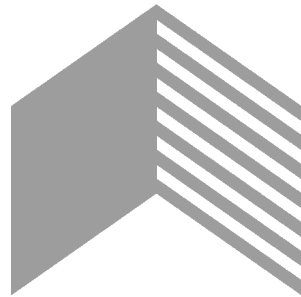


**ANNUAL REPORT
2014-2015**



Modern
DENIM LIMITED



NOTICE

NOTICE is hereby given that the 37th Annual General Meeting of the Members of **Modern Denim Limited** will be held on Tuesday the 22nd September, 2015 at 1.00 P.M. at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur - 302 004 to transact the following business:

A. ORDINARY BUSINESS

- (1) To receive, consider and adopt the Audited Financial Statements of the Company as at 31st March, 2015 and the reports of the Board of Directors and Auditors thereon.
- (2) To appoint a director in place of Shri H.L. Sharma (DIN:00352410), who retires by rotation and being eligible, offers himself for re-appointment.
- (3) To ratify the re-appointment of Auditors of the Company and to fix their remuneration and to pass with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendations of the Audit Committee of the Board of Directors, and resolution passed by the members at the 36th Annual General Meeting of the Company held on 27th September, 2014, the re-appointment of M/s. J.T. Shah & Co., Chartered Accountants (Firm Registration No. 109616W), as the Auditors of the Company to hold office till the conclusion of 39th Annual General Meeting, be and is hereby ratified and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors.”

B. SPECIAL BUSINESS

- (4) To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force), Smt. Meenu Sacheti (DIN:02266703) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 31st March, 2015 and who holds office until the date of the ensuing Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Smt. Meenu Sacheti as a candidate for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the Company be and is hereby accorded for re-appointment of Shri Sachin Ranka (DIN:00335534) as Chairman & Managing Director of the Company for a period of three years with effect from 01.09.2015 to 31.08.2018 without any remuneration.”

By the Order of the Board

Place: Mumbai

(Kirit Shah)

Date: 29th June, 2015

Company Secretary

NOTES:

1. The Explanatory Statement pursuant to Section 102 and/or any other applicable provisions of the Companies Act, 2013 in respect of Special Business is annexed hereto.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in the meeting instead of himself/herself and the proxy need not be a member of the Company.
3. The proxy form duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.
4. The Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified true copy of the Board Resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.
5. Members/proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
6. The Share transfer books and Register of members shall remain closed from 19th September, 2015 to 22nd September, 2015 (both days inclusive).
7. Members who have not registered their email addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.
8. A Member desirous of getting any information on the accounts of the Company is requested to forward his request to the Company at least 10 days prior to the Meeting so that the required information can be made available at the Meeting.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT

(Pursuant to Section 102 of The Companies Act, 2013)

Item No. 4

Smt. Meenu Sacheti was appointed as an Additional Director of the Company with effect from 31/03/2015 by the Board of Directors of the Company. Pursuant to the provisions of Section 161 of the Companies Act, 2013, she holds office as a Director only upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member under the provisions of Section 160 of the Companies Act, 2013 proposing the candidature of Smt. Meenu Sacheti for the office of Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Smt. Meenu Sacheti (DIN:02266703) as Director of the Company, pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. Smt. Meenu Sacheti is liable to retire by rotation.

No Director, Key Managerial Personnel or their relatives, except Smt. Meenu Sacheti, to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the resolution set forth in Item No. 4 for the approval of the members.

Item No. 5

Shri Sachin Ranka was re-appointed as Chairman & Managing Director of the Company with remuneration from 01/09/2010 for a period of 5 years. As such his term of Office expires on 31/08/2015, therefore the Board considers that it is in the interest of the Company to reappoint Shri Sachin Ranka as Chairman & Managing Director of the Company with effect from 01/09/2015 for a further period of three years without any remuneration. The Nomination & Remuneration Committee has also recommended for the re-appointment of Shri Sachin Ranka as Chairman & Managing Director of the Company.

The resolution seeks the approval of members in terms of Section 196, 197 read with Schedule V and other applicable provisions, if any of the Companies Act, 2013 and the Rules made thereunder for the re-appointment of Shri Sachin Ranka as Chairman & Executive Director of the Company for a period of three years with effect from 1st September, 2015.

No Director, Key Managerial Personnel or their relatives, except Shri Sachin Ranka, to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the resolution set forth in Item No. 5 for approval of the members.

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 37th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2015.

FINANCIAL RESULTS

Particulars	₹ in Crores	
	Year ended 31.03.2015	Year ended 31.03.2014
Turnover and other Income	42.55	71.36
Profit/(Loss) before Interest and Depreciation	(1.80)	(5.05)
Less: Interest	0.38	0.59
Profit/(Loss) Before Depreciation	(2.18)	(5.64)
Less: Depreciation	2.65	1.66
Profit/(Loss) Before Exceptional Items & Tax	(4.83)	(7.30)
Less: Exceptional Items	-	19.58
Profit/(Loss) Before Tax	(4.83)	12.28
Less: Provision for taxation	-	-
Profit/(Loss) After Tax	(4.83)	12.28
Balance brought forward from previous year	(128.97)	(141.25)
Balance carried to Balance Sheet	(133.80)	(128.97)

OPERATIONS

The turnover for the year is ₹ 40.72 Crores as against ₹ 71.06 Crores achieved during the previous year. Turnover affected due to stiff competition in the textile market and continued recessionary trend. The Company also operated at lower capacity utilization due to shortage of working capital which has adversely impacted profitability of the Company for the year. The cost of production also pushed up due to inflated increase in power and other input cost. Your Company has taken several remedial steps to meet the challenges viz. measures of saving in cost at all fronts of operation, optimize use of available resource etc. In absence of profits, your directors are unable to declare any dividend for the year under review.

EXPORTS

The exports of the Company during the year under review were progressive to ₹ 3.88 crores as compared to previous year of ₹ 3.25 crores despite of continued recessionary business ambience in the global market. The Company is continuing its efforts to enhance presence of its products in overseas markets.

FUTURE PROSPECTS

The Indian textile industry is set for strong growth, buoyed by strong domestic consumption as well as export demand. The long term outlook for denim industry appears encouraging in view of growing consumption in Asian countries. As such your Company is hopeful to maintain its presence with competitive edge inspite of new entrants.

STATUS OF PROCEEDINGS AT BIFR

Pursuant to the directions of Hon'ble BIFR and guidelines given by Operating Agency, the Company has filed revised Draft Rehabilitation Scheme with the Hon'ble BIFR which is under examination and consideration.

FIXED DEPOSITS

The Company has an unpaid amount of Fixed Deposits & Interest thereon outstanding as on 31st March, 2015, the details of which have been given in the Note No 4 annexed with the financial statements. In view of petition filed by the Company, the Hon'ble Company Law Board had passed an order on 21/12/2001 that "The repayment of fixed deposits shall be made by the Company in accordance with "revival scheme" as and when approved by BIFR under the provision of SICA". However payments on compassionate ground are continued to be made as per the decision of the committee formed by Hon'ble Company Law Board for this purpose. Your Company has not accepted any deposits during the year within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loans or guarantees and made investments covered under the provisions of Section 186 of the Companies Act, 2013.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions which may have a potential conflict with the interests of the Company at large. Particulars of contracts or arrangements with related parties under the provisions of section 188(1) of the Companies Act, 2013 are annexed herewith in the prescribed form AOC-2 as Annexure-A.

SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Ventures and Associate Companies as on 31.03.2015.

CORPORATE SOCIAL RESPONSIBILITY

The provisions of Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility are not applicable to the Company. However, the Company has constituted a CSR Committee which comprises Shri Sachin Ranka (Chairman), Shri H.L. Sharma and Shri S.K. Sharma (Members).

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Shri B.L. Verma and Shri S.K. Sharma was appointed as an Independent Director of the Company for a period of five consecutive years upto 31st March, 2019 and Smt. Meenu Sacheti was appointed as an Additional Director in the category of Non-Executive Director of the Company from 31st March, 2015.

In accordance with the provisions of Companies Act, 2013, Shri H.L. Sharma, Non-Executive Director retires by rotation and being eligible offers himself for re-appointment. Appropriate resolutions for the appointment/re-appointment of the aforesaid Directors are being moved at the ensuing Annual General Meeting, which the Board recommends for your approval.

The Company has received declarations from all the Independent directors of the Company that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Shri C. S. Jain was appointed as Sr. Vice President (Finance) & Chief Financial Officer of the Company from 1st July, 2014.

Policy on Directors' Appointment and Remunerations

The Board has, on the recommendation of the Nomination & Remuneration Committee framed and adopted a policy for nomination, remuneration and evaluation of Directors, Key Managerial Personnel (KMP) and other employees of the Company.

Criteria for Selection/Appointment

The Non-Executive/Whole-time/Managing Director, Key Managerial Personnel (KMP) and other employees shall be of high integrity, qualification with relevant expertise and experience so as to have a diverse Board/ Management having expertise in the fields of general management, marketing, manufacturing, finance, taxation, law and governance.

In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the independent nature of the Directors and also ensure that the candidate identified for appointment as an Independent Director is not disqualified for appointment under Section 149 and 164 of the Companies Act, 2013.

Remuneration Policy

The Whole time Director/Managing Director/Key Managerial Personnel (KMP) and other employees shall be entitled to receive remuneration/ compensation/commission etc. as per the provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

The Non Executive Directors and Independent Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board meetings within the overall limits prescribed under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee. Standard parameters were prepared after taking into consideration various aspects of the Board functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Company, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board and the performance evaluation of the Chairman and the Non Independent Directors of the Company was carried out by the Independent Directors who have expressed their satisfaction with the evaluation process.

Number of Board Meetings

The Board of Directors duly met four times during the financial year from 1st April, 2014 to 31st March, 2015 i.e. 19th June, 2014, 27th September, 2014, 26th December, 2014 and 20th March, 2015. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

AUDIT COMMITTEE

The Board of Directors of the Company has constituted the Audit Committee of Directors to act in accordance with the terms of reference specified by the Board as stipulated in Section 177 of the Companies Act, 2013. The details of Committee members are as follows:-

S.No.	Name of Director	Designation	Category
1.	Shri H.L. Sharma	Chairman	Non-Executive Director
2.	Shri B.L. Verma	Member	Independent Director
3.	Shri S.K. Sharma	Member	Independent Director

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 and loss of the Company for that period;
- The directors have 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 other irregularities;
- The directors have prepared the annual accounts on a going concern basis;
- The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

AUDITOR'S AND AUDITORS' REPORT

Statutory Auditors

M/s J.T. Shah & Co. (Firm Registration No. 109616W), Chartered Accountants were appointed as Statutory Auditors of the Company at the last Annual General Meeting held on 27th September, 2014 for a period of three years subject to ratification by members at every consequent Annual General Meeting. Accordingly, the appointment of M/s J.T. Shah & Co., Chartered Accountants, as statutory auditors of the Company, is placed for ratifications by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

The observations made in the Auditors' Report read together with relevant notes thereon are self explanatory and hence, do not call for any further comments under Section 134 of the Companies Act, 2013.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules made thereunder, the Company has appointed M/s JAKS & Associates, Company Secretaries, Jaipur to undertake the Secretarial Audit of the Company. The Secretarial Audit report is annexed herewith as **Annexure-B**.

