



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
Jadayampalayam, 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
 Allahabad Bank
 State Bank of India
 State Bank of Hyderabad
 State Bank of Indore
 Indian Overseas Bank

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K G DENIM LIMITED

DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

We have pleasure in presenting the Eighteenth Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2010.

FINANCIAL RESULTS

(Rs. in lakhs)

PARTICULARS	For the year ended 31 st March 2010	For the year ended 31 st March 2009
Gross Profit	3452	1872
Less: Interest	1965	1978
Loss due to exchange variation	101	277
Profit prior to Depreciation and write off	1386	-383
Less: Depreciation	1290	1306
Add : Prior Year Income / (Expenditure) (Net)	2	20
Net Profit / (Loss)	94	-1709
Current, Deferred, FBT Tax & earlier year tax	77	-493
Net Profit / (Loss) for the year	17	-1216
Balance Brought forward	-315	901
Balance carried forward	-298	-315

PERFORMANCE OF THE COMPANY

During the year ended 31.03.2010, the Company achieved an overall production of 229 lakh meters of fabrics against the previous year's production of 215 lakh meters. The sales for the year ended 31.03.2010 was Rs.25851 lakhs as against sales of Rs.22054 lakhs during the previous year, representing an increase of 17 %.

The company has been able to stem the losses of earlier years and achieve positive results for the year.

INDUSTRY STRUCTURE & DEVELOPMENT

The Indian denim industry occupies an important position in the global denim fabric and garment manufacturing. After China, it has the strongest denim manufacturing base in Asia.

During 2009-10, the Indian denim industry witnessed a surge in demand, particularly, in the domestic market. The exports were partially affected by rise in the value of the rupee. In the processed fabric sector, especially the bed linen demand for US markets showed signs of improvement only towards the end of the year.

In the apparel segment, the preference by overseas customers for packaged ready made garments continued to increase.

OPPORTUNITIES AND THREATS

The domestic demand for denim is growing and the company is focussing on new product developments in this segment. The company is also concentrating on increase sale of its home textiles. Apparel exports is expected to grow significantly in the next year.

The increase in cotton and yarn prices in the beginning of 2010-11, the higher interest rates and the volatility in exchange rates are the serious concerns facing the company. The company is taking steps to mitigate the effects of cost increases by suitable product mix changes and also by actively managing the exchange risk.

SEGMENT WISE PERFORMANCE

The segment wise results are presented in item 2.19 of the Notes on Accounts. Both fabric and Apparel division have done well during the year in terms of volume and profitability.

Sales of denim fabrics in domestic market increased in this year. The exports were maintained at previous year levels. The sales of processed fabrics, including home textiles were also maintained. However, the order position for home textiles improved in the last quarter of the year. The company also augmented its income by doing job work for processed fabrics for outsiders.

In the apparel segments, the sales nearly doubled with improved profitability aided by the customer preference for packaged garments.

The higher sales volume and lower cotton and yarn costs helped in posting positive results for the year, 2009-10.

FINANCE

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

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. Trigger Apparels Limited is expected to consolidate its market position with improved sales and profitability during the next year. 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 31st March, 2010.

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 Limited, Mumbai.

CAPITAL EXPENDITURE

The Company incurred a capital expenditure of Rs.132.63 lakhs during the year.

DIRECTORS

Shri Surinder Chhibber, Smt T Anandhi and Shri G P Muniappan retire by rotation and being eligible offer themselves for reappointment at the ensuing Annual General Meeting.

AUDITORS

The present Auditors M/s Gopalaiyer and Subramanian retire at the ensuing Annual General Meeting and are eligible for re-appointment. Cost Audit report for the financial year ending 31st March 2010 will be submitted to the Central Government in accordance with Cost Audit Report Rules, 2001.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

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. The Audit Committee also closely reviews with the internal and external auditors on the adequacy of internal control systems.

CAUTIONARY STATEMENT

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

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
26.05.2010

On behalf of the Board
KG Baalakrishnan
Executive Chairman

K G DENIM LIMITED

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 31st March, 2010.

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 marginal increase in costs.
- d) Total energy consumption and energy consumption per unit of production:

FORM - A

A. POWER AND FUEL CONSUMPTION

	31.03.2010	31.03.2009
I Electricity		
(a) Purchased		
Units in lakhs	43.00	48.06
Value in lakhs (Rs.) **	202.80	219.78
Cost/Unit (Rs.)	4.72	4.57
**Excludes fixed demand charges		
(b) Own Generation		
(i) Through Diesel Generator		
Units in lakhs	12.00	8.14
Units / Ltr.	3.20	3.10
Cost/Unit (Rs.)	9.03	9.64
(ii) Through steam turbine/generator		
Units in lakhs	209.00	197.76
Units/Ton of fuel mix	413.00	415.00
Cost/Unit (Rs.)	4.37	4.58
II Coal		
Quantity (Tonnes)	19932	18948
Total Cost (Rs. in lakhs)	816.81	841.68
Average Rate (Rs)	4092.00	4442.00
III Saw Dust etc.,		
Quantity (Tonnes)	23597	24305
Total Cost (Rs. in lakhs)	307.70	275.62
Average Rate (Rs)	1304.00	1134.00

B. CONSUMPTION / UNIT OF PRODUCTION

Electricity Unit/ Mtr. of Fabric	1.35	1.40
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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	10.56
c) Total	10.56
d) R & D Expenditure as % of Total Turnover	0.05

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.1909 Lakhs
Earned	Rs.8571 Lakhs

On behalf of the Board
KG Baalakrishnan
Executive Chairman

Coimbatore
26.05.2010

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 31.03.2010.

Sl. No.	Name & Designation	Age	Remuneration (Rs. in lakhs)	Qualification & Experience	Date of Commencement of Employment
1.	Shri B Sriramulu Managing Director	43	24.00	BE (Textile Technology) MS(Textile Technology) 21 Years	03.11.2003
2.	Shri B Srihari Managing Director	41	24.00	BE (Chemical Technology) MS(Chemical Technology) 19 Years	03.11.2003
3.	Shri Pradeep Kher Vice President (Marketing)	47	15.00	BE (Textile Technology) PGD in Marketing Mgt. 25 Years	04.07.2008

Notes :

1. Nature of employment in all cases are contractual.

2. Shri KG Baalakrishnan, Shri B Sriramulu and Shri B Srihari are the Directors of the Company and are related to each other and to Smt T Anandhi, Director.

On behalf of the Board
KG Baalakrishnan
Executive Chairman

Coimbatore
26.05.2010

K G DENIM LIMITED

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 stake holders 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 1st April 2009 to 31st March 2010. The present strength of the Board is 12 Directors, out of which 6 are independent directors.

4 (Four) 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: 25th June 2009, 31st July 2009, 25th October 2009 and 29th January 2010. The Annual General Meeting was held on 29th September 2009. 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 Baal Krishnan	4	4	Present	7	-	-
Shri B Sriramulu	4	4	Present	13	-	-
Shri B Srihari	4	4	Present	9	-	1
Shri G V S Desikan	4	4	Present	5	-	2
Shri V Jagadisan	4	4	Present	2	1	5
Shri K N V Ramani	4	4	Present	8	5	2
Shri G P Muniappan	4	4	Present	1	-	-
Smt T Anandhi	4	4	Present	4	-	-
Shri M J Vijayaraaghavan	4	3	Present	2	3	2
Shri Surinder Chhibber	4	3	Not Present	1	-	-
Shri A Velusamy	4	4	Present	7	1	4
Shri S Muthuswamy	4	4	Present	-	-	-

Profile of Directors retiring by rotation and eligible for reappointment

Shri Surinder Chhibber, aged 59 years is a post graduate in industrial engineering and operations research and has over 32 years of work experience in various capacities in foreign and Indian companies dealing in textiles and apparels.

Smt T Anandhi, aged 45 years has basic textile education and has over 15 years experience in textile field such as Cotton, Spinning and Garments. She is also on the board of various textile companies.

Shri G P Muniappan, aged 68 years is a post graduate in economics, is former Deputy Governor of the Reserve Bank of India.

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 25.06.2009, 30.07.2009, 24.10.2009 and 29.01.2010.

Composition of the Audit Committee as on 31st March, 2010 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 25.06.2009, 30.07.2009, 24.10.2009 and 29.01.2010.

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 18. Outstanding complaints as on 31st March 2010 were 'Nil'.

4. GENERAL MEETINGS

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

17 th AGM	29 th September 2009	10.30 a.m.	Registered Office premises, Then Thirumalai, Jadayampalayam, Coimbatore 641 302
16 th AGM	24 th September 2008	2.00 p.m.	- do -
15 th AGM	27 th August 2007	9.30 a.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.

K G DENIM LIMITED

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 31st March 2010, 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	24,00,000	-	24,00,000
Shri B Srihari, Managing Director	24,00,000	-	24,00,000
Shri A Velusamy, Director	5,34,000	55,536	5,89,536
Shri S Muthuswamy, Director & Company Secretary	6,67,500	82,500	7,50,000

The details of sitting fees paid to Non-Executive Directors for attending the Board or Committee Meetings during the financial year ended 31st March 2010 were as follows :-

Name of the Directors	Sitting Fee (Rs.)	No. of Shares held
Shri G V S Desikan	100000	200
Shri V Jagadisan	100000	Nil
Shri K N V Ramani	100000	10000
Shri G P Muniappan	20000	Nil
Shri M J Vijayaraaghavan	15000	Nil

8. GENERAL SHAREHOLDER INFORMATION

- | | |
|--|--|
| 1. 18 th AGM to be held on : | 13.08.2010 |
| at : | 9.15 a.m. |
| venue : | Registered Office Premises, Then Thirumalai, Jadayampalayam, Coimbatore 641 302 |
| 2. Financial Calendar (Tentative) | First Quarter - Second week of August 2010
Second Quarter - Second week of November 2010
Third Quarter - Second week of February 2011
Results for the year ending 31 st March 2011 last week of May 2011 |
| 3. Date of Book Closure | 02.08.2010 to 13.08.2010 (Both days inclusive) |
| 4. Listing of Equity Shares/Debentures | Listed in Bombay Stock Exchange. The Company has paid the listing fees for the year 2010 - 2011. |
| 5. Registrar and Share Transfer Agents | In accordance with SEBI's Circular dated 4th January 2003 directing that the work related to share registry, in physical & 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 & T Agent M/s Cameo Corporate Services Limited, at 'Subramanian Building', No.1 Club House Road, Chennai 600 002 |
| 6. State Code | Mumbai : Share - 1429 |
| 7. Demat ISIN No. for NSDL & CDSL | INE 104A01012 |
| 8. Share Transfer System | 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
The share transfer committee, which is a Board Committee, approves the transfer of shares. |
| 9. Dematerialisation of Shares | 90.02% of the total equity shares (23094519 Shares) were held in the dematerialised form as on 31 st March 2010. 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. |
| 10. i. Details of Public Funding obtained in the last three years. | 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. |
| ii. Outstanding GDRS/ADRS/Warrants or any convertible instrument | None |
| 11. Plant Location | K G DENIM LIMITED, Then Thirumalai, Jadayampalayam, Coimbatore 641 302 |
| 12. Address for communication | K G DENIM LIMITED, Then Thirumalai, Jadayampalayam, Coimbatore 641 302 |
| 13. Website | www.kgdenim.com |



9. DISTRIBUTION OF SHAREHOLDING ON 31ST MARCH 2010

Category	No. of Shareholders	%	No. of Shares	%
Upto 5,000	14816	86.47	2713839	10.58
5,001 - 10,000	1262	7.36	1093288	4.26
10,001 - 20,000	473	2.76	759598	2.96
20,001 - 30,000	178	1.04	468410	1.83
30,001 - 40,000	67	0.39	246972	0.96
40,001 - 50,000	98	0.57	470201	1.83
50,001 - 1,00,000	120	0.70	910396	3.55
1,00,001 and above	121	0.71	18991201	74.03
Total	17135	100.00	25653905	100.00

10. SHARE PRICE DATA

Market price data of the company's equity shares in Bombay Stock Exchange for the period from April 2009 to March 2010 is as below:

Month	BSE Price	
	High	Low
April 2009	7.27	5.00
May 2009	9.12	5.04
June 2009	11.20	7.34
July 2009	8.40	6.66
August 2009	9.12	6.45
September 2009	12.19	8.41
October 2009	11.44	8.50
November 2009	11.95	9.30
December 2009	12.99	10.85
January 2010	16.94	11.75
February 2010	13.49	9.54
March 2010	13.30	10.10

11. COMPLIANCE WITH NON MANDATORY REQUIREMENT

1. As the Company communicates corporate, financial and product information online on the web site 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.

