Machinery    | 90715                | 2535                      | -                              | 93250                      | 40668              | 4349                      | -                         | 45017           | 48233           | 50047           |
| Office Equipments     | 42491                | 1144                      | 15                             | 43620                      | 25932              | 1866                      | 1                         | 27797           | 15823           | 16559           |
| Furniture & Fittings  | 15139                | 1772                      | -                              | 16911                      | 4003               | 1000                      | -                         | 5003            | 11908           | 11136           |
| Motor Vehicles        | 25545                | -                         | 241                            | 25304                      | 9083               | 2042                      | 218                       | 10907           | 14397           | 16462           |
| <b>T o t a l</b>      | <b>2145825</b>       | <b>53117</b>              | <b>7353</b>                    | <b>2191589</b>             | <b>813770</b>      | <b>131104</b>             | <b>2984</b>               | <b>941890</b>   | <b>1249699</b>  | <b>1332055</b>  |
| Previous Year         | 2041876              | 106419                    | 2470                           | 2145825                    | 686387             | 128092                    | 709                       | 813770          | 1332055         | 1355489         |

## SCHEDULE 6 : INVESTMENTS (At Cost)

AS AT 31.03.2009      AS AT 31.03.2008  
(Rs. 000's)

|  |                |                |
|--|----------------|----------------|
| Non Trade Investments - Quoted                                       |                |                |
| Allahabad Bank   |                |                |
| 5265 Equity Shares of Rs. 10/- each<br>(Market Value Rs. 2,04,545/-) | 4 32           | 4 32           |
| Trade Investments - Un Quoted  |                |                |
| KG Fabriks Ltd   |                |                |
| 32,70,000 Equity Shares of Rs. 10/- each                             | 3 27 00        | 3 27 00        |
| National Savings Certificate   | <u>5</u>       | <u>5</u>       |
|  | <u>3 31 37</u> | <u>3 31 37</u> |

## SCHEDULE 7 : INVENTORIES

|  |                 |                 |
|--|-----------------|-----------------|
| Raw Materials                                      | 11 75 34        | 11 15 56        |
| Process Stock                                      | 11 30 58        | 11 94 67        |
| Finished Goods                                     | 44 50 14        | 37 14 87        |
| Stock of Waste                                     | 4 73            | 8 10            |
| Stock of Stores                                    | <u>5 73 09</u>  | <u>6 98 78</u>  |
| (As taken, valued and certified by the Management) | <u>73 33 88</u> | <u>67 31 98</u> |

## SCHEDULE 8 : TRADE DEBTORS

|                                      |                 |                 |
|--------------------------------------|-----------------|-----------------|
| Unsecured - Considered Good          |                 |                 |
| Outstanding for More than Six Months | 7 33 09         | 10 79 36        |
| Others                               | <u>14 69 89</u> | <u>19 42 12</u> |
|                                      | <u>22 02 98</u> | <u>30 21 48</u> |

