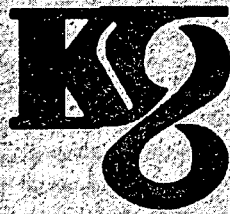


# **K G DENIM LIMITED**



**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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# K G DENIM LIMITED

## DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the Seventeenth Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2009.

## FINANCIAL RESULTS

(Rs. in lakhs)

PARTICULARS	For the year ended 31 <sup>st</sup> March 2009	For the year ended 31 <sup>st</sup> March 2008
Gross Profit	1872	1980
Less: Interest	1978	1763
Loss due to exchange variation	277	-73
Profit prior to Depreciation and write off	-383	291
Less: Depreciation	1306	1278
Add : Prior Year Income / (Expenditure) (Net)	20	56
Net Profit / (Loss)	-1709	-1043
Current, Deferred, FBT Tax & earlier year tax	-493	-358
Net Profit / (Loss) for the year	-1216	-685
Balance Brought forward	901	1586
Balance carried forward	-315	901

## REVIEW OF OPERATIONS

During the year ended 31.3.2009, the Company achieved an overall production of 215 lakh meters of fabrics against the previous year's production of 213 lakh meters. The sales for the year ended 31.03.2009 was Rs.22054 lakhs as against sales of Rs.20867 lakhs during the previous year, representing an increase of 6%.

Exchange fluctuations mainly affected the profitability for the year along with increase in cost of inputs namely cotton, yarn, chemicals, power & fuel especially for the fabric segment. Apparel exports were maintained at near previous year levels with improved profitability.

## PROSPECTS FOR THE NEXT YEAR

During 2009-10, the demand for denim has picked up in both the domestic as well as exports. The price realization are expected to improve with benefits from better exchange rates for exports. The company is focusing on achieving higher growth rate in processed fabrics including home textiles. Apparel exports are expected to increase marginally.

## FINANCE

Your Directors acknowledge with gratitude, the valuable assistance and support extended by our Bankers for term loans and working capital ie., Indian Bank, State Bank of India, Bank of India, Allahabad Bank, Indian Overseas Bank, State Bank of Indore and State Bank of Hyderabad.

## **PERSONNEL**

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

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed.
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for that period.
- c) The Directors had 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 irregularities.
- d) The annual accounts have been prepared on a going concern basis.

## **CONSOLIDATED ACCOUNTS**

In accordance with the requirements of Accounting Standard (AS-21) prescribed by The Institute of Chartered Accountants of India, the Consolidated Accounts of the Company and its subsidiaries are annexed to this Report.

## **SUBSIDIARIES**

The Annual Report of the Subsidiaries of the Company Viz., Trigger Apparels Limited and KG Denim (USA) Inc., is annexed to this report. The Company has invested Rs.195 lakhs in its subsidiary Trigger Apparels Limited during the year. Trigger Apparels Limited is expected to consolidate its market position with improved sales and profitability. No activity has taken place at KG Denim (USA) Inc. during the year.

## **CEO/CFO CERTIFICATION**

The Managing Directors and Director & Company Secretary of the Company have submitted a certificate to the Board as required under Clause 49 of the Listing Agreement for the year ended 31<sup>st</sup> March, 2009.

## **CORPORATE GOVERNANCE**

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, forms part of the Annual Report.

## **LISTING**

The Company's shares are listed in the Bombay Stock Exchange Ltd., Mumbai.

## **CAPITAL EXPENDITURE**

The Company incurred a capital expenditure of Rs.518.61 lakhs during the year.

# **K G DENIM LIMITED**

## **DIRECTORS**

Shri G V S Desikan, Shri K N V Ramani and Shri V Jagadisan retire by rotation and being eligible offer themselves for reappointment at the ensuing Annual General Meeting.

Shri S R Rajasekaran passed away on 05.10.2008 and Shri G P Muniappan was appointed as director in the resulting casual vacancy. The Board wishes to record its appreciation for the services rendered by Shri S R Rajasekaran.

## **AUDITORS**

The present Auditors M/s Gopalaier and Subramanian retire at the ensuing Annual General Meeting and are eligible for re-appointment. Cost Audit report for the financial year ending 31<sup>st</sup> March 2009 will be submitted to the Central Government in accordance with Cost Audit Report Rules, 2001.

## **INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956.**

The information required as per Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is enclosed. The particulars of employees covered under Section 217 (2A) of the Companies Act, 1956 during the period under review is enclosed.

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

Coimbatore  
25.06.2009

On behalf of the Board

**KG Baalakrishnan**  
Executive Chairman

## ANNEXURE TO DIRECTORS' REPORT

Conservation of energy, technology absorption and foreign exchange earnings and outgo required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31<sup>st</sup> March, 2009.

### CONSERVATION OF ENERGY :

- a) Energy conservation measures taken : The Company has set up a steam-driven co-generation power unit with use of biomass fuel.
- b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy: Energy audit has been done and various proposals are under implementation.
- c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods : During the year the fuel input costs had gone up. Hence there is a significant increase in costs.
- d) Total energy consumption and energy consumption per unit of production:

### FORM - A

#### A. POWER AND FUEL CONSUMPTION

	31.03.2009	31.03.2008
<b>I Electricity</b>		
(a) Purchased		
Units in lakhs	48.06	57.60
Value in lakhs (Rs.) **	219.78	264.00
Cost/Unit (Rs.)	4.57	4.58
**Excludes fixed demand charges		
(b) Own Generation		
(i) Through Diesel Generator		
Units in lakhs	8.14	6.20
Units / Ltr.	3.10	2.70
Cost/Unit (Rs.)	9.64	9.61
(ii) Through steam turbine/generator		
Units in lakhs	197.76	194.38
Units/Ton of fuel mix	415.00	424.00
Cost/Unit (Rs.)	4.58	3.62
<b>II Coal</b>		
Quantity (Tonnes)	18948	19253
Total Cost (Rs. in lakhs)	841.68	644.99
Average Rate (Rs)	4442.00	3350.00
<b>III Saw Dust etc.,</b>		
Quantity (Tonnes)	24305	24672
Total Cost (Rs. in lakhs)	275.62	268.19
Average Rate (Rs)	1134.00	1087.00

#### B. CONSUMPTION/UNIT OF PRODUCTION

Electricity Unit/ Mtr. of Fabric	1.40	1.32
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# K G DENIM LIMITED

## FORM - B

### C. TECHNOLOGY ABSORPTION

#### I. Research and Development (R & D) :

1. Specific areas where R&D is carried out by the Company.  
The R&D efforts of the Company are directed towards quality control improvement of existing methods and product developments/diversifications.
2. Benefits derived as a result of the above R&D :  
Cost reduction and improved quality and new product development enhanced performance in Export and Domestic Market.
3. Future plan and action :  
The R&D efforts will continue to meet the present and future needs of the end-users.
4. Expenditure on R & D :

Rs.Lakhs

- a) Capital
- b) Recurring 9.94
- c) Total 9.94
- d) R & D Expenditure as % of Total Turnover 0.04

- #### II. Technology absorption, adaptation and innovation :
- Continuous efforts are made towards technology innovation.

### D. FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Efforts : The Company will continue to push up its volume of exports and maintain its price realization.
- b) Total Foreign exchange used and earned :  
Foreign Exchange : Used Rs.3786 Lakhs  
Eamed Rs.7567 Lakhs

On behalf of the Board

Coimbatore  
25.06.2009

**KG Baalakrishnan**  
Executive Chairman

## ANNEXURE TO DIRECTORS' REPORT

Statement of pursuant to Section 217 (2A) of the Companies Act, 1956 & Companies (Particulars of Employees) Rules, 1975.  
Details of Remuneration paid during the year ended 31.03.2009.

Sl. No.	Name & Designation	Age	Remuneration (Rs. in lakhs)	Qualification & Experience	Date of Commencement of Employment
1.	Shri B Sriramulu Managing Director	42	18.70	BE (Textile Technology) MS(Textile Technology) 20 Years	03.11.2003
2.	Shri B Srihari Managing Director	40	18.70	BE (Chemical Technology) MS(Cheical Technology) 18 Years	03.11.2003

#### Notes :

1. Nature of employment in all cases are contractual.
2. Shri B Sriramulu and Shri B Srihari are the Directors of the Company and are related to each other and to Shri KG Baalakrishnan, Executive Chairman and Smt T Anandhi, Director.

Coimbatore  
25.06.2009

On behalf of the Board  
**KG Baalakrishnan**  
Executive Chairman

## CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY

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

### 2. BOARD OF DIRECTORS

The current financial year of the company covers a period of 12 months from 1<sup>st</sup> April 2008 to 31<sup>st</sup> March 2009.

The present strength of the Board is 12 Directors, out of which 6 are independent directors.

6 (Six) Board Meetings were held during the year, as against the minimum requirement of 4 meetings. The dates on which the meetings held were as follows: 14<sup>th</sup> May 2008, 23<sup>rd</sup> June 2008, 28<sup>th</sup> July 2008, 31<sup>st</sup> October 2008, 31<sup>st</sup> January 2009 and 31<sup>st</sup> March 2009. The Annual General Meeting was held on 24<sup>th</sup> September 2008. The table below gives the particulars of attendance of each Director at the Board Meetings held during the financial year and during his respective tenure of Directorship and at the last AGM, as also the number of Directorships in other Companies and membership in other Board Committees.

Name of the Director	No. of Board Meetings held during the tenure of Directorship	No. of Board Meetings attended	Attendance of Last AGM	No. of Directorship in other Companies	No. of Membership in Board Committees of other Companies as	
					Chairman	Member
Shri KG Baalakrishnan	6	6	Present	7	-	-
Shri B Sriramulu	6	6	Not Present	12	-	-
Shri B Srihari	6	5	Present	9	-	1
Shri S R Rajasekaran *	3	2	Not Present	-	-	-
Shri G P Muniappan **	3	3	NA	1	-	-
Shri G V S Desikan	6	6	Present	5	-	2
Shri V Jagadisan	6	4	Present	2	1	5
Shri K N V Ramani	6	6	Present	8	3	3
Smt T Anandhi	6	5	Not Present	4	-	-
Shri M J Vijayaraaghavan	6	5	Present	2	3	2
Shri Surinder Chhibber	6	1	Not Present	1	-	-
Shri A Velusamy	6	6	Present	7	1	4
Shri S Muthuswamy	6	6	Present	-	-	-

\* Shri S R Rajasekaran demised on 05.10.2008

\*\* Shri G P Muniappan appointed as a Director on 31.10.2008 for casual vacancy of Shri S R Rajasekaran. Shri B Sriramulu and Shri B Srihari are sons of, and Smt T Anandhi, daughter of Shri KG Baalakrishnan. None of the other directors are related to each other.

### Profile of Directors retiring by rotation and eligible for reappointment

Shri G V S Desikan, a B.Sc.,B.Sc.(Tech) graduate, aged 76 and has rich experience in the management of textile industry. He was formerly Technical Advisor for National Textile Corporation, New Delhi, Chairman and Managing Director of Kerala State Textile Corporation Ltd., Trivandrum and Managing Director of Binny Limited.

Shri K N V Ramani, M.A., B.L., aged 77 is a leading Advocate specialized in Corporate Laws. He has rich experience in Corporate Laws for more than four decades and has been on the Board of several Companies. M/s.Ramani & Shankar, firm of Advocates headed by him consists of panel of Advocates specialized in different fields of law.

Shri V Jagadisan, B.Com., FCA., aged 76 is the Senior Partner of M/s V Jagadisan & Co., Chennai one of the leading CA firms of South India. He was elected as Central Council Member of Institute of Chartered Accountants of India, New Delhi for 3 terms (1976 to 1985) and is a Director on the Board of two other Companies.



**Code of Conduct**

In pursuance of Clause 49 of the listing agreement, the Board has approved the Code of Conduct for Board of Directors and Senior Management and the same has been circulated and posted on the Company's website. The Board of Directors and the Senior Management staff have given their declarations confirming compliance of the provisions of the above code of conduct.

**3. COMMITTEES OF THE BOARD****a. Audit Committee**

The terms of reference of the Audit Committee include the matters specified in Clause 49 of the Listing Agreement with the Stock Exchanges and in Section 292A of the Companies Act, 1956 as follows:-

- ✦ Oversight of the Company's financial reporting process and the disclosure of its financial information.
- ✦ Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- ✦ Reviewing with management the quarterly, half-yearly and annual financial statements before submission to the Board, focussing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgment by management, (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with Stock Exchange and legal requirements concerning financial statements and (viii) related party transactions i.e., transactions of the Company of material nature, with promoters or with the management, their subsidiaries or relatives etc, that may have potential conflict with the interests of company at large.
- ✦ Reviewing with the management, external and internal auditors, the adequacy and compliance of internal control systems.
- ✦ Reviewing the adequacy of internal audit functions.
- ✦ Discussion with internal auditors any significant findings and follow up thereon.
- ✦ Reviewing the findings of internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- ✦ Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- ✦ Reviewing the Company's financial and risk management policies.

During the year, the Committee has met four times, as against the minimum requirement of 3 meetings and the Audit Committee meetings were held on 23.06.2008, 28.07.2008, 30.10.2008 and 31.01.2009.

Composition of the Audit Committee as on 31<sup>st</sup> March, 2009 and the attendance during the year are as under:

Name of the Director	Position	Category	No. of Meetings held	No. of Meetings Attended
Shri V Jagadisan	Chairman	Independent, Non - Executive	4	4
Shri G V S Desikan	Member	Independent, Non - Executive	4	4
Shri K N V Ramani	Member	Independent, Non - Executive	4	4

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

The head of finance function, head of internal audit and the representative of the Statutory Auditors were invited to be present at the Audit Committee meetings.

The Cost Auditors appointed by the Company under Section 233B of the Companies Act, 1956 were also invited to attend the Audit Committee Meetings.

The Director and Company Secretary acts as the Secretary to the Committee.

#### b. Remuneration Committee

The Board of the Company has constituted a Remuneration Committee, comprising of 3 Independent Non-Executive Directors viz., Shri K N V Ramani, Chairman, Shri G V S Desikan and Shri V Jagadisan as members.