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, 2010, 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
Firm Regn. No.000960S

Coimbatore
26.05.2010

K G DENIM LIMITED

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 2010 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 31st March 2010 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March 2010 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 31st March 2010;
 - (b) In the case of Profit & Loss Account, the PROFIT 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
Firm Regn. No.000960S

Coimbatore
26.05.2010

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, 2010 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 31.3.2010 (Rs.lakhs)	Forum Where dispute is pending
The Central Excise Act	Excise duty	35.40	Commissioner of Central Excise Appeals, Salem
The Central Excise Act	Excise duty	344.77	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 31st March 2010. The Company has not incurred any cash loss during the financial year covered by our audit. However, the Company has incurred cash loss during 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 debentureholders.

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.602.46 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.162.27 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

Firm Regn. No.000960S

Coimbatore
26.05.2010

K G DENIM LIMITED

BALANCE SHEET AS AT 31st MARCH 2010

PARTICULARS	SCHEDULE	AS AT 31.03.2010	ASAT 31.03.2009
(Rs.000's)			
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	25 66 51	25 66 51
Reserves & Surplus	2	17 02 04	16 85 10
		<u>42 68 55</u>	<u>42 51 61</u>
LOAN FUNDS			
Secured Loans	3	1 11 92 27	1 22 74 95
Unsecured Loans	4	5 43 33	4 61 49
		<u>1 17 35 60</u>	<u>1 27 36 44</u>
Deferred Tax Liability (Net)		8 40 80	8 66 20
Total		<u>1 68 44 95</u>	<u>1 78 54 25</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	2 18 42 86	2 18 32 30
Less : Depreciation		<u>1 06 31 96</u>	<u>94 10 60</u>
Net Block		1 12 10 90	1 24 21 70
Capital Work in Progress		12 47	-
INVESTMENTS	6	5 31 68	5 31 72
NET CURRENT ASSETS			
Current Assets, Loans & Advances			
Inventories	7	63 49 38	63 78 38
Trade Debtors	8	31 29 11	24 45 44
Cash and Bank Balances	9	6 38 75	7 60 31
Loans & Advances	10	17 20 63	22 78 90
Income Receivable		2 97 52	2 82 31
		<u>1 21 35 39</u>	<u>1 21 45 34</u>
Less : Current Liabilities & Provisions			
Current Liabilities	11	68 99 23	70 93 30
Provisions	12	1 46 26	1 51 21
		<u>50 89 90</u>	<u>49 00 83</u>
Total		<u>1 68 44 95</u>	<u>1 78 54 25</u>
Notes on Accounts	20		

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

CA. R MAHADEVAN
Partner

Coimbatore
26th May, 2010

Membership No.27497
Firm Regn. No.000960S

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 31st MARCH 2010

PARTICULARS	SCHEDULE	31.03.2010	31.03.2009
		(Rs.000's)	
INCOME			
Sales (Gross/Net)	13	2 58 50 64	2 20 54 25
Increase / Decrease in Stock	15	-5 57 30	5 36 30
		<u>2 52 93 34</u>	<u>2 25 90 55</u>
Jobwork Receipts (TDS Rs.19,42,888/-)		10 51 91	8 98 36
Other Income	14	5 19 15	5 17 47
		<u>2 68 64 40</u>	<u>2 40 06 38</u>
EXPENDITURE			
Material Cost	16	1 55 46 47	1 49 31 53
Manufacturing Cost	17	40 47 47	39 53 44
Other Operating Expenses	18	38 17 93	32 49 01
		<u>2 34 11 87</u>	<u>2 21 33 98</u>
GROSS PROFIT			
		34 52 53	18 72 40
Less: Financial Charges	19	19 64 89	19 78 12
Loss/Gain on variation in Foreign Exchange Rate (Net)		1 00 58	2 76 70
Depreciation		12 90 45	13 06 39
		<u>96 61</u>	<u>-16 88 81</u>
PROFIT/ LOSS FOR THE YEAR			
Add : Prior Year Expenses / Income (Net)		2 46	19 98
Provision for Current Tax		14 15	-
Provision for Fringe Benefit Tax		-	12 00
Provision for Wealth Tax		68	74
Provision for Deferred Tax		-25 40	-5 06 27
MAT Credit Entitlement		-14 15	-
Prior Year Taxes		1 01 93	55
		<u>16 94</u>	<u>-12 15 81</u>
NET PROFIT/ LOSS			
Add: Balance Brought forward		-3 15 05	9 00 76
		<u>-2 98 11</u>	<u>-3 15 05</u>
Balance Transferred to Balance Sheet			
Basic & Diluted Earnings per Share Face Value Rs.10 per Share		0.07	(4.74)
Weighted Number of Equity Shares		25 65 39 05	25 65 39 05
Notes on Accounts	20		

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

CA. R MAHADEVAN
Partner

Coimbatore
26th May, 2010

Membership No.27497
Firm Regn. No.000960S

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 31.03.2010

PARTICULARS	31.03.2010	31.03.2009
	(Rs.000's)	
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax and extraordinary items	96 61	-16 88 81
Adjustments for:		
Depreciation	12 90 45	13 06 39
Profit/Loss on sale of assets	12 65	22 32
Interest Charges	19 64 89	19 78 12
Operating Profit before working capital changes	33 64 60	16 18 02
Adjustments for:		
Trade and other receivables	-6 83 67	7 29 62
Inventories	29 00	-4 62 28
Loans & Advances	5 58 27	-8 32 58
Income Receivables	-15 21	30 63
Current Liabilities	-1 99 02	20 47 05
Cash generated from operations	30 53 97	31 30 46
Cash flow before extraordinary items	30 53 97	31 30 46
Extraordinary items	-1 05 07	-33 27
Net cash from operating activities	29 48 90	30 97 19
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Withdrawn / Sale of fixed assets	40 33	21 37
Acquisitions of fixed assets	-1 45 10	-5 18 61
Investments	4	-1 95 07
Net cash used in investing activities	-1 04 73	-6 92 31
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of term loan	-10 78 03	-3 47 30
From Short Term Loan	79 06	1 81 19
Bank Borrowings	-1 87	-87 63
Interest paid	-19 64 89	-19 78 12
Net cash used in financing activities	-29 65 73	-22 31 86
Net Increase in cash and cash equivalents	-1 21 56	1 73 02
Cash and cash equivalents as at 1st April, 2009 (Opening Balance)	7 60 31	5 87 29
Cash and cash equivalents as at 31st March, 2010 (Closing Balance)	6 38 75	7 60 31

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

CA. R MAHADEVAN
Partner

Coimbatore
26th May, 2010

Membership No.27497
Firm Regn. No.000960S

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, 2010 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
	(Rs.000's)	
SCHEDULE 1 : SHARE CAPITAL		
Authorised Capital		
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>
Issued Capital		
25691305 Equity Shares of Rs.10 each	<u>25 69 13</u>	<u>25 69 13</u>
Subscribed and Paid up Capital		
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>
SCHEDULE 2 : RESERVES & SURPLUS		
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>(-) 2 98 11</u>	<u>(-) 3 15 05</u>
	<u>17 02 04</u>	<u>16 85 10</u>
SCHEDULE 3 : SECURED LOANS		
Rupee Term Loans	69 57 55	81 19 29
Working Capital Loans from Banks	<u>42 34 72</u>	<u>41 55 66</u>
	<u>1 11 92 27</u>	<u>1 22 74 95</u>
SCHEDULE 4 : UNSECURED LOANS		
From Banks	51 49	46 46
Inter Corporate Deposits	4 83 71	4 00 00
From Others	<u>8 13</u>	<u>15 03</u>
	<u>5 43 33</u>	<u>4 61 49</u>

K G DENIM LIMITED

SCHEDULE 5 : FIXED ASSETS

(Rs. 000's)

Description of Assets	GROSS BLOCK				DEPRECIATION BLOCK			NET BLOCK		
	Cost as at 31.3.2009	Additions during the year	Sales/ Transfer during the year	Total cost as at 31.3.2010	Up to 31.3.2009	Depreciation for the year	Withdrawn during the year	Up to 31.3.2010	As at 31.3.2010	As at 31.3.2009
Land	39069	-	-	39069	-	-	-	-	39069	39069
Buildings	264694	2999	-	267693	57993	7778	-	65771	201922	206701
Machinery	1708741	6857	11256	1704342	795173	111813	6487	900499	803843	913811
Electric Machinery	92662	235	-	92897	44984	4386	-	49370	43527	47678
Office Equipments	42824	1368	13	44179	27702	2544	13	30233	13946	14879
Furniture & Fittings	9936	174	-	10110	4301	582	-	4883	5227	5635
Motor Vehicles	25304	1630	938	25996	10907	1942	409	12440	13556	14397
T o t a l	2183230	13263	12207	2184286	941060	129045	6909	1063196	1121090	1242170
Previous Year	2138722	51861	7353	2183230	813405	130639	2984	941060	1242170	1325317

Note: Buildings includes Prayer Hall of Rs.71.97 Lakhs in Gross Block, Rs.8.99 Lakhs in Depreciation Block and Rs.62.98 Lakhs in Net Block Furniture & Fittings includes Prayer Hall of Rs.13.89 lakhs in Gross Block, Rs.1.87 lakhs in Depreciation Block and Rs.12.02 lakhs in Net Block.