The observations in Secretarial Audit Report which pertains mainly listing agreement requirements, stock exchange compliances etc., it is clarified that the company will take necessary action on implementation of rehabilitation scheme pending for examination and approval of BIFR.

EXTRACT OF ANNUAL RETURN

In accordance with Section 134 (3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format (MGT-9) is appended as **Annexure-C** to the Board's Report.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered office of the company during business hours on working days of the Company up to the date of ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the Company Secretary in advance.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as **Annexure-D**.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations to safeguard and protect from loss, unauthorized use or disposition of its assets. The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system of the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements. All the transactions are properly authorized, recorded and reported to the Management of the Company. Significant audit observations and recommendations along with corrective actions taken by the management thereon are presented to the Audit Committee meetings and thereafter Board Meetings.

BUSINESS RISK MANAGEMENT

In accordance with Clause 49 of the Listing Agreement, the Board of Directors of the Company formally adopted a policy i.e. Risk Management Policy for framing, implementing and monitoring the risk management plan for the Company. The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. The policy establishes a structured and disciplined approach to Risk Management. In the challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks of the Company inter alia are competition, technology obsolescence, raw material availability, retention of talent and statutory and regulatory compliances. As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

CODE OF CONDUCT

The Company has a Code of Conduct which is applicable to the Board of Directors, Key Managerial Personnel and all other employees in the course of day to day business operations of the Company. The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors, Key Managerial Personnel and all other designated employees of the Company in their business dealings and in particular on matters relating to integrity in the work place, business practices and dealing with stakeholders. The Code gives guidance through examples on the expected behavior from an employee in a given situation and the reporting structure.

VIGIL MECHANISM

Pursuant to the provision of Section 177 (9) and (10) of the Companies Act, 2013, the Company has adopted Vigil Mechanism, which also incorporates a whistle blower policy for Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud and violation of the Company's code of conduct and ethics. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relate and the date of this report.
- No significant or material orders were passed by the regulators or Courts or Tribunals which impact the going concern status and Company's Operations in future.

ACKNOWLEDGEMENTS

Your Directors wish to extend their sincerest thanks to the Members of the Company, Bankers, State Government, Local Bodies, Customers, Suppliers, Executives, Staff and workers at all levels for their continuous cooperation and assistance.

ON BEHALF OF THE BOARD

Place: Mumbai
Date : 29th June, 2015

(Sachin Ranka)
Chairman & Managing Director

Annexure A to Boards' Report

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

There were no contracts or arrangements or transactions entered into during the year ended 31st March 2015, which were not at arm's length basis.

2. Details of material contracts or arrangements or transactions at Arm's length basis.

S. No.	Name (s) of the related party	Nature of Relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
1.	Shubam Corporate Advisory Pvt. Ltd.	One of the Directors is interested	Leave and License agreement of corporate office premises	01.04.2013 to 31.03.2015	Occupy and use the office space for Corporate Head at Mumbai at monthly compensation of Rs. 30000/- Plus applicable service tax	28.06.2013	NIL

Annexure B to Boards' Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
MODERN DENIM LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Modern Denim Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Modern Denim Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st March, 2015** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Modern Denim Limited for the financial year ended on **31st March, 2015** according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not applicable to the Company during the Audit Period**);
 - The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (**Not applicable to the Company during the Audit Period**);

- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not applicable to the Company during the Audit Period**);
- The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable to the Company during the Audit Period**) and
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not applicable to the Company during the Audit Period**)
- And other applicable laws as mentioned below:
 - Labour Laws
 - Environment Laws
 - The Sick Industrials Companies (Special Provisions) Act, 1985. The Company has been declared as Sick Company by the Board for Industrial and Financial Reconstruction (BIFR) and the company has submitted rehabilitation scheme to BIFR which is under examination /approval.

We have also examined compliance with the applicable clauses of the following:

- Secretarial Standards issued by The Institute of Company Secretaries of India. (**Not notified hence not applicable to the Company during the audit period**).
- The Listing Agreements entered into by the Company with BSE LIMITED, JAIPUR STOCK EXCHANGE, MADRAS STOCK EXCHANGE, BANGLORE STOCK EXCHANGE, CALCUTTA STOCK EXCHANGE, DELHI STOCK EXCHANGE, and AHMEDABAD STOCK EXCHANGE.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:-

- The company has Cumulative Redeemable preference shares amounting to Rs. 650 lacs which are not redeemed yet. As per explanation given by the company, final redemption of Preference Shares will be on sanction of rehabilitation scheme by BIFR.
- The Company has unpaid Fixed deposits and interest thereon. For the same, management has clarified that the Hon'ble company law board has passed an order on 21.12.2001 that "the Repayment of Fixed Deposits shall be made by the company in accordance with revival scheme as and when approved by BIFR under the provisions of SICA."

3. The company has unpaid non convertible debentures and interest thereon which were due for redemption but same are not redeemed by the company as company expects waiver/relief under rehabilitation scheme.
4. The Company has an outstanding amount of Share Application money pending for allotment of Rs. 1600 Lacs which is pending from more than 7 years. For the same, management has clarified that its represent subscription pursuant to the Restructuring/settlement scheme thus not refundable and Instrument will be issued on sanction of rehabilitation scheme by BIFR.
5. The company has its website but the disclosures are not as per the Companies Act, 2013 and Listing Agreement.
6. The company has not complied with the provisions of listing agreement and SEBI Rules and Regulations, wherever applicable.
7. The Shares of the Company are not in dematerialized form therefore the company has not comply the provisions of the Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
8. The trading of the company with Stock Exchanges is suspended since 07.01.2002.

We further report that

The Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors in compliance with the Companies Act 2013 but not in accordance with listing agreement. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines except the observations made in the Report.

This report is to be read with our letter of even date which is annexed as ANNEXURE 'A' and forms an integral part of this report.

ANNEXURE 'A'

To,
The Members
Modern Denim Limited

Our Report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the Audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company. We have relied upon the Report of Statutory Auditors regarding compliance of Companies Act, 2013 and Rules made thereunder relating to maintenance of Books of Accounts, papers and financial statements of the relevant Financial Year, which give a true and fair view of the state of the affairs of the company.
4. We have relied upon the Report of Statutory Auditors regarding compliance of Fiscal Laws, like the Income Tax Act, 1961 & Finance Acts, the Customs Act, 1962, the Central Excise Act, 1944 and Service Tax except some dues as mentioned in Independent Auditors' Report. There are some disputed statutory dues, which have not been deposited on account of matter pending before appropriate authorities as mentioned in Independent Auditors' Report.
5. Where ever required, we have obtained the Management representation about the compliance of Laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For JAKS & ASSOCIATES
Practicing Company Secretary

For JAKS & ASSOCIATES
Practicing Company Secretary

Deepak Arora
[Partner]

Deepak Arora
[Partner]

Place: Jaipur
Date: 29th June, 2015

FCS No. 5104
COP No. 3641

Place: Jaipur
Date: 29th June, 2015

FCS No. 5104
COP No. 3641

Annexure- C to Board's Report
FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- | | | |
|-----|--------------------------------------------------------------------------|----------------------------------------------------------|
| i | CIN | : L17124RJ1977PLC001758 |
| ii | Registration Date | : 15/11/1977 |
| iii | Name of the Company | : MODERN DENIM LIMITED |
| iv | Category/Sub-Category of the Company | : Company Limited by Shares |
| v | Address of the Registered office & contact details | : A-4, Vijay Path, Tilak Nagar, Jaipur-302004, Rajasthan |
| vi | Whether listed Company | : Yes |
| vii | Name, Address and contact details of Registrar & Transfer Agent, if any. | : In house |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name & Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1	Denim Fabric	17118	78.24%
2	Job work Income	-	20.14%

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
-	N.A.	N.A.	N.A.	N.A.	N.A.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total Total Shares	% of	Demat	Physical	Total Total Shares	% of	
A. PROMOTERS									
(1) Indian									
a) Individual/HUF	-	11250	11250	0.030	-	11250	11250	0.030	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporates	-	15200482	15200482	40.53	-	15200182	15200182	40.53	-
e) Bank/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL (A)(1):-	-	15211732	15211732	40.56	-	15211432	15211432	40.56	-
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
SUB TOTAL (A)(2):-	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	-	15211732	15211732	40.56	-	15211432	15211432	40.56	-
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	457840	457840	1.22	-	457840	457840	1.22	-
b) Banks/FI	-	6586868	6586868	17.57	-	6586868	6586868	17.57	-
c) Central govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	1512627	1512627	4.03	-	1512627	1512627	4.03	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	3220261	3220261	8.59	-	3220261	3220261	8.59	-
g) FII's	-	402760	402760	1.07	-	402760	402760	1.07	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):-	-	12180356	12180356	32.48	-	12180356	12180356	32.48	-
(2) Non Institutions									
a) Bodies Corporates									
i) Indian	-	125408	125408	0.33	-	125858	125858	0.33	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	-	9258104	9258104	24.69	-	9257954	9257954	24.69	-
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakh	-	215500	215500	0.58	-	215500	215500	0.58	-
c) Others (NRI's)	-	510900	510900	1.36	-	510900	510900	1.36	-
SUB TOTAL (B)(2):-	-	10109912	10109912	26.96	-	10110212	10110212	26.96	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	22290268	22290268	59.44	-	22290568	22290568	59.44	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	37502000	37502000	100.00	-	37502000	37502000	100	-