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Executive Chairman/Managing Directors/Whole-Time Directors.

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

#### c. Shareholders'/Investors Grievance Committee

The Board of the Company has constituted a Shareholders'/Investors' Grievance Committee, comprising of Shri G P Muniappan, Chairman with Shri G V S Desikan and Shri K N V Ramani as members. The Committee also looks into redressal of shareholders' complaints like transfer of shares, non-receipt of balance sheet, etc.

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

During the year, the Shareholders'/Investors Grievance Committee meetings were held on 23.06.2008, 28.07.2008, 31.10.2008 and 31.01.2009.

Shri R K Sridhar, Asst. General Manager (Accounts) is the Compliance Officer for complying with the requirements of the Securities and Exchange Board of India and requirements of the Listing Agreement with the Stock Exchange.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review, was 38. Outstanding complaints as on 31<sup>st</sup> March 2009 were 'Nil'.

#### 4. GENERAL MEETINGS

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

16 <sup>th</sup> AGM	24 <sup>th</sup> September 2008	2.00 p.m.	Registered Office premises, Then Thirumalai, Jadayampalayam, Coimbatore 641 302
15 <sup>th</sup> AGM	27 <sup>th</sup> August 2007	9.30 a.m.	- do -
14 <sup>th</sup> AGM	28 <sup>th</sup> September 2006	4.00 p.m.	- do -
EGM	28 <sup>th</sup> March 2007	4.00 p.m.	- do -

No postal ballots were required to be used for voting at these meetings.

#### 5. DISCLOSURES

There are no materially significant related party transactions that would have potential conflict with the interest of the Company at large. Details of related party transactions are given elsewhere in the Annual Report. The Register of Contracts containing the transactions in which the Directors are interested is placed before the Board regularly.

No penalty or strictures have been imposed on the Company by any regulatory authority for non-compliance of any laws.

The Company has complied with the Accounting Standards prescribed by the Institute of Chartered Accountants of India and as referred u/s 211 (3C) of the Companies Act, 1956.

#### 6. MEANS OF COMMUNICATION

The Quarterly and Half yearly results are published in local dailies such as "Dinamani" and "The Financial Express" and on the company's website.

The Management Discussion and Analysis Report forms part of this Annual Report.

#### 7. REMUNERATION TO DIRECTORS

For the financial year ended 31<sup>st</sup> March 2009, the remuneration paid to the Directors as indicated below:-

Name of the Director & Designation	Salary Amount (Rs.)	Perquisites and other benefits (Rs.)	Total (Rs.)
Shri B Sriramulu, Managing Director	18,70,000	-	18,70,000
Shri B Srihari, Managing Director	18,70,000	-	18,70,000
Shri A Velusamy, Director	5,34,000	55,536	5,89,536
Shri S Muthuswamy Director & Company Secretary	6,67,500	60,552	7,28,052

# K G DENIM LIMITED

The details of sitting fees paid to Non-Executive Directors for attending the Board or Committee Meetings during the financial year ended 31<sup>st</sup> March 2009 were as follows:-

Name of the Directors	Sitting Fee (Rs.)	No. of Shares held
Shri G V S Desikan	110000	200
Shri V Jagadisan	100000	Nil
Shri K N V Ramani	110000	10000
Shri G P Muniappan	15000	Nil
Shri S R Rajasekaran	10000	800
Shri M J Vijayaraaghavan	25000	Nil

## 8. GENERAL SHAREHOLDER INFORMATION

- |  |  |
|--|--|
| <p>1. 17<sup>th</sup> AGM to be held on : 29.09.2009<br/>at : 10.30 a.m.<br/>venue : Registered Office Premises, Then Thirumalai, Jadayampalayam, Coimbatore 641 302</p> <p>2. Financial Calendar (Tentative)<br/>First Quarter - Last week of July 2009<br/>Second Quarter - Last week of October 2009<br/>Third Quarter - Last week of January 2010<br/>Results for the year ending 31<sup>st</sup> March 2010 last week of June 2010</p> <p>3. Date of Book Closure<br/>16.09.2009 to 29.09.2009 (Both days inclusive)</p> <p>4. Listing of Equity Shares/Debentures<br/>Listed in Bombay Stock Exchange. The Company has paid the listing fees for the year 2009 - 2010.</p> <p>5. Registrar and Share Transfer Agents<br/>In accordance with SEBI's Circular dated 4th January 2003 directing that the work related to share registry, in physical &amp; electronic modes, be maintained at a single point, as from 1st April 2003, both the above segments of share registry operations are now being handled by the SEBI Registered R &amp; T Agent M/s Cameo Corporate Services Limited, at 'Subramanian Building', No.1 Club House Road, Chennai 600 002</p> <p>6. State Code<br/>Mumbai : Share - 1429</p> <p>7. Demat ISIN No. for NSDL &amp; CDSL<br/>INE 104A01012</p> <p>8. Share Transfer System<br/>The Company's shares are traded in the stock exchange compulsorily in demat mode. Both the physical and demat modes of share transfers are being handled by company's Share Transfer Agent M/s Cameo Corporate Services Limited, 'Subramanian Building', No.1 Club House Road, Chennai 600 002<br/>The share transfer committee, which is a Board Committee, approves the transfer of shares.</p> <p>9. Dematerialisation of Shares<br/>89.88% of the total equity shares (23058319 Shares) were held in the dematerialised form as on 31<sup>st</sup> March 2009. Trading in equity shares of the company is permitted only in dematerialised form w.e.f 26.06.2000, as per the notification of SEBI.</p> <p>10. i. Details of Public Funding obtained in the last three years.<br/>No capital from public was raised during the last three years. During the year 2007-08, preferential allotment was made to preference shareholders for redemption of preference shares held by them.</p> <p>ii. Outstanding GDRS/ADRS/Warrants or any convertible instrument<br/>None</p> <p>11. Plant Location<br/>KG DENIM LIMITED<br/>Then Thirumalai, Jadayampalayam, Coimbatore 641 302</p> <p>12. Address for communication<br/>KG DENIM LIMITED<br/>Then Thirumalai, Jadayampalayam, Coimbatore 641 302</p> <p>13. Website<br/>www.kgdenim.com</p> | <p>29.09.2009<br/>10.30 a.m.<br/>Registered Office Premises, Then Thirumalai, Jadayampalayam, Coimbatore 641 302</p> <p>First Quarter - Last week of July 2009<br/>Second Quarter - Last week of October 2009<br/>Third Quarter - Last week of January 2010<br/>Results for the year ending 31<sup>st</sup> March 2010 last week of June 2010</p> <p>16.09.2009 to 29.09.2009 (Both days inclusive)</p> <p>Listed in Bombay Stock Exchange. The Company has paid the listing fees for the year 2009 - 2010.</p> <p>In accordance with SEBI's Circular dated 4th January 2003 directing that the work related to share registry, in physical &amp; electronic modes, be maintained at a single point, as from 1st April 2003, both the above segments of share registry operations are now being handled by the SEBI Registered R &amp; T Agent M/s Cameo Corporate Services Limited, at 'Subramanian Building', No.1 Club House Road, Chennai 600 002</p> <p>Mumbai : Share - 1429<br/>INE 104A01012</p> <p>The Company's shares are traded in the stock exchange compulsorily in demat mode. Both the physical and demat modes of share transfers are being handled by company's Share Transfer Agent M/s Cameo Corporate Services Limited, 'Subramanian Building', No.1 Club House Road, Chennai 600 002<br/>The share transfer committee, which is a Board Committee, approves the transfer of shares.</p> <p>89.88% of the total equity shares (23058319 Shares) were held in the dematerialised form as on 31<sup>st</sup> March 2009. Trading in equity shares of the company is permitted only in dematerialised form w.e.f 26.06.2000, as per the notification of SEBI.</p> <p>No capital from public was raised during the last three years. During the year 2007-08, preferential allotment was made to preference shareholders for redemption of preference shares held by them.</p> <p>None</p> <p>KG DENIM LIMITED<br/>Then Thirumalai, Jadayampalayam, Coimbatore 641 302</p> <p>KG DENIM LIMITED<br/>Then Thirumalai, Jadayampalayam, Coimbatore 641 302</p> <p>www.kgdenim.com</p> |
|--|--|

### 9. DISTRIBUTION OF SHAREHOLDING ON 31<sup>ST</sup> MARCH 2009

Category	No. of Shareholders	%	No. of Shares	%
Upto 5,000	15403	86.93	2828742	11.03
5,001 - 10,000	1268	7.16	1101347	4.29
10,001 - 20,000	491	2.77	793791	3.09
20,001 - 30,000	161	0.91	417421	1.63
30,001 - 40,000	65	0.37	238591	0.93
40,001 - 50,000	99	0.56	471052	1.84
50,001 - 1,00,000	121	0.68	908701	3.54
1,00,001 and above	111	0.62	18894260	73.65
<b>Total</b>	<b>17719</b>	<b>100.00</b>	<b>25653905</b>	<b>100.00</b>

### 10. SHARE PRICE DATA

Market price data of the company's equity shares in Bombay Stock Exchange for the period from April 2008 to March 2009 is as below:

Month	BSE Price	
	High	Low
April 2008	17.70	14.80
May 2008	18.60	15.95
June 2008	18.35	12.60
July 2008	13.50	10.71
August 2008	15.40	11.07
September 2008	12.38	7.00
October 2008	9.00	4.27
November 2008	7.99	5.10
December 2008	7.16	5.29
January 2009	6.52	5.24
February 2009	5.60	4.80
March 2009	5.45	4.37

### 11. COMPLIANCE WITH NON MANDATORY REQUIREMENT

1. As the Company communicates corporate, financial and product information online on the web site [www.kgdenim.com](http://www.kgdenim.com) individual communication of half yearly results is not sent to the shareholders.
2. The Company has not passed any resolution requiring approval of the shareholders by postal ballot.

**MANAGEMENT DISCUSSION AND ANALYSIS****INDUSTRY STRUCTURE & DEVELOPMENT**

The denim market both domestic and exports is witnessing a significant increase in demand. The export prices are also likely to be higher on account of favourable exchange rates. There is currently a slow down in processed fabrics, but is expected to improve later this year. Apparel exports are expected to be maintained at last year levels.

**OPPORTUNITIES AND THREATS**

The market for denim is witnessing a growth. The slow down in Pakistan is likely to benefit home textiles exports.

**SEGMENT WISE PERFORMANCE**

The segment wise results are presented in item 2.19 of the Notes on Accounts. The fabric division has sustained losses on account of increase in cost of raw materials and other inputs. However, apparel division has posted profitable results on account of better product mix.<sup>1</sup>

**RISKS AND CONCERNS**

Cotton prices, surplus capacity in the industry and exchange fluctuation are the key risk areas.

**INTERNAL CONTROL SYSTEMS & PROCEDURES**

Company already holds Certification under ISO 9002 and ISO 14001 to ensure confirmation of its process procedures to strict quality standard. Company is also strengthening its review control system by appointing External Consultants as Auditors.

**PERFORMANCE OF THE COMPANY**

The Company's profitability has declined during the year on account of rise in input costs and losses on account of exchange fluctuation during the year.

**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members/Board of Directors of **M/s K G DENIM LIMITED, COIMBATORE**

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by **M/s K G Denim Limited**, for the year ended March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was conducted in the manner described in the Guidance Note on certification of Corporate Governance issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and on the basis of our examination described above, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

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

Coimbatore  
25.06.2009

## AUDITORS' REPORT TO THE MEMBERS OF K G DENIM LIMITED

- 1 We have audited the attached Balance Sheet of **K G DENIM LIMITED** as on 31st March 2009 and also the Profit & Loss Account for the year ended on that date annexed thereto and the 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 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 As required by the Companies (Auditor's Report) (Amendment) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4 Further to our comments in the Annexure referred to above, we report that;
  - (a) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - (e) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2009 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31<sup>st</sup> March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- 5 In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - (a) In the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2009;
  - (b) In the case of Profit & Loss Account, the LOSS for the year ended on that date; and
  - (c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

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

Coimbatore  
25.06.2009

## ANNEXURE REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE

### I. IN RESPECT OF ITS FIXED ASSETS

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year discrepancies noticed on such physical verification were not material and have been properly dealt with in books of accounts.
- (c) There were no disposal of substantial part of fixed assets during the year and hence the going concern of the Company is not affected.

### II. IN RESPECT OF ITS INVENTORIES

- (a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventories. As explained to us there were no material discrepancies noticed on physical verification of inventories as compared to book records.

### III. IN RESPECT OF LOANS, SECURED OR UNSECURED, GRANTED OR TAKEN BY THE COMPANY

The Company has neither taken any loans secured or unsecured, nor has granted any loans secured or unsecured to parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence sub-clauses (a) to (g) of Clause (iii) are not applicable.

- IV. In our opinion and according to the explanations and information given to us, there is adequate internal control system commensurate with the size of the Company and the nature of business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit no major weakness has been noticed in the internal control system.

### V. IN RESPECT OF TRANSACTIONS COVERED UNDER SECTION 301 OF THE COMPANIES ACT, 1956

- (a) In our opinion and according to the information and explanations given to us the transactions made in pursuance of contracts or arrangements, that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered in the register maintained for the purpose.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register maintained under Section 301 of the Act and exceeding the value of Rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- VI. During the year the Company has not accepted any deposits from the public and hence the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies [Acceptances of Deposit Rules 1975] and other relevant provisions of the Companies Act, 1956 are not applicable.

- VII. In our opinion, the Company's present internal audit system is commensurate with its size and nature of business.

- VIII. We have broadly reviewed the books of accounts maintained by the Company pursuant to the Order made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

### IX. IN RESPECT OF STATUTORY DUES:-

- (a) According to the information and explanations given to us and records examined by us, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other statutory dues with the appropriate authorities. According to the

information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2009 for a period of more than six months from the date they became payable.

(b) The following amounts have not been deposited on account of dispute.