WORK IN PROGRESS

Particulars	Opening Balance	Additions	Total	Brought into use	Closing Balance
Buildings	-	1247	1247	-	1247
Total	-	1247	1247	-	1247

AS AT
31.03.2010 **AS AT**
31.03.2009
(Rs. 000's)

SCHEDULE 6 : INVESTMENTS (At Cost)

Non-Trade Investments - Quoted		
Allahabad Bank		
5265 Equity Shares of Rs.10/- each (Market Value Rs. 7,50,263/-)	4 32	4 32
Trade Investments - Un Quoted		
KG Fabriks Ltd		
32,70,000 Equity Shares of Rs.10/- each	3 27 00	3 27 00
Trigger Apparels Ltd - Wholly owned subsidiary		
20,00,000 Equity Shares of Rs.10/- each	2 00 00	2 00 00
KG Denim (USA) Inc - Wholly owned subsidiary		
Common Stock of Shares at no par value	31	35
National Savings Certificate	<u>5</u>	<u>5</u>
	<u>5 31 68</u>	<u>5 31 72</u>

SCHEDULE 7 : INVENTORIES

Raw Materials	12 41 86	11 12 48
Process Stock	11 28 13	8 98 85
Finished Goods	32 69 60	38 26 90
Stock of Waste	4 65	4 73
Stock of Stores	<u>7 05 14</u>	<u>5 35 42</u>
(As taken, valued and certified by the Management)	<u>63 49 38</u>	<u>63 78 38</u>



PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
	(Rs.000's)	
SCHEDULE 8 : TRADE DEBTORS		
Unsecured - Considered Good		
Outstanding for More than Six Months	4 95 20	5 23 60
Others	<u>26 33 91</u>	<u>19 21 84</u>
	<u>31 29 11</u>	<u>24 45 44</u>
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash and Cheques in Hand	14 13	9 06
Bank Balances (with Scheduled Banks)		
In Current Accounts	2 17 27	2 68 37
In Deposit Accounts	<u>4 07 35</u>	<u>4 82 88</u>
	<u>6 38 75</u>	<u>7 60 31</u>
SCHEDULE 10 : LOANS AND ADVANCES		
Unsecured Considered Good:		
Advances Recoverable in cash or in kind or for Value to be received		
For Capital Goods	1 01 27	34 34
For Materials Purchases	7 95 93	13 19 98
For Duties & Taxes	1 61 42	2 75 52
For Subsidy Receivable from Govt Agencies	2 79 12	3 12 54
For Expenses / Others	1 89 14	1 35 20
Advances to Subsidiary Companies	90	22
Deposits	50 22	55 63
Prepaid Expenses	<u>1 42 63</u>	<u>1 45 47</u>
	<u>17 20 63</u>	<u>22 78 90</u>
SCHEDULE 11 : CURRENT LIABILITIES		
Creditors for Capital Goods	47 79	2 49 42
Creditors for Purchases (Other than SSI)	56 30 37	56 25 99
Creditors for Purchases (For SSI Units)	59 90	44 72
Liability for Expenses	10 18 07	9 94 45
Liability for Other Finances	45 68	50 36
Customers Credit Balances	30 79	61 26
Investor Education and Protection Fund shall be credited by the following amount namely @		
Unpaid (Unclaimed) Matured Debentures	40 92	41 12
Unpaid (Unclaimed) Interest on Debentures	25 71	25 98
@ No amount is due as on 31st March 2010 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>68 99 23</u>	<u>70 93 30</u>
SCHEDULE 12 : PROVISIONS		
For Income Tax	14 15	39 42
For Wealth Tax	68	74
For Fringe Benefit Tax	-	12 00
For Gratuity	<u>1 31 43</u>	<u>99 05</u>
	<u>1 46 26</u>	<u>1 51 21</u>

K G DENIM LIMITED

PARTICULARS	31.03.2010	31.03.2009
	(Rs.000's)	
SCHEDULE 13 : SALES		
Fabrics	2 31 26 61	2 05 90 27
Garments	24 23 01	11 68 24
Yarn	1 02 18	1 09 42
Waste\Others	1 98 84	1 86 32
	<u>2 58 50 64</u>	<u>2 20 54 25</u>
SCHEDULE 14 : OTHER INCOME		
Interest Receipts (TDS - Rs.5,79,091/-)	49 18	38 36
Interest Subsidy Receipts	3 32 22	3 83 90
Insurance Claims Received	2 87	12 09
Exchange Gain on Export Sales	-	11 59
Profit on Sale of Assets	-	66
Dividend Receipts	13	18
Miscellaneous Receipts	49 63	70 69
Supplier Credits No Long payable	85 12	-
	<u>5 19 15</u>	<u>5 17 47</u>
SCHEDULE 15 : INCREASE IN STOCK		
Closing Stock of Finished Goods	32 69 60	38 26 90
Opening Stock of Finished Goods	38 26 90	32 90 60
	<u>-5 57 30</u>	<u>5 36 30</u>
SCHEDULE 16 : MATERIAL COST		
Raw Materials Consumed		
Opening Stock of Raw Materials	11 12 48	10 80 96
Process Stock	5 29 89	5 56 69
Waste	4 73	8 10
	<u>16 47 10</u>	<u>16 45 75</u>
Add: Purchases	1 01 97 99	1 00 51 51
	<u>1 18 45 09</u>	<u>1 16 97 26</u>
Less: Closing Stock of Raw Materials	12 41 86	11 12 48
Process Stock	6 52 14	5 29 89
Waste	4 65	4 73
	<u>99 46 44</u>	<u>1 00 50 16</u>
Fabrics / Garments Purchases / Consumption		
Opening Process Stock	3 68 96	3 55 55
Add : Purchases	25 11 42	20 19 17
	<u>28 80 38</u>	<u>23 74 72</u>
Less : Closing Process Stock	4 75 99	3 68 96
	<u>24 04 39</u>	<u>20 05 76</u>
Chemicals Consumed	24 87 13	24 42 00
Stores Consumed	7 08 51	4 33 61
Total Material Cost	<u>1 55 46 47</u>	<u>1 49 31 53</u>



PARTICULARS	31.03.2010	31.03.2009
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(Rs.000's)

SCHEDULE 17 : MANUFACTURING COST

Power and Fuel	20 67 66	20 43 03
Personnel Cost: (Including Managerial Remuneration)		
Salaries, Wages, Incentives, Gratuity etc	11 91 59	11 66 16
Contribution to Provident Fund and Other Funds	54 33	50 74
Employees Welfare Expenditure	93 97	90 59
	<u>13 39 89</u>	<u>13 07 49</u>
Repairs and Maintenance		
For Buildings	39 01	38 60
For Machinery	4 57 15	4 51 31
For Others	1 39 20	1 09 59
For Prayer Hall	4 56	3 42
	<u>6 39 92</u>	<u>6 02 92</u>
Total	<u>40 47 47</u>	<u>39 53 44</u>

SCHEDULE 18 : OTHER OPERATING EXPENSES

Processing Charges	20 04 28	16 47 28
Rent	30 03	31 03
Printing and Stationery	35 12	31 90
Postage, Telegrams and Telephones	1 20 69	1 10 99
Professional and Legal Charges	16 56	48 16
Auditors' Remuneration	2 89	3 23
Insurance	59 83	68 17
Duties, Taxes and Licenses	45 91	49 79
Donations	31	9
Traveling Expenses and Maintenance of Vehicles	1 87 77	1 77 45
Brokerage	25 04	12 96
Commission on Sales	2 55 68	2 77 23
Discount on Sales	2 26 74	1 64 02
Selling Expenses	2 71 15	1 76 50
Advertisements	13 57	6 64
Freight Outwards	2 90 84	3 08 78
Directors Sitting Fees	3 35	3 70
Software Maintenance Expenses	32 05	28 45
Miscellaneous Expenses	87 27	79 66
Exchange Loss on Export Sales	96 20	-
Loss on Sale of Fixed Assets	12 65	22 98
	<u>38 17 93</u>	<u>32 49 01</u>

SCHEDULE 19 : FINANCIAL CHARGES

Interest on:-		
Term Loans	8 66 60	9 44 12
Other Loans	50 71	88 62
Working Capital Loans	7 95 36	7 14 91
Bank Charges	2 52 22	2 30 47
	<u>19 64 89</u>	<u>19 78 12</u>

K G DENIM LIMITED

SCHEDULE 20 :

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010

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.

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 of 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.

K G DENIM LIMITED

2 NOTES ON ACCOUNTS

2.1 CONTINGENT LIABILITY

	2009 - 2010 (Rs 000's)	2008 - 2009 (Rs 000's)
a) Bills discounted with banks	20 96 09	18 56 85
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) Disputed Excise Duties	3 81 13	3 55 96
d) Disputed Income Tax	-	1 35 31
e) Guarantees given to Bank for loan to subsidiary	6 02 46	5 60 29
f) Guarantees given on behalf of Associates for fulfillment of their Export obligation under EPCG Scheme	3 00 00	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.

	2009-2010 (Rs.000's)	2008-2009 (Rs.000's)
c) Personal guarantees given by Directors for loans obtained by the Company	2 00 15 00	1 94 54 00
d) Future hire purchase charges on vehicle hire purchase loans		
i) Not later than one year	3 61	14 16
ii) Later than one year and not later than five years	4 52	87
	8 13	15 03

2.3 The Company has investment of Rs.200 Lakhs in the shares of M/s Trigger Apparels Limited (TAL), a wholly owned subsidiary of the company. Further the company has receivables to the extent of Rs.1172.87 Lakhs recoverable from TAL. The networth of TAL 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 TAL, 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 meets its liability from internal generation.