| PARTICULARS  | AS AT<br>31.03.2009 | AS AT<br>31.03.2008 |
|--|---------------------|---------------------|
| (Rs.000's)   |                     |                     |
| <b>SCHEDULE 9 : CASH AND BANK BALANCES</b>   |                     |                     |
| Cash and Cheques in Hand   | 20 72               | 16 61               |
| Bank Balances (with Scheduled Banks)   |                     |                     |
| In Current Accounts  | 2 72 55             | 2 37 38             |
| In Deposit Accounts  | <u>4 94 72</u>      | <u>4 38 13</u>      |
|  | <u>7 87 99</u>      | <u>6 92 12</u>      |
| <b>SCHEDULE 10 : LOANS AND ADVANCES</b>  |                     |                     |
| Unsecured Considered Good:   |                     |                     |
| Advances Recoverable in cash or in kind or for value to be received  |                     |                     |
| For Capital Goods  | 34 34               | 38 97               |
| For Materials Purchases  | 13 38 81            | 1 02 15             |
| For Duties & Taxes   | 2 88 57             | 2 72 45             |
| For Subsidy Receivable from Govt Agencies  | 3 12 54             | 3 06 01             |
| For Expenses/Others  | 2 22 07             | 7 08 38             |
| Deposits   | 55 86               | 42 54               |
| Prepaid Expenses   | <u>1 49 76</u>      | <u>85 65</u>        |
|  | <u>24 01 95</u>     | <u>15 56 15</u>     |
| <b>SCHEDULE 11 : CURRENT LIABILITIES</b>   |                     |                     |
| Creditors for Capital Goods  | 2 49 42             | 1 65 48             |
| Creditors for Purchases (Other than SSI)   | 58 25 82            | 39 31 48            |
| Creditors for Purchases (For SSI Units)  | 49 68               | 11 86               |
| Liability for Expenses   | 12 60 18            | 12 50 10            |
| Liability for Other Finances   | 1 48 75             | 1 26 62             |
| Customers Credit Balances  | 1 05 61             | 1 54 99             |
| Investor Education and Protection Fund shall be credited by the following amount namely @  |                     |                     |
| Unpaid (Unclaimed) Matured Debentures  | 41 12               | 41 42               |
| Unpaid (Unclaimed) Interest on Debentures  | 25 98               | 26 09               |
| @ No amount is due as on 31st March 2009 for credit to Investor Education and Protection Fund. The actual amount to be transferred to the fund in this respect will be determined on the respective due dates. |                     |                     |
|  | <u>77 06 56</u>     | <u>57 08 04</u>     |
| <b>SCHEDULE 12 : PROVISIONS</b>  |                     |                     |
| For Income Tax   | 39 42               | 39 42               |
| For Wealth Tax   | 74                  | 60                  |
| For Fringe Benefit Tax   | 16 58               | 27 35               |
| For Gratuity   | <u>1 11 90</u>      | <u>93 64</u>        |
|  | <u>1 68 64</u>      | <u>1 61 01</u>      |
| <b>SCHEDULE 13 : MISCELLANEOUS EXPENDITURE</b>   |                     |                     |
| To the extent not written off or adjusted  | 57                  | 40                  |

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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| PARTICULARS                                       | 31.03.2009        | 31.03.2008        |
|---|-------------------|-------------------|
|   | (Rs.000's)        |                   |
| <b>SCHEDULE 14 : SALES</b>                        |                   |                   |
| Fabrics   | 2 05 93 13        | 1 93 14 13        |
| Garments  | 33 61 94          | 37 73 09          |
| Yarn  | 1 09 42           | 73 72             |
| Waste\Others                                      | 1 93 11           | 2 25 11           |
|   | <u>2 42 57 60</u> | <u>2 33 86 05</u> |
| <b>SCHEDULE 15 : OTHER INCOME</b>                 |                   |                   |
| Interest Receipts (TDS - Rs.9,62,490)             | 43 88             | 35 00             |
| Interest Subsidy Receipts                         | 3 83 90           | 3 84 51           |
| Insurance Claims Received                         | 13 58             | 4 80              |
| Exchange Gain on Export Sales                     | 11 59             | 14 17             |
| Profit on Sale of Assets                          | 66                | 4                 |
| Dividend Receipts                                 | 18                | 16                |
| Lease Rent Receipts                               | -                 | 36 00             |
| Miscellaneous Receipts                            | 77 39             | 25 11             |
|   | <u>5 31 18</u>    | <u>4 99 79</u>    |
| <b>SCHEDULE 16 : INCREASE IN STOCK</b>            |                   |                   |
| Closing Stock of Finished Goods                   | 44 50 14          | 37 14 87          |
| Opening Stock of Finished Goods                   | 37 14 87          | 40 81 25          |
|   | <u>7 35 27</u>    | <u>-3 66 38</u>   |
| <b>SCHEDULE 17 : MATERIAL COST</b>                |                   |                   |
| <b>Raw Materials Consumed</b>                     |                   |                   |
| Opening Stock of Raw Materials                    | 11 15 56          | 16 37 31          |
| Process Stock                                     | 8 39 12           | 9 84 31           |
| Waste   | 8 10              | 2 44              |
|   | <u>19 62 78</u>   | <u>26 24 06</u>   |
| Add: Purchases                                    | 1 06 91 56        | 85 69 03          |
|   | <u>1 26 54 34</u> | <u>1 11 93 09</u> |
| Less: Closing Stock of Raw Materials              | 11 75 34          | 11 15 56          |
| Process Stock                                     | 7 61 62           | 8 39 12           |
| Waste   | 4 73              | 8 10              |
|   | <u>1 07 12 65</u> | <u>92 30 31</u>   |
| <b>Fabrics / Garments Purchases / Consumption</b> |                   |                   |
| Opening Process Stock                             | 3 55 55           | 4 04 85           |
| Add : Purchases                                   | 22 35 22          | 14 06 69          |
|   | <u>25 90 77</u>   | <u>18 11 54</u>   |
| Less : Closing Process Stock                      | 3 68 96           | 3 55 55           |
|   | <u>22 21 81</u>   | <u>14 55 99</u>   |
| <b>Chemicals Consumed</b>                         | 24 42 00          | 21 45 50          |
| <b>Stores Consumed</b>                            | 7 34 52           | 8 87 55           |
| <b>Total Material Cost</b>                        | <u>1 61 10 98</u> | <u>1 37 19 35</u> |