Name of Statute	Nature of Dues	Amount under dispute not yet deposited as on 31.3.2009 (Rs.lakhs)	Forum where dispute is pending
The Central Excise Act	Excise duty	10.79	Commissioner of Central Excise Appeals, Salem
The Central Excise Act	Excise duty	345.17	Out of this, demand of Rs.335.75 lakhs was stayed by CESTAT, Chennai

- X. The Company does not have any accumulated losses as at 31<sup>st</sup> March 2009. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- XI. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- XII. During the year, the Company has not granted loans and advances on the basis of the security by way of pledge of shares, debentures and other securities.
- XIII. In our opinion the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause (xiii) of the Companies (Auditors Report) (Amendment) Order 2004 is not applicable to the Company.
- XIV. In our opinion and according to the information and explanations given to us, proper records have been maintained by the Company in respect of dealing in securities and other investments and timely entries have been made therein in respect of transactions and contracts. The securities and other investments have been held by the Company in its own name. The Company has not undertaken any trading in shares and debentures.
- XV. According to the information and explanations given to us and the representation made by the management, the Company has given guarantee for loans taken by its subsidiary, Trigger Apparels Limited from Bank for Rs.560.29 lakhs and its associate, KG Fabriks Limited from bank for Rs.300.00 lakhs. However, the terms and conditions of the guarantee are not prima facie prejudicial to the interest of the Company.
- XVI. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- XVII. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the company has utilized the funds raised on short term basis for long term investments to the extent of Rs.1371.36 lakhs.
- XVIII. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- XIX. The Company has not raised any debentures during the financial year and hence creation of security in respect of debentures does not arise.
- XX. The Company has not raised any money through a public issue during the year.
- XXI. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

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

Coimbatore  
25.06.2009



# K G DENIM LIMITED

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

PARTICULARS	SCHEDULE	AS AT 31.03.2009	AS AT 31.03.2008
<b>SOURCES OF FUNDS</b>		(Rs.000's)	
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	25 66 51	25 66 51
Reserves & Surplus	2	16 85 10	29 00 91
		<u>42 51 61</u>	<u>54 67 42</u>
<b>LOAN FUNDS</b>			
Secured Loans	3	1 22 74 95	1 23 41 06
Unsecured Loans	4	4 61 49	6 49 12
		<u>1 27 36 44</u>	<u>1 29 90 18</u>
<b>Deferred Tax Liability (Net)</b>		<u>8 66 20</u>	<u>13 72 47</u>
<b>Total</b>		<u>1 78 54 25</u>	<u>1 98 30 07</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	2 18 32 30	2 13 87 22
Less : Depreciation		<u>94 10 60</u>	<u>81 34 05</u>
Net Block		<u>1 24 21 70</u>	<u>1 32 53 17</u>
<b>INVESTMENTS</b>	6	5 31 72	3 36 65
<b>NET CURRENT ASSETS</b>			
Current Assets, Loans & Advances			
Inventories	7	63 78 38	59 16 10
Trade Debtors	8	24 45 44	31 75 06
Cash and Bank Balances	9	7 60 31	5 87 29
Loans & Advances	10	22 78 90	14 46 32
Income Receivable		<u>2 82 31</u>	<u>3 12 94</u>
		<u>1 21 45 34</u>	<u>1 14 37 71</u>
Less : <b>Current Liabilities &amp; Provisions</b>			
Current Liabilities	11	70 93 30	50 57 24
Provisions	12	<u>1 51 21</u>	<u>1 40 22</u>
		<u>49 00 83</u>	<u>62 40 25</u>
<b>Total</b>		<u>1 78 54 25</u>	<u>1 98 30 07</u>
<b>Notes on Accounts</b>	20		

As per our report of even dated

**For GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

**CA. R MAHADEVAN**  
Partner

Coimbatore  
25th June, 2009

Membership No.27497

**KG BAALAKRISHNAN**  
Executive Chairman

**S MUTHUSWAMY**  
Director & Company Secretary

**B SRIRAMULU**  
Managing Director

**B SRIHARI**  
Managing Director

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009

PARTICULARS	SCHEDULE	31.03.2009	31.03.2008
(Rs.000's)			
<b>INCOME</b>			
Sales (Gross/Net)	13	2 20 54 25	2 08 67 25
Increase in Stock	15	5 36 30	- 4 71 57
		<u>2 25 90 55</u>	<u>2 03 95 68</u>
Jobwork Receipts (TDS Rs.18,99,274/-)		8 98 36	6 90 64
Other Income	14	5 17 47	4 95 03
		<u>2 40 06 38</u>	<u>2 15 81 35</u>
<b>EXPENDITURE</b>			
Material Cost	16	1 49 31 53	1 23 26 51
Manufacturing Cost	17	39 53 44	33 67 51
Other Operating Expenses	18	32 49 01	39 06 97
		<u>2 21 33 98</u>	<u>1 96 00 99</u>
<b>GROSS PROFIT</b>			
		<u>18 72 40</u>	<u>19 80 36</u>
Less: Financial Charges	19	19 78 12	17 63 60
Loss/Gain on variation in Foreign Exchange Rate (Net)		2 76 70	-73 45
Depreciation		13 06 39	12 77 57
		<u>-16 88 81</u>	<u>-9 87 36</u>
<b>PROFIT/LOSS FOR THE YEAR</b>			
Add : Prior Year Expenses / Income (Net)		19 98	55 99
Excess Provision for Expenses Written Back		-	-7 97
Provision for Fringe Benefit Tax		12 00	17 25
Provision for Wealth Tax		74	60
Provision for Deferred Tax		-5 06 27	-3 68 57
Prior Year Taxes		55	8
		<u>-12 15 81</u>	<u>-6 84 74</u>
<b>NET PROFIT/LOSS</b>			
Add: Balance Brought forward		9 00 76	15 85 50
		<u>-3 15 05</u>	<u>9 00 76</u>
<b>Balance Transferred to Balance Sheet</b>			
		<u>-3 15 05</u>	<u>9 00 76</u>
Earnings per Share (Basic & Diluted)-Face Value Rs.10 per Share		(4.74)	(2.67)
Weighted Number of Equity Shares		25653905	25653905
<b>Notes on Accounts</b>			
20			

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

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

Coimbatore  
25th June, 2009

**KG BAALAKRISHNAN**  
Executive Chairman

**S MUTHUSWAMY**  
Director & Company Secretary

**B SRIRAMULU**  
Managing Director

**B SRIHARI**  
Managing Director

# K G DENIM LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2009

PARTICULARS	31.03.2009	31.03.2008
		(Rs.000's)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before tax and extraordinary items	-168881	-98736
Adjustments for:		
Depreciation	130639	127757
Profit/Loss on sale of assets	2232	1144
Interest Charges	197812	176360
<b>Operating Profit before working capital changes</b>	<b>161802</b>	<b>206525</b>
Adjustments for:		
Trade and other receivables	72962	-75505
Inventories	-46228	102878
Loans & Advances	-83258	-55208
Income Receivables	3063	-7552
Current Liabilities	204705	21841
<b>Cash generated from operations</b>	<b>313046</b>	<b>192979</b>
<b>Cash flow before extraordinary items</b>	<b>313046</b>	<b>192979</b>
Extraordinary items	-3327	-6595
<b>Net cash from operating activities</b>	<b>309719</b>	<b>186384</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Withdrawn / Sale of fixed assets	2137	617
Acquisitions of fixed assets	-51861	-61832
Investments	-19507	4
<b>Net cash used in investing activities</b>	<b>-69231</b>	<b>-61211</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of Equity Share Capital	-	55554
Proceeds of Share Premium on issue of Equity Share Capital	-	44446
Proceeds from long term borrowings	-34730	49388
From Short Term Loan	18119	-9370
Bank Borrowings	-8763	5970
Interest paid	-197812	-176360
Redemption of Preference Share Capital	-	-100000
<b>Net cash used in financing activities</b>	<b>-223186</b>	<b>-130372</b>
<b>Net increase in cash and cash equivalents</b>	<b>17302</b>	<b>-5199</b>
Cash and cash equivalents as at 1st April, 2008 (Opening Balance)	58729	63928
Cash and cash equivalents as at 31st March, 2009 (Closing Balance)	76031	58729

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

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

Coimbatore  
25th June, 2009

**KG BAALAKRISHNAN**  
Executive Chairman

**S MUTHUSWAMY**  
Director & Company Secretary

**B SRIRAMULU**  
Managing Director

**B SRIHARI**  
Managing Director

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

PARTICULARS	AS AT 31.03.2009	AS AT 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 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>(-) 3 15 05</u>	-
<b>Surplus in Profit &amp; Loss A/c</b>	-	9 00 76
	<u>16 85 10</u>	<u>29 00 91</u>
<b>SCHEDULE 3 : SECURED LOANS</b>		
Rupee Term Loans	81 19 29	83 66 59
Working Capital Loans from Banks	<u>41 55 66</u>	<u>39 74 47</u>
	<u>1 22 74 95</u>	<u>1 23 41 06</u>
<b>SCHEDULE 4 : UNSECURED LOANS</b>		
From Banks	46 46	1 07 15
Inter Corporate Deposits	4 00 00	5 00 00
From Others	<u>15 03</u>	<u>41 97</u>
	<u>4 61 49</u>	<u>6 49 12</u>

# K G DENIM LIMITED

## 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	90380	2282	-	92662	40658	4326	-	44984	47678	49722
Office Equipments	41852	987	15	42824	25871	1832	1	27702	15122	15981
Furniture & Fittings	9010	926	-	9936	3709	592	-	4301	5635	5301
Motor Vehicles	25545	-	241	25304	9083	2042	218	10907	14397	16462
<b>T o t a l</b>	<b>2138722</b>	<b>51861</b>	<b>7353</b>	<b>2183230</b>	<b>813405</b>	<b>130639</b>	<b>2984</b>	<b>941060</b>	<b>1242170</b>	<b>1325317</b>
Previous Year	2041307	99885	2470	2138722	686357	127757	709	813405	1325317	1354950

Note: Buildings includes Prayer Hall of Rs.62.20 Lakhs in Gross Block, Rs.7.91 Lakhs in Depreciation Block and Rs.54.29 Lakhs in Net Block

Furniture & Fittings include Prayer Hall assets of Rs.13.89 lakhs in Gross Block, Rs.0.99 lakhs in Depreciation Block and Rs.12.90 lakhs in Net Block.

## SCHEDULE 6 : INVESTMENTS (At Cost)

AS AT 31.03.2009      AS AT 31.03.2008

Non-Trade Investments - Quoted

(Rs. 000's)

Allahabad Bank

5265 Equity Shares of Rs.10/- each

4 32

4 32

(Market Value Rs. 2,04,545/-)

Trade Investments - Un Quoted

KG Fabriks Ltd

3 27 00

3 27 00

32,70,000 Equity Shares of Rs.10/- each

Trigger Apparels Ltd - Wholly owned subsidiary

2 00 00

5 00

20,00,000 Equity Shares of Rs.10/- each

KG Denim (USA) Inc - Wholly owned subsidiary

35

28

Common Stock of Shares at no par value

National Savings Certificate

5

5

5 31 72

3 36 65

## SCHEDULE 7: INVENTORIES

Raw Materials

11 12 48

10 80 96

Process Stock

8 98 85

9 12 24

Finished Goods

38 26 90

32 90 60

Stock of Waste

4 73

8 10

Stock of Stores

5 35 42

6 24 20

(As taken, valued and certified by the Management)

63 78 38

59 16 10

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008
(Rs.000's)		
<b>SCHEDULE 8 : TRADE DEBTORS</b>		
Unsecured - Considered Good		
Outstanding for More than Six Months	5 23 60	9 30 56
Others	<u>19 21 84</u>	<u>22 44 50</u>
	<u>24 45 44</u>	<u>31 75 06</u>
<b>SCHEDULE 9 : CASH AND BANK BALANCES</b>		
Cash and Cheques in Hand	9 06	9 65
Bank Balances (with Scheduled Banks)		
In Current Accounts	2 68 37	2 16 62
In Deposit Accounts	<u>4 82 88</u>	<u>3 61 02</u>
	<u>7 60 31</u>	<u>5 87 29</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 19 98	77 69
For Duties & Taxes	2 75 52	2 55 29
For Subsidy Receivable from Govt Agencies	3 12 54	3 06 01
For Expenses / Others	1 35 20	6 44 38
Advances to Subsidiary Companies	22	9
Deposits	55 63	42 54
Prepaid Expenses	<u>1 45 47</u>	<u>81 35</u>
	<u>22 78 90</u>	<u>14 46 32</u>
<b>SCHEDULE 11 : CURRENT LIABILITIES</b>		
Creditors for Capital Goods	2 49 42	1 65 48
Creditors for Purchases (Other than SSI)	56 25 99	37 08 27
Creditors for Purchases (For SSI Units)	44 72	7 70
Liability for Expenses	9 94 45	9 95 04
Liability for Other Finances	50 36	35 20
Customers Credit Balances	61 26	78 04
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	<u>25 98</u>	<u>26 09</u>
@ 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>70 93 30</u>	<u>50 57 24</u>
<b>SCHEDULE 12 : PROVISIONS</b>		
For Income Tax	39 42	39 42
For Wealth Tax	74	60
For Fringe Benefit Tax	12 00	17 25
For Gratuity	<u>99 05</u>	<u>82 95</u>
	<u>1 51 21</u>	<u>1 40 22</u>