I.	Principal Actuarial Assumptions	31.03.2010	31.03.2009
	(Expressed as weighted averages)		
	Discount Rate	8.00 %	8.00 %
	Salary Escalation Rate	8.00 %	8.00 %
	Attrition Rate	5.00 %	5.00 %
	Expected Rate of Return on Plan Assets	0.00 %	0.00 %
II.	Changes in the present value of the obligation (PVO) -	(Rs.000's)	(Rs.000's)
	Reconciliation of Opening and Closing Balances		
	PVO as at the beginning of the period	9,905	8,295
	Interest Cost	774	639
	Current Service Cost	2,518	1,020
	Past Service Cost - (Non Vested Benefits)	0	0
	Past Service Cost - (Vested Benefits)	0	0
	Benefits Paid	(457)	(606)
	Actuarial Loss / (Gain) on obligation (Balancing Figure)	403	557
	PVO as at the end of the period	13,143	9,905
III.	Changes in the fair value of plan assets -	(Rs.000's)	(Rs.000's)
	Reconciliation of Opening and Closing Balances		
	Fair Value of plan assets as at the beginning of the period	0	0
	Expected return on plan assets	0	0
	Contributions	457	606
	Benefits Paid	(457)	(606)
	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.	Actual return on plan assets	(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.	Actuarial Gain / Loss recognised	(Rs.000's)	(Rs.000's)
	Actuarial Gain / (Loss) for the period - Obligation	(403)	(557)
	Actuarial Gain / (Loss) for the period - plan assets	0	0
	Total Gain / (Loss) for the period	403	557
	Actuarial Gain / (Loss) recognised in the period	403	557
	Unrecognised actuarial (Gain) / Loss at the end of the year	0	0
VI.	Amounts recognised in the balance sheet and related analyses	(Rs.000's)	(Rs.000's)
	Present Value of the obligation	13,143	9,905
	Fair Value of plan assets	0	0
	Difference	13,143	9,905
	Unrecognised transitional liability	0	0
	Unrecognised past service cost-non vested benefits	0	0
	Liability recognised in the balance sheet	13,143	9,905
VII.	Expenses recognised in the statement of profit and loss	(Rs.000's)	(Rs.000's)
	Current Service Cost	2,518	1,021
	Interest Cost	774	639
	Expected return on plan assets	0	0
	Net actuarial (Gain) / Loss recognised in the year	403	557
	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	3,695	2,216
VIII.	Movements in the Liability recognised in the balance sheet	(Rs.000's)	(Rs.000's)
	Opening net liability	9,905	8,295
	Expense as above	3,695	2,216
	Contribution paid	(457)	(606)
	Closing net liability	13,143	9,905

K G DENIM LIMITED

Annexure to Notes on Accounts:-

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

	2009-2010 (Rs.000's)	2008-2009 (Rs.000's)
Salaries and allowances (Rs.)	60 25	49 42
Contribution to PF	1 14	1 16
Total	61 39	50 58

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	96 61	-16 88 81
Add: Depreciation as per Accounts	12 90 45	13 06 39
Managerial Remuneration	61 39	50 58
	14 48 45	-3 31 84
Less: Depreciation as per Section 350 of Companies Act, 1956	12 90 45	13 06 39
Prior year & Preliminary Expenses	2 46	19 98
Net Profit / Loss for the year	1 55 54	-16 58 21
Minimum Remuneration to Managing Directors	48 00	37 40
Minimum Remuneration to other Executive Directors	13 39	13 18
Total Managerial Remuneration	61 39	50 58

2.7 Licensed and Installed Capacities :

Licensed Capacity :	NA	NA
Installed Capacity : Looms	183 Looms	193 Looms
Stenters	3 Nos	3 Nos

2.8 Particulars of Production, Sales & Stock

Particulars of Production :	Qty	Qty
Cloth (Mtrs)	2 29 29 847	2 15 08 275
* Waste (Kgs.)	12 53 367	12 78 951
** Garments (Nos.)	6 32 246	2 27 973

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	2009-2010 Amount (Rs.000's)	Qty	2008-2009 Amount (Rs.000's)
Cloth Mtrs.	2 32 73 679	2 31 26 61	2 11 83 393	2 05 90 27
Yarn Kgs.	1 47 941	1 02 18	1 23 458	1 09 42
Waste* Kgs.	12 17 260	1 98 84	12 76 242	1 86 32
Garments Nos.	5 82 094	24 23 01	2 27 405	11 68 24
		2 58 50 64		2 20 54 25

* Sales includes samples and loss

2.10 Particulars of Opening Stock:

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



	Qty	2009-2010 Amount (Rs.000's)	Qty	2008-2009 Amount (Rs.000's)
2.11 Particulars of Closing Stock:				
Cloth Mtrs.	23 88 145	27 04 48	34 95 826	35 83 47
Garments Nos.	1 10 368	3 13 91	58 779	1 04 20
Garment in process	-	<u>2 51 21</u>	-	<u>1 39 23</u>
	-	32 69 60		38 26 90
Waste Kgs.	44 685	<u>4 65</u>	43 039	<u>4 73</u>
	-	<u>32 74 25</u>		<u>38 31 63</u>
2.12 Particulars of Purchases:				
* Cloth Mtrs.	-	25 08 79	-	20 13 57
Garments Nos.	14 37	<u>2 63</u>	1 699	<u>5 60</u>
		<u>25 11 42</u>		<u>20 19 17</u>
* Subject to further processing and included in production.				
2.13 Raw Materials Consumed				
Cotton Kgs	44 78 349	30 95 99	38 84 045	30 25 07
Yarn Kgs	58 33 658	68 50 45	65 37 512	70 25 09
Fabric Mtrs.	33 75 950	24 04 39	31 20 505	20 05 76
2.14 Consumption		2009-2010		2008-2009
	%	(Rs.000's)	%	(Rs.000's)
Raw Materials - Imported	5	5 13 32	25	24 85 99
Indigenous	<u>95</u>	<u>94 33 12</u>	<u>75</u>	<u>75 64 17</u>
	<u>100</u>	<u>99 46 44</u>	<u>100</u>	<u>1 00 50 16</u>
Fabric consumed - Imported	15	3 61 44	7	1 50 42
Fabric consumed - Indigenous	<u>85</u>	<u>20 42 95</u>	<u>93</u>	<u>18 55 34</u>
	<u>100</u>	<u>24 04 39</u>	<u>100</u>	<u>20 05 76</u>
Chemicals - Imported	27	6 60 24	23	5 63 95
Indigenous	<u>73</u>	<u>18 26 89</u>	<u>77</u>	<u>18 78 05</u>
	<u>100</u>	<u>24 87 13</u>	<u>100</u>	<u>24 42 00</u>
Stores & Spares - Imported	10	70 51	46	1 99 94
Indigenous	<u>90</u>	<u>6 38 00</u>	<u>54</u>	<u>2 33 67</u>
	<u>100</u>	<u>7 08 51</u>	<u>100</u>	<u>4 33 61</u>
2.15 Value of Imports on CIF basis				
I Raw Materials		8 74 76		26 36 41
II Chemicals		6 60 24		5 63 95
III Spares & Components		70 51		1 99 94
IV Capital Goods		<u>2 21</u>		<u>2 30 50</u>
		<u>16 07 72</u>		<u>36 30 80</u>
2.16 Expenditure in Foreign Currency				
Commission		2 00 50		1 77 81
Advertisement and Trade Fair		51 46		52 55
Traveling etc.,		41 41		32 43
Processing Charges		-		6 69
Professional & Legal charges		-		9 94
Testing Charges		4 20		8 67
Office Rent / Rent Advance		<u>3 73</u>		<u>-</u>
		<u>3 01 30</u>		<u>2 88 09</u>
2.17 Earnings in Foreign Currency (FOB)				
Export of goods on Direct Export		85 71 21		75 66 66
2.18 Auditors Remuneration				
For Audit		1 32		1 32
For Tax Audit		66		67
For Other Services		<u>91</u>		<u>1 24</u>
		<u>2 89</u>		<u>3 23</u>

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 31.03.2010	Year ended 31.03.2009
1	Segment Revenue		
	(a) Fabrics Division	2471567	2144677
	(b) Apparel Division	<u>272037</u>	<u>141526</u>
		2743604	2286203
	Less : Inter Segment Revenue	99947	41340
	Add : Other Income	<u>51915</u>	<u>51747</u>
	Net Sales/Income from Operations	<u>2695572</u>	<u>2296610</u>
2	Segment Results		
	Profit/ (Loss) before Interest and Tax		
	(a) Fabrics Division	164713	3410
	(b) Apparel Division	<u>19538</u>	<u>16918</u>
	Total	184251	20328
	Less : Interest	163267	159523
	Extraordinary Items	<u>11569</u>	<u>31699</u>
	Profit / Loss before Tax	<u>9415</u>	<u>-170894</u>
3	Capital Employed (Segment Assets - Segment Liabilities)		
	(a) Fabrics Division	1558943	1703410
	(b) Apparel Division	<u>125553</u>	<u>82015</u>
	Total	<u>1684496</u>	<u>1785425</u>

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

(Rs.000's)

Particulars	2009-2010				2008-2009			
	Subsidiary	Associates	Key Management Personnel	Relative of Key Management Personnel	Subsidiary	Associates	Key Management Personnel	Relative of key Management Personnel
Purchase of goods	-	1101	-	-	-	6735	-	-
Sale of goods	67397	-	-	-	65949	8272	-	-
Conversion Charges paid	-	133259	-	-	-	126310	-	-
Processing Charges paid	-	286	-	-	-	2514	-	-
Service Charges paid	-	3205	-	-	-	2748	-	-
Processing Charges Received	21834	-	-	-	-	-	-	-
Investments	-	-	-	-	19500	-	-	-
Managerial Remuneration	-	-	6139	-	-	-	5058	-
Share of Profit	-	-	-	-	-	-	-	-



2.21 Balance outstanding as on 31.03.2010

(Rs.000's)

Particulars	2009-10				2008-2009			
	Subsidiary	Associates	Key Management Personnel	Relative of Key Management Personnel	Subsidiary	Associates	Key Management Personnel	Relative of key Management Personnel
Debtors	117287	482	-	-	80682	4389	-	-
Creditors	-	53532	-	-	-	42604	-	-
Investments	20031	32700	-	-	20028	32700	-	-

2.22 NOTE :

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

2.23 Major Components of Deferred Tax Assets and Deferred Tax Liabilities

(Rs.000's)

Particulars	2009-10		2008-09	
	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.	-	168122	-	203520
Carried forward loss	84042	-	116900	-
Total	84042	168122	116900	203520
Net Deferred tax Liability	-	84080	-	86620

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 2010 is as follows :

(Rs.000's)

Particulars	Provision for Income Tax		Provision for Wealth Tax		Provision for Fringe Benefit Tax		Provision for Gratuity	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Opening Balance	3942	3942	74	60	1200	1725	9905	8295
Additions	1415	-	68	74	-	1200	3695	2216
Utilisation	-	-	-	-	-	-	457	606
Reversals	3942	-	74	60	1200	1725	-	-
Closing Balance	1415	3942	68	74	-	1200	13143	9905

2.25 Prior Year Income / Expense (net) in Profit and Loss account consist of expenses of prior year Rs.2.60 Lakhs. (Previous Year Rs.21.58 Lakhs) and income of prior year amounting to Rs.0.14 Lakhs (Previous Year Rs.1.58 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.49.34 Lakhs of more than 30 days and exceeding Rs.1.00 Lakhs to the following parties: Amaravathi Packs 8.66 Lakhs, Sri Abirami Tubes & Cones Rs.6.35 lakhs, Nava Bharathi Packing Rs. 0.42 lakhs, Acme Textiles Rs. 10.07 Lakhs, Asmaco Industries Limited Rs. 16.36 Lakhs, Theiva Packs Rs. 2.19 Lakhs, Super Poly Packs Rs. 2.05 Lakhs & Expo Graphics Rs. 2.61 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 11.07.04 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

Coimbatore
26th May, 2010

Membership No.27497
Firm Regn. No.000960S

KG BAALAKRISHNAN
Executive Chairman

S MUTHUSWAMY
Director & Company Secretary

B SRIRAMULU
Managing Director

B SRIHARI
Managing Director



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No. State Code

Balance Sheet Date 31st March 2010

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

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="5"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/>	DENIM FABRICS
<input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="0"/>	COTTON WOVEN FABRICS
<input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="0"/>	100% COTTON FABRICS