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the Company	% of Shares Pledged encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged encumbered to total shares	
1.	H.S. Ranka	1100	0.003	–	1100	0.003	–	–
2.	H.S. Ranka HUF2	1000	0.003	–	1000	0.003	–	–
3.	H.S. Ranka Karta HUF3	1000	0.003	–	1000	0.003	–	–
4.	Meena Kumari Ranka	1050	0.003	–	1050	0.003	–	–
5.	Sachin Ranka	3400	0.009	–	3400	0.009	–	–
6.	Shankar Lal Ranka	1000	0.003	–	1000	0.003	–	–
7.	Smriti Ranka	2700	0.007	–	2700	0.007	–	–
8.	Admiral Exports Pvt. Ltd.	154675	0.41	0.40	5675	0.015	–	(0.40)
9.	Agrini Finvest Pvt. Ltd.	146700	0.39	0.39	50	–	–	(0.39)
10.	Ajaymeru Trading & Investments Pvt. Ltd. (includes 365595 shares pledged with GSFC)	1130380	3.00	3.00	371995	0.992	0.97	(2.00)
11.	Bhogal Merchant & Trading Pvt. Ltd.	360475	0.96	0.96	150050	0.40	0.38	(0.56)
12.	Chand Merchant Pvt. Ltd. (includes 538550 shares pledged with GSFC)	986350	2.63	2.63	534550	1.43	1.42	(1.20)
13.	Current Investments Pvt. Ltd.	490750	1.31	1.31	151325	0.40	0.40	(0.91)
14.	Initial Investments Pvt. Ltd.	219400	0.58	0.58	1850	0.005	0	(0.58)
15.	Invitation Investments Pvt. Ltd. (includes 110166 shares pledged with GSFC)	487838	1.30	1.24	132541	0.35	0.29	(0.95)
16.	Kanchanshri Holdings Pvt. Ltd.	100	–	–	100	–	–	–
17.	Mehrauli Traders Pvt. Ltd.	1888715	5.04	5.02	5900	0.016	0	(5.02)
18.	Midas Powertech Pvt. Ltd. (includes 483316 shares pledged with GSFC)	1301377	3.47	3.45	492106	1.31	1.29	(2.16)
19.	Naman Vyapar & Vitt Pvt. Ltd.	48100	0.13	0.13	100	–	–	(0.13)
20.	Nirbhay Traders Pvt. Ltd.	350385	0.93	0.93	385	0.001	–	(0.93)
21.	Paridhi Shareshoppe Pvt. Ltd.	154445	0.41	0.40	5225	0.014	–	(0.40)
22.	Shri Mahuli Investment Pvt. Ltd.	17125	0.05	0.05	125	–	–	(0.05)
23.	Trishul Traders Pvt. Ltd.	6875947	18.34	5.98	13216855	35.24	1.02	16.91
24.	Vulvan Traders Pvt. Ltd.	584620	1.56	1.56	128250	0.34	0.34	(1.22)
	Total	15208632	40.55	28.03	15208332	40.55	6.11	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Admiral Exports Pvt. Ltd. At the beginning of the year Interse transfer on 06.02.2015 At the End of the year	154675 (149000)	0.41 (0.39)	154675 5675 5675	0.41 0.02 0.02
2.	Agrini Finvest Pvt. Ltd. At the beginning of the year Interse transfer on 27.02.2015 At the End of the year	146700 (146650)	0.39 0.39	146700 50 50	0.39 – –
3.	Ajaymeru Trading & Investments Pvt. Ltd. At the beginning of the year Interse transfer on 27.02.2015 At the End of the year	764785 (758385)	2.04 (2.02)	764785 6400 6400	2.04 0.02 0.02
4.	Bhogal Merchant & Trading Pvt. Ltd. At the beginning of the year Interse transfer on 27.02.2015 At the End of the year	360475 (210425)	0.96 (0.56)	360475 150050 150050	0.96 0.40 0.40

Sl. No.		Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
5.	Chand Merchant Pvt. Ltd. At the beginning of the year Interse Transfer on 27.02.2015 At the End of the year	452800 (451800)	1.207 (1.204)	452800 1000 1000	1.207 0.003 0.003
6.	Current Investments Pvt. Ltd. At the beginning of the year Interse Transfer on 27.02.2015 At the End of the year	490750 (339425)	1.31 (0.91)	490750 151325 151325	1.31 0.40 0.40
7.	Initial Investments Pvt. Ltd. At the beginning of the year Interse transfer on 27.02.2015 At the End of the year	219400 (217550)	0.59 (0.58)	219400 1850 1850	0.59 0.01 0.01
8.	Invitation Investments Pvt. Ltd. At the beginning of the year Interse Transfer on 27.02.2015 At the End of the year	377672 (355297)	1.01 (0.95)	377672 22375 22375	1.01 0.06 0.06
9.	Kanchanshri Holdings Pvt. Ltd. At the beginning of the year No Change during the year At the End of the year	100 –	– –	100 100 100	– – –
10.	Mehrauli Traders Pvt. Ltd. At the beginning of the year Interse Transfer on 27.02.2015 At the End of the year	1888715 (1882815)	5.04 (5.02)	1888715 5900 5900	5.04 0.02 0.02
11.	Midas Powertech Pvt. Ltd. At the beginning of the year Interse transfer on 27.02.2015 At the End of the year	818061 (809271)	2.18 (2.16)	818061 8790 8790	2.18 0.02 0.02
12.	Naman Vyapar & Vitt Pvt. Ltd. At the beginning of the year Interse Transfer on 06.02.2015 At the End of the year	48100 (48000)	0.13 (0.13)	48100 100 100	0.13 – –
13.	Nirbhay Traders Pvt. Ltd. At the beginning of the year Interse Transfer on 06.02.2015 At the End of the year	350385 (350000)	0.93 (0.93)	350385 385 385	0.93 – –
14.	Paridhi Shareshoppe Pvt. Ltd. At the beginning of the year Interse transfer on 06.02.2015 At the End of the year	154445 (149220)	0.41 (0.40)	154445 5225 5225	0.41 0.01 0.01
15.	Shri Mahuli Investment Pvt. Ltd. At the beginning of the year Interse Transfer on 06.02.2015 At the End of the year	17125 (17000)	0.05 0.05	17125 125 125	0.05 – –

Sl. No.		Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
16.	Trishul Traders Pvt. Ltd.				
	At the beginning of the year	6875947	18.33	6875947	18.33
	Transfer on 04.08.2014	(300)	–	6875647	18.33
	Interse Transfer on 06.02.2015	713220	1.90	7588867	20.23
	Interse Transfer on 27.02.2015	5627988	15.01	13216855	35.24
	At the End of the year			13216855	35.24
17.	Vulvan Traders Pvt. Ltd.				
	At the beginning of the year	584620	1.56	584620	1.56
	Interse Transfer on 27.02.2015	(456370)	1.22	128250	0.34
	At the End of the year			128250	0.34

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs & ADRs)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Unit Trust of India	6580255	17.55	6580255	17.55
2.	Life Insurance Corporation of India	1609173	4.29	1609173	4.29
3.	General Insurance Corporation of India	1098468	2.93	1098468	2.93
4.	The New India Assurance Co. Ltd.	512620	1.37	512620	1.34
5.	Bank of India A/C BOI Mutual Fund	451110	1.20	451110	1.20
6.	TAIB A/C TSML	335675	0.90	335675	0.90
7.	Kakunda Investment Pvt. Ltd.	71830	0.16	71830	0.16
8.	FCEM Ltd. A/C Foreign & Colonial (I) Ltd.	37050	0.10	37050	0.10
9.	Rajeev Jain	35300	0.09	35300	0.09
10.	TAIB Bank EC A/C TSML	30035	0.08	30035	0.08

(v) Shareholding of Directors & Key Managerial Personnel:

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Shri Sachin Ranka - Chairman & Managing Director	3400	0.009	3400	0.009
2.	Shri H.L. Sharma - Non-Executive Director	–	–	100	–
3.	Smt. Meenu Sacheti - Additional Director	–	–	–	–
4.	Shri B.L. Verma - Independent Director	–	–	–	–
5.	Shri S.K. Sharma - Independent Director	–	–	–	–
6.	Shri C.S. Jain – Chief Financial Officer	–	–	–	–
7.	Shri Kirit Shah – Company Secretary	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Laacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	4471.75	–	4471.75
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	4471.75	–	4471.75

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction	-	566.75	-	566.75
Net Change	-	(566.75)	-	(566.75)
Indebtedness at the end of the financial year				
i) Principal Amount	-	3905.00	-	3905.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	3905.00	-	3905.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager:

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager	Total Amount
		Sachin Ranka (CMD)	
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961	Nil	Nil
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	Nil	Nil
	(c) Profits in lieu of Salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission	Nil	Nil
	-as % of profit	Nil	Nil
	-others (specify)	Nil	Nil
5.	Others, please specify	Nil	Nil
	Total (A)	Nil	Nil
	Ceiling as per the Act		-

B. Remuneration to other Directors:

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Name of the Directors				Total Amount
		H.L. Sharma	B.L. Verma	S.K. Sharma	Meenu Sacheti	
1.	Independent Directors					
	• Fee for attending board/committee meetings	Nil	0.20	Nil	Nil	0.20
	• Commission	Nil	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (1)	Nil	0.20	Nil	Nil	0.20
2.	Other Non-Executive Directors					
	• Fee for attending board/committee meetings	Nil	Nil	Nil	Nil	Nil
	• Commission	Nil	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil	Nil	Nil
	Total (B)=(1+2)	Nil	0.20	Nil	Nil	0.20
	Total Managerial Remuneration	Nil	Nil	Nil	Nil	Nil
	Overall Ceiling as per the Act					-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	CFO	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	2.03	7.72	9.75
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	CFO	
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission	Nil	Nil	Nil
	–as % of profit	Nil	Nil	Nil
	–others, specify	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	Total	2.03	7.72	9.74

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any (give details)
A. COMPANY					
Penalty Punishment Compounding			None		
B. DIRECTORS					
Penalty Punishment Compounding			None		
C. OTHER OFFICERS IN DEFAULT					
Penalty Punishment Compounding			None		

Annexure D to Boards' Report

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO ETC:

Information on Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

(A) Conservation of Energy:

S.No.	Particulars	Remarks
(i)	The steps taken or impact on conservation of energy:	Energy conservation continues to receive priority attention at all levels. All efforts are made to conserve and optimize use of energy with continuous monitoring through improved operational techniques.
(ii)	The steps taken by the Company for utilizing alternate sources of energy:	
(iii)	The capital investment on energy conservation equipments:	

(B) Technology absorption:

- (i) The efforts made towards technology absorption:
The Company is having research and development cell, headed by a senior and experienced textile technologist. The section is keeping continuous watch on the quality of the product at various stages. The R & D section also keeps a regular track on the latest advancement on the spinning and finishing technology in order to keep pace with the demand of the new products.
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution:
The Company has developed numerous qualities, which have been accepted by the Market.
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):NIL
- (iv) The expenditure incurred on Research and Development:
 - (a) Capital : ₹ NIL Lacs.
 - (b) Recurring : ₹ NIL Lacs.
 - Total : ₹ NIL Lacs.

Total R & D expenditure as % age of total turnover: N.A.

(C) Foreign exchange earnings and Outgo:

The Company has earned foreign exchange of ₹ 388.55 Lacs as against an outgo of ₹ 29.38 Lacs during the year.