# K G DENIM LIMITED

PARTICULARS	31.03.2009	31.03.2008
	(Rs.000's)	
<b>SCHEDULE 13 : SALES</b>		
Fabrics	2 05 90 27	1 93 14 13
Garments	11 68 24	12 55 24
Yarn	1 09 42	73 72
Waste\Others	1 86 32	2 24 16
	<u>2 20 54 25</u>	<u>2 08 67 25</u>
<b>SCHEDULE 14 : OTHER INCOME</b>		
Interest Receipts (TDS - Rs.9,62,490)	38 36	32 96
Interest Subsidy Receipts	3 83 90	3 84 51
Insurance Claims Received	12 09	4 58
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	70 69	22 61
	<u>5 17 47</u>	<u>4 95 03</u>
<b>SCHEDULE 15 : INCREASE IN STOCK</b>		
Closing Stock of Finished Goods	38 26 90	32 90 60
Opening Stock of Finished Goods	32 90 60	37 62 17
	<u>5 36 30</u>	<u>-4 71 57</u>
<b>SCHEDULE 16 : MATERIAL COST</b>		
<b>Raw Materials Consumed</b>		
Opening Stock of Raw Materials	10 80 96	15 32 71
Process Stock	5 56 69	6 51 45
Waste	8 10	2 44
	<u>16 45 75</u>	<u>21 86 60</u>
Add: Purchases	1 00 51 51	78 36 70
	<u>1 16 97 26</u>	<u>1 00 23 30</u>
Less: Closing Stock of Raw Materials	11 12 48	10 80 96
Process Stock	5 29 89	5 56 69
Waste	4 73	8 10
	<u>1 00 50 16</u>	<u>83 77 55</u>
<b>Fabrics / Garments Purchases / Consumption</b>		
Opening Process Stock	3 55 55	4 04 85
Add : Purchases	20 19 17	11 93 00
	<u>23 74 72</u>	<u>15 97 85</u>
Less : Closing Process Stock	3 68 96	3 55 55
	<u>20 05 76</u>	<u>12 42 30</u>
<b>Chemicals Consumed</b>	24 42 00	21 45 50
<b>Stores Consumed</b>	4 33 61	5 61 16
<b>Total Material Cost</b>	<u>1 49 31 53</u>	<u>1 23 26 51</u>

PARTICULARS	31.03.2009	31.03.2008
	(Rs.000's)	
<b>SCHEDULE 17 : MANUFACTURING COST</b>		
Power and Fuel	20 43 03	16 18 63
Personnel Cost: (Including Managerial Remuneration)		
Salaries, Wages, Incentives, Gratuity etc	11 66 16	10 03 93
Contribution to Provident Fund and Other Funds	50 74	46 67
Employees Welfare Expenditure	90 59	64 30
	<u>13 07 49</u>	<u>11 14 90</u>
Repairs and Maintenance		
For Buildings	38 60	95 22
For Machinery	4 51 31	4 61 31
For Others	1 09 59	72 96
For Prayer Hall	3 42	4 49
	<u>6 02 92</u>	<u>6 33 98</u>
<b>Total</b>	<u>39 53 44</u>	<u>33 67 51</u>
<b>SCHEDULE 18 : OTHER OPERATING EXPENSES</b>		
Processing Charges	16 47 28	22 72 69
Rent	31 03	55 34
Printing and Stationery	31 90	35 52
Postage, Telegrams and Telephones	1 10 99	1 01 85
Professional and Legal Charges	48 16	29 21
Auditors' Remuneration	3 23	2 75
Insurance	68 17	46 74
Duties, Taxes and Licenses	49 79	43 98
Donations	9	22
Traveling Expenses and Maintenance of Vehicles	1 77 45	1 51 52
Brokerage and Commission	2 90 19	1 41 52
Selling Expenses	3 40 52	4 54 91
Advertisements	6 64	93 42
Freight Outwards	3 08 78	2 76 92
Directors Sitting Fees	3 70	3 80
Software Maintenance Expenses	28 45	22 00
Miscellaneous Expenses	79 66	1 63 10
Loss on Sale of Fixed Assets	22 98	11 48
	<u>32 49 01</u>	<u>39 06 97</u>
<b>SCHEDULE 19 : FINANCIAL CHARGES</b>		
Interest on:-		
Term Loans	9 44 12	9 34 03
Other Loans	88 62	8 16
Working Capital Loans	7 14 91	6 69 29
Bank Charges	2 30 47	1 52 12
	<u>19 78 12</u>	<u>17 63 60</u>



## SCHEDULE 20:

### NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2009

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### 1.1 DISCLOSURE AND BASIS OF ACCOUNTING

- a) The financial statements have been prepared under the historical cost convention which is in accordance with the generally accepted accounting principles and provisions of the Companies Act, 1956. The Company has complied with the Accounting Standards prescribed by the Institute of Chartered Accountants of India and as referred u/s 211 (3C) of the Companies Act, 1956.
- b) The Company has been consistently following the accrual basis of accounting in respect of its Income and Expenditure.
- c) The Accounts are prepared on the basis of going concern concept.
- d) The presentation of financial statements require estimates and assumptions to be made which affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenue and expenditure during the reporting period.

##### 1.2 VALUATION OF INVENTORIES

Inventories are valued at the lower of cost and net realizable value. Waste stock is valued at net realizable value. The cost formula used for different inventories are as follows.

- |  |   |                                  |
|--|---|----------------------------------|
| i) Cotton                                    | - | On specific identification basis |
| ii) Grey Fabrics, Chemicals, Stores & Spares | - | At weighted average cost.        |
| iii) Yarn, Finished Goods & Process Stock    | - | At average cost.                 |

##### 1.3 CASH FLOW STATEMENT

The Cash flow statement is prepared under indirect method as per the Institute of Chartered Accountants of India guidelines.

##### 1.4 CONTINGENT LIABILITY

- a) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.
- b) Contingent liability in respect of show cause notice received are considered only when they are converted into demand.

##### 1.5 NET PROFIT FOR THE PERIOD AND PRIOR PERIOD ITEMS

- a) All items of income and expenses pertaining to the year are included in arriving at the net profit for the period unless specifically mentioned elsewhere in the financial statement or as required by Accounting Standards.
- b) Prior period items are disclosed separately in the Profit & Loss Account.

##### 1.6 DEPRECIATION ACCOUNTING

Depreciation on fixed assets has been provided under straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956. The Company uses both continuous process machines and general plant & machinery and other assets for which the respective applicable rates of depreciation as prescribed under Schedule XIV have been adopted.

##### 1.7 RESEARCH AND DEVELOPMENT

Revenue expenditure, including overheads on Research and Development is charged out as an expense through the natural heads of account in the year in which incurred.

## 1.8 REVENUE RECOGNITION

- a) Revenue from sale transactions is recognized as and when the property in the goods sold is transferred to the buyer for a definite consideration and there is no uncertainty regarding the amount of consideration or collectability.
- b) Sales are reported at net of Sales Tax and Cess.
- c) Export sales are accounted inclusive of export benefits.
- d) Export incentives under DEPB license are accounted on accrual basis.
- e) Other incomes are also accounted on accrual basis.

## 1.9 ACCOUNTING FOR FIXED ASSETS

Fixed Assets are stated at cost of acquisition and / or construction. All costs relating to acquisition and installation of fixed assets are capitalized. Pre-operative expenses of new expansion Textile Processing Project are capitalized.

## 1.10 FOREIGN CURRENCY / CONVERSION / TRANSACTIONS

The export sales are converted at rates prevailing on the date of transaction, on the date of negotiation of export bills which approximates the actual rate prevailing on the date of the transaction and/or at forward contract rate, as the case may be. Foreign Currency liabilities are converted at the exchange rate prevailing on the last working day of the accounting year and/or on the forward Contractual rate, if so applicable. The net variation arising on account of such conversion in case of liabilities incurred for acquisition of fixed assets and other variations are charged to the statement of profit and loss. Monetary assets are converted at the exchange rate prevailing on the last day of the accounting year.

## 1.11 ACCOUNTING FOR INVESTMENTS

Long term investments are shown at cost. Permanent diminution in value, if any, will be written off in the year of diminution.

## 1.12 ACCOUNTING FOR EMPLOYEE RETIREMENT BENEFITS

- a) Contribution to Provident Fund has been made to the respective authorities.
- b) Short term employee benefits (other than termination benefits) which are payable within 12 months after the end of the period in which the employees render service are accounted on accrual basis. Company's contributions paid / payable during the year to Provident Fund and ESIC are recognized in the profit and loss account. All leave encashment dues for the year are settled within the same year.
- c) Gratuity liability as per the Actuarial Valuation has been provided in the accounts as at the year end.

## 1.13 BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

## 1.14 SEGMENT REPORT

Segment reporting is made in the notes on accounts as per Institute of Chartered Accountants of India guidelines for better understanding of the performance, assess the risks and returns of the enterprise.

## 1.15 RELATED PARTY DISCLOSURES

The related party transactions are disclosed in the notes on accounts as per the Institute of Chartered Accountants of India guidelines.

## 1.16 EARNING PER SHARE

The Earnings considered in ascertaining the Company's earnings per share comprises of Net Profit after tax and includes post tax adjustments, prior period and extra-ordinary items.

## 1.17 ACCOUNTING FOR TAXES ON INCOME

Deferred tax arising out of timing differences between book and tax profits is accounted under liability method at current rate of tax to the extent the timing difference is to be crystallized.

## 1.18 RECOGNITION OF IMPAIRMENT OF ASSETS

The company recognises impairment losses in the year in which the assets are identified as impaired: Impairment losses are measured as the excess of carrying amount of an asset over its recoverable amount. The recoverable amount of an asset is the higher of an asset's net selling price and its value in use.

## 2 NOTES ON ACCOUNTS

### 2.1 CONTINGENT LIABILITY

	(Rs 000's)	(Rs 000's)
	2008 - 2009	2007 - 2008
a) Bills discounted with banks	18 56 85	20 29 50
b) Arrears of dividend on 10% Cumulative Redeemable Preference Shares ( for the period 1st April 2005 to 31st March 2007)	2 00 00	2 00 00
c) Contracts remaining to be executed in Capital Account	-	-
d) Disputed Taxes and Duties	3 55 96	20 21
e) Disputed Income Tax(Paid Rs.135.31 Lakhs - Previous Year Rs.159.64 Lakhs)	1 35 31	1 59 64
f) Guarantees given to Bank for loan to subsidiary	5 60 29	9 60 00
g) Guarantees given on behalf of Associates for fulfillment of their Export obligation under EPCG Scheme	3 00 00	-

### 2.2 (i) BANK BORROWINGS

a) Term Loans from Indian Bank, Bank of India and Indian Overseas Bank are secured by a first pari passu charge on all plant and machineries, including machineries and other movable fixed assets (excluding vehicles charged to financiers) acquired for the Expansion cum Diversification Scheme (ECDS) and New Capex Plan through Deed of Hypothecation and a pari passu first charge on all immovable properties situated in 102.1897 acres of land at Jadayampalayam, Alangombu, Karamadai Villages in Mettupalayam Taluk, Coimbatore District, Tamilnadu and 2155.62 sq.mtrs of land at Amdha Village, Dharampur Taluk, Valsad District, Gujarat through equitable mortgage created with Indian Bank. Term Loan from Indian Bank is further secured by a second pari passu charge on the current assets.

Term loan from State Bank of Hyderabad and State Bank of Indore are secured by a first pari passu charge on all plant and machineries and other movable assets (excluding vehicles charged to financiers) acquired for the Expansion cum Diversification Scheme (ECDS) through Deed of Hypothecation and a pari passu first charge on immovable properties in 48.5872 acres of land at Jadayampalayam, Alangombu and Karamadai villages in Mettupalayam Taluk, Coimbatore District, Tamilnadu.

Indian Bank is holding the original title deeds on its own behalf and on behalf of other Banks. Term loans are also guaranteed by Shri KG Baalakrishnan.

b) Working capital facilities from Indian Bank Consortium (Indian Bank, Bank of India, Allahabad Bank and State Bank of India) are secured by a first pari passu charge on the whole of current assets and second pari passu charge on all the immovable properties and plant and machineries (excluding vehicles charged to financiers). These are also guaranteed by Shri KG Baalakrishnan.

c) Bonus loan from Indian Bank is secured by a first pari passu charge on the whole of the current assets and is also guaranteed by Shri KG Baalakrishnan.

	2008-2009 (Rs.000's)	2007-2008 (Rs.000's)
d) Personal guarantees given by Promoter Shri KG Baalakrishnan for loans obtained by the Company	1 94 54 00	1 84 68 43
e) Future hire purchase charges on vehicle hire purchase loans		
i) Not later than one year	14 16	26 83
ii) Later than one year and not later than five years	87	15 14
	15 03	41 97

2.3 The Company has investment of Rs.200 Lakhs in the shares of M/s Trigger Apparels Limited, a wholly owned subsidiary of the company. Further the company has receivables to the extent of Rs.806.82 Lakhs recoverable from Trigger Apparels Limited. The networth of Trigger Apparels Limited has eroded due to trading losses. However, considering the fact that the investment is strategic in nature and steps being taken by the company to improve the performance of Trigger Apparels Limited, no provision is considered necessary by the management for both diminution in value of shares and receivable.

2.4 In accordance with the revised Accounting Standard AS - 15, details of actuarial provision are given below which is certified by the actuary and relied upon by the auditors though the company has provided the liability in accounts, to meet its liability from internal generation.