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

CA. R MAHADEVAN
Partner

Coimbatore
26th May, 2010

Membership No.27497
Firm Regn. No.000960S

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	31.03.2010	31.03.2010
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
	b	Extent of Interest of holding Company at the end of the financial year of the Subsidiary Companies	700 Nos shares of Common Stock with no par value
		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, 2010	Rs.150.55 Lakhs
	b	Loss for the previous years of the Subsidiary since it became the Subsidiary of K G Denim Ltd	Rs.261.06Lakhs
		Nil	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, 2010	Nil
	b	For its previous financial years since it became the Subsidiary of K G Denim Ltd	Nil
		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 2010 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 KG 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 31st March 2010;
 - (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
Firm Regn. No.000960S

Coimbatore
26.05.2010

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2010

PARTICULARS	SCHEDULE	AS AT 31.03.2010	AS AT 31.03.2009
(Rs.000's)			
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	25 66 51	25 66 51
Reserves & Surplus	2	<u>12 90 43</u>	<u>14 24 04</u>
		<u>38 56 94</u>	<u>39 90 55</u>
LOAN FUNDS			
Secured Loans	3	1 17 05 89	1 27 62 79
Unsecured Loans	4	5 72 25	4 65 81
		<u>1 22 78 14</u>	<u>1 32 28 60</u>
Deferred Tax Liability (Net)		<u>6 80 29</u>	<u>7 43 69</u>
Total		<u>1 68 15 37</u>	<u>1 79 62 84</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	2 19 29 88	2 19 15 89
Less : Depreciation		<u>1 06 46 64</u>	<u>94 18 90</u>
Net Block		1 12 83 24	1 24 96 99
Capital Work in Progress		12 47	-
INVESTMENTS	6	3 31 37	3 31 37
NET CURRENT ASSETS			
Current Assets, Loans & Advances			
Inventories	7	71 73 08	73 33 88
Trade Debtors	8	27 10 78	22 02 98
Cash and Bank Balances	9	6 85 00	7 87 99
Loans & Advances	10	19 40 66	24 01 95
Income Receivable		<u>2 97 52</u>	<u>2 82 31</u>
		1 28 07 04	1 30 09 11
Less : Current Liabilities & Provisions			
Current Liabilities	11	74 57 66	77 06 56
Provisions	12	<u>1 62 30</u>	<u>1 68 64</u>
		<u>51 87 08</u>	<u>51 33 91</u>
MISCELLANEOUS EXPENDITURE	13	1 21	57
(To the extent not written off or adjusted)			
Total		<u>1 68 15 37</u>	<u>1 79 62 84</u>
Notes on Accounts	21		

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

CA. R MAHADEVAN
Partner

Coimbatore
26th May, 2010

Membership No.27497
Firm Regn. No.000960S

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 31st MARCH 2010

PARTICULARS	SCHEDULE	31.03.2010	31.03.2009
(Rs.000's)			
INCOME			
Sales	14	2 84 88 14	2 42 57 60
NET SALES			
Increase in Stock	16	<u>-7 03 60</u>	<u>7 35 27</u>
		2 77 84 54	2 49 92 87
Job work receipts		10 51 91	8 98 36
Other Income	15	<u>5 28 66</u>	<u>5 31 18</u>
		<u>2 93 65 11</u>	<u>2 64 22 41</u>
EXPENDITURE			
Material Cost	17	1 68 52 64	1 61 10 98
Manufacturing Cost	18	41 84 28	41 17 85
Other Operating Expenses	19	<u>49 68 40</u>	<u>44 13 46</u>
		<u>2 60 05 32</u>	<u>2 46 42 29</u>
GROSS PROFIT		<u>33 59 79</u>	<u>17 80 12</u>
Less: Financial Charges	20	20 47 02	20 68 20
Loss/Gain on variation in Foreign Exchange Rate(Net)		1 00 58	2 76 70
Depreciation		<u>12 96 83</u>	<u>13 11 04</u>
PROFIT / LOSS FOR THE YEAR		<u>-84 64</u>	<u>-18 75 82</u>
Add : Prior Year Income / Expenses (Net)		9 76	19 98
Provision for Current Tax		14 15	-
Provision for Fringe Benefit Tax		-	16 58
Provision for Wealth Tax		68	74
Provision for Deferred Tax		-63 40	-5 64 36
MAT credit Entitlement		-14 15	-
Prior Year Taxes		<u>1 01 93</u>	<u>55</u>
NET PROFIT / LOSS		<u>-1 33 61</u>	<u>-13 49 31</u>
Add : Balance Brought forward		<u>-5 76 11</u>	<u>7 73 20</u>
Balance Transferred to Balance Sheet		<u>-7 09 72</u>	<u>-5 76 11</u>
Basic & Diluted Earnings per Share of face value of Rs.10 each		(0.52)	(5.26)
Weighted Number of Equity Shares		25653905	25653905
Notes on Accounts	21		

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

CA. R MAHADEVAN
Partner

Coimbatore
26th May, 2010

Membership No.27497
Firm Regn. No.000960S

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 31.03.2010

PARTICULARS	31.03.2010	31.03.2009
	(Rs.000's)	
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit / loss before tax and extraordinary items	-8464	-187582
Adjustments for:		
Depreciation	129683	131104
Profit/Loss on sale of assets	1265	2232
Interest Charges	204702	206820
Operating Profit before working capital changes	327186	152574
Adjustments for:		
Trade and other receivables	-87385	76016
Inventories	16080	-60190
Loans & Advances	46061	-84619
Income Receivables	-1521	3063
Current Liabilities	11081	206460
Cash generated from operations	311502	293304
Cash flow before extraordinary items	311502	293304
Extraordinary items	-11301	-3785
Net cash from operating activities	300201	289519
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Withdrawn / Sale of fixed assets	4033	2137
Acquisitions of fixed assets	-14853	-53117
Investments	4	-19507
Net cash used in investing activities	-10816	-70487
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of Equity Share Capital	-	19507
Proceeds from long term borrowings	-107739	-34730
From Short Term Loan	7906	18129
Bank Borrowings	4851	-5531
Interest paid	-204702	-206820
Net cash used in financing activities	-299684	-209445
Net Increase in cash and cash equivalents	-10299	9587
Cash and cash equivalents as at 1st April, 2009 (Opening Balance)	78799	69212
Cash and cash equivalents as at 31st March, 2010 (Closing Balance)	68500	78799

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

CA. R MAHADEVAN
Partner

Coimbatore
26th May, 2010

Membership No.27497
Firm Regn. No.000960S

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, 2010 AND CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
	(Rs.000's)	
SCHEDULE 1 : SHARE CAPITAL		
Authorised Capital		
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>
Issued Capital		
25691305 Equity Shares of Rs.10 each	<u>25 69 13</u>	<u>25 69 13</u>
Subscribed and Paid up Capital		
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>
SCHEDULE 2 : RESERVES & SURPLUS		
General Reserve	8 45 99	9 79 60
Share Premium	<u>4 44 44</u>	<u>4 44 44</u>
	<u>12 90 43</u>	<u>14 24 04</u>
SCHEDULE 3 : SECURED LOANS		
Rupee Term Loans	69 57 55	81 19 29
Working Capital Loans from Banks	47 48 34	46 43 50
	<u>1 17 05 89</u>	<u>1 27 62 79</u>
SCHEDULE 4 : UNSECURED LOANS		
From Banks	80 41	50 78
Inter Corporate Deposits	4 83 71	4 00 00
From Others	<u>8 13</u>	<u>15 03</u>
	<u>5 72 25</u>	<u>4 65 81</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 31.3.2009	Additions during the year	Sales/Transfer during the year	Total cost as at 31.3.2010	Up to 31.3.2009	Depreciation for the year	Withdrawn during the year	Up to 31.3.2010	As at 31.3.2010	As at 31.3.2009
Land	39069	-	-	39069	-	-	-	-	39069	39069
Buildings	264694	2999	-	267693	57993	7778	-	65771	201922	206701
Machinery	1708741	6857	11256	1704342	795173	111813	6487	900499	803843	913811
Electric Machinery	93250	318	-	93568	45017	4417	-	49434	44134	48233
Office Equipments	43620	1616	13	45223	27797	2708	13	30492	14731	15581
Furniture & Fittings	16911	186	-	17097	5003	1025	-	6028	11069	11906
Motor Vehicles	25304	1630	938	25996	10907	1942	409	12440	13556	14397
T o t a l	2191589	13606	12207	2192988	941890	129683	6909	1064664	1128324	1249698
Previous Year	2145825	53117	7353	2191589	813770	131104	2984	941890	1249699	1332055

WORK IN PROGRESS

Particulars	Opening Balance	Additions	Total	Brought into use	Closing Balance
Buildings	-	1247	1247	-	1247
Total	-	1247	1247	-	1247

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
--------------------	---------------------	---------------------

(Rs.000's)

SCHEDULE 6 : INVESTMENTS (At Cost)

Non Trade Investments - Quoted
Allahabad Bank

5265 Equity Shares of Rs. 10/- each 4 32 4 32
(Market Value Rs. 7,50,263/-)

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 13 12 57 11 75 34

Process Stock 13 65 47 11 30 58

Finished Goods 37 46 54 44 50 14

Stock of Waste 4 65 4 73

Stock of Stores 7 43 85 5 73 09

(As taken, valued and certified by the Management)

71 73 08 73 33 88

SCHEDULE 8 : TRADE DEBTORS

Unsecured - Considered Good

Outstanding for More than Six Months 7 32 17 7 33 09

Others 19 78 61 14 69 89

27 10 78 22 02 98



PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
	(Rs.000's)	
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash and Cheques in Hand	23 11	20 72
Bank Balances (with Scheduled Banks)		
In Current Accounts	2 46 14	2 72 55
In Deposit Accounts	4 15 75	4 94 72
	<u>6 85 00</u>	<u>7 87 99</u>
SCHEDULE 10 : LOANS AND ADVANCES		
Unsecured Considered Good:		
Advances Recoverable in cash or in kind or for value to be received		
For Capital Goods	1 01 27	34 34
For Materials Purchases	9 11 56	13 38 81
For Duties & Taxes	1 73 96	2 88 57
For Subsidy Receivable from Govt Agencies	2 79 12	3 12 54
For Expenses/Others	2 77 82	2 22 07
Deposits	50 47	55 86
Prepaid Expenses	1 46 46	1 49 76
	<u>19 40 66</u>	<u>24 01 95</u>
SCHEDULE 11 : CURRENT LIABILITIES		
Creditors for Capital Goods	47 79	2 49 42
Creditors for Purchases (Other than SSI)	58 08 44	58 25 82
Creditors for Purchases (For SSI Units)	64 51	49 68
Liability for Expenses	10 77 57	12 60 18
Liability for Other Finances	2 07 54	1 48 75
Customers Credit Balances	1 85 18	1 05 61
Investor Education and Protection Fund shall be credited by the following amount namely @		
Unpaid (Unclaimed) Matured Debentures	40 92	41 12
Unpaid (Unclaimed) Interest on Debentures	25 71	25 98
@ No amount is due as on 31st March 2010 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>74 57 66</u>	<u>77 06 56</u>
SCHEDULE 12 : PROVISIONS		
For Income Tax	14 15	39 42
For Wealth Tax	68	74
For Fringe Benefit Tax		16 58
For Gratuity	1 47 47	1 11 90
	<u>1 62 30</u>	<u>1 68 64</u>
SCHEDULE 13 : MISCELLANEOUS EXPENDITURE		
To the extent not written off or adjusted	1 21	57

