

K G DENIM LIMITED

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		



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***Fifth Annual Report
1996 - 97***





K G DENIM LIMITED

CITY OFFICE : 86 ARTS COLLEGE ROAD

COIMBATORE - 641 018

Dear Shareholders,

Sub : Depository System - Trading and holding of shares in electronic form -

We are happy to inform that your Company has joined National Securities Depository Limited (NSDL) to enable you to hold and trade our company's shares in electronic form (Depository System). Your Company is the third Company from Tamil Nadu to join NSDL and the first Company from Tamil Nadu to pay one time custodial charges to NSDL. By this, NSDL will not collect any of their charges from the Depository Participants/Shareholders of K G Denim Limited. This will considerably benefit investors/shareholders of KGDL to hold our company's shares in electronic form.

PREAMBLE :

Depository System is long prevalent in many advanced countries and has been playing a significant role in stock markets around the world. The system is time tested and reliable. In India, the first Depository has been set up by NSDL which is jointly promoted by IDBI, UTI and NSE in accordance with the regulations framed by SEBI.

As the concept of Depository System is new to the investors/companies in India, we share, inter-alia, certain basic informations regarding the Depository System to assist you in deciding to opt for holding your securities in electronic form.

Depository System :

The present scrip-based system involves enormous paper work in the form of certificates and transfer deeds. Also, the process beginning from purchase of shares till getting them transferred is very complex, time consuming and riddled with variety of problems such as bad deliveries, fake certificates, loss in transit, mutilation of certificates, etc., All these hardships are alleviated under the Depository System. The Depository System essentially aims at eliminating the voluminous and cumbersome paper work and offers scope for "Paperless Trading". Under the Depository System, you keep your securities with NSDL in the same way as you keep your money in a bank.

The depository is an organisation where the securities of an investor are held in electronic form. All rights will lie with the investor and the Depository acts only as a custodian. The physical certificates are destroyed and the particulars of holding are transmitted into electronic form and further transactions and transfers are done electronically without involving any exchange of papers, i.e., certificates and transfer deeds. It also offers option for converting the shares from electronic to paper form.

The Benefits under Depository System :

1. No stamp duty is payable for transfer.
2. No courier/postal charges are involved.
3. Eliminates enormous paper work.
4. Transfers/payments are effected on the very same day of payout.
5. Overcomes the problems of bad deliveries, fake certificates, mutilation of certificates, etc.,

6. Eliminates risks such as loss in transit, theft, etc.,
7. Facilitates freezing/locking of investors accounts which enables you to make your account non-operational, if you so desire, for instance if you are in abroad.
8. Facilitates pledge/hypothecation/lending of securities.
9. No fear and tension when the certificates are sent for transfer till they are received back.
10. Reduces transaction charges.

Constituents of Depository System :

1. Investors
2. Company/Registrars
3. Depository Participants(DPs)
4. Depository

Depository Participant :

A Depository Participant is an agent of the Depository(NSDL) through whom an investor interacts for all his dealings in the electronic segment of the market.

Depository :

Depository is an organisation which holds and transfers securities on behalf of the investor in electronic form.

How to open depository account and trade :

You can open an account with a depository participant of NSDL (list of participants attached). Deposit the share certificates alongwith the Dematerialisation Request Form with the Depository Participant. Your account will be credited within 15 days and a Pass Book like statement will be issued to you indicating your holdings. If you wish to sell/buy electronic shares, inform about your depository account to the brokers who will guide you.

For further details, please contact

Dr K Sabapathy
Chief Executive Officer

Mr J N Sailu

Coimbatore Capital Market Services Private Limited

Depository Participant of NSDL

'K G House'

86, Arts College Road, Coimbatore - 641 018.

Phone No : 0422-218447

Mr P Periaswamy
Company Secretary

Mr M Chandrakumar

Ms G Udayarani

K G Denim Limited

'K G House'

86, Arts College Road, Coimbatore - 641 018.

Phone No : 0422-214261

Regd.Office : Jadayampalayam, Sirumugai, Coimbatore - 641 302.