I.	Principal Actuarial Assumptions (Expressed as weighted averages)	31.03.2009	31.03.2008
	Discount Rate	8.00 %	8.00 %
	Salary Escalation Rate	8.00 %	10.00 %
	Attrition Rate	5.00 %	5.00 %
	Expected Rate of Return on Plan Assets	0.00 %	0.00 %
II.	<b>Changes in the present value of the obligation (PVO) -</b>	(Rs.000's)	(Rs.000's)
	<b>Reconciliation of Opening and Closing Balances</b>		
	PVO as at the beginning of the period	8,295	9,891
	Interest Cost	639	759
	Current Service Cost	1,020	871
	Past Service Cost - (Non Vested Benefits)	0	0
	Past Service Cost - (Vested Benefits)	0	0
	Benefits Paid	(606)	(801)
	Actuarial Loss / (Gain) on obligation (Balancing Figure)	557	(2,425)
	PVO as at the end of the period	9,905	8,295
III.	<b>Changes in the fair value of plan assets -</b>	(Rs.000's)	(Rs.000's)
	<b>Reconciliation of Opening and Closing Balances</b>		
	Fair Value of plan assets as at the beginning of the period	0	0
	Expected return on plan assets	0	0
	Contributions	606	801
	Benefits Paid	(606)	(801)
	Actuarial Gain / (Loss) on plan assets (Balancing Figure)	0	0
	Fair Value of plan assets as at the end of the period	0	0
IV.	<b>Actual return on plan assets</b>	(Rs.000's)	(Rs.000's)
	Expected return on plan assets	0	0
	Actuarial Gain / (Loss) on plan assets	0	0
	Actual return on plan assets	0	0
V.	<b>Actuarial Gain / Loss recognised</b>	(Rs.000's)	(Rs.000's)
	Actuarial Gain / (Loss) for the period - Obligation	(557)	2,425
	Actuarial Gain / (Loss) for the period - plan assets	0	0
	Total Gain / (Loss) for the period	557	(2,425)
	Actuarial Gain / (Loss) recognised in the period	557	(2,425)
	Unrecognised actuarial (Gain) / Loss at the end of the year	0	0
VI.	<b>Amounts recognised in the balance sheet and related analyses</b>	(Rs.000's)	(Rs.000's)
	Present Value of the obligation	9,905	8,295
	Fair Value of plan assets	0	0
	Difference	9,905	8,295
	Unrecognised transitional liability	0	0
	Unrecognised past service cost-non vested benefits	0	0
	Liability recognised in the balance sheet	9,905	8,295
VII.	<b>Expenses recognised in the statement of profit and loss</b>	(Rs.000's)	(Rs.000's)
	Current Service Cost	1,021	871
	Interest Cost	639	759
	Expected return on plan assets	0	0
	Net actuarial (Gain) / Loss recognised in the year	557	(2,425)
	Transitional Liability recognised in the year	0	0
	Past Service Cost - Non-Vested Benefits	0	0
	Past Service Cost - Vested Benefits	0	0
	Expenses recognised in the statement of profit and loss	2,216	(795)
VIII.	<b>Movements in the Liability recognised in the balance sheet</b>	(Rs.000's)	(Rs.000's)
	Opening net liability	8,295	9,891
	Expense as above	2,216	(795)
	Contribution paid	(606)	(801)
	Closing net liability	9,905	8,295

# K G DENIM LIMITED

**2.5** Managerial remuneration under Section 198 of the Companies Act, 1956 paid or payable during the financial year

	2008-2009 (Rs.000's)	2007-2008 (Rs.000's)
Salaries and allowances (Rs.)	49 42	41 91
Contribution to PF	1 16	1 13
Total	50 58	43 04

**2.6** Computation of Net Profit in accordance with Section 198 read with Section 309 (5) of the Companies Act, 1956

Profit/Loss before Taxation	-168881	-98736
Add : Depreciation as per Accounts	130639	127757
Managerial Remuneration	5058	4304
	-33184	33325
Less: Depreciation as per Section 350 of Companies Act, 1956	130639	127757
Prior year & Preliminary Expenses	1998	4802
Net Loss for the year	-165821	-99234
Minimum Remuneration to Managing Directors	3740	3000
Minimum Remuneration to other Executive Directors	1318	1304
Total Managerial Remuneration	5058	4304

**2.7 Licensed and Installed Capacities :**

Licensed Capacity :	NA	NA
Installed Capacity : Looms	193 Looms	204 Looms
Stenters	3 Nos	3 Nos

**2.8 Particulars of Production, Sales & Stock**

Particulars of Production :	Qty	Qty
Cloth (Mtrs)	2 15 08 275	2 12 89 025
* Waste (Kgs.)	12 78 951	16 96 114
** Garments (Nos.)	2 27 973	3 08 231

**Note :** \* Waste Production is net of issue of reused waste in cotton/yarn/fabrics for production.

\*\* Converted on job work basis by outsiders

**2.9 Particulars of Sales:**

	Qty	2008-2009 Amount (Rs.000's)	Qty	2007-2008 Amount (Rs.000's)
Cloth Mtrs.	2 11 83 393	2 05 90 27	2 13 69 419	1 93 14 13
Yarn Kgs.	1 23 458	1 09 42	87 542	73 72
Waste* Kgs.	12 76 242	1 86 32	16 88 986	2 24 16
Garments Nos.	2 27 405	11 68 24	3 36 640	12 55 24
		2 20 54 25		2 08 67 25

\* includes samples and loss

**2.10 Particulars of Opening Stock:**

Cloth Mtrs.	34 40 259	31 02 38	38 16 471	34 63 15
Garments Nos.	56 512	81 35	84 921	1 96 33
Garment in process	-	1 06 87	-	1 02 69
		32 90 60		37 62 17
Waste Kgs.	40 330	8 10	33 202	2 44
		32 98 70		37 64 61

	2008-2009		2007-2008	
	Qty	Amount (Rs.000's)	Qty	Amount (Rs.000's)
<b>2.11 Particulars of Closing Stock:</b>				
Cloth Mtrs.	34 95 826	35 83 47	34 40 259	31 02 38
Garments Nos.	58 779	1 04 20	56 512	81 35
Garment in process	-	1 39 23	-	1 06 87
		38 26 90		32 90 60
Waste Kgs.	43 039	4 73	40 330	8 10
		38 31 63		32 98 70
<b>2.12 Particulars of Purchases:</b>				
* Cloth Mtrs.	-	20 13 57	-	11 93 00
Garments Nos.	1 699	5 60	-	-
		20 19 17		11 93 00
* Subject to further processing and included in production.				
<b>2.13 Raw Materials Consumed</b>				
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.	31 20 505	20 05 76	22 19 146	12 42 30
<b>2.14 Consumption</b>		2008-2009		2007-2008
	%	(Rs.000's)	%	(Rs.000's)
Raw Materials - Imported	25	24 85 99	21	17 76 55
Indigenous	75	75 64 17	79	66 01 00
	100	1 00 50 16	100	83 77 55
Fabric consumed - Imported	7	1 50 42	2	24 05
Fabric consumed - Indigenous	93	18 55 34	98	12 18 25
	100	20 05 76	100	12 42 30
Chemicals - Imported	23	5 63 95	23	4 97 16
Indigenous	77	18 78 05	77	16 48 34
	100	24 42 00	100	21 45 50
Stores & Spares - Imported	46	1 99 94	28	1 58 51
Indigenous	54	2 33 67	72	4 02 65
	100	4 33 61	100	5 61 16
<b>2.15 Value of Imports on CIF basis</b>				
I Raw Materials		26 36 41		20 03 23
II Chemicals		5 63 95		6 38 79
III Spares & Components		1 99 94		1 58 51
IV Capital Goods		2 30 50		3 78 31
		36 30 80		31 78 84
<b>2.16 Expenditure in Foreign Currency</b>				
Commission		1 77 81		1 68 07
Advertisement and Trade Fair		52 55		30 49
Traveling etc.,		32 43		29 97
Processing Charges		6 69		7 36
Professional & Legal charges		9 94		-
Testing Charges		8 67		4 86
		2 88 09		2 40 75
<b>2.17 Earnings in Foreign Currency (FOB)</b>				
Export of goods on Direct Export		75 66 66		69 02 54
<b>2.18 Auditors Remuneration</b>				
For Audit		1 32		1 35
For Tax Audit		67		62
For Other Services		1 24		78
		3 23		2 75

# K G DENIM LIMITED

2.19 The segmental reporting as required under AS-17 issued by the Institute of Chartered Accountants of India is as below:

No.	Particulars	(Rs.000's)	(Rs.000's)
		Year ended 31.03.2009	Year ended 31.03.2008
1	Segment Revenue		
	(a) Fabrics Division	2144677	2083875
	(b) Apparel Division	<u>141526</u>	<u>129930</u>
		<b>2286203</b>	<b>2213805</b>
	Less: Inter Segment Revenue	41340	127080
	Add : Other Income	<u>51747</u>	<u>87460</u>
	Net Sales/Income from Operations	<u><b>2296610</b></u>	<u><b>2174185</b></u>
2	Segment Results		
	Profit/ (Loss) before Interest and Tax		
	(a) Fabrics Division	3410	50570
	(b) Apparel Division	<u>16918</u>	<u>-11397</u>
	Total	<b>20328</b>	<b>39173</b>
	Less : Interest	159523	137909
	Extraordinary Items	<u>31699</u>	<u>4802</u>
	Profit / Loss before Tax	<u><b>-170894</b></u>	<u><b>-103538</b></u>
3	Capital Employed (Segment Assets - Segment Liabilities)		
	(a) Fabrics Division	1703410	1893854
	(b) Apparel Division	<u>82015</u>	<u>89153</u>
	Total	<u><b>1785425</b></u>	<u><b>1983007</b></u>

2.20 Accounting Standard AS - 18 on "Related Party Disclosure"

(Rs.000's)

Particulars	2008-2009				2007-2008			
	Subsidiary	Associates	Key Management Personnel	Relative of Key Management Personnel	Subsidiary	Associates	Key Management Personnel	Relative of key Management Personnel
Purchase of goods	-	6735	-	-	-	8011	-	-
Sale of goods	65949	8272	-	-	75735	17492	-	-
Conversion								
Charges paid	-	126310	-	-	-	195643	-	-
Processing								
Charges paid	-	2514	-	-	26535	-	-	-
Service								
Charges paid	-	2748	-	-	-	2200	-	-
Investments	19500	-	-	-	-	-	-	-
Managerial								
Remuneration	-	-	5058	-	-	-	4304	-

**2.21 Balance outstanding as on 31.03.2009**

Particulars	2008-09				2007-2008			
	Subsidiary	Associates	Key Management Personnel	Relative of Key Management Personnel	Subsidiary	Associates	Key Management Personnel	Relative of Key Management Personnel
Debtors	80682	4389	-	-	74848	8123	-	-
Creditors	-	42604	-	-	-	55341	-	-
Investments	20028	32700	-	-	528	32700	-	-

**2.22 NOTE :**

<b>Subsidiary</b>	Trigger Apparels Limited KG Denim (USA) Inc
<b>Associates</b>	Sri Kannapiran Mills Limited Sri Balamurugan Textile Processing Limited KG Fabriks Limited Enterprise Telesys Limited
<b>Key Management Personnel</b>	Shri KG Baalakrishnan Shri B Sriramulu Shri B Srihari Shri S Muthuswamy Shri A Velusamy
<b>Relative of Key Management Personnel</b>	Smt T Anandhi (Daughter of Shri KG Baalakrishnan)

**2.23 Major Components of Deferred Tax Assets and Deferred Tax Liabilities**

(Rs.000's)

Particulars	2008-09		2007-08	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Difference between value of Depreciation as per books of account and for tax purpose.	-	203520	-	208721
Disallowance under IT Act and to be claimed in subsequent years	-	-	-	-
Carried forward loss	116900	-	71474	-
<b>Total</b>	<b>116900</b>	<b>203520</b>	<b>71474</b>	<b>208721</b>
Net Deferred tax Liability	-	86620	-	137247



# K G DENIM LIMITED

- 2.24** Pursuant to the Accounting Standard (AS-29) - Provisions, Contingent Liabilities and Contingent Assets, the disclosure relating to provisions made in the accounts for the year ended 31st March 2009 is as follows :

Particulars	Provision for Income Tax		Provision for Wealth Tax		Provision for Fringe Benefit Tax		Provision for Gratuity	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Opening Balance	3942	3942	60	42	1725	2221	8295	9891
Additions	-	-	74	60	1200	1725	2216	2
Utilisation	-	-	-	-	-	-	606	797
Reversals	-	-	60	42	1725	2221	-	801
Closing Balance	3942	3942	74	60	1200	1725	9905	8295

- 2.25** Prior Year Income / Expense (net) in Profit and Loss account consist of expenses of prior year Rs.21.56 Lakhs. (Previous Year Rs.90.06 Lakhs) and income of prior year amounting to Rs.1.58 Lakhs (Previous Year Rs.70.90 Lakhs).
- 2.26**
- a. Outstanding as referred to in Schedule 11 under Current Liability to Small Scale Industrial units is complied on the information made available to the Company. (Includes dues of Rs.28.05 Lakhs of more than 30 days and exceeding Rs.1.00 Lakh to the following parties: Acme Textiles Rs.18.25 Lakhs, Amaravathi Tubes & Cones Rs.8.59 lakhs and Nava Bharathi Industries Rs.1.21 lakhs).
  - b. In the absence of necessary information with the company, relating to the registration status of suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 the information required under the said Act could not be complied and disclosed.
- 2.27** The Company has assessed the recoverable value of its assets and which is higher than the carrying value, hence provision for impairment does not arise for the period.
- 2.28** Since 11.07.2004 the company has opted for full excise duty exemption. Hence no liability for duty arises and no Cenvat benefit claimed on inputs. The opening and closing stock consequently does not bear any liability for excise duty.
- 2.29** Previous year's figures have been regrouped wherever necessary.
- 2.30** Figures have been rounded off to the nearest thousands.