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

PARTICULARS	31.03.2010	31.03.2009
	(Rs.000's)	
SCHEDULE 14 : SALES		
Fabrics	2 31 40 27	2 05 93 13
Garments	49 57 33	33 61 94
Yarn	1 86 11	1 09 42
Waste\Others	2 04 43	1 93 11
	<u>2 84 88 14</u>	<u>2 42 57 60</u>
SCHEDULE 15 : OTHER INCOME		
Interest Receipts	49 25	43 88
Interest Subsidy Receipts	3 32 22	3 83 90
Insurance Claims Received	11 03	13 58
Exchange Gain on Export Sales	-	11 59
Profit on Sale of Assets	-	66
Dividend Receipts	13	18
Miscellaneous Receipts	50 91	77 39
Supplier Credits No Long payable	85 12	-
	<u>5 28 66</u>	<u>5 31 18</u>
SCHEDULE 16 : INCREASE IN STOCK		
Closing Stock of Finished Goods	37 46 54	44 50 14
Opening Stock of Finished Goods	44 50 14	37 14 87
	<u>-7 03 60</u>	<u>7 35 27</u>
SCHEDULE 17 : MATERIAL COST		
Raw Materials Consumed		
Opening Stock of Raw Materials	11 75 34	11 15 56
Process Stock	7 61 62	8 39 12
Waste	4 73	8 10
	<u>19 41 69</u>	<u>19 62 78</u>
Add: Purchases	1 08 88 59	1 06 91 56
	<u>1 28 30 28</u>	<u>1 26 54 34</u>
Less: Closing Stock of Raw Materials	13 12 57	11 75 34
Process Stock	8 89 48	7 61 62
Waste	4 65	4 73
	<u>1 06 23 58</u>	<u>1 07 12 65</u>
Fabrics / Garments Purchases		
Opening Process Stock	3 68 96	3 55 55
Add : Purchases / Yarn	28 78 75	22 35 22
	<u>32 47 71</u>	<u>25 90 77</u>
Less : Closing Process Stock	4 75 99	3 68 96
	<u>27 71 72</u>	<u>22 21 81</u>
Chemicals Consumed	24 87 13	24 42 00
Stores Consumed	9 70 21	7 34 52
Total Material Cost	<u>1 68 52 64</u>	<u>1 61 10 98</u>



PARTICULARS	31.03.2010	31.03.2009
	(Rs.000's)	
SCHEDULE 18 : MANUFACTURING COST		
Power and Fuel	20 67 66	20 43 03
Personnel Cost: (Including Managerial Remuneration)		
Salaries, Wages, Incentives, Gratuity etc	13 16 29	13 15 90
Contribution to Provident Fund and Other Funds	54 33	50 74
Employees Welfare Expenditure	99 23	96 64
	<u>14 69 85</u>	<u>14 63 28</u>
Repairs and Maintenance		
For Buildings	44 39	39 10
For Machinery	4 57 15	4 51 31
For Others	1 40 67	1 17 71
For Prayer Hall	4 56	3 42
	<u>6 46 77</u>	<u>6 11 54</u>
Total	<u>41 84 28</u>	<u>41 17 85</u>
SCHEDULE 19 : OTHER OPERATING EXPENSES		
Processing Charges	24 64 07	22 29 95
Rent	93 13	1 06 62
Printing and Stationery	38 08	35 12
Postage, Telegrams and Telephones	1 37 25	1 26 12
Professional and Legal Charges	34 75	54 30
Auditors' Remuneration	3 30	3 65
Insurance	66 60	85 90
Duties, Taxes and Licenses	55 99	60 34
Donations	31	9
Traveling Expenses and Maintenance of Vehicles	2 48 83	2 50 02
Brokerage	25 04	12 97
Commission on Sales	4 02 77	3 44 52
Discount allowed	4 13 39	3 44 07
Selling Expenses	3 05 39	2 44 21
Advertisements	1 25 73	40 08
Freight Outwards	3 13 64	3 25 93
Directors Sitting Fees	3 35	3 70
Software Development Expenses	32 05	28 45
Miscellaneous Expenses	95 88	94 44
Exchange Loss on Export Sales	96 20	-
Loss on Sale of Fixed Assets	12 65	22 98
	<u>49 68 40</u>	<u>44 13 46</u>
SCHEDULE 20 : FINANCIAL CHARGES		
Interest on :-		
Term Loans	8 66 60	9 44 12
Other Loans	65 04	1 00 77
Working Capital Loans	8 48 40	7 81 96
Bank Charges	2 66 98	2 41 35
	<u>20 47 02</u>	<u>20 68 20</u>

CONSOLIDATED FINANCIAL STATEMENTS K G DENIM LIMITED

SCHEDULE 21 :

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

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 31.03.2010
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.
2009-2010									
1 Fabric (in Mtrs)	3546254	358347	22929847	2388145	270448	-	319939	23273679	2314027
2 Garments (in Nos)	250545	86667	1043243	268101	104206	107381	28672	1133068	495733
2008-2009									
1 Fabric (in Mtrs)	3474529	310238	21508275	3546254	358347	-	265362	21183393	2059313
2 Garments (in Nos)	205633	61249	694560	250545	86667	85482	22165	741238	336194

- Sales includes samples and losses.
- Fabric purchases subject to further processing are 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

	31.03.2010		31.03.2009	
	Qty.	(Rs.000's)	Qty.	(Rs.000's)
Cotton Kgs	44 78 349	30 95 99	38 84 045	30 25 07
Yarn Kgs	58 33 658	68 50 45	65 37 512	70 25 09
Fabric Mtrs	40 05 983	30 81 52	37 36 589	26 68 25

2. Auditors' Remuneration

Audit fee	1 54	1 54
Tax Audit	85	86
Other Services	91	1 25
	3 30	3 65

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, 2010**



TRIGGER APPARELS LIMITED

BOARD OF DIRECTORS

Shri Surinder Chhibber
Shri KG Baal Krishnan
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 Eleventh Annual Report together with the audited accounts of the Company for the year ended 31st March, 2010.

The Company has incurred a net loss of Rs.150.55 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

Shri A Velusamy and Shri S Kalyanasundaram, 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, 2010 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
25.05.2010

On behalf of the Board
KG Baalakrishnan
Chairman of the Meeting

COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31ST MARCH 2010

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 31st March, 2010 [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:

- 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.
- The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made there under except as stated in Annexure 'B'.
- The Company, being a Public Limited Company, has a Paid up Capital of Rs.2,00,00,000/-.
- The Board of Directors duly met four times respectively on 20.06.2009, 27.07.2009, 21.10.2009 and 25.01.2010 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.
- The Company has not closed its Register of Members during the financial year.
- The Annual General Meeting for the financial year ended on 31.03.2009 was held on 29.09.2009 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.
- No Extra ordinary General Meeting was held during the financial year.
- The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.

TRIGGER APPARELS LIMITED

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.
 - i) There was no transfer/ transmission of securities during the financial year.
 - ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - iii) The Company has not required to post warrants to any member of the company as no dividend was declared during the financial year.
 - iv) The Company has 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) The Company has 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 not issued any shares, debentures or other securities during the financial year.
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.
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 31.03.2010 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 not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
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.

Place: Coimbatore
Date: 25.05.2010

Sd/-
Name of the Company Secretary : M.R.L.NARASIMHA
C.P.No: 799

ANNEXURE 'A'

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31ST MARCH 2010

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 : 25.05.2010

Sd/-
Name of the Company Secretary : M.R.L.NARASIMHA
C.P.No: 799



ANNEXURE 'B'

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31ST MARCH 2010

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 31st March, 2010:

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	Offer of Rights Shares	11.06.2009 A63374052	No	Yes
2.	23AC & 23ACA	220	Profit and Loss Account and Balance Sheet as at 31.03.2009	29.10.2009 P38148284	Yes	Not Applicable
3.	20B	159	Annual Return made up to 29.09.2009	26.11.2009 P42251777	Yes	Not Applicable
4.	2	75(1)	Return of Allotment	11.06.2009 A63381347	Yes	Not Applicable
5.	66	383A(2)	Secretarial Compliance Certificate for the year ended 31.03.2009	29.10.2009 P38145074	Yes	Not Applicable
6.	8	135	Modification of charges	21.05.2009 A62181318	No	Yes
7.	8	135	Modification of charges	04.11.2009 A72015803	No	Yes

Regional Director
Nil

Central Government & Other Authorities
Nil

Place : Coimbatore
Date : 25.05.2010

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 31st March 2010 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 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 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 31st March 2010;
 - (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
Firm Regn. No.000960S

Coimbatore
25.05.2010

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.
- 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, 2010 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 2010, also the Company has incurred cash losses during the financial year covered by our audit and also 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.185.60 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 course of our audit.

For GOPALAIYER AND SUBRAMANIAN
Chartered Accountants

CA. R MAHADEVAN
Partner

Membership No.27497
Firm Regn. No.000960S

Coimbatore
25.05.2010

TRIGGER APPARELS LIMITED

BALANCE SHEET AS AT 31st MARCH 2010

PARTICULARS	SCHEDULE	AS AT 31.03.2010	AS AT 31.03.2009
(Rs.000's)			
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	2 00 00	2 00 00
Reserves & Surplus		-	-
		<u>2 00 00</u>	<u>2 00 00</u>
LOAN FUNDS			
Secured Loans	2	5 13 62	4 87 84
Unsecured Loans	3	28 92	4 32
		<u>5 42 54</u>	<u>4 92 16</u>
Total		<u>7 42 54</u>	<u>6 92 16</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	87 02	83 59
Less : Depreciation		14 68	8 30
Net Block		<u>72 34</u>	<u>75 29</u>
NET CURRENT ASSETS			
Current Assets, Loans & Advances			
Inventories	5	8 23 70	9 55 50
Trade Debtors	6	7 54 54	5 64 36
Cash and Bank Balances	7	46 25	27 68
Loans & Advances	8	2 20 93	1 23 27
		<u>18 45 42</u>	<u>16 70 81</u>
Less : Current Liabilities & Provisions			
Current Liabilities	9	17 31 30	14 20 08
Provisions	10	16 04	17 43
		<u>98 08</u>	<u>2 33 30</u>
Deferred Tax Asset (Net)		1 60 51	1 22 51
Balance in Profit and Loss Account		4 11 61	2 61 06
Total		<u>7 42 54</u>	<u>6 92 16</u>
Notes on Accounts	17		