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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## SCHEDULE 21 :

### NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009 SIGNIFICANT ACCOUNTING POLICIES

#### 1. Method of Accounting:

The financial Statements have been prepared on the historical cost convention and in accordance with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 and normally accepted accounting principles. The accounting is on the basis of a going concern concept.

#### 2. Principles of Consolidation:

The Consolidated Financial Statements relate to K G Denim Limited and its subsidiaries, have been prepared on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as stated in Accounting Standard 21

The Subsidiary companies considered in the Consolidated Financial Statements are:

| Name of the Company      | Country of Incorporation | Proportion of Voting Power as on 31.03.2009 |
|--------------------------|--------------------------|---|
| Trigger Apparels Limited | India                    | 100%  |
| KG Denim (USA) Inc.      | Delaware USA             | 100%  |

#### 3. Other Significant Accounting Policies:

These are set out under "Significant Accounting Policies" of the financial statements of K G Denim Limited and Trigger Apparels Limited. No material activity has been carried out in KG Denim (USA) Inc.

### NOTES FORMING PART OF ACCOUNTS:

1 a) Particulars of Stocks, Production and Sales: (Rs.000's)

| Particulars         | Opening Stock |           | Production | Closing Stock |           | Purchases |           | Sales    |           |
|---------------------|---------------|-----------|------------|---------------|-----------|-----------|-----------|----------|-----------|
|                     | Qty.          | Value Rs. | Qty.       | Qty.          | Value Rs. | Qty.      | Value Rs. | Qty.     | Value Rs. |
| 2008-2009           |               |           |            |               |           |           |           |          |           |
| 1 Cloth (in Mtrs)   | 3474529       | 310238    | 21508275   | 3546254       | 358347    | -         | 265362    | 21183393 | 2059313   |
| 2 Garments (in Nos) | 205633        | 61249     | 694560     | 250545        | 86667     | 85482     | 22165     | 741238   | 336194    |
| 2007-2008           |               |           |            |               |           |           |           |          |           |
| 1 Cloth (in Mtrs)   | 3920033       | 346315    | 21289025   | 3474529       | 310238    | -         | 192533    | 21369419 | 1931413   |
| 2 Garments (in Nos) | 215870        | 61810     | 929543     | 205633        | 61249     | 133418    | 21368     | 1073198  | 377309    |

- Sales includes samples and losses.

- Fabric purchases subject to further processing and included in production.

- Finished goods have been re-grouped in consolidation. Quantitative data for garments exclude that for garments in process.