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

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

Coimbatore  
25th June, 2009

**KG BAALAKRISHNAN**  
Executive Chairman

**S MUTHUSWAMY**  
Director & Company Secretary

**B SRIRAMULU**  
Managing Director

**B SRIHARI**  
Managing Director



# K G DENIM LIMITED

## 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

Membership No.27497

Coimbatore

25.06.2009

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

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

PARTICULARS	SCHEDULE	AS AT 31.03.2009	AS AT 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>
Deferred Tax Liability (Net)		7 43 69	13 08 06
<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
(To the extent not written off or adjusted)			
<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

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

Coimbatore  
25th June, 2009

**KG BAALAKRISHNAN**  
Executive Chairman

**S MUTHUSWAMY**  
Director & Company Secretary

**B SRIRAMULU**  
Managing Director

**B SRIHARI**  
Managing Director

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2009**

PARTICULARS	SCHEDULE	31.03.2009	31.03.2008
(Rs.000's)			
<b>INCOME</b>			
Sales (Gross/Net)	14	2 42 57 60	2 33 86 05
Increase in Stock	16	7 35 27	-3 66 38
		<u>2 49 92 87</u>	<u>2 30 19 67</u>
Job work receipts		8 98 36	6 90 64
Other Income	15	5 31 18	4 99 79
		<u>2 64 22 41</u>	<u>2 42 10 10</u>
<b>EXPENDITURE</b>			
Material Cost	17	1 61 10 98	1 37 19 35
Manufacturing Cost	18	41 17 85	35 50 83
Other Operating Expenses	19	44 13 46	50 65 60
		<u>2 46 42 29</u>	<u>2 23 35 78</u>
<b>GROSS PROFIT</b>			
		<u>17 80 12</u>	<u>18 74 32</u>
Less: Financial Charges	20	20 68 20	18 45 61
Loss/Gain on variation in Foreign Exchange Rate(Net)		2 76 70	-73 45
Depreciation		<u>13 11 04</u>	<u>12 80 92</u>
<b>PROFIT / LOSS FOR THE YEAR</b>			
		<u>-18 75 82</u>	<u>-11 78 76</u>
Add : Prior Year Income / Expenses (Net)		19 98	57 92
Excess Provision for Expenses Written Back		-	-7 97
Provision for Fringe Benefit Tax		16 58	27 35
Provision for Wealth Tax		74	60
Provision for Deferred Tax		-5 64 36	-4 33 59
Prior Year Taxes		<u>55</u>	<u>8</u>
<b>NET PROFIT / LOSS</b>			
		<u>-13 49 31</u>	<u>-8 23 15</u>
Add: Balance Brought forward		<u>7 73 20</u>	<u>15 96 35</u>
<b>Balance Transferred to Balance Sheet</b>			
		<u>-5 76 11</u>	<u>7 73 20</u>
<b>Earnings per Share (Basic &amp; Diluted)-Face Value Rs.10 per Share</b>			
		(5.26)	(3.21)
<b>Weighted Number of Equity Shares</b>			
		25653905	25653905
<b>Notes on Accounts</b>			
	21		

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

**CA. R MAHADEVAN**  
Partner

Coimbatore  
25th June, 2009

Membership No.27497

**KG BAALAKRISHNAN**  
Executive Chairman

**S MUTHUSWAMY**  
Director & Company Secretary

**B SRIRAMULU**  
Managing Director

**B SRIHARI**  
Managing Director

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2009

PARTICULARS	31.03.2009	31.03.2008
(Rs.000's)		
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
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	206820	184561
<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	206460	64060
<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 (Opening Balance)	69212	64446
Cash and cash equivalents as at 31st March, 2009 (Closing Balance)	<b>78799</b>	<b>69212</b>

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

**CA. R MAHADEVAN**  
Partner

Coimbatore  
25th June, 2009

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 31.03.2009	AS AT 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 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	<u>15 03</u>	<u>41 97</u>
	<u>4 65 81</u>	<u>6 51 17</u>



# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## 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

4 32      4 32

(Market Value Rs. 2,04,545/-)

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

5      5

3 31 37      3 31 37

## 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

5 73 09      6 98 78

(As taken, valued and certified by the Management)

73 33 88      67 31 98

## SCHEDULE 8 : TRADE DEBTORS

Unsecured - Considered Good

Outstanding for More than Six Months

7 33 09      10 79 36

Others

14 69 89      19 42 12

22 02 98      30 21 48

PARTICULARS	AS AT	AS AT
	31.03.2009	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	4 94 72	4 38 13
	<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	1 49 76	85 65
	<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	1 11 90	93 64
	<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

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>

PARTICULARS	31.03.2009	31.03.2008
	(Rs.000's)	
<b>SCHEDULE 18 : MANUFACTURING COST</b>		
Power and Fuel	20 43 03	16 18 63
Personnel Cost: (Including Managerial Remuneration)		
Salaries, Wages, Incentives, Gratuity etc	13 15 90	11 79 27
Contribution to Provident Fund and Other Funds	50 74	46 67
Employees Welfare Expenditure	96 64	66 95
	<u>14 63 28</u>	<u>12 92 89</u>
<b>Repairs and Maintenance</b>		
For Buildings	39 10	95 77
For Machinery	4 51 31	4 61 31
For Others	1 17 71	77 74
For Prayer Hall	3 42	4 49
	<u>6 11 54</u>	<u>6 39 31</u>
Total	<u>41 17 85</u>	<u>35 50 83</u>
<b>SCHEDULE 19 : OTHER OPERATING EXPENSES</b>		
Processing Charges	22 29 95	28 79 67
Rent	1 06 62	1 19 50
Printing and Stationery	35 12	37 78
Postage, Telegrams and Telephones	1 26 12	1 13 36
Professional and Legal Charges	54 30	34 28
Auditors' Remuneration	3 65	3 09
Insurance	85 90	58 78
Duties, Taxes and Licenses	60 34	54 95
Donations	9	22
Traveling Expenses and Maintenance of Vehicles	2 50 02	2 43 76
Brokerage and Commission	3 57 49	2 04 65
Selling Expenses	5 88 28	7 04 35
Advertisements	40 08	93 42
Freight Outwards	3 25 93	3 00 77
Directors Sitting Fees	3 70	3 80
Software Development Expenses	28 45	22 00
Miscellaneous Expenses	94 44	1 79 74
Loss on Sale of Fixed Assets	22 98	11 48
	<u>44 13 46</u>	<u>50 65 60</u>
<b>SCHEDULE 20 : FINANCIAL CHARGES</b>		
Interest on :-		
Term Loans	9 44 12	9 34 03
Other Loans	1 00 77	26 44
Working Capital Term Loans	7 81 96	7 22 68
Bank Charges	2 41 35	1 62 46
	<u>20 68 20</u>	<u>18 45 61</u>

# CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

## 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.
<b>2008-2009</b>									
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
<b>2007-2008</b>									
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.

# **TRIGGER APPARELS LIMITED**



**Annual Report for the year ended  
March 31, 2009**



## **TRIGGER APPARELS LIMITED**

### **BOARD OF DIRECTORS**

Shri Surinder Chhibber  
Shri KG Baalakrishnan  
Shri G V S Desikan  
Shri A Velusamy  
Shri N Rajhagopallan  
Shri S Kalyanasundaram

### **Registered Office**

No.2, FCI Complex  
Karamadai, Coimbatore - 641 104.

### **Auditors**

M/s Gopalaiyer and Subramanian  
Chartered Accountants  
Coimbatore.

## **DIRECTORS' REPORT**

Your Directors present the Tenth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2009.

The Company has incurred a net loss of Rs.133.51 Lakhs during the year, due to higher selling / operating costs. However, on account of increase in projected volume of sale the company is expected to do well in the current year.

### **STATUTORY PARTICULARS**

There is no employee drawing more than Rs.2 lakhs per month. Hence the particulars required to be furnished under Section 217 (2A) of the Companies Act, 1956 does not apply to your Company.

### **CONSERVATION OF ENERGY**

The particulars as prescribed under Section 217 (1) (e) of the Companies Act, 1956 are not applicable to your Company

### **DIRECTORS**

Mr KG Baalakrishnan and Mr G V S Desikan, retire by rotation at the ensuing annual general meeting and are eligible for reappointment.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

In compliance of Section 217 (2AA) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000 the Directors of your Company confirm;

that all applicable accounting standards have been followed in the preparation of annual accounts and there are no material departure;

that such accounting policies have been selected and applied consistently and such judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and of the Loss of the Company for the year ended on the date;

that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

that the annual accounts have been prepared on a going concern basis.

### **AUDITORS**

M/s Gopalaiyer and Subramanian, the present Auditors of the Company retire at the conclusion of ensuing Annual General Meeting. They are eligible for reappointment.

### **SECRETARIAL COMPLIANCE CERTIFICATE**

Compliance certificate obtained under Section 383A(1) of the Companies Act, 1956 is enclosed and the same shall form part of this Report.

Coimbatore  
25.06.2009

On behalf of the Board  
**KG Baalakrishnan**  
Chairman of the Meeting



# TRIGGER APPARELS LIMITED

## COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009

CIN : U18101TZ1999PLC008956

Nominal Capital: Rs.2,00,00,000/-.

To

The Members  
**TRIGGER APPARELS LIMITED**  
No.2, FCI Complex  
Karamadai  
Coimbatore – 641 104.

Sir,

I have examined the registers, records, books and papers of **TRIGGER APPARELS LIMITED**, [the Company] as required to be maintained under the Companies Act, 1956, [the Act] and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2009 [financial year]. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies but belatedly.

The Company has filed belatedly the following forms relating to year ended 31.03.2009.

S.No.	Form No. Return	Filed U / s.	For	Date of Filing SRN.
1.	23	192	Offer of Rights Shares	11.06.2009 / A63374052
2.	2	75(1)	Return of Allotment	11.06.2009 / A63381347

3. The Company, being a Public Limited Company, has a Paid up Capital of Rs.2,00,00,000/-.
4. The Board of Directors duly met seven times respectively on 23.04.2008, 20.06.2008, 26.07.2008, 30.10.2008, 30.01.2009, 09.02.2009 and 31.03.2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2008 was held on 24.09.2008 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. One Extra ordinary General Meeting was held during the financial year after giving due notice to the members of the Company on 16.03.2009 and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.

9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of Directors, Members or Central Government
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has :
  - i) Delivered all the certificates on allotment of securities in accordance with the provisions of the Act. However there was no transfer/ transmission of securities during the financial year.
  - ii) Not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - iii) Was not required to post warrants to any member of the company as no dividend was declared during the financial year.
  - iv) No amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to be transferred to Investor Education and Protection Fund.
  - v) Duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. However there was no appointment of Alternate Directors, Additional Directors and Directors to fill casual vacancy during the financial year.
15. The Appointment of Whole-time Director has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act during the Financial Year 31.03.2007 and is valid up to 31.03.2011.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and / or such authorities as prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has issued 19,50,000 shares during the financial year and complied with the provisions of the Act.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued preference shares / debentures and hence there was no redemption of preference shares or debentures during the financial year.

## TRIGGER APPARELS LIMITED

22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the Company from banks during the financial year ending 31.03.2009 are within the borrowing limits of the company.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
29. The Company has altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny and complied with the provisions of the Act.
30. The Company has altered its Articles of Association after obtaining approval of members in the General Meeting held on 24.09.2008 and the amendments to the Articles of Association have been duly filed with the Registrar of Companies.
31. There were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The provisions of Section 418 of the Act are not applicable.
34. The Company has not given additional information pursuant to part IV of Schedule VI to the Companies Act, 1956.

Place: Coimbatore

Sd/-

Date: 25.06.2009

Name of the Company Secretary: **M.R.L.NARASIMHA**  
C.P.No: 799

**ANNEXURE 'A'**

**SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009**

**TRIGGER APPARELS LIMITED**

CIN : U18101TZ1999PLC008956

Nominal Capital : Rs.2,00,00,000/-.

Registers as maintained by the Company:

- 1) Register of Members u/s.150
- 2) Register of Directors u/s. 303
- 3) Register of Directors Share Holding u/s.307
- 4) Register of Share Transfer
- 5) Board Meeting Minutes u/s.193
- 6) Annual General Meeting Minutes u/s.193
- 7) Register of Charges u/s. 143 and copies of instruments creating the charge u/s.136
- 8) Register of Contracts in which Directors are interested u/s.301 and 301(3)
- 9) Application and Allotment Register

Place: Coimbatore

Date: 25.06.2009

Sd/-

Name of the Company Secretary: **M.R.L.NARASIMHA**

C.P.No: 799

**ANNEXURE 'B'**

**SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009**

**TRIGGER APPARELS LIMITED**

CIN : U18101TZ1999PLC008956

Nominal Capital : Rs.2,00,00,000/-.

Forms and Returns filed by the Company with the Registrar of Companies during the Financial Year Ending 31<sup>st</sup> March, 2009:

S.No.	Form No. Return	Filed U / s.	For	Date of Filing SRN.	Whether filed within prescribed Time	If delay in filing whether requisite additional fees paid
1.	23	192	Alteration of Capital Clause in Memorandum of Association and Articles of Association	14.11.2008 -A50020247	No	Yes
2.	23AC & 23ACA	220	Profit and Loss Account and Balance Sheet as at 31.03.2008	12.12.2008 P28191864	No	Yes
3.	20B	159	Annual Return made up to 24.09.2008	10.12.2008 P28131274	No	Yes
4.	5	81(4)	Notice of increase in Share Capital	14.11.2008 A50022565	No	Yes
Regional Director Central Government & Other Authorities Nil						

Place: Coimbatore

Date: 25.06.2009

Sd/-

Name of the Company Secretary: **M.R.L.NARASIMHA**

C.P.No: 799

# TRIGGER APPARELS LIMITED

## AUDITORS' REPORT TO THE MEMBERS OF TRIGGER APPARELS LIMITED

- 1 We have audited the attached Balance Sheet of **TRIGGER APPARELS LIMITED** as on **31<sup>st</sup> March 2009** and also the Profit and Loss Account for the year ended on that date annexed thereto and the 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 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 As required by the Companies (Auditor's Report) (Amendment) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4 Further to our comments in the Annexure referred to above, we report that:
  - (a) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet and Profit and Loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - (e) On the basis of written representations received from the directors, as on **31<sup>st</sup> March 2009** and taken on record by the Board of Directors, we report that none of the directors is disqualified as on **31<sup>st</sup> March 2009** from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- 5 In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles accepted in India;
  - (a) In the case of Balance Sheet, of the state of affairs of the Company as at **31<sup>st</sup> March 2009**;
  - (b) In the case of Profit & Loss Account, the loss for the year ended on that date;
  - (c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For **GOPALAIYER AND SUBRAMANIAN**