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

CA. R MAHADEVAN
Partner

Coimbatore
25th May, 2010

Membership No.27497
Firm Regn. No.000960S

KG BAALAKRISHNAN
Director

A VELUSAMY
Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010**

PARTICULARS	SCHEDULE	31.03.2010	31.03.2009
(Rs.000's)			
INCOME			
Sales (Gross/Net)	11	26 37 50	22 03 35
Increase / Decrease in Stock	13	<u>-1 46 30</u>	<u>1 98 97</u>
		24 91 20	24 02 32
Other Income	12	<u>9 51</u>	<u>13 71</u>
		<u>25 00 71</u>	<u>24 16 03</u>
EXPENDITURE			
Material Cost	14	13 06 17	11 79 45
Processing Charges		4 59 79	5 82 67
Administrative, Selling and Other Expenses	15	<u>8 27 49</u>	<u>7 46 19</u>
		<u>25 93 45</u>	<u>25 08 31</u>
GROSS PROFIT			
		-92 74	-92 28
Less : Financial Charges	16	82 13	90 08
Depreciation		<u>6 38</u>	<u>4 65</u>
PROFIT FOR THE YEAR			
		-1 81 25	-1 87 01
Less : Prior Year Expenses / Income (Net)		7 30	-
Provision for Fringe Benefit Tax		-	4 58
Provision for Deferred Tax		<u>-38 00</u>	<u>-58 09</u>
NET PROFIT / LOSS			
		<u>-1 50 55</u>	<u>-1 33 50</u>
Add: Balance Brought forward		<u>-2 61 06</u>	<u>-1 27 56</u>
Balance Transferred to Balance Sheet			
		<u>-4 11 61</u>	<u>-2 61 06</u>
Basic & Diluted Earnings per Share - Face Value Rs.10 per Share		(7.53)	(241.24)
Weighted Number of Equity Shares		2000000	55342
Notes on Accounts	17		

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants**CA. R MAHADEVAN**
PartnerCoimbatore
25th May, 2010Membership No.27497
Firm Regn. No.000960S**KG BAALAKRISHNAN**
Director**A VELUSAMY**
Director

TRIGGER APPARELS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

PARTICULARS	31.03.2010	31.03.2009
	(Rs.000's)	
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax and extraordinary items	-18125	-18701
Adjustments for:		
Depreciation	638	465
Interest Charges	8213	9008
Operating Profit before working capital changes	-9274	-9229
Adjustments for:		
Trade and other receivables	-19018	3054
Inventories	13180	-13962
Loans & Advances	-9766	-1344
Current Liabilities	30983	1755
Cash generated from operations	6105	-19725
Cash flow before extraordinary items	6105	-19725
Extraordinary items	-730	-458
Net cash from operating activities	5375	-20183
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisitions of fixed assets	-343	-1256
Net cash used in investing activities	-343	-1256
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of Equity Share Capital	-	19500
Bank Borrowings	5038	3232
Interest paid	-8213	-9008
Net cash used in financing activities	-3175	13724
Net Increase in cash and cash equivalents	1857	-7715
Cash and cash equivalents as at 1st April, 2009 (Opening Balance)	2768	10483
Cash and cash equivalents as at 31st March, 2010 (Closing Balance)	4625	2768

As per our report of even dated

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants

CA. R MAHADEVAN
Partner

Coimbatore
25th May, 2010

Membership No.27497
Firm Regn. No.000960S

KG BAALAKRISHNAN
Director

A VELUSAMY
Director



SCHEDULES ANNEXED TO THE BALANCE SHEET AS AT 31ST MARCH, 2010 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
(Rs.000's)		
SCHEDULE 1 : SHARE CAPITAL		
Authorised Capital		
2000000 Equity Shares of Rs.10 each	2 00 00	2 00 00
Issued Capital		
2000000 Equity Shares of Rs.10 each	2 00 00	2 00 00
Subscribed and Paid up Capital		
2000000 Equity Shares of Rs.10 each	2 00 00	2 00 00
	<u>2 00 00</u>	<u>2 00 00</u>

SCHEDULE 2 : SECURED LOANS

Working Capital Loans from Banks (for Security refer Notes on Accounts)	5 13 62	4 87 84
	<u>5 13 62</u>	<u>4 87 84</u>

SCHEDULE 3 : UNSECURED LOANS

From Banks	28 92	4 32
	<u>28 92</u>	<u>4 32</u>

SCHEDULE 4 : FIXED ASSETS

(Rs.000's)

Description of Assets	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	Cost as at 31.3.2009	Additions during the year	Sales/Transfer during the year	Total cost as at 31.3.2010	Up to 31.3.2009	Depreciation for the year	Withdrawn during the year	Up to 31.3.2010	As at 31.3.2010	As at 31.3.2009
Electric Machinery	588	83	-	671	33	31	-	64	607	555
Office Equipments	796	248	-	1044	95	164	-	259	786	701
Furniture&Fittings	6975	12	-	6987	702	443	-	1145	5840	6273
T o t a l	8359	343	-	8702	830	638	-	1468	7234	7529
Previous Year	7103	1256	-	8359	365	465	-	830	7529	6738

31.03.2010

31.03.2009

SCHEDULE 5 : INVENTORIES

Raw Materials	70 71	62 86
Process Stock	2 37 34	2 31 73
Finished Goods	4 76 94	6 23 24
Stock of Stores	38 71	37 67
(As taken, valued and certified by the Management)	<u>8 23 70</u>	<u>9 55 50</u>

SCHEDULE 6 : TRADE DEBTORS

Unsecured - Considered Good		
Outstanding for More than Six Months	2 36 97	2 09 49
Others (below Six months)	5 17 57	3 54 87
	<u>7 54 54</u>	<u>5 64 36</u>

TRIGGER APPARELS LIMITED

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
(Rs.000's)		
SCHEDULE 7 : CASH AND BANK BALANCES		
Cash and Cheques in Hand	8 98	11 66
Bank Balances		
In Current Accounts	28 87	4 18
In Deposit Accounts	8 40	11 84
	<u>46 25</u>	<u>27 68</u>
SCHEDULE 8 : LOANS AND ADVANCES		
Unsecured Considered Good:		
Advances Recoverable in cash or in kind or for Value to be received		
For Materials Purchases	1 15 63	18 83
For Duties & Taxes	12 54	13 05
For Rent Advances	46 15	41 93
Others	42 53	44 94
Deposits	25	23
Prepaid Expenses	3 83	4 29
	<u>2 20 93</u>	<u>1 23 27</u>
SCHEDULE 9 : CURRENT LIABILITIES		
Creditors for Purchases (Other than SSI)	1 78 07	1 99 83
Creditors for Purchases (For SSI Units)	4 61	4 96
Liability for Expenses	59 50	2 65 73
Liability for Other Finances	1 61 86	98 39
Customers Credit Balances	1 54 39	44 35
Liability for Holding Company	11 72 87	8 06 82
	<u>17 31 30</u>	<u>14 20 08</u>
SCHEDULE 10 : PROVISIONS		
For Fringe Benefit Tax	-	4 58
For Gratuity	16 04	12 85
	<u>16 04</u>	<u>17 43</u>
SCHEDULE 11 : SALES		
Fabrics	13 66	2 86
Garments	25 34 32	21 93 70
Yarn	83 93	-
Waste/Others	5 59	6 79
	<u>26 37 50</u>	<u>22 03 35</u>
SCHEDULE 12 : OTHER INCOME		
Interest Receipts	7	5 52
Insurance Claim Received	8 16	1 49
Miscellaneous Receipts	1 28	6 70
	<u>9 51</u>	<u>13 71</u>
SCHEDULE 13 : INCREASE IN STOCK		
Closing Stock of Finished Goods	4 76 94	6 23 24
Less: Opening Stock of Finished Goods	6 23 24	4 24 27
Increase in Stock	<u>-1 46 30</u>	<u>1 98 97</u>



PARTICULARS	31.03.2010	31.03.2009
	(Rs.000's)	
SCHEDULE 14 : MATERIAL COST		
Raw Materials Consumed		
Opening Stock of Raw Materials	62 86	34 60
Process Stock	<u>2 31 73</u>	<u>2 82 43</u>
	2 94 59	3 17 03
Add: Purchases	<u>6 90 60</u>	<u>6 40 05</u>
	9 85 19	9 57 08
Less: Closing Stock of Raw Materials	70 71	62 86
Process Stock	<u>2 37 34</u>	<u>2 31 73</u>
	6 77 14	6 62 49
Add : Garments Purchases	<u>2 84 09</u>	<u>2 16 05</u>
Yarn Purchased	<u>83 24</u>	<u>-</u>
	3 67 33	2 16 05
Stores Consumed	<u>2 61 70</u>	<u>3 00 91</u>
Total Material Cost	<u>13 06 17</u>	<u>11 79 45</u>
SCHEDULE 15 : ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Personnel Cost: (Including Managerial Remuneration)		
Salaries, Wages, Incentives, Gratuity etc	1 19 30	1 44 34
Employees Welfare Expenditure	5 26	6 05
Director's Remuneration	<u>5 40</u>	<u>5 40</u>
	1 29 96	1 55 79
Repairs and Maintenance		
For Buildings	5 38	50
For Others	<u>1 47</u>	<u>8 12</u>
	6 85	8 62
Other Expenses		
Rent	63 10	75 59
Printing and Stationery	2 96	3 22
Postage, Telegrams and Telephones	16 56	15 13
Professional and Legal Charges	18 19	6 14
Auditors' Fees and other services	41	42
Insurance	6 77	17 73
Duties, Taxes and Licenses	10 08	10 55
Traveling Expenses and Maintenance of Vehicles	61 06	72 57
Brokerage and Commission	1 47 09	67 30
Discount allowed	1 86 65	1 80 05
Selling Expenses	34 24	67 71
Advertisements	1 12 16	33 44
Freight Outwards	22 80	17 15
Miscellaneous Expenses	<u>8 61</u>	<u>14 78</u>
	6 90 68	5 81 78
Total	<u>8 27 49</u>	<u>7 46 19</u>
SCHEDULE 16 : FINANCIAL CHARGES		
Interest on:-		
Working Capital Loans	53 04	67 05
Other Loans	14 33	12 15
Bank Charges	<u>14 76</u>	<u>10 88</u>
	<u>82 13</u>	<u>90 08</u>

TRIGGER APPARELS LIMITED

SCHEDULE 17 :

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

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.