List of Depository Participants

S.No.	Name & Address	S.No.	Name & Address
1.	ABHIPRA CAPITAL LIMITED BM-1, Dilkhush Industrial Cum Commercial Complex, G T Karnal Road, Azadpur, New Delhi - 110033 Ph No : 011-7127362, 7244166/1484	10.	DEUTSCHE BANK A.G. Securities and Custody Services, Kodak House, 222, Dr. D.N. Road, Fort, Mumbai - 400 001 Ph No : 2075976/5778/3262/3292
2.	ACTION FIN SERV(I) LTD Sonawala Bldg. Ground Floor, Green Street corner, Opp. old Custom House, Fort, Mumbai - 400 001 Ph No: 022 2665440/66, 2642021	11.	EAST INDIA SEC PVT LTD DA-14, Sector - I Salt Lake, Calcutta - 700 064 Ph No : 033 3345689/5527
3.	ALANKIT ASSIGNMENTS LTD 103-104, Anarkali Complex Jhandewalan Extension New Delhi - 110055 Ph No : 7535516-21	12.	GEOJIT SECURITIES LTD 40/7997, Veekshanam Road, Cochin - 682035 Ph No: 0484-371675/466, 373686
4.	ANZ GRINDLAYS BANK LTD 90 M.G. Road, Mumbai - 400 001 Ph No: 022 2665545/2661493	13.	GLOBAL TRUST BANK LTD 67, Bombay Samachar Marg, Sonawala Building, Opp. Stock Exchange Mumbai - 400 023 Ph No : 2884383
5.	CANARA BANK NSDL Unit, 11, Homji Street, 1st Floor, Verma Chambers, Fort, Mumbai - 400 001 Ph No : 2651088, 2658291, 2693157	14.	HDFC BANK LTD Sandoz House Dr. A B Road, Worli Mumbai - 400 018 Ph No : 4951616
6.	CITIBANK N.A. 77, Ramnord House, Dr. A.B. Road, Worli, Mumbai - 400 018 Ph No : 4949275 EXTN : 344	15.	HONGKONG BANK 52/60, M.G. Road, Fort Mumbai - 400 001 Ph No : 2658964
7.	COIMBATORE CAP MKT SERV K G House 86, Government Arts College Road Coimbatore - 641 018 Ph No : 0422 218446-48/312163	16.	HSBC BATLIVALA KARANI Construction House, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai - 400 038 Ph No : 2659944-52, 2642585
8.	DALMIA SECURITIES LTD 2nd Floor, 7, Lyons Range, Calcutta - 700 001 Ph No : 033 2211672-5, 2200080	17.	ICICI Shanti Building, 13, Walchand Hirachand Marg, Ballard Estate, Mumbai - 400 038 Ph No : 2044370/2045190
9.	DAYCO SECURITIES P LTD 7, Lyons Range. 3rd Floor, Calcutta - 700 001 Ph No : 033 2202066/5066/5680	18.	IDBI CAP MKT SERV LTD 13th Floor, IDBI Tower Cuffe Parade, Mumbai - 400 005 Ph No : 2180043/3079

List of Depository Participants

S.No.	Name & Address	S.No.	Name & Address
19.	IIT CORP SERVICES LTD IIT House, Off M Vasanji Road, Opp Vazir Glass, Near J B Nagar, Andheri(E), Mumbai - 400 059 Ph No : 022-8225599/8381416	28.	NATNL SEC CLG CORP LTD Trade World, 2nd Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 Ph No : 4972950 -59
20.	IND.DEV. BANK OF INDIA 3rd Floor, Investment Division, IDBI Towers, Cuffe Parade, Mumbai -400 005 Ph No : 022 2181055/9117/9111	29.	RELIANCE CAPITAL LIMITED 3rd Floor, Vrindavan Building, Shree Ram Mills Premises, Ganapatrao Kadam Marg, Worli, Mumbai - 400 013 Ph No : 022 4962780/4960370
21.	INDSEC SEC. FIN.LTD 4th Floor, Express Building, 14 'E' Road, Churchgate Mumbai - 400 028 Ph No : 2872277	30.	RELIANCE SHR STK BRK L Brindawan, 3rd Floor, Shreeram Mills Comound, Ganapatrao Kadam Marg, Lower Parel, Mumbai - 400 013 Ph No : 022 4951943/4962780
22.	INDUSIND BANK LTD Indusind House 425, Dadasaheb Bhadkamkar Marg Mumbai - 400 004 Ph No : 3857474/9935,3896709	31.	SHAH INVESTORS HOME LTD 2nd Floor, Agrawal Arcade, Near Ambawadi Circle, Ambawadi, Ahmedabad-380 006 Ph No : 079 6449445/8769
23.	INFRA LEAS FIN SER LTD 4th Floor, Mahindra Towers, Dr. G.M.Bhosale Marg, Worli Mumbai - 400 018 Ph No : 4935127 4964353	32.	S.S.KANTILAL ISHWARLAL P 3-A, Khatau Building, A.D.Modi Marg.Fort, Mumbai - 400 001 Ph No : 022 2650120
24.	JANATA SAHAKARI BANK LTD 2nd Floor, PMT Building, Deccan Gymkhana, Pune - 411 004 Ph No : 0212 473429/321497	33.	STANDARD CHARTERED BANK Poonam Chambers-B, Shivsagar Estate,Dr. A.B.Road, Worli, Mumbai- 400 018 Ph No : 022 4951451/91
25.	KOTAK SECURITIES 1st Floor, Bakhtawar, 229, Nariman Point Mumbai - 400 021 Ph No : 022 2027040	34.	STATE BANK OF INDIA 4th Floor, Maunh Industrial Estate, P.Budhkar Marg, Worli, Mumbai - 400 013 Ph No :4975630/31,4936180/035
26.	MORGAN STANLEY TRUST CO. Forbes Building, Charanjit Rai Marg, Fort, Mumbai - 400 001 Ph No : 2096600	35.	STOCK HLDG CORP OF I LTD 44/1, Mehra Estate, L B S Marg Vikhroli(W) Mumbai - 400 079 Ph No : 5779622-29
27.	MUNOTH FINANCIAL SER LTD Sanghvi Plaza, 1st Floor, Suite No.16 56, Jermiah Road, Purasawalkam, Chennai - 600 007 Ph No : 044 5324833/4132/3484		