Chartered Accountants

**CA. R MAHADEVAN**

Partner

Membership No.27497

Coimbatore

25.06.2009

**ANNEXURE REFERRED TO IN PARAGRAPH [3] OF OUR REPORT OF EVEN DATE**

- I (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year discrepancies noticed on such physical verification were not material and have been properly dealt with in books of accounts.
- (c) There were no disposal of substantial part of fixed assets during the year and hence the going concern of the Company is not affected.
- II (a) Physical verification of Inventory has been conducted at reasonable intervals by the Management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company has maintained proper records of inventory and discrepancies noticed on physical verification of inventories as compared to book records were not material and have been appropriately dealt with.
- III During the year, the company has neither taken any loans secured or unsecured nor has granted any loans secured or unsecured to parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence sub clauses a to g of clause (iii) are not applicable.
- IV (a) In our opinion and according to the explanations and information given to us there are adequate internal control systems commensurate with the size of the Company and the nature of the business for the purchase of inventory and for the sale of goods.
- (b) During the course of our audit no major weakness has been noticed in the internal controls.
- V (a) The transactions made in pursuance of contracts or arrangements, that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been recorded in the register maintained for the purpose.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register maintained under Section 301 of the Act and exceeding the value of Rupees five lakhs in respect of any party during the year, which have been made at prices which are reasonable having regard to the prevailing market prices.
- VI During the year the Company has not accepted any deposits from the public and hence the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies [Acceptances of Deposit Rules 1975] and other relevant provisions of the Companies Act, 1956 are not applicable.
- VII In our opinion, the Company's present Internal Audit System is commensurate with its size and nature of business.
- VIII The Central Government has not prescribed any cost records to be maintained under Section 209(1) of the Companies Act, 1956. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

# TRIGGER APPARELS LIMITED

- IX (a)** According to the information and explanations given to us and records examined by us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Cess and other statutory dues with the appropriate authorities, whichever is applicable during the year.
- According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at March 31, 2009 for a period more than six months from the date they became payable.
- (b)** According to the information and explanations given to us there are no disputed arrears of statutory dues.
- X** The Company has accumulated losses as at 31st March 2009, also the Company has incurred cash loss during the financial year covered by our audit. However the Company has not incurred any cash loss in the immediately preceding financial year.
- XI** Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to banks.
- XII** During the year, the Company has not granted loans and advances on the basis of the security by way of pledge of shares, debentures and other securities.
- XIII** In our opinion the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- XIV** In our opinion and according to the information and explanations given to us, the company is not dealing or trading in Shares, Securities, debentures and other investments.
- XV** In our opinion, according to the information and explanations given to us, the Company, during the year has not given any guarantee for loans taken by others from banks or financial institutions.
- XVI** In our opinion, and according to the information and explanations given to us, as on overall basis, the company has not borrowed any term loans during the year and hence reporting on utilization of the same does not arise.
- XVII** According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the company has utilised the funds raised on short term basis for long term investments to the extent of Rs.4.52 Lakhs.
- XVIII** The Company being 100 % subsidiary of K G Denim Limited has allotted 19,50,000 equity shares of Rs.10/- each at par to the holding company during the year.
- XIX** The Company has not raised any debentures during the financial year and hence creation of security in respect of debentures does not arise.
- XX** The company has not raised any money through a public issue during the year.
- XXI** Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For GOPALAIYER AND SUBRAMANIAN**

Chartered Accountants

**CA. R MAHADEVAN**

Partner

Membership No.27497

Coimbatore  
25.06.2009

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

PARTICULARS	SCHEDULE	AS AT	AS AT
		31.03.2009	31.03.2008
<b>SOURCES OF FUNDS</b>		(Rs.000's)	
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	2 00 00	5 00
Reserves & Surplus		-	-
		<u>2 00 00</u>	<u>5 00</u>
<b>LOAN FUNDS</b>			
Secured Loans	2	4 87 84	4 57, 79
Unsecured Loans	3	4 32	2 05
		<u>4 92 16</u>	<u>4 59 84</u>
<b>Total</b>		<u>6 92 16</u>	<u>4 64 84</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	83 59	71 03
Less : Depreciation		8 30	3 65
Net Block		<u>75 29</u>	<u>67 38</u>
<b>NET CURRENT ASSETS</b>			
Current Assets, Loans & Advances			
Inventories	5	9 55 50	8 15 88
Trade Debtors	6	5 64 36	5 94 90
Cash and Bank Balances	7	27 68	1 04 83
Loans & Advances	8	1 23 27	1 09 83
		<u>16 70 81</u>	<u>16 25 44</u>
Less : <b>Current Liabilities &amp; Provisions</b>			
Current Liabilities	9	14 20 08	13 99 16
Provisions	10	17 43	20 79
		<u>2 33 30</u>	<u>2 05 49</u>
Deferred Tax Asset (Net)		1 22 51	64 41
Balance in Profit and Loss Account		2 61 06	1 27 56
<b>Total</b>		<u>6 92 16</u>	<u>4 64 84</u>
<b>Notes on Accounts</b>	17		

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

**CA. R MAHADEVAN**

Partner

Coimbatore  
25th June, 2009

Membership No.27497

**KG BAALAKRISHNAN**  
Director

**A VELUSAMY**  
Director



# TRIGGER APPARELS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2009

PARTICULARS	SCHEDULE	31.03.2009	31.03.2008
(Rs.000's)			
<b>INCOME</b>			
Sales (Gross/Net)	11	22 03 35	25 18 80
Increase / Decrease in Stock	13	1 98 97	1 05 19
		<u>24 02 32</u>	<u>26 23 99</u>
Other Income	12	13 71	4 76
		<u>24 16 03</u>	<u>26 28 75</u>
<b>EXPENDITURE</b>			
Material Cost	14	11 79 45	13 92 84
Processing Charges		5 82 67	6 06 98
Administrative, Selling and Other Expenses	15	7 46 19	7 34 97
		<u>25 08 31</u>	<u>27 34 79</u>
<b>GROSS PROFIT</b>			
		-92 28	-1 06 04
Less : Financial Charges	16	90 08	82 01
Depreciation		4 65	3 35
<b>PROFIT FOR THE YEAR</b>			
		-1 87 01	-1 91 40
Less : Prior Year Expenses / Income (Net)		-	1 93
Provision for Fringe Benefit Tax		4 58	10 10
Provision for Deferred Tax		-58 09	-65 02
<b>NET PROFIT / LOSS</b>			
		-1 33 50	-1 38 41
Add: Balance Brought forward		-1 27 56	10 85
<b>Balance Transferred to Balance Sheet</b>			
		<u>-2 61 06</u>	<u>-1 27 56</u>
<b>Earnings per Share (Basic &amp; Diluted)-Face Value Rs.10 per Share</b>		(241.24)	(276.82)
<b>Weighted Number of Equity Shares</b>		55342	50000
<b>Notes on Accounts</b>	17		

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

**CA. R MAHADEVAN**

Coimbatore

25th June, 2009

Partner

Membership No.27497

**KG BAALAKRISHNAN**  
Director

**A VELUSAMY**  
Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2009

PARTICULARS	31.03.2009	31.03.2008
	(Rs.000's)	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before tax and extraordinary items	-18701	-19140
Adjustments for:		
Depreciation	465	335
Interest Charges	9008	8201
<b>Operating Profit before working capital changes</b>	<b>-9229</b>	<b>-10604</b>
Adjustments for:		
Trade and other receivables	3054	-22338
Inventories	-13962	-377
Loans & Advances	-1344	2893
Current Liabilities	1755	42219
<b>Cash generated from operations</b>	<b>-19725</b>	<b>11793</b>
<b>Cash flow before extraordinary items</b>	<b>-19725</b>	<b>11793</b>
Extraordinary items	-458	-1203
<b>Net cash from operating activities</b>	<b>-20183</b>	<b>10590</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Acquisitions of fixed assets	-1256	-6534
<b>Net cash used in investing activities</b>	<b>-1256</b>	<b>-6534</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of Equity Share Capital	19500	-
From Short Term Loan	-	-80
Bank Borrowings	3232	14190
Interest paid	-9008	-8201
<b>Net cash used in financing activities</b>	<b>13724</b>	<b>5909</b>
<b>Net Increase in cash and cash equivalents</b>	<b>-7715</b>	<b>9965</b>
Cash and cash equivalents as at 1st April, 2008 (Opening Balance)	10483	518
Cash and cash equivalents as at 31st March, 2009 (Closing Balance)	2768	10483

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

**KG BAALAKRISHNAN**  
Director

**A VELUSAMY**  
Director

**CA. R MAHADEVAN**

Coimbatore  
25th June, 2009

Partner  
Membership No.27497

# TRIGGER APPARELS LIMITED

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

PARTICULARS	AS AT									
	31.03.2009	31.03.2008								
(Rs.000's)										
<b>SCHEDULE 1 : SHARE CAPITAL</b>										
<b>Authorised Capital</b>										
2000000 Equity Shares of Rs.10 each	2 00 00	9 00								
<b>Issued Capital</b>										
2000000 Equity Shares of Rs.10 each	2 00 00	5 00								
<b>Subscribed and Paid up Capital</b>										
2000000 Equity Shares of Rs.10 each	2 00 00	5 00								
(1950000 Equity Shares of Rs.10 each issued during the year to the holding company at par)	<u>2 00 00</u>	<u>5 00</u>								
<b>SCHEDULE 2 : SECURED LOANS</b>										
Working Capital Loans from Banks	4 87 84	4 57 79								
	<u>4 87 84</u>	<u>4 57 79</u>								
<b>SCHEDULE 3 : UNSECURED LOANS</b>										
From Banks	4 32	2 05								
	<u>4 32</u>	<u>2 05</u>								
<b>SCHEDULE 4 : FIXED ASSETS</b>										
(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
Electric Machinery	335	253	-	588	10	23	-	33	555	325
Office Equipments	639	157	-	796	61	34	-	95	701	578
Furniture & Fittings	6129	846	-	6975	294	408	-	702	6273	5835
<b>Total</b>	<b>7103</b>	<b>1256</b>	<b>-</b>	<b>8359</b>	<b>365</b>	<b>465</b>	<b>-</b>	<b>830</b>	<b>7529</b>	<b>6738</b>
Previous Year	569	6534	-	7103	30	335	-	365	6738	539
				31.03.2009		31.03.2008				
<b>SCHEDULE 5 : INVENTORIES</b>										
Raw Materials	62 86	34 60								
Process Stock	2 31 73	2 82 43								
Finished Goods	6 23 24	4 24 27								
Stock of Stores	<u>37 67</u>	<u>74 58</u>								
(As taken, valued and certified by the Management)	<u>9 55 50</u>	<u>8 15 88</u>								
<b>SCHEDULE 6 : TRADE DEBTORS</b>										
Unsecured - Considered Good	2 09 49	1 48 80								
Outstanding for More than Six Months	3 54 87	4 46 10								
Others (below Six months)	<u>5 64 36</u>	<u>5 94 90</u>								

PARTICULARS	AS AT 31.03.2009	AS AT 31.03.2008
(Rs.000's)		
<b>SCHEDULE 7 : CASH AND BANK BALANCES</b>		
Cash and Cheques in Hand	11 66	6 96
In Current Accounts	4 18	20 76
In Deposit Accounts	11 84	77 11
	<u>27 68</u>	<u>1 04 83</u>
<b>SCHEDULE 8 : LOANS AND ADVANCES</b>		
Unsecured Considered Good:		
Advances Recoverable in cash or in kind or for Value to be received		
For Materials Purchases	18 83	24 46
For Duties & Taxes	13 05	17 16
Rent Advances	41 93	37 33
Others	44 94	26 67
Deposits	23	-
Prepaid Expenses	4 29	4 21
	<u>1 23 27</u>	<u>1 09 83</u>
<b>SCHEDULE 9 : CURRENT LIABILITIES</b>		
Creditors for Purchases (Other than SSI)	1 99 83	2 18 97
Creditors for Purchases (For SSI Units)	4 96	8 40
Liability for Expenses	2 65 73	2 54 94
Liability for Other Finances	98 39	91 42
Customers Credit Balances	44 35	76 95
Liability for Holding Company	8 06 82	7 48 48
	<u>14 20 08</u>	<u>13 99 16</u>
<b>SCHEDULE 10 : PROVISIONS</b>		
For Fringe Benefit Tax	4 58	10 10
For Gratuity	12 85	10 69
	<u>17 43</u>	<u>20 79</u>
<b>SCHEDULE 11 : SALES</b>		
Fabrics	2 86	-
Garments	21 93 70	25 17 85
Waste/Others	6 79	95
	<u>22 03 35</u>	<u>25 18 80</u>
<b>SCHEDULE 12 : OTHER INCOME</b>		
Interest Receipts	5 52	2 04
Insurance Claim Received	1 49	22
Miscellaneous Receipts	6 70	2 50
	<u>13 71</u>	<u>4 76</u>
<b>SCHEDULE 13 : INCREASE IN STOCK</b>		
Closing Stock of Finished Goods	6 23 24	4 24 27
Less: Opening Stock of Finished Goods	4 24 27	3 19 08
Increase in Stock	<u>1 98 97</u>	<u>1 05 19</u>

# TRIGGER APPARELS LIMITED

PARTICULARS	31.03.2009	31.03.2008
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(Rs.000's)

## SCHEDULE 14 : MATERIAL COST

### Raw Materials Consumed

Opening Stock of Raw Materials	34 60	1 04 60
Process Stock	<u>2 82 43</u>	<u>3 32 86</u>

Add: Purchases

	3 17 03	4 37 46
	<u>6 40 05</u>	<u>7 32 33</u>

	9 57 08	11 69 79
--	---------	----------

Less: Closing Stock of Raw Materials  
Process Stock

	62 86	34 60
	<u>2 31 73</u>	<u>2 82 43</u>

	6 62 49	8 52 76
--	---------	---------

Add : Garments Purchases  
Stores Consumed

	2 16 05	2 13 69
	<u>3 00 91</u>	<u>3 26 39</u>

### Total Material Cost

	<u>11 79 45</u>	<u>13 92 84</u>
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## SCHEDULE 15 : ADMINISTRATIVE, SELLING AND OTHER EXPENSES

Personnel Cost: (Including Managerial Remuneration)

Salaries, Wages, Incentives, Gratuity etc	1 44 34	1 69 86
Employees Welfare Expenditure	6 05	2 65
Director's Remuneration	<u>5 40</u>	<u>5 48</u>

	<u>1 55 79</u>	<u>1 77 99</u>
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### Repairs and Maintenance

For Buildings	50	55
For Others	<u>8 12</u>	<u>4 78</u>
	<u>8 62</u>	<u>5 33</u>

### Other Expenses

Rent	75 59	64 16
Printing and Stationery	3 22	2 26
Postage, Telegrams and Telephones	15 13	11 51
Professional and Legal Charges	6 14	5 07
Auditors' Fees and other services	42	34
Insurance	17 73	12 04
Duties, Taxes and Licenses	10 55	10 97
Traveling Expenses and Maintenance of Vehicles	72 57	92 24
Brokerage and Commission	67 30	63 13
Selling Expenses	2 47 76	2 49 44
Advertisements	33 44	-
Freight Outwards	17 15	23 85
Miscellaneous Expenses	<u>14 78</u>	<u>16 64</u>

	<u>5 81 78</u>	<u>5 51 65</u>
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### Total

	<u>7 46 19</u>	<u>7 34 97</u>
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## SCHEDULE 16 : FINANCIAL CHARGES

Interest on:-

Other Loans	12 15	18 28
Working Capital Loans	67 05	53 39
Bank Charges	<u>10 88</u>	<u>10 34</u>

	<u>90 08</u>	<u>82 01</u>
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**SCHEDULE 17:****NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009****1. SIGNIFICANT ACCOUNTING POLICIES****1.1 DISCLOSURE AND BASIS OF ACCOUNTING**

- a) The Financial statements have been prepared under the Historical Cost Convention which is in accordance with the generally accepted Accounting Principles and Provisions of the Companies Act, 1956. The Company has complied with the Accounting Standards prescribed by the Institute of Chartered Accountants of India and as referred U/S 211 (3C) of the Companies Act, 1956.
- b) The Company has followed accrual basis of accounting in respect of its Income and Expenditure.
- c) The Accounts are prepared on the basis of going concern concept.
- d) The presentation of financial statement require estimates and assumptions to be made which affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenue and expenditure during the reporting period.