INDEPENDENT AUDITORS' REPORT

To The Members of **Modern Denim Limited**

1. Report on the Financial Statements

We have audited the accompanying financial statements of **Modern Denim Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

4. Basis for Qualified Opinion

- Dividend for the year in respect of cumulative redeemable preference shares amounting to ₹110.75 lacs excluding Dividend Distribution Tax Payable thereon (Previous year ₹110.75 lacs) has not been provided. The total amount of Dividend not provided till 31st March 2015 amounts to 2104.25 lacs (upto previous Balance Sheet date ₹1993.50 lacs) (Note No. 1.3) have not been provided in view of accumulated losses. The company expects waiver/relief under rehabilitation scheme submitted to BIFR. Had the Company provided for the Dividend on cumulative redeemable preference shares, Other Current Liabilities would have been higher and balance in Statement of Profit and Loss under the head Reserve & Surplus would have been lower by ₹2104.25 lacs (upto previous Balance Sheet date ₹1993.50 lacs). A similar qualification had been given in the previous year's Auditor's Report.*
- Provision for interest on certain Secured and Unsecured Borrowings amounting to ₹134.26 lacs (Previous year ₹137.99 lacs) (Note No. 19.1, & 19.2) has not been made in accounts as Company expects waiver / relief under rehabilitation scheme submitted to BIFR, having its impact on reducing the Loss for the Year. The total amount of Interest not provided till 31st March 2015 amounts to ₹1665.70 lacs (upto previous Balance Sheet date ₹1531.44 lacs) (Note No. 4.2 & 4.9). Had the Company provided for the Interest, Other Current Liabilities would have been higher and balance in Statement of Profit and Loss under the head Reserve & Surplus would have been lower by ₹1665.70 lacs (upto previous Balance Sheet date ₹1531.44 lacs) and Interest Expenses would have been higher and Loss for the Year a would have been higher by ₹134.26 lacs (Previous Year ₹137.99 lacs), A similar qualification had been given in the previous year's Auditor's Report.*
- Compound interest, Penal interest and liquidated damages in respect of all borrowings have not been provided, amount of which is unascertainable, pending confirmations / reconciliation. (Note No. 4.11). The company expects waiver/relief under rehabilitation scheme submitted to BIFR. A similar qualification had been given in the previous year's Auditor's Report.*
- The accounts of the Company have been prepared on a going concern basis though*

the Board for Industrial and Financial Reconstruction (BIFR) has declared the company as a sick company. (Note No. 27). The Financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liability that may be necessary if the Company is unable to continue as a going concern. A similar qualification had been given in the previous year's Auditor's Report.

- Pursuant to restructuring of some of the borrowings, the Company has taken credit of ₹Nil (Previous year ₹1958.02 lacs) to Statement of Profit and Loss as exceptional items during the year, pending fulfillment of future obligations. Total Credit taken by the Company upto 31st March 2015 which are subject to fulfillment of future obligations amounts to ₹13851.51 lacs (Previous year ₹13851.51 lacs). Had the Company not taken such credit to the Statement of Profit and Loss under the head Reserve & Surplus, the Balance in the Statement of Profit and Loss would have been lower and Current Liabilities would have been higher to that extent. A similar qualification had been given in the previous year's Auditor's Report.*

We further report that, without considering items mentioned at para (c) and (d) above, the effect of which could not be determined, had the observations made by us in para (a), (b) and (e) above been considered, the loss for the year would have been ₹617.47 lacs (as against the reported figure of ₹483.21 Lacs). Other current liabilities would have been ₹22205.04 lacs (as against the reported figure of ₹4583.58 lacs) and Debit balance of Reserves & Surplus would have been ₹31001.33 lacs (as against the reported figure of ₹13379.87 lacs).

5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

6. Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
- As required by Section 143(3) of the Act, we report that:
 - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, 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.
 - The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act.
 - The Qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the basis for Qualified Opinion paragraph above.
 - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - The Company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer Note 25).
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There is no default in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company during the year ended on March 31, 2015 (Refer Note 3.1 & 4.8).

FOR J. T. SHAH & COMPANY
CHARTERED ACCOUNTANTS
[FRN No. 109616W]

(J. T. SHAH)
PARTNER
(M. No.3983)

Place: Ahmedabad
Date: 29th June, 2015

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 6 (a) of our Report of even date to the Members of **MODERN DENIM LIMITED** for the year ended 31st March, 2015.

1. In respect of Fixed Assets:

- a. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets other than Furniture and Fixtures and Office Equipments for which detailed records are not maintained.
- b. As per the information and explanations given to us, Fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.

2. In respect of its Inventories:

- a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. On the basis of our examination of the records of inventory, we are of opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and books records were not material.

3. In respect of Loans and Advances granted during the year:

As regards the loans, the company has not granted any loans, secured or unsecured during the year under audit, to the companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013 and therefore, the clauses (iii) (a) and (b) of the Companies (Auditor's Report) Order, 2015 are not applicable.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major continuing failures to correct major weaknesses has been observed.
5. During the year, the company has not accepted any public deposits and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and rules framed there under are subject to the order passed by the Company Law Board on 21.12.2001 whereby the Company is required to make repayment of public deposits and payment of interest thereon in accordance with the revival scheme approved by the Board for Industrial and Financial Reconstruction (BIFR) under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985.
6. As per the information and explanation provided to us the company is not required to maintain the cost records as per the provisions of Companies (Cost Records and Audit) Rules, 2014, hence Clause (vi) of the Companies (Auditor's Report) Order, 2015 is not applicable.

7. In respect of Statutory Dues:

- a. According to the records of the Company, the Company is by and large regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, wealth-tax, Service Tax, custom duty, excise duty, cess and other statutory dues applicable to it except there were some delay in cases of P.F. and employee's state insurance.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty were outstanding, as at 31st March, 2015 for a period of more than six months from the date they became payable.
- c. According to the records of the Company, the dues of excise duty which have not been deposited on account of disputes and the forum where the dispute is pending, are as under.

Name of the Statute	Nature of the Dues	Amount (₹ In lacs)	Forum where dispute Is pending
The Central – Excise Act, 1944	Excise duty Penalty	0.34 24.42	The Central Excise and Service Tax Appellate Tribunal (Ahmedabad)
The Central – Excise Act, 1944	Excise duty Penalty	0.91 15.82	The Central Excise and Service Tax Appellate Tribunal (Ahmedabad)
Total		41.49	

- d. According to the records of the company there are no amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under. (Refer Note 3.1 & 4.8).
8. The accumulated losses of the Company as at 31st March, 2015 are more than its net worth. The Company has incurred cash losses during the financial period under review and also during the immediately preceding financial year.
9. The Company has defaulted in repayment of installments of dues to Financial Institutions, Banks and Debenture holders amounting to ' 931.76 lacs since 1997.
10. As per the information provided to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions hence such clause is not applicable to the company.
11. According to the information and explanations given to us, during year under review the company has not applied any term loan hence Clause (xi) of the Companies (Auditor's Report) Order, 2015 is not applicable.
12. To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company and on the Company has been noticed or reported during the year.

FOR J. T. SHAH & COMPANY
CHARTERED ACCOUNTANTS
(FRN No. 109616W)

Place : Ahmedabad
Date : 29th June, 2015

(J. T. SHAH)
PARTNER
(M. No. 3983)

BALANCE SHEET AS AT 31ST MARCH, 2015

(₹ in lacs)

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
EQUITY AND LIABILITIES			
Shareholders' Fund			
Share Capital	1	4,400.20	4,400.20
Reserves & Surplus	2	(13,379.87)	(12,896.66)
		<u>(8,979.67)</u>	<u>(8,496.46)</u>
Share Application money pending allotment	3	1,600.00	1,600.00
Non-Current Liabilities			
Long Term Borrowings	4	3,905.00	4,471.75
Long Term Provisions	5	177.15	188.51
		<u>4,082.15</u>	<u>4,660.26</u>
Current Liabilities			
Trade Payables	6	1,918.97	1,102.42
Other Current Liabilities	7	4,583.58	4,860.87
Short Term Provisions	5	15.31	29.20
		<u>6,517.86</u>	<u>5,992.49</u>
Total		<u><u>3,220.34</u></u>	<u><u>3,756.29</u></u>
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	8	2,471.69	2,744.10
Intangible Assets	8	–	–
		<u>2,471.69</u>	<u>2,744.10</u>
Long-term Loans and Advances	9	181.86	218.49
		<u>2,653.55</u>	<u>2,962.59</u>
Current Assets			
Inventories	10	305.51	394.72
Trade receivables	11	76.95	249.76
Cash & Bank Balances	12	62.62	56.13
Short term Loans and Advances	9	121.71	93.09
		<u>566.79</u>	<u>793.70</u>
Total		<u><u>3,220.34</u></u>	<u><u>3,756.29</u></u>
Significant Accounting Policies			
Other Notes on Financial Statements	24 to 36		

As per our report of even date attached

For **J.T. Shah & Company**

Chartered Accountants

(FRN No. 109616W)

(J.T. Shah)

Partner

(Membership No. 3983)

Place : Ahmedabad

Date : 29th June, 2015

For and on behalf of the Board

Sachin Ranka – Chairman & Managing Director

B.L. Verma	}	Directors
H.L. Sharma		

C.S. Jain – Chief Financial Officer

Kirit Shah – Company Secretary

Place : Mumbai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in lacs)

Particulars	Note No.	2014-2015	2013-2014
INCOME			
Revenue from operations	13	4,072.40	7,106.20
Other Income	14	182.77	30.28
Total Revenue		4,255.17	7,136.48
EXPENSES			
Cost of materials consumed	15	1,233.55	3,737.66
Purchase of Stock in Trade	16	1,134.69	–
Change in Inventories of Finished Goods and Work in Progress	17	81.93	770.21
Employee Benefits Expense	18	852.22	1,247.00
Finance Costs	19	38.33	59.15
Depreciation and Amortisation Expense	8	264.50	165.95
Other Expenses	20	1,133.16	1,886.60
Total Expenses		4,738.38	7,866.57
Profit before exceptional items and Tax		(483.21)	(730.09)
Exceptional Items	21	–	1,958.02
Profit before Tax		(483.21)	1,227.93
Less : Tax Expense	22	–	–
Profit for the year		(483.21)	1,227.93
Basic earnings per share (₹)	23		
- Before Exceptional Items		(1.58)	(2.24)
- After Exceptional Items		(1.58)	2.98
Diluted earnings per share (₹)	23		
- Before Exceptional Items		(1.58)	(2.24)
- After Exceptional Items		(1.58)	2.09

Significant Accounting Policies**Other Notes on Financial Statements**

24 to 36

As per our report of even date attached

For and on behalf of the Board

For **J.T. Shah & Company**

Sachin Ranka – Chairman & Managing Director

Chartered Accountants

B.L. Verma }
H.L. Sharma } Directors

(FRN No. 109616W)

(J.T. Shah)

Partner

C.S. Jain – Chief Financial Officer

(Membership No. 3983)

Kirit Shah – Company Secretary

Place : Ahmedabad

Place : Mumbai

Date : 29th June, 2015

SIGNIFICANT ACCOUNTING POLICIES
(Annexed to and forming part of the Financial Statements for the year ended on 31st March, 2015)