K G DENIM LIMITED

REGISTERED OFFICE

Jadayampalayam
Sirumugai
Coimbatore - 641 302

REGISTRAR AND TRANSFER AGENT FOR DEPOSITORY SERVICES

Coimbatore Capital Market Services Pvt. Ltd
K G House 86 Arts College Road
Coimbatore-641 018
Phone : 0422 218447

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BOARD OF DIRECTORS

Mr K G Balakrishnan
Chairman and Managing Director

Dr Bakthavathsalam G

Mr Balasundaram D

Mr Desikan G V S ,

Mr Jack O' Neill

Mr Jagadisan V

Mr Mirani C H

Mr Oswal S P

Mr Srihari B

Mr Vasudevan R

Mr P Periaswamy
Company Secretary

AUDITORS

M/s Gopalaiyer & Subramanian
Chartered Accountants
Coimbatore

LEGAL ADVISER

M/s Ramani & Shankar
Coimbatore

BANKERS

Indian Bank

Bank of India

Hongkong Bank

South Indian Bank

IN-HOUSE TRANSFER OFFICE :

K G DENIM LIMITED
K G HOUSE 86 ARTS COLLEGE ROAD
COIMBATORE 641 018
PHONE : 0422 214261

**NOTICE :**

Notice is hereby given that the Fifth Annual General Meeting of the Members of K G Denim Limited will be held on Monday, the 29th September, 1997 at 4.00 p.m. at the Registered Office of the Company at Jadayampalayam, Sirumugai, Coimbatore 641 302 to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Balance Sheet as at 31st March, 1997, the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr C H Mirani who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr V Jagadisan who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr Jack O' Neill who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass with or without modifications, the following resolution as Special Resolution :

RESOLVED THAT pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or substitution thereof, consent of this meeting be and is hereby accorded to Shri B Sriramulu to hold office or place of profit as President of the Company on a remuneration of Rs.19000 per month plus contribution to Provident Fund, Superannuation Fund, Leave Salary and Medical Expenses as applicable to the Company with effect from 1.4.97 and the Board of Directors be and they are hereby authorised to fix such remuneration as and when they deem fit, subject, however, to the rules and regulations of the Company, in force, from time to time.

RESOLVED FURTHER THAT prior approval of the Central Government under Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or substitution thereof shall be obtained, if required, for the appointee holding and continuing to hold office or place of profit under the Company as and when his remuneration exceeds the monetary ceiling, if any, prescribed for such approval under the Act and the rules thereunder.

7. To consider and, if thought fit, to pass with or without modifications, the following resolution as Special Resolution :

RESOLVED THAT the consent of the Company be and is hereby accorded to the appointment of and payment of remuneration to Mr R Vasudevan to hold an office or place of profit in the Company as Director on a remuneration of Rs.15000 per month

K G DENIM LIMITED

plus contribution to Provident Fund, Superannuation Fund, Leave Salary and Medical Expenses as applicable to the Company with effect from 26.11.96 and the Board of Directors be and they are hereby authorised to fix such remuneration as and when they deem fit, subject, however, to the rules and regulations of the Company, in force, from time to time.

To consider and if thought fit, to pass with or without modifications, the following resolution as Special Resolution :

RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the Company be altered in the following manner :

i) After Article 50, the following new Article No.51 be included :

The Company may issue shares of any kind with non-voting rights attached to them as may be permitted by the provisions of the Companies Act and all other applicable statutory provisions, the Board of Directors may issue such shares upon such terms and conditions and with such rights and privileges as the Board deems fit and necessary.

ii) After Article 51, the following new Article No.52 be included :

The Company shall have powers, subject to and in accordance with all applicable provisions of the Companies Act and all other applicable statutory provisions, to purchase any of its own shares and the Board of Directors may purchase such shares upon such terms and conditions and with such rights and privileges as the Board deems fit and necessary.

Coimbatore
9th June, 1997

By Order of the Board
P Periaswamy
Company Secretary

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. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the Special Business under item Nos.6 to 8 is enclosed.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 16.9.97 to 29.9.97 (both days inclusive).

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

Item No.6

Mr B Sriramulu is a Graduate Engineer in Textile Technology from Bharathiar University, Tamilnadu and Master of Science (Textile Technology) from University of Manchester, U.K. At the Annual General Meeting of the Company held on 23.12.1993,