**1.2 VALUATION OF INVENTORIES**

Inventories are valued at the lower of cost and net realizable value. The cost formula used is average cost.

**1.3 CASH FLOW STATEMENT**

The Cash flow statement is prepared under indirect method as per the Institute of Chartered Accountants of India guidelines.

**1.4 REVENUE RECOGNITION**

Revenue from sale transactions is recognized as and when the property in the goods sold is transferred to the buyer for a definite consideration and there is no uncertainty regarding the amount of consideration or collectability. Sales are reported at net of Sales Tax. Other Incomes are also accounted on accrual basis.

**1.5 RELATED PARTY DISCLOSURES**

The related party transactions are disclosed in the notes on accounts as per the Institute of Chartered Accountants of India guidelines.

**1.6 DEPRECIATION ACCOUNTING**

Depreciation on fixed assets have been charged on straight line basis at the rates prescribed in Schedule XIV of the Companies Act.

**1.7 ACCOUNTING FOR EMPLOYEE RETIREMENT BENEFITS**

- a) Short term employee benefits (other than termination benefits) which are payable within 12 months after the end of the period in which the employees render service are accounted on accrual basis.
- b) Gratuity liability as per the Actuarial Valuation has been provided in the accounts as at the year end.

# TRIGGER APPARELS LIMITED

1.8 In accordance with the revised Accounting Standard AS - 15, details of actuarial provision are given below which is certified by the actuary and relied upon by the auditors.

I.	Principal Actuarial Assumptions	31.03.2009	31.03.2008
	(Expressed as weighted averages)		
	Discount Rate	8.00 %	8.00 %
	Salary Escalation Rate	10.00 %	10.00 %
	Attrition Rate	5.00 %	5.00 %
	Expected Rate of Return on Plan Assets	0.00 %	0.00 %
II.	<b>Changes in the present value of the obligation (PVO) -</b>	(Rs.000's)	(Rs.000's)
	<b>Reconciliation of Opening and Closing Balances</b>		
	<b>PVO as at the beginning of the period</b>	1069	412
	Interest Cost	86	33
	Current Service Cost	476	643
	Past Service Cost - (Non Vested Benefits)	0	0
	Past Service Cost - (Vested Benefits)	0	0
	Benefits Paid	0	(19)
	Actuarial Loss / (Gain) on obligation (Balancing Figure)	(345)	(2425)
	<b>PVO as at the end of the period</b>	1,285	1,069
III.	<b>Changes in the fair value of plan assets -</b>	(Rs.000's)	(Rs.000's)
	<b>Reconciliation of Opening and Closing Balances</b>	0	0
	<b>Fair Value of plan assets as at the beginning of the period</b>	0	0
	Expected return on plan assets	0	0
	Contributions	0	0
	Benefits Paid	0	0
	Actuarial Gain / (Loss) on plan assets (Balancing Figure)	0	0
	<b>Fair Value of plan assets as at the end of the period</b>	0	0
IV.	<b>Actual return on plan assets</b>	(Rs.000's)	(Rs.000's)
	Expected return on plan assets	0	0
	Actuarial Gain / (Loss) on plan assets	0	0
	<b>Actual return on plan assets</b>	0	0
V.	<b>Actuarial Gain / Loss recognised</b>	(Rs.000's)	(Rs.000's)
	Actuarial Gain / (Loss) for the period - Obligation	345	19
	Actuarial Gain / (Loss) for the period - Plan Assets	0	0
	Total (Gain) / Loss for the period	(345)	(19)
	<b>Actuarial (Gain) / Loss recognised in the period</b>	(345)	(19)
	Unrecognised actuarial (Gain) / Loss at the end of the year	0	0
VI.	<b>Amounts recognised in the balance sheet and related analyses</b>	(Rs.000's)	(Rs.000's)
	Present Value of the obligation	1,285	1,069
	Fair Value of plan assets	0	0
	Difference	1,285	1,069
	Unrecognised transitional liability	0	0
	Unrecognised past service cost-non vested benefits	0	0
	<b>Liability recognised in the balance sheet</b>	1,285	1,069

VII. Expenses recognised in the statement of profit and loss	(Rs.000's)	(Rs.000's)
Current Service Cost	476	643
Interest Cost	86	33
Expected return on plan assets	0	0
Net actuarial (Gain) / Loss recognised in the year	(345)	(19)
Transitional Liability recognised in the year	0	0
Past Service Cost - Non-Vested Benefits	0	0
Past Service Cost - Vested Benefits	0	0
<b>Expenses recognised in the statement of profit and loss</b>	<b>216</b>	<b>(657)</b>
VIII. Movements in the Liability recognised in the balance sheet	(Rs.000's)	(Rs.000's)
Opening net liability	1,069	412
Expense as above	216	657
Contribution paid	0	0
<b>Closing net liability</b>	<b>1,285</b>	<b>1,069</b>

## 2. NOTES ON ACCOUNTS

### 2.1 Secured Loan:

Working Capital loan from Indian Overseas Bank is secured by an exclusive first charge on the fixed and current assets besides corporate guarantee of the holding company viz., K G Denim Limited. The loans are also personally guaranteed by Shri KG Baalakrishnan.

	2008-2009		2007-2008	
	Qty	Amount (Rs.000's)	Qty	Amount (Rs.000's)
<b>2.2 Particulars of Production:</b>				
Garments Nos.	4 66 587	-	6 21 312	-
(Converted on job work basis by outsiders)				
<b>2.3 Raw Materials Consumed:</b>				
Fabric Mtrs.	6 16 084	6 62 49	8 53 708	8 52 76
<b>Consumption:</b>				
Raw Materials - Imported	-	-	-	-
Indigenous	100%	6 62 49	100%	8 52 76
	100%	6 62 49	100%	8 52 76
Stores - Imported	-	-	-	-
Indigenous	100%	3 00 91	100%	3 26 39
	100%	3 00 91	100%	3 26 39
<b>2.4 Particulars of Sales:</b>				
Garments Nos.	5 13 833	21 93 70	7 36 558	25 18 80
<b>2.5 Particulars of Opening Stock:</b>				
Garments Nos.	1 49 121	4 24 27	1 30 949	3 19 08
<b>2.6 Particulars of Closing Stock:</b>				
Garments Nos.	1 91 766	6 23 24	1 49 121	4 24 27
<b>2.7 Particulars of Purchases:</b>				
*Cloth Mtrs.	-	6 40 05	-	7 32 33
Garments Nos.	83 783	2 16 05	1 33 418	2 13 69
* Subject to further processing and included in production.				
<b>2.8 Auditor Remuneration:</b>				
For Audit		22		23
Tax Audit		19		-
Other Services		1		11
		<u>42</u>		<u>34</u>



# TRIGGER APPARELS LIMITED

## 2.9 Accounting Standard AS - 18 on "Related Party Disclosure"

(Rs.000's)

Particulars	2008-2009				2007-2008			
	Holding Co.	Associates	Key Management Personnel	Relative of Key Management Personnel	Holding Co.	Associates	Key Management Personnel	Relative of key Management Personnel
Purchase of goods	65949	-	-	-	75735	534	-	-
Processing Charges paid	23665	-	-	-	26535	-	-	-

## 2.10 Balance outstanding as on 31.03.2009

Particulars	2008-2009				2007-2008			
	Holding Co.	Associates	Key Management Personnel	Relative of Key Management Personnel	Holding Co.	Associates	Key Management Personnel	Relative of key Management Personnel
Debtors	-	-	-	-	-	1	-	-
Creditors	-	-	-	-	-	-	-	-
-for goods purchase	80682	-	-	-	74848	839	-	-
Managerial Remuneration	-	-	540	-	-	-	584	-

## 2.11 NOTE :

Holding Company	KG Denim Limited
Associates	Sri Kannapiran Mills Limited Sri Balamurugan Textile Processing Limited KG Fabriks Limited Enterprise Telesys Limited
Key Management Personnel	Shri KG Baal Krishnan Shri N Rajhagopalan

## 2.12 Major Components of Deferred Tax Assets and Deferred Tax Liabilities

(Rs.000's)

Particulars	2008-09		2007-08	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Timing difference arising on				
1. Depreciation	-	480	-	210
2. Disallowance under IT Act and to be claimed in subsequent years	73	-	396	-
3. Carried forward losses	12658	-	6255	-
<b>Total</b>	<b>12731</b>	<b>480</b>	<b>6651</b>	<b>210</b>
Net Deferred tax Liability / Asset	-	12251	-	6441

## 2.13 Basic & Diluted Earnings per share

(Rs.000's)

Particulars	2008-09	2007-08
Net Profit / Loss after tax	(13351)	(13841)
No of Equity Shares at the year end (1950000 Equity Shares of Rs.10 each issued on 31.03.2009)	2000000	50000
Weighted No. of Equity Shares (50000+(1950000 X 1/365))	55342	50000
Earnings per share	(241.24)	(276.82)

2.14 Previous year's figures have been regrouped wherever necessary.

2.15 Figures have been rounded off to the nearest thousands

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### I Registration Details

Registration No.    -     State Code

Balance Sheet Date 31st March 2009

#### II Capital Raised during the year (Rs. 000's)

Public Issue        Rights Issue

Bonus Issue        Private Placement

#### III Position of Mobilisation and Deployment of Funds (Rs. 000's)

Total Liabilities         Total Assets

Sources of Funds Application of Funds :

Paid-up Capital         Net Fixed Assets

Reserves & Surplus        Capital Work -in- Progress

Deferred Tax Liability (Net)        Net Current Assets

Secured Loans         Investments

Unsecured Loans        Misc. Expenditure

Accumulated Losses

Deferred Tax Assets

#### IV Performance of Company (Rs.000's)

Turnover         Total Expenditure

Profit/Loss Before Tax           Profit/Loss After Tax

Earnings per Share (EPS) in Rs             Dividend Rate %

#### V Generic names of three principal products/Services of Company (as per Monetary Terms)

Item Code No. (ITC Code)	Product Description
<input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/>	GARMENTS

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**  
Chartered Accountants

**KG BAALAKRISHNAN**  
Director

**A VELUSAMY**  
Director

**CA. R MAHADEVAN**  
Partner

Coimbatore  
25th June, 2009

Membership No.27497

**KG DENIM (USA) Inc.**

**DIRECTORS' REPORT**

Your Directors present their Annual Report along with the Unaudited Financial Statements for the period of 12 months ended on 31st March 2009.

KG Denim (USA) Inc. was incorporated on 6.7.2005 at Delaware USA for the purpose of marketing of fabrics and apparels. However, the Company has not commenced its commercial activity for the period ended till 31st March, 2009.

Coimbatore  
25th June, 2009

By Order of the Board

**Sd/- B SRIRAMULU**  
Director



**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2009 (Un audited)**

PARTICULARS	AS AT 31.03.2009		AS AT 31.03.2008	
	USD	(Rs.000's)	USD	(Rs.000's)
<b>SOURCES OF FUNDS</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Authorised Share Capital				
1500 Nos of Shares of common stock with no par value				
Subscribed, Issued and Paid up Capital				
700 Nos of Shares of common stock with no par value	700.00	35	700.00	28
Un Secured Loan				
From K G Denim Limited, India (Holding Company)	521.12	22	291.12	12
	<u>1221.12</u>	<u>57</u>	<u>991.12</u>	<u>40</u>
<b>APPLICATION OF FUNDS</b>				
<b>MISCELLANEOUS EXPENDITURE</b>				
<b>(To the extent not written off or adjusted)</b>				
Incorporation Expenses	700.00	35	700.00	28
Pre Operative Expenses	521.12	22	291.12	12
	<u>1221.12</u>	<u>57</u>	<u>991.12</u>	<u>40</u>

No Profit & Loss A/c is prepared, since the commercial activity of the Company has not yet commenced

Coimbatore  
25th June, 2009

**Sd/- B SRIRAMULU**  
Director



## **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 Gopalaiyer 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 Baalakrishnan**  
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 16.09.2009 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 Baalakrishnan**  
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.

*If undelivered please return to :*

**K G DENIM LIMITED**

Registered Office:

THEN THIRUMALAI

COIMBATORE - 641 302