- i) Basis of preparation**
The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"), as applicable. The financial statements have been prepared as a going concern on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.
- ii) Use of estimates**
The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.
- iii) Fixed assets**
Fixed Assets are stated at cost of acquisition less accumulated depreciation. All costs including financial costs (In case of qualifying assets) till commencement of commercial production are capitalized. In case of net charges arising from exchange rate variations relating to borrowings attributable to the fixed assets were capitalized till 31/3/2005 and on revision of Accounting standard 11 "The Effects of Changes in Foreign Exchange Rates (Revised 2003)" the same are being charged to Statement of Profit & Loss.
When assets are disposed, their cost is removed from the financial statements. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss for the relevant financial year.
When assets are retired from active use, the same are valued at lower of net book value and net realisable value.
- iv) Depreciation**
Depreciation on fixed assets (excluding intangible assets) of the company is provided on Straight Line Method on the basis of useful life of the assets as specified in Schedule II to the Companies Act, 2013, except depreciation on incremental cost arising on account of translation of foreign currency liabilities for fixed assets capitalized up to 31/03/2005, which is being amortised over the residual life of the assets.
Depreciation on intangible assets is provided on straight-line method, equivalent to cost of assets over a period of 10 years time.
When assets are disposed or retired, their accumulated depreciation is removed from the financial statements. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss for the relevant financial year.
- v) Inventories**
a) Inventories are valued at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. Cost in respect of raw material and store & spares parts are computed on FIFO basis. Cost in respect of stock of Finished goods and Work in progress are computed on weighted average basis method. Stock of Finished goods and Work in progress includes cost of conversion and other costs incurred in acquiring the inventory and bringing them to their present location and condition.
b) Waste is valued at estimated net realizable value.
- vi) Excise duty**
In view of the excise duty exemption route adopted by the Company from 13.07.2004 vide notification no. 30/2004 - dated 09.07.2004 of Central Excise Act, 1944 "Exemption to specified goods of public interest", the Company does not have obligation for payment of excise duty from that date.
- vii) Revenue recognition**
a) Sales are shown net of discount and exclusive of VAT.
Sale of goods is recognized on transfer of significant risks and rewards of ownership which is generally on the dispatch of goods.
b) Export entitlements under the Duty Entitlement Pass Book (DEPB) and Duty Drawback Scheme are recognized in the Statement of Profit & Loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made.
c) Interest and other income are recognized on accrual basis.
- viii) Investments:**
Long Term Investments are stated at cost. Provision is only made to recognize a decline other than temporary, in the value of investments.
- ix) Borrowing cost**
Interest and other borrowing costs attributable to qualifying assets are capitalized. Other Interest and borrowing costs are charged to Revenue.
- x) Employee benefits**
a) The Employee and Company make monthly fixed contribution to Government of India Employee's Provident Fund and Employee's State Insurance Corporation equal to a specified percentage of the covered employee's salary. Provision for the same is made in the year in which services are rendered by the employee.
b) The Liability for Gratuity to employees, which is a defined benefit plan, is determined on the basis of actuarial valuation based on Projected Unit Credit method. Actuarial gain / loss in respect of the same are charged to the Statement of Profit and Loss.
c) Leave encashment benefits to eligible employees has been ascertained on actuarial basis and provided for. Actuarial gain / loss in respect of the same is charged to the Statement of Profit and Loss.
d) Short Term benefits are recognised as an expense at the undiscounted amounts in the Statement of Profit and Loss of the year in which the related service is rendered.
- xi) Foreign currency transactions / Exchange fluctuation**
Transactions in foreign currencies are recorded in Indian rupees using the rates of exchange prevailing on the date of the transactions. At each Balance Sheet date, monetary balances are reported in Indian Rupees at the rates of exchange prevailing at the Balance Sheet date. All realized or unrealized exchange adjustment gains or losses are dealt with in the Statement of Profit and Loss.
Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- xii) Segment Information**
The company is primarily engaged in the business of "Denim Fabric" and all other activities of the company are revolved around the same, as such there is no separate reportable segment. The Company has identified India and outside India as the Secondary segment to report as per accounting Standard 17 - "Segment Reporting" prescribed by Companies (Accounting Standards) Rules, 2006.
- xiii) Accounting for Leases**
The company's significant leasing arrangements are in respect of operating lease for premises that are cancelable in nature. The lease rentals paid under such agreements are charged to the Statement of Profit and Loss.
- xiv) Earnings per Share**
Basic earnings per share is calculated by dividing net profit after tax for the year attributable to Equity Shareholders of the company by the weighted average number of Equity Shares issued during the year. For the purpose of calculating Diluted Equity per share, the net profit or loss for the period attributable to Equity Shareholders (after adjustment for Diluted earnings) and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential Equity.
- xv) Intangible Assets**
Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets are capitalized.
Intangible assets are amortised on a straight - line basis over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management. The amortization period and the amortization method are reviewed at least at each reporting date. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.
The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised as income or expenses in the Statement of Profit and Loss in the year of disposal.
- xvi) Provisions, contingent liabilities and contingent assets**
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 on financial statement. Contingent assets are neither recognized nor disclosed in the financial statement.
- xvii) Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.**

Notes on Financial Statements for the year ended 31st March, 2015
1. SHARE CAPITAL

	As at 31.03.2015	As at 31.03.2014
(₹ in lacs)		
AUTHORISED		
4,00,00,000 (Previous year 4,00,00,000) Equity Share of ₹ 10/- each	4,000.00	4,000.00
20,00,000 (Previous year 20,00,000) Preference Shares of ₹ 100/- each	2,000.00	2,000.00
	6,000.00	6,000.00
Issued, Subscribed & Paid-up Capital :		
Equity Share Capital		
3,75,02,000 (Previous year 3,75,02,000) Equity Share of ₹ 10/- each fully paid up	3,750.20	3,750.20
Preference Share Capital		
25,000 (Previous year 25,000) 15% Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid-up	25.00	25.00
25,000 (Previous year 25,000) 14% Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid-up	25.00	25.00
5,00,000 (Previous year 5,00,000) 17.5% Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid-up	500.00	500.00
1,00,000 (Previous year 1,00,000) 16% Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid-up	100.00	100.00
	650.00	650.00
Total	4,400.20	4,400.20

- 1.1 Each Shareholder of Equity Share is entitled to one vote per share on a poll.
- 1.2 In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive any of the remaining assets of Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the shareholder.
- 1.3 The Company has not paid any dividend on Cumulative Redeemable Preference Share since 1996-1997. Provision for the same for the year amounting to ₹ 110.75 lacs (Previous year ₹ 110.75 lacs), upto the Balance Sheet date ₹ 2104.25 lacs (upto previous Balance Sheet date ₹ 1993.50 lacs) have not been made in view of accumulated losses. The company expects waiver/ relief under rehabilitation scheme submitted to BIFR.
- 1.4 The Cumulative Redeemable Preference Share holder are entitled to cumulative dividend at the rates specified. Each holder of Cumulative Redeemable Preference Share is entitled to one vote per share only on resolution placed before the company which directly affects rights attached to Cumulative Redeemable Preference Share. Since the dividend in respect of Cumulative Redeemable Preference Share, has not been paid for more than 2 years, Cumulative Redeemable Preference Share holder have rights to ten votes per share on every resolution placed before the company in a meeting.
- 1.5 In the event of liquidation of the Company, the holder of Cumulative Redeemable Preference Share will have priority over Equity share holder in the payment of dividend and repayment of capital.
- 1.6 The Cumulative Redeemable Preference Shares were redeemable as under:

Class of Redeemable Preference Shares	Redemption Year	
	2004-05	2005-06
15% Cumulative Redeemable Preference	12.50	12.50
14% Cumulative Redeemable Preference	12.50	12.50
17.5% Cumulative Redeemable Preference	250.00	250.00
16% Cumulative Redeemable Preference	50.00	50.00

- 1.7 The details of Equity Shareholders holding more than 5% shares is set out below :

Name of Equity Shareholder	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	% held	No. of Shares	% held
Unit Trust of India	6,580,255	17.55%	6,580,255	17.55%
Trishul Traders Pvt. Ltd.	13,216,855	35.24%	8,764,662	23.37%
Total	19,797,110	52.79%	15,344,917	40.92%

- 1.8 The details of Preference Shareholders holding more than 5% shares is set out below :

Name of Preference Shareholder	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	% held	No. of Shares	% held
15% Preference Shareholders				
Vulvan Traders Pvt. Ltd.	4,920	19.68%	4,920	19.68%
The Oriental Insurance Co. Ltd.	5,000	20.00%	5,000	20.00%
Unit Trust of India	9,841	39.36%	9,841	39.36%
National Insurance Company Ltd.	5,000	20.00%	5,000	20.00%
Total	24,761	99.04%	24,761	99.04%
14% Preference Shareholders				
Vulvan Traders Pvt. Ltd.	5,000	20.00%	5,000	20.00%
Canbank Financial Services Ltd.	5,000	20.00%	5,000	20.00%
The Oriental Insurance Co. Ltd.	5,000	20.00%	5,000	20.00%
National Insurance Company Ltd.	5,000	20.00%	5,000	20.00%
United India Insurance Co. Ltd.	5,000	20.00%	5,000	20.00%
Total	25,000	100.00%	25,000	100.00%
17.5% Preference Shareholders				
General Insurance Corporation of India	90,000	18.00%	90,000	18.00%
National Insurance Corporation Ltd.	30,000	6.00%	30,000	6.00%
The New India Assurance Co. Ltd.	50,000	10.00%	50,000	10.00%
The Oriental Insurance Co. Ltd.	30,000	6.00%	30,000	6.00%
United India Insurance Co. Ltd.	100,000	20.00%	100,000	20.00%
Pirth Mercantile Pvt. Ltd.	200,000	40.00%	200,000	40.00%
Total	500,000	100.00%	500,000	100.00%
16% Preference Shareholders				
The Oriental Insurance Co. Ltd.	35,000	35.00%	35,000	35.00%
United India Insurance Co. Ltd.	35,000	35.00%	35,000	35.00%
General Insurance Corporation of India	30,000	30.00%	30,000	30.00%
Total	100,000	100.00%	100,000	100.00%

- 1.9 The reconciliation of the number of shares outstanding and the amount of share capital is set out below :