#### b) Raw Material Consumption

|             | 31.03.2009 |            | 31.03.2008 |            |
|-------------|------------|------------|------------|------------|
|             | Qty.       | (Rs.000's) | Qty.       | (Rs.000's) |
| Cotton Kgs  | 38 84 045  | 30 25 07   | 59 91 576  | 33 55 28   |
| Yarn Kgs    | 65 37 512  | 70 25 09   | 53 99 588  | 50 22 27   |
| Fabric Mtrs | 37 36 589  | 26 68 25   | 30 72 854  | 20 95 06   |

#### 2. Auditors' Remuneration

|                |      |      |
|----------------|------|------|
| Audit fee      | 1 54 | 1 58 |
| Tax Audit      | 86   | 62   |
| Other Services | 1 25 | 89   |

3. For all other common notes forming part of Consolidated Financial Statements, please refer the notes of Holding Company K G Denim Limited and its Subsidiary, Trigger Apparels Limited.



## K G DENIM LIMITED

Registered Office : Then Thirumalai  
Coimbatore - 641 302.

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the SEVENTEENTH ANNUAL GENERAL MEETING of the Members of K G DENIM LIMITED will be held on Tuesday, the 29<sup>th</sup> day of September 2009 at 10.30 a.m. at the Registered Office Premises, Then Thirumalai, Jadayampalayam, Coimbatore 641 302 to transact the following business:

#### ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2009, the Profit and Loss Account for the year ended 31<sup>st</sup> March 2009 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri G V S Desikan, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri K N V Ramani, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri V Jagadisan, who retires by rotation and being eligible, offers himself for reappointment.
5. To consider and, if thought fit, to pass, with or without modification, the following Resolution relating to the appointment of the Auditors of the Company.  
"RESOLVED that M/s Gopalaier and Subramanian, Chartered Accountants, the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company, from the conclusion of this meeting until the conclusion of the next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors of the Company."

Coimbatore  
25.06.2009

By Order of the Board  
**KG Baal Krishnan**  
Executive Chairman

#### NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. Proxies in order to be effective must be deposited at the Registered Office of Then Thirumalai, Coimbatore 641 302 not less than 48 hours before holding the meeting.
3. Members holding shares in physical form are requested to intimate the Change of Address and their Bank Account details such as Bank name, Branch with address and Account number for incorporating the same in the Register maintained by M/s Cameo Corporate Services Ltd, "Subramanian Building", No.1 Club House Road, Chennai 600 002 quoting their respective folio number and members holding shares in demat form shall intimate the above details to their Depository Participant with whom they have Demat Account.
4. The Register of Members of the Company and the Share Transfer Books will remain closed from 17.09.2009 to 29.09.2009 (both days inclusive).
5. Re-appointment of Directors:

At the ensuing Annual General Meeting Shri G V S Desikan, Shri K N V Ramani and Shri V Jagadisan retire by rotation and being eligible offer themselves for re-appointment. The information or details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the Statement on Corporate Governance annexed in this Annual Report.

Coimbatore  
25.06.2009

By Order of the Board  
**KG Baal Krishnan**  
Executive Chairman

# K G DENIM LIMITED

Registered Office : Then Thirumalai  
Coimbatore - 641 302.

Please complete the Admission Slip and hand it over at the entrance of the Meeting Hall.  
Please also bring your copy of the enclosed Annual Report.

## ADMISSION SLIP

I hereby record my presence at the 17th Annual General Meeting of the Company on 29th September, 2009

Reg. Folio No. :

No. of Shares :

Name of the Shareholder :

(In Block Capitals)

Signature of the Shareholder / Proxy :

# K G DENIM LIMITED

Registered Office : Then Thirumalai  
Coimbatore - 641 302.

Reg. Folio No. :

PROXY FORM

No. of Shares :

I \_\_\_\_\_ being a Member of  
K G DENIM LIMITED hereby appoint \_\_\_\_\_ Son / Husband of  
\_\_\_\_\_ or \_\_\_\_\_ Son / Husband of  
\_\_\_\_\_ as my proxy to attend and vote for me and on my behalf at the  
17th Annual General Meeting of the Company to be held on Tuesday, the 29th September, 2009  
at 10.30 a.m. at K G DENIM LIMITED, Then Thirumalai, Coimbatore - 641 302 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2009

Signature

Affix  
1/- Re.  
Revenue  
Stamp

Note : The Proxy in order to be effective must be deposited at the Registered Office of the Company  
not less than 48 hours before the time for holding the Meeting.