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	31.03.2010	31.03.2009
	(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.	Changes in the present value of the obligation (PVO) -	(Rs.000's)	(Rs.000's)
	Reconciliation of Opening and Closing Balances		
	PVO as at the beginning of the period	1285	1069
	Interest Cost	1028	86
	Current Service Cost	594	476
	Past Service Cost - (Non Vested Benefits)	0	0
	Past Service Cost - (Vested Benefits)	0	0
	Benefits Paid	0	0
	Actuarial Loss / (Gain) on obligation (Balancing Figure)	(377)	(345)
	PVO as at the end of the period	1604	1,285
III.	Changes in the fair value of plan assets -	(Rs.000's)	(Rs.000's)
	Reconciliation of Opening and Closing Balances	0	0
	Fair Value of plan assets as at the beginning of the period	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
	Fair Value of plan assets as at the end of the period	0	0
IV.	Actual return on plan assets	(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.	Actuarial Gain / Loss recognised	(Rs.000's)	(Rs.000's)
	Actuarial Gain / (Loss) for the period - Obligation	377	345
	Actuarial Gain / (Loss) for the period - Plan Assets	0	0
	Total (Gain) / Loss for the period	(377)	(345)
	Actuarial (Gain) / Loss recognised in the period	(377)	(345)
	Unrecognised actuarial (Gain) / Loss at the end of the year	0	0
VI.	Amounts recognised in the balance sheet and related analyses	(Rs.000's)	(Rs.000's)
	Present Value of the obligation	1,604	1,285
	Fair Value of plan assets	0	0
	Difference	1,604	1,285
	Unrecognised transitional liability	0	0
	Unrecognised past service cost-non vested benefits	0	0
	Liability recognised in the balance sheet	1,604	1,285

TRIGGER APPARELS LIMITED

VII.	Expenses recognised in the statement of profit and loss	(Rs.000's)	(Rs.000's)
	Current Service Cost	594	476
	Interest Cost	103	86
	Expected return on plan assets	0	0
	Net actuarial (Gain) / Loss recognised in the year	(377)	(345)
	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	319	216
VIII.	Movements in the Liability recognised in the balance sheet	(Rs.000's)	(Rs.000's)
	Opening net liability	1,285	1,069
	Expense as above	319	216
	Contribution paid	0	0
	Closing net liability	1,604	1,285

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 Baal Krishnan, Executive Chairman, K G Denim Limited.

	2009-2010		2008-2009	
	Qty	Amount (Rs.000's)	Qty	Amount (Rs.000's)
2.2 Particulars of Production:				
Garments Nos. (Converted on job work basis by outsiders)	4 10 997	-	4 66 587	-
2.3 Raw Materials Consumed:				
Fabric Mtrs.	6 30 033	6 77 13	6 16 084	6 62 49
Consumption:				
Indigenous	<u>100%</u>	<u>6 77 13</u>	<u>100%</u>	<u>6 62 49</u>
	<u>100%</u>	<u>6 77 13</u>	<u>100%</u>	<u>6 62 49</u>
Stores - Imported			-	-
Indigenous	<u>100%</u>	<u>2 61 70</u>	<u>100%</u>	<u>3 00 91</u>
	<u>100%</u>	<u>2 61 70</u>	<u>100%</u>	<u>3 00 91</u>
2.4 Particulars of Sales:				
Garments Nos.	5 50 974	25 34 32	5 13 833	21 93 70
2.5 Particulars of Opening Stock:				
Garments Nos.	1 91 766	6 23 24	1 49 121	4 24 27
2.6 Particulars of Closing Stock:				
Garments Nos.	1 57 733	4 76 94	1 91 766	6 23 24
2.7 Particulars of Purchases:				
Cloth Mtrs.	-	6 90 60	-	6 40 05
Garments Nos.	1 05 944	2 84 09	83 783	2 16 05
2.8 Auditor Remuneration:				
For Audit		22		22
Tax Audit		19		19
Other Services		-		1
		<u>41</u>		<u>42</u>



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

(Rs.000's)

Particulars	2009-2010				2008-2009			
	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	67397	4153	-	-	65949	-	-	-
Processing Charges paid	21834	-	-	-	23665	-	-	-
Managerial Remuneration	-	-	540	-	-	-	540	-

2.10 Balance outstanding as on 31.03.2010

Particulars	2009-2010				2008-2009			
	Holding Co.	Associates	Key Management Personnel	Relative of Key Management Personnel	Holding Co.	Associates	Key Management Personnel	Relative of key Management Personnel
Creditors	-	-	-	-	-	-	-	-
-for goods purchase	117287	74	-	-	80682	-	-	-

2.11 NOTE :

Holding Company	K G Denim Limited
Associates	Sri Kannapiran Mills Limited Sri Balamurugan Textile Processing Limited KG Fabriks Limited Enterprise Telesys Limited
Key Management Personnel	Shri KG Baalakrishnan Shri N Rajhagopallan

2.12 Major Components of Deferred Tax Assets and Deferred Tax Liabilities

(Rs.000's)

Particulars	2009-10		2008-09	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Timing difference arising on				
1. Depreciation	-	485	-	480
2. Disallowance under IT Act and to be claimed in subsequent years	481	-	73	-
3. Carried forward losses	16054	-	12658	-
Total	16536	485	12731	480
Net Deferred tax Liability / Asset	-	16051	-	12251

2.13 Basic & Diluted Earnings per share

(Rs.000's)

Particulars	2009-10	2008-09
Net Profit / Loss after tax	(15055)	(13351)
No of Equity Shares at the year end	2000000	2000000
Weighted No. of Equity Shares	2000000	55342 (50000+(1950000 X 1/365))
Earnings per share	(7.53)	(241.24)

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

2.15 Figures have been rounded off to the nearest thousands

TRIGGER APPARELS LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No. - State Code

Balance Sheet Date 31st March 2010

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
CA. R MAHADEVAN
Partner

KG BAALAKRISHNAN
Director

A VELUSAMY
Director

Coimbatore
25th May, 2010

Membership No.27497
Firm Regn. No.000960S



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 2010.

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, 2010.

Coimbatore
26th May, 2010

By Order of the Board

Sd/- B SRIRAMULU
Director

KG DENIM (USA) Inc.

BALANCE SHEET AS AT 31st MARCH 2010 (Un audited)

PARTICULARS	AS AT 31.03.2010		AS AT 31.03.2009	
	USD	(Rs.000's)	USD	(Rs.000's)
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
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	31	700.00	35
Un Secured Loan				
From K G Denim Limited, India (Holding Company)	2020.12	90	521.12	22
	<u>2720.12</u>	<u>121</u>	<u>1221.12</u>	<u>57</u>
APPLICATION OF FUNDS				
MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
Incorporation Expenses				
	700.00	31	700.00	35
Pre Operative Expenses				
	2020.12	90	521.12	22
	<u>2720.12</u>	<u>121</u>	<u>1221.12</u>	<u>57</u>

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

Coimbatore
26th May, 2010

Sd/- B SRIRAMULU
Director



K G DENIM LIMITED

Registered Office : Then Thirumalai
Jadayampalayam, Coimbatore - 641 302.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the EIGHTEENTH ANNUAL GENERAL MEETING of the Members of K G DENIM LIMITED will be held on Friday, the 13th day of August 2010 at 9.15 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 31st March 2010, the Profit and Loss Account for the year ended 31st March 2010 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Surinder Chhibber, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Smt T Anandhi, who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint a Director in place of Shri G P Muniappan, 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."

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an SPECIAL RESOLUTION:
" RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and 314 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, Shri A Velusamy, Director (Whole-Time), whose term of office comes to an end on 31.03.2010 under prior appointment made at the Annual General Meeting of the Company held on 15th September 2005 be and is hereby re-appointed for a period of five years from 01.04.2010 on the following terms as to remuneration and perquisites and for entering into an agreement with him incorporating the applicable terms and conditions of the appointment as per draft agreement approved by the Board of Directors being entered into with him :
 1. Salary : Rs.8,17,500 per annum.
 2. Perquisites : in addition to the above salary.
Expenditure for medical treatment, leave travel concession, personal accident insurance premium, Company's contribution to Provident Fund to the extent it is not taxable under the Income Tax Act, 1961. Gratuity and Encashment of leave at the end of tenure as per the rules of the Company.
 3. a. He shall be entitled to reimbursement of all actual expenses including entertainment and traveling incurred in the course of the Company's business.
b. The Company shall provide a car with driver and telephone facility at the residence of the Director. Provision of car with driver for use on the Company's business and telephone facility at the residence will not be considered as perquisites. Personal long distance calls on the telephone and use of car for private purposes shall be billed by the Company to the Director.
The above salary and perquisites shall be payable to him as minimum remuneration notwithstanding the absence or inadequacy of profits."
7. To consider and, if thought fit, to pass, with or without modification, the following resolution as an SPECIAL RESOLUTION:
" RESOLVED that in respect of Shri S Muthuswamy, Director and Company Secretary, whose remuneration has been approved in the Annual General Meeting held on 27th August 2007 and as recommended by the Remuneration Committee at its meeting held on 26.05.2010 and the Board of Directors at its meeting held on 26.05.2010, his remuneration is re-fixed with effect from 01.04.2010 as follows :
 1. Salary : Rs.8,17,500 per annum.
 2. Perquisites : in addition to the above salary.
Expenditure for medical treatment, leave travel concession, personal accident insurance premium, Company's contribution to Provident Fund to the extent it is not taxable under the Income Tax Act, 1961. Gratuity and Encashment of leave at the end of tenure as per the rules of the Company.
 3. a. He shall be entitled to reimbursement of all actual expenses including entertainment and traveling incurred in the course of the Company's business.

- b. The Company shall provide a car with driver and telephone facility at the residence of the Director. Provision of car with driver for use on the Company's business and telephone facility at the residence will not be considered as perquisites. Personal long distance calls on the telephone and use of car for private purposes shall be billed by the Company to the Director.

The above salary and perquisites shall be payable to him as minimum remuneration not withstanding the absence or inadequacy of profits."

By Order of the Board

Coimbatore
26.05.2010

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 02.08.2010 to 13.08.2010 (both days inclusive).
5. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business Item Nos.6 to 7 are enclosed.
6. Re-appointment of Directors:

At the ensuing Annual General Meeting Shri Surinder Chhibber, Smt T Anandhi and Shri G P Muniappan 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.

By Order of the Board

Coimbatore
26.05.2010

KG Baalakrishnan
Executive Chairman

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM No. 6

Shri A Velusamy is professionally qualified as B.Sc., B.L. He is 54 years old. He is a Whole-time Director of the Company from 01.04.2005.

His appointment and remuneration as above were approved at the Annual General Meeting of the Company held on 15.09.2005 for a period of five years from 01.04.2005. The necessary Resolution for his re-appointment is proposed. He satisfies the requirements of Part I of Schedule XIII of the Companies Act, 1956. His remuneration is proposed to be paid to him as minimum remuneration in the absence of inadequacy of profits for his services as a Director.

The remuneration has been approved by the Remuneration Committee on 26.05.2010 and also by the Board on the same date.

No Director of the Company is concerned or interested in the Resolution except Shri A Velusamy the proposed appointee. The Explanation together with accompanying notice may be treated as an abstract of the Terms of Appointment of Shri A Velusamy as Director pursuant to the Provisions of Section 302 of the Companies Act, 1956.

ITEM No. 7

Shri S Muthuswamy is professionally qualified as FCA, AICWA and ACS. He is 54 years old and has been in the service of the Company from 30.05.2002 as a Director. He was appointed as a Director and as Company Secretary from 20.12.2003.

Shri S Muthuswamy satisfies the requirements of Part - I of Schedule XIII to the Companies Act, 1956. The remuneration will be paid with effect from 01.04.2010.

No Director of the Company is concerned or interested in the resolution except Shri S Muthuswamy. The Explanation together with accompanying notice may be treated as an abstract of the terms of variation of appointment of the Whole-time Director pursuant to the Provisions of Section 302 of the Companies Act, 1956.

By Order of the Board

Coimbatore
26.05.2010

KG Baalakrishnan
Executive Chairman