Particulars	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares				
Shares at the beginning	37,502,000	3,750.20	37,502,000	3,750.20
Addition	-	-	-	-
Deletion	-	-	-	-
Shares at the end	37,502,000	3,750.20	37,502,000	3,750.20
Preference Shares				
15% Preference Shares				
Shares at the beginning	25,000	25.00	25,000	25.00
Addition	-	-	-	-
Deletion	-	-	-	-
Shares at the end	25,000	25.00	25,000	25.00
14% Preference Shares				
Shares at the beginning	25,000	25.00	25,000	25.00
Addition	-	-	-	-
Deletion	-	-	-	-
Shares at the end	25,000	25.00	25,000	25.00
17.5% Preference Shares				
Shares at the beginning	500,000	500.00	500,000	500.00
Addition	-	-	-	-
Deletion	-	-	-	-
Shares at the end	500,000	500.00	500,000	500.00
16% Preference Shares				
Shares at the beginning	100,000	100.00	100,000	100.00
Addition	-	-	-	-
Deletion	-	-	-	-
Shares at the end	100,000	100.00	100,000	100.00

2. RESERVES & SURPLUS

(₹ in lacs)

	As at 31.03.2015	As at 31.03.2014
Capital Reserve		
As per last Balance sheet	30.93	30.93
Security Premium Account		
As per last Balance sheet	6,123.70	6,123.70
Debenture Redemption Reserve		
As per last Balance sheet	650.00	650.00
Balance in Statement of Profit and Loss		
Net Surplus/(Deficit) as per last Balance Sheet	(19,701.29)	(20,929.22)
Add : Profit/(Loss) for the year	(483.21)	1,227.93
Net Surplus/(Deficit) in the statement of profit and loss	<u>(20,184.50)</u>	<u>(19,701.29)</u>
Total	<u>(13,379.87)</u>	<u>(12,896.66)</u>

3. SHARE APPLICATION MONEY PENDING ALLOTMENT

(₹ in lacs)

	As at 31.03.2015	As at 31.03.2014
Equity share application money, Pending allotment	<u>1,600.00</u>	<u>1,600.00</u>

3.1 Equity share application money represents subscription pursuant to the restructuring/settlement scheme. Instruments will be issued on sanction of rehabilitation scheme by BIFR. Necessary increase in authorised share capital will be done at appropriate time. In view of pending approval of scheme of Rehabilitation of by BIFR, no application money is due of refund.

4. LONG TERM BORROWINGS

(₹ in lacs)

	As at 31.03.2015		As at 31.03.2014	
	Non Current	Current	Non Current	Current
Debentures - Secured				
- Non Convertible	-	510.13	-	511.21
- Interest accrued on Non Convertible Debentures	-	421.63	-	421.63
Term Loan - Secured				
- From Financial Institutions	-	2,050.00	-	2,050.00
- From Others	-	1,460.00	-	1,460.00
Term Loan - Unsecured				
- From Financial Institutions	-	90.09	-	135.00
- Interest accrued on Unsecured Term Loan	-	475.18	-	455.23
Deposits - Unsecured				
- Public Fixed Deposits	-	778.29	-	800.96
- Interest accrued on Public Fixed Deposits	-	936.27	-	936.27
Loans from Corporate bodies - Unsecured				
	<u>3,905.00</u>	-	4,471.75	-
Total	<u>3,905.00</u>	<u>6,721.59</u>	<u>4,471.75</u>	<u>6,770.30</u>
Less : 1. Advance against settlement	-	3,060.50	-	2,978.00
2. Amount disclosed under head Other Current Liabilities (Refer Note no. 7)	-	3,661.09	-	3,792.30
Total	<u>3,905.00</u>	<u>-</u>	<u>4,471.75</u>	<u>-</u>

- 4.1 Debentures, Secured Term Loans and accrued interest are secured by way of joint equitable mortgage of fixed assets both present and future and hypothecation of all movable assets of the company ranking pari-pasu Secured Term Loan for ₹ 740.93 lacs is further guaranteed by some of the Directors and Ex-directors.
- 4.2 Provision for interest upto Balance Sheet date ₹ 686.27 lacs (upto previous Balance Sheet date ₹ 617.14 lacs) on retail non-convertible debentures have not been made as the Company expects waiver / relief under rehabilitation scheme submitted to BIFR.
- 4.3 Debentures:
Non Convertible Debentures (Retail) amounting to ₹ 510.13 lacs (Previous year ₹ 511.21 lacs) were redeemable on completion of 6th, 18th, 30th, 42nd and 54th months from maturity date i.e. 28th December, 1998 @ 30%, 15%, 15%, 20% and 20% of face value respectively, as per decision taken in the meeting of the debenture holders along with interest accrued thereon. Out of total outstanding ₹ 82.50 lacs (Previous year ₹ Nil) paid towards restructuring/ settlement, has been shown as "Advance against settlement" under Long Term Borrowing. Interest in respect of the same has remained unpaid since 1998-99.
- 4.4 Secured Term loan from Financial Institutions carry interest rate of 14% p.a. Out of total outstanding ₹ 2050 Lacs (Previous year ₹ 2050.00 lacs) paid towards restructuring / settlement, which has been shown as "Advance against settlement" under Long Term Borrowing.
- 4.5 Secured Term loan from others carry interest rate of 14% p.a. Out of total Outstanding, ₹ 928.00 lacs (Previous year ₹ 928.00 lacs) paid towards restructuring / settlement, which has been shown as "Advance against settlement" under Long Term Borrowing and balance ₹ 532.00 lacs repayable during 2016-17.
- 4.6 Unsecured Term Loan from Financial Institutions carry interest @ 19 % p.a. has been settled and being paid. Balance outstanding amount is payable during the year 2015-16.
- 4.7 Public Fixed Deposits carry interest rate of 14 % p.a.
- 4.8 Company Law Board has passed the order on 21.12.2001 that "The repayment of fixed deposits shall be made by the Company in accordance with the revival scheme as and when approved by BIFR under the provisions of 'SICA'. In view of the above, the Company has been advised that as the repayment of the matured fixed deposits including interest thereon are covered by above referred order and the Draft Rehabilitation Scheme (DRS) is pending for consideration before the Hon'ble Board for Industrial and Financial Reconstruction (BIFR), the same have not remained unpaid within the meaning of section 205C of the Companies Act, 1956 and as such no amounts are required to be transferred to the Investors Education and Protection Fund. However payment on compassionate grounds are continued to be made as per decision of the committee formed by Hon'ble Company Law Board for this purpose.
- 4.9 Provision for interest amounting to ₹ 979.43 lacs upto Balance Sheet date (up to previous Balance Sheet date ₹ 914.30 lacs) on public fixed deposit has not been made as the company expects waiver/ relief under rehabilitation scheme submitted to BIFR.
- 4.10 Loans from Corporate bodies do not carry any interest and are repayable in six equal annual instalments starting from 2016-17.
- 4.11 Compound interest, penal interest & liquidated damages have not been considered on all borrowings, amount of which is unascertainable, pending confirmation/reconciliation. The Company expects waiver / relief under rehabilitation scheme submitted to BIFR.
- 4.12 Balances of secured and unsecured lenders have been taken as per books and are subject to reconciliation/confirmation pending settlement with respective lenders.

5. PROVISIONS

(₹ in lacs)

	As at 31.03.2015		As at 31.03.2014	
	Long Term	Short Term	Long Term	Short Term
Provisions for employee benefits				
- For Gratuity	150.06	9.80	154.55	17.56
- For Unavailed leave	27.09	5.51	33.96	11.64
Total	177.15	15.31	188.51	29.20

6. TRADE PAYABLES

(₹ in lacs)

	As at 31.03.2015	As at 31.03.2014
Trade Payables	1918.97	1,102.42

6.1 The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 hence disclosures relating to amounts unpaid as at year end together with interest paid/payable under this Act have not been given.

6.2 Balances of Trade Payable have been taken as per books and are subject to reconciliation/confirmation and consequential adjustments, if any.

7. OTHER CURRENT LIABILITIES

(₹ in lacs)

	As at 31.03.2015	As at 31.03.2014
Current Maturity of Long Term Borrowings		
Unpaid Non Convertible Debentures	427.63	511.21
Interest accrued on Non Convertible Debentures	421.63	421.63
Unpaid Secured Term Loan - From Others	532.00	532.00
Unpaid Secured Term Loan - From Financial Institutions	90.09	135.00
Interest accrued on Secured Term Loans	475.18	455.23
Unpaid Public Fixed Deposits	778.29	800.96
Interest accrued on Public Fixed Deposits	936.27	936.27
Sub Total (Refer Note no. 4)	3,661.09	3,792.30
Advance received from customers	105.19	189.98
Statutory dues	4.37	10.01
TDS Payable	2.77	6.12
Payable towards capital goods	69.10	69.10
Sundry Deposits	2.56	2.27
Other Payables	738.52	791.09
Total	4,583.58	4,860.87

7.1 Other payables includes liabilities against expenses, electricity and employees dues etc.

8. FIXED ASSETS

(₹ in lacs)

PARTICULARS	TANGIBLE ASSETS								INTANGIBLE ASSETS
	LAND FREE HOLD	BUILDINGS & ROADS	PLANT & MACHINERY	FURNITURE & FIXTURES	OFFICE EQUIPMENT	VEHICLES	COMPUTERS	TOTAL	TECHNICAL KNOWHOW & MANUALS
As at 01.04.14	23.22	1,960.67	28,196.73	70.68	16.85	56.42	26.83	30,351.40	101.86
Addition	-	-	3.79	-	-	6.02	-	9.81	-
Deduction	-	-	80.27	-	-	22.65	-	102.92	-
As at 31.03.15	23.22	1,960.67	28,120.25	70.68	16.85	39.79	26.83	30,258.29	101.86
As at 01.04.13	23.22	1,960.67	28,218.11	70.68	17.18	56.81	26.85	30,373.52	101.86
Addition	-	-	-	-	-	-	-	-	-
Deduction	-	-	21.38	-	0.33	0.39	0.02	22.12	-
As at 31.03.14	23.22	1,960.67	28,196.73	70.68	16.85	56.42	26.83	30,351.40	101.86
DEPRECIATION	LAND FREE HOLD	BUILDINGS & ROADS	PLANT & MACHINERY	FURNITURE & FIXTURES	OFFICE EQUIPMENT	VEHICLES	COMPUTERS	TOTAL	TECHNICAL KNOWHOW & MANUALS
As at 01.04.14	-	1,080.58	26,395.57	53.30	13.85	49.54	14.46	27,607.30	101.86
Charge for the year	-	81.16	162.06	9.55	1.61	6.45	3.67	264.50	-
Deduction	-	-	61.61	0.01	1.15	22.43	-	85.20	-
As at 31.03.15	-	1,161.74	26,496.02	62.84	14.31	33.56	18.13	27,786.60	101.86
As at 01.04.13	-	1,021.44	26,313.56	51.98	13.71	48.51	12.63	27,461.83	101.86
Charge for the year	-	59.14	102.32	1.32	0.17	1.15	1.85	165.95	-
Deduction	-	-	20.31	-	0.03	0.12	0.02	20.48	-
As at 31.03.14	-	1,080.58	26,395.57	53.30	13.85	49.54	14.46	27,607.30	101.86
NET BLOCK	LAND FREE HOLD	BUILDINGS & ROADS	PLANT & MACHINERY	FURNITURE & FIXTURES	OFFICE EQUIPMENT	VEHICLES	COMPUTERS	TOTAL	TECHNICAL KNOWHOW & MANUALS
As at 31.03.15	23.22	798.93	1,624.23	7.84	2.54	6.23	8.70	2,471.69	-
As at 31.03.14	23.22	880.09	1,801.16	17.38	3.00	6.88	12.37	2,744.10	-

Note:

8.1 Statement showing assets discarded from active use and awaiting disposal included in the Fixed Assets stated above

(₹ in lacs)

Particulars	Gross Block	Accumulated Depreciation	Net Block
Plant and Machinery	9,224.75	8,793.66	431.09

8.2 In accordance with the provisions of Schedule II of the Companies Act, 2013, in case of fixed assets which have completed their useful life as at 1st April 2014, the carrying value (net of residual value) amounting to ₹ 148.00 lacs as a transitional provision has been charged to Statement of Profit & Loss.

8.3 As required by the schedule II to the Companies Act 2013, due to change in estimated useful life of the assets, depreciation charged to Statement of Profit & Loss is lower by ₹ 44.91 lacs (Previous year ₹ NIL lacs).

9. LOANS AND ADVANCES

(₹ in lacs)

	As at 31.03.2015		As at 31.03.2014	
	Long Term	Short Term	Long Term	Short Term
(Unsecured, considered as good)				
Deposits	165.98	1.28	202.61	0.89
Balance with Government Authority	-	39.48	-	31.04
Interest Accrued	-	22.33	-	18.48
Prepaid Expenses	-	6.19	-	9.51
Loans & Advances to Employees	-	10.10	-	6.93
TDS Receivable	-	29.07	-	14.84
Advance to Suppliers	15.88	13.23	15.88	11.37
Claims Receivable	-	0.03	-	0.03
Total	181.86	121.71	218.49	93.09

10. INVENTORIES

(₹ in lacs)

	As at 31.03.2015	As at 31.03.2014
Raw materials	74.40	63.16
Work-in-Progress	82.16	97.69
Finished Goods	14.58	80.98
Stores & Spares	134.37	152.89
Total	305.51	394.72

11. TRADE RECEIVABLES

(₹ in lacs)

	As at 31.03.2015	As at 31.03.2014
Outstanding for a period exceeding Six Months from the date they are due for Payment		
Unsecured, considered good	2.32	3.81
Doubtful	169.78	190.84
	172.10	194.65
Less: Provision for doubtful Receivables	169.78	190.84
	2.32	3.81
Other Trade Receivables		
Unsecured, considered good	74.63	245.95
	74.63	245.95
Total	76.95	249.76

11.1 Trade Receivable includes ₹ 129.99 lacs under litigation (Previous year ₹ 148.49 lacs) for which adequate provision has been made.

11.2 Balances of Trade Receivable have been taken as per books, are subject to reconciliation/confirmation and consequential adjustments, if any.

12. CASH AND BANK BALANCES

(₹ in lacs)

	As at 31.03.2015	As at 31.03.2014
Cash and cash equivalents		
Cash on hand	1.61	7.00
Balance with Banks	48.19	29.47
Other Bank Balance		
Margin deposits	12.92	19.66
Total	62.62	56.13

12.1 Balance with Banks includes Fixed Deposits having maturity period less than three months amounting to ₹ 13.09 lacs (Previous year ₹ 11.42 lacs).

13. REVENUE FROM OPERATIONS

(₹ in lacs)

	2014-2015	2013-2014
Sale of Products		
Sale of Goods	3211.31	6,610.33
Sale of Services	820.20	436.88
Other Operating Income	40.89	58.99
Total	4,072.40	7,106.20
13.1 Details of sale of Goods		
Denim Fabric	3,186.05	6,522.61
Yarn	12.67	43.13
Waste	12.59	44.59
Total	3,211.31	6,610.33
13.2 Details of sale of Services		
Job Work Income	820.20	436.88
Total	820.20	436.88
13.3 Details of Other Operating Income		
Export Incentive	30.15	25.42
Scrap Sales	10.74	33.57
Total	40.89	58.99

14. OTHER INCOME

(₹ in lacs)

	2014-15	2013-14
Interest Income	15.54	26.34
Liability no longer required, written back	167.23	0.60
Profit on Sale of Assets	-	3.34
Total	182.77	30.28

15. COST OF MATERIALS CONSUMED

(₹ in lacs)

	2014-15		2013-14	
	₹ in lacs	% age	₹ in lacs	% age
Imported	35.71	2.89%	218.88	5.86%
Indigenous	1,197.84	97.11%	3,518.78	94.14%
Cost of materials consumed	1,233.55	100.00%	3,737.66	100.00%
15.1 Details of materials consumed				
Cotton			2014-15	2013-14
Yarn			163.45	770.82
Dyes & Chemicals			742.27	2,439.19
			327.83	527.65
Total			1,233.55	3,737.66

16. PURCHASE OF STOCK IN TRADE

(₹ in lacs)

	2014-15	2013-14
Denim Fabric	1,134.69	-
Total	1,134.69	-

17. CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

(₹ in lacs)

	2014-15	2013-14
Inventory at the beginning of the year		
Work-in-progress	97.69	140.00
Finished Goods	80.98	808.88
	178.67	948.88
Inventory at the end of the year		
Work-in-progress	82.16	97.69
Finished Goods	14.58	80.98
	96.74	178.67
Decrease / (Increase) in Stock	81.93	770.21
17.1 Details of Inventories (Work in progress)		
Cotton in process	4.99	7.14
Yarn in process	77.17	80.99
Dyes & Chemicals in process	-	9.56
Total	82.16	97.69
17.2 Details of Inventories (Finished Goods)		
Fabric - In Process	9.33	4.85
Fabric - In Godown	5.25	76.13
Total	14.58	80.98

18. EMPLOYEE BENEFITS EXPENSE

(₹ in lacs)

	2014-15	2013-14
Salary, Wages, Bonus & Other allowances	757.84	1,142.36
Contribution to Provident & Other Funds	49.97	65.91
Gratuity & Leave encashment	33.44	26.50
Welfare Expenses	10.97	12.23
Total	852.22	1,247.00

18.1 The disclosure in respect of employee benefits as defined in the Accounting Standard 15 is given below:

Assumptions

- Discount rate
- Expected rate of return on assets
- Expected rate of future salary increase

Change in present value of obligations

- Present value of obligations as at beginning of the year
- Interest cost
- Current service cost
- Past service cost
- Benefits paid
- Actuarial loss on Obligations
- Present value of obligations as at close of the year

Change in fair value of plan assets**Liability recognized in the Balance Sheet**

- Present value of obligations as at close of the year
- Fair value of plan assets as at the end of the year
- Net Liability recognized in Balance Sheet

Expenses recognized in Statement of Profit and Loss

- Current service cost
- Past service cost
- Interest cost
- Expected return on plan assets
- Net Actuarial Loss recognized during the year
- Total Expense recognized in Profit and loss Account

Movement in liability recognised in the balance sheet

- Opening net liability
- Expenses as above
- Benefit Paid
- Actual return on plan assets
- Acquisition adjustments
- Closing net liability

Amounts for the current and previous four periods are as follows :

	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Present value of obligation - Gratuity					
Defined Benefit Obligation	159.86	172.11	174.02	146.97	127.98
Plan Assets	-	-	-	-	-
Unrecognised past service cost	-	-	-	-	-
Deficit	(159.86)	(171.11)	(174.02)	(146.97)	(127.98)
Experience adjustments on plan liabilities	12.78	7.74	(2.41)	(6.43)	0.61
Experience adjustments on plan assets	-	-	-	-	-

The Company does not contribute to Gratuity Fund on annual basis.

The above disclosures are based on information certified by the independent Actuary.

19. FINANCE COSTS

(₹ in lacs)

	2014-15	2013-14
Interest on Borrowings	29.45	48.24
Other Borrowings cost	8.88	10.91
Total	38.33	59.15

19.1 Provision for interest for the year ₹ 69.13 lacs (Previous year ₹ 67.24 lacs) on retail non-convertible debentures have not been made as the Company expects waiver/relief under rehabilitation scheme submitted to BIFR.

19.2 Provision for interest amounting to ₹ 65.13 lacs for the year (Previous year ₹ 70.75 lacs) on public fixed deposit has not been made as the Company expects waiver/relief under rehabilitation scheme submitted to BIFR.

20. OTHER EXPENSES

(₹ in lacs)

	2014-15	2013-14
MANUFACTURING EXPENSES		
Stores & Spares consumed	108.67	324.62
Packing material consumed	13.38	28.81
Power & Fuel	706.72	1,170.96
Job Charges	26.55	20.13
Repairs to:		
Building	6.22	19.38
Machinery	17.17	36.26
Others	2.36	2.92
Sub Total	881.07	1,603.08
ADMINISTRATIVE EXPENSES		
Insurance	12.73	13.20
Rent	5.56	8.00
Rates & Taxes	3.08	2.99
Traveling & Conveyance Exps.	54.25	62.55
Professional Fees	60.17	52.62
Bank Charges	6.74	3.34
Payment to Auditors		
Audit Fees	1.40	1.40
For Tax Audit	0.47	0.47
For Expenses	0.25	0.23
For Certification	0.11	0.18
Loss of Sale of Assets	11.24	-
Miscellaneous expenses	28.89	45.24
Sub Total	184.89	190.22
SELLING EXPENSES		
Sales Promotion Expenses	25.85	43.33
Commission	14.14	35.24
Freight & Delivery charges	27.21	14.73
Sub Total	67.20	93.30
Total	1,133.16	1,886.60

20.1 Details of Stores & Spare parts consumed

	2014-15		2013-14	
	₹ in lacs	% age	₹ in lacs	% age
Imported	8.70	8.01%	63.82	19.66%
Indigenous	99.97	91.99%	260.80	80.34%
Total	108.67	100.00%	324.62	100.00%

21. Exceptional items ₹ NIL lacs (previous year consists amount written back on account of settlements of some of the loans and interest thereon ₹ 1958.02 lac).

22. TAX EXPENSES

(₹ in lacs)

	2014-15	2013-14
Current Tax	-	-
Deferred Tax	-	-
Total	-	-

22.1 The Company is entitled for set off of carried forward losses and unabsorbed depreciation against the future income under the Income Tax Act. However as a matter of prudence, the Company is not recognizing the deferred tax assets as provided in the Accounting Standard 22 issued by The Institute of Chartered Accountants of India.

23. Earning per Share as per Accounting Standard 20:

(₹ in lacs)

Particulars	2014-15	2013-14
Profit/(Loss) for the year before exceptional items	(483.21)	(730.09)
Less: Un provided dividend on Cumulative Preference Shares	110.75	110.75
Profit/(Loss) before exceptional items	(593.96)	(840.84)
Less: Exceptional items	-	1958.02
Profit/(Loss) after exceptional items	(593.96)	1117.18
Weighted avg. No. of Equity Shares used as denominator of calculating basic earning per share	37502000	37502000
Weighted avg. No. of Equity Shares used as denominator of calculating diluted earning per share	53502000	53502000
Nominal value of share	10.00	10.00
Basic Earning per share (₹)*		
- Before exceptional items	(1.58)	(2.24)
- After exceptional items	(1.58)	2.98
Diluted Earning per share (₹)*		
- Before exceptional items	(1.58)	(2.24)
- After exceptional items	(1.58)	2.09

*The earning per share is calculated without considering the impact, if any, on account of rehabilitation scheme, pending approval and implementation.

24. Lease:

The Company has entered into certain operating lease agreements and amounts of ₹ 5.55 Lacs (Previous year ₹ 8.00 Lacs) paid under such agreements has been charged to the Statement of Profit and Loss. These lease are generally not non cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by such agreements.

25. Contingent liabilities not provided for

- Guarantee given by the Bank on behalf of the Company ₹ 12.82 lacs (Previous year ₹ 12.82 lac).
- Excise / Custom duty demand disputed by the Company ₹ 41.94 lacs (Previous year ₹ 41.94 lacs) against which amount paid ₹ 0.45 lacs (Previous year ₹ 0.45 lacs).
- Claims and liabilities against the Company not acknowledged as debts ₹ 489.75 lacs (Previous year ₹ 478.23 lacs).
- Income tax demand disputed by the Company ₹ 128.09 lacs (Previous year ₹ 128.09 lacs).
- Certain pending labour cases against the Company, for which amount is not ascertainable.
- In respect of restructured debts, future payment obligation are to be fulfilled as stipulated, failing which the original liability will fall back with interest and penal interest amount of which is not ascertainable.

26. An amount of ₹ 8.36 lacs (net credit) on account of exchange difference consequent to the realignment of rupee value in terms of foreign currency values of revenue nature is credited/debited to respective heads of accounts in Statement of Profit & Loss (Previous year net debit ₹ 4.55 lacs).

27. The Company is a sick company within the meaning of section 3 (1) (o) of the Sick Industrial Companies (Special Provision) Act 1985 (SICA). The Board for Industrial and Financial Reconstruction (BIFR) has declared the Company as a sick Company. Accordingly, pending approval of rehabilitation proposal, the accounts of the Company have been prepared on a going concern basis.

28. Profit for the year has been arrived at after adjusting prior period credits on account of depreciation ₹ 2.07 lacs (Previous year ₹ 5.86 lacs of interest credit).

29. The Company is considered to be engaged in Textile Industry with all activity revolving around this business and accordingly has only one reportable business segment. The company has identified geographical segment as its secondary business segment, the details are as follows

(₹ in lacs)

Particulars	31.03.2015 (₹)	31.03.2014 (₹)
Revenue by Geographical market		
India	3,642.50	6,750.60
Rest of world	429.90	355.60
Carrying amount of Segment Assets		
India	3,205.55	3,685.13
Rest of world	14.79	71.16
Addition to Fixed Assets and Intangible Assets		
India	9.81	Nil

30. Borrowing Cost capitalized during the year ₹ NIL (Previous year ₹ NIL).

31. Related party disclosure as per Accounting Standard 18:

(i) Related party relationships:

- Where controls exist :
Modern Terry Towels Ltd.,
Modern Insulators Ltd.
Shri Sachin Ranka (Chairman & Managing Director)
- Key management personnel :
Shri Sachin Ranka (Chairman & Managing Director)
- Relatives of key management personnel and their enterprises
Where transactions have taken place :
1. Shubham Corporate Advisory Services Pvt. Ltd.
2. Shri Suvrat Ranka (Jt. VP (Strategic Initiative))

(ii) Transactions with related parties and outstanding at the end of the year:

(₹ in lacs)

Types of related Parties	Name	Description of the nature of the transactions	Volume of transactions		Outstanding as on	
			2014-15	2013-14	31.03.15	31.03.14
Where control exists:	Modern Terry Towels Ltd.	Purchase of goods	346.78	62.92	-	-
		Sale of goods	1,149.57	7.99	-	-
		Job Income	68.44	127.99	-	-
		Job charges	0.09	-	-	-
		Reimbursement of expenses & Others	1.46	0.29	-	-
Where control exists:	Modern Insulators Ltd.	Reimbursement of expenses & Others	0.83	0.22	-	-
		Purchase of goods	0.75	-	-	-
		Sale of goods	18.09	-	-	-
Key managerial personnel	Shri Sachin Ranka	Remuneration etc.	-	9.41	-	-
	Shri P.K. Sharma	Remuneration etc.	-	9.63	-	-
Relatives of key management personnel and their enterprises	Shubham Corporate Advisory Services Pvt. Ltd.	Rent paid	4.04	4.04	-	-
	Shri Suvrat Ranka	Remuneration	6.00	-	-	-

32. Impairment loss recognized during the year ₹ NIL (Previous year ₹ NIL) Further, Impairment loss reversed during the year ₹ NIL (Previous year ₹ NIL).

33. Value of imports calculated on CIF basis:

(₹ in lacs)

	2014-15	2013-14
- Raw material	-	218.88
- Stores & spare parts	8.03	63.82
34. Expenses in foreign currency:		
- Traveling expenses	2.42	6.63
- Others	18.93	13.99
35. Earning in foreign exchange:		
- FOB value of export	388.55	324.58

36. The figures of the previous year have been regrouped and rearranged wherever considered necessary.

As per our report of even date attached

For and on behalf of the Board

For **J.T. Shah & Company**

Sachin Ranka – Chairman & Managing Director

Chartered Accountants

B.L. Verma }
H.L. Sharma } Directors

(FRN No. 109616W)

(J.T. Shah)

C.S. Jain – Chief Financial Officer

Partner

Kirit Shah – Company Secretary

(Membership No. 3983)

Place : Ahmedabad

Place : Mumbai

Date : 29th June, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in lacs)

	2014-2015	2013-2014
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax from Continuing Operation	(483.21)	1227.93
Non Cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	264.50	165.95
Finance Cost	38.33	59.15
Interest Income	(15.54)	(26.34)
Exceptional Items	-	(1,958.02)
Operating profit before working capital change	(195.92)	(531.33)
Adjustment for Movements in Working Capital:		
Increase/(decrease) in trade Payable	816.55	(499.86)
Increase/(decrease) in Long-term Provision	(11.36)	(0.02)
Increase/(decrease) in Short-term Provision	(13.89)	(8.49)
Increase/(decrease) in other current liability	(146.08)	200.96
Decrease/(increase) in trade receivable	172.81	159.78
Decrease/(increase) in inventories	89.21	880.42
Decrease/(increase) in long term loans and advances	36.63	(29.69)
Decrease/(increase) in short term loans and advances	(24.77)	45.29
Cash Generated from Operations	723.18	217.06
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Interest Income	11.69	17.66
Purchase of Fixed Assets	(9.81)	0.00
Sale of Fixed Assets	17.72	1.64
Net Cash used in Investing Activities	19.60	19.30
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Short term borrowing	-	-
Interest Paid	(18.38)	(143.76)
Long term borrowing taken	-	400.00
Repayments of Borrowings		
Debenture - current maturity	(83.58)	(2.33)
Short term borrowing bank	-	(156.50)
Long term borrowing - from Financial Institutions	(44.91)	(348.38)
(current maturity)	(566.75)	-
Long term borrowing - from others	-	-
Public Fixed deposit	(22.67)	(19.98)
Net Cash From Financing Activities	(736.29)	(270.95)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	6.49	(34.59)
Cash & Cash Equivalents - Opening Balance	56.13	90.72
Cash & Cash Equivalents - Closing Balance	62.62	56.13

Note :

- The figures of the previous year have been regrouped and rearranged wherever considered necessary.
- The above cash flow statement has been prepared under the indirect method set out in Accounting Standard 3 issued by the Institute of Chartered Accountants of India.
- Cash & cash equivalents include fixed deposit (margin) of ₹ 12.82 lacs (Previous year ₹ 19.66 lacs).

As per our report of even date attached

For **J.T. Shah & Company**

Chartered Accountants

(FRN No. 109616W)

(J.T. Shah)

Partner

(Membership No. 3983)

Place : Ahmedabad

Date : 29th June, 2015

For and on behalf of the Board

Sachin Ranka – Chairman & Managing Director

B.L. Verma }
H.L. Sharma } Directors

C.S. Jain – Chief Financial Officer

Kirit Shah – Company Secretary

Place : Mumbai

MODERN DENIM LIMITED

Registered Office : A-4, Vijay Path, Tilak Nagar, Jaipur-302 004
Phone : 0141-3240996 E-mail : modernjaipuroffice@gmail.com
CIN : L17124RJ1977PLC001758

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting hall)
37th Annual General Meeting - 22nd September, 2015

I hereby record my presence at the THIRTY SEVENTH ANNUAL GENERAL MEETING of the Company held at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur-302 004 on Tuesday the 22nd September, 2015 at 1.00 P.M.

Full Name of Member (IN BLOCK LETTERS)

Reg. Folio No.

No. of Shares held

Full Name of Proxy (IN BLOCK LETTERS)

Member's/Proxy's Signature

NOTE : ADMISSION WILL BE STRICTLY PERMITTED FOR SHAREHOLDERS/VALID PROXY HOLDERS ONLY.



MODERN DENIM LIMITED

Registered Office : A-4, Vijay Path, Tilak Nagar, Jaipur-302 004
Phone : 0141-3240996 E-mail : modernjaipuroffice@gmail.com
CIN : L17124RJ1977PLC001758

PROXY FORM

Name of the member(s) :

Registered Address :

E-mail ID : Folio No./Client Id :

DP ID :

I/We, being the members(s) of Shares of the Modern Denim Limited, hereby appoint.

1. Name : Address :

Email ID : Signature :, or failing him

2. Name : Address :

Email Id : Signature :, or failing him

3. Name : Address :

E mail Id : Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 37th Annual General Meeting of the Company, to be held on Tuesday the 22nd September, 2015 at 1:00 P.M. at A-4, Vijay Path, Tilak Nagar, Jaipur - 302 004 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.

1 2 3 4 5

Signed this day of 2015.

Signature of Shareholder :

Signature of Proxy Holder(s) :

Affix ₹ 1/- Revenue Stamp

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur-302 004 not less than FORTY EIGHT HOURS before the commencement of the meeting.

**Book Post
(Printed Matter)**



If undelivered please return to :

**Modern Denim Limited
A-4, Vijay Path, Tilak Nagar,
Jaipur-302 004 (India)**