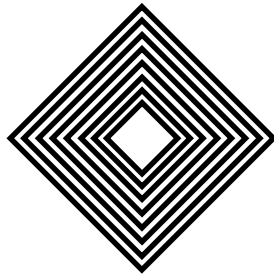


**ANNUAL REPORT
2015-2016**



Modern
DENIM LIMITED

BOARD OF DIRECTORS

- Shri Sachin Ranka – Chairman & Managing Director
Shri B.L. Verma – Independent Director
Shri S.K. Sharma – Independent Director
Shri H.L. Sharma – Non-Executive Director
Smt. Meenu Sacheti – Non-Executive Director

CHIEF FINANCIAL OFFICER

Shri C.S. Jain

COMPANY SECRETARY

Shri Kirit Shah

AUDITORS

M/s J.T. Shah & Company,
Chartered Accountants,
Ahmedabad - 380 009

SECRETARIAL AUDITORS

M/s. JAKS & Associates,
Practicing Company Secretaries,
Jaipur - 302 005

REGISTERED OFFICE

A-4, Vijay Path,
Tilak Nagar,
Jaipur - 302 004 (Rajasthan)
Ph. : 07823040996
E-mail : modernjaipuroffice@gmail.com

CORPORATE HEADQUARTER

68/69, Godavari,
Pochkhanwala Road,
Worli, Mumbai - 400 030

PLANT

Village - Moriya,
Distt. Ahmedabad - 380 015
(Gujarat)



NOTICE

NOTICE is hereby given that the 38th Annual General Meeting of the Members of **Modern Denim Limited** will be held on Thursday the 22nd September, 2016 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

- To receive, consider and adopt the Audited Financial Statements of the Company as at 31st March, 2016 and the reports of the Board of Directors and Auditors thereon.
- To appoint a director in place of Smt. Meenu Sacheti (DIN: 02266703), who retires by rotation and being eligible, offers himself for re-appointment.
- To ratify the 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 of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time 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 J.T. Shah & Co., Chartered Accountants (Firm Registration No. 109616W), as 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

- 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 section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow funds for and on behalf of the Company from time to time as deemed by it to be requisite and proper for the business of the Company notwithstanding that the money or moneys to be borrowed, together with the moneys already borrowed by the Company in the ordinary course of business, shall not exceed ₹ 25 Crores in excess of the aggregate of its paid up share capital and free reserves of the Company, apart from temporary loan obtained in the ordinary course of business."
"RESOLVED FURTHER THAT the consent of the Company be and is hereby accorded, in terms of Section 180 (1) (a) and all other applicable provisions, if any, of the Companies Act,

2013 to the Board of Directors of the Company to create charge/provide security for the sum borrowed on such terms and conditions and in such form and manner as may be agreed between the Company and the lenders so as to secure the borrowings by the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or person(s) authorized by the Board, be and are hereby authorized to finalize and execute such documents or deeds or agreements as may be required and to do all acts, deeds, matter and things as may be necessary.

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

"RESOLVED THAT pursuant to the provisions of Section 100 of the Companies Act, 1956 and other applicable provisions, if any, consent and approval of the Shareholders be and is hereby accorded for de-rating its existing Equity Share Capital by 90 % from ₹ 44,00,20,000 (including the converted preference Shares) divided into 4,40,02,000 Equity Shares each of ₹ 10/- to ₹ 4,40,02,000/- divided into 4,40,02,000 Equity Shares of ₹ 1/- each as considered in the Draft Rehabilitation Scheme submitted by the Company to Hon'ble BIFR through the Operating Agency."

"RESOLVED FURTHER THAT every Ten Equity Shares of ₹ 1/- each fully paid up as reduced, be consolidated into one New Equity Share of ₹ 10/- each fully paid up."

"RESOLVED FURTHER THAT post reduction and consolidation of equity Shares of ₹ 10/- each, fractional shareholding if any, shall be held in a Trust on behalf of the fractional shareholders. Thereafter the Company Shall appoint a SEBI approved Merchant Banker for valuing the shares of the Company held in the Trust, and the fractional shareholders shall be given a choice to sell their fractional shareholding to promoters at a price arrived at by the Merchant Bankers."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take effective steps for reduction of Equity Share Capital of the Company and to seek approval of the Hon'ble BIFR to the proposed reduction of Share Capital."

By the Order of the Board

Place: Mumbai
Date: 25th June, 2016

(Kirit Shah)
Company Secretary

NOTES:

- 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.
- 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.
- Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send a certified copy of the relevant Board Resolution together with specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting
- Members/proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
- The Share transfer books and Register of members shall remain closed from 19th September, 2016 to 22nd September, 2016 (both days inclusive).
- 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.
- The Statutory Registers maintained under the provisions of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
- 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.
- A route map showing directions to reach the venue of the Annual General Meeting is given with the Annual Report.
- Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosures Requirements), Regulations, 2015, the Company is pleased to provide its members the facility of "remote e-voting" (e-voting from a place other than venue of the AGM) to exercise their right to vote at the AGM. The voting may be transacted through e-voting services provided by National Securities Depository Limited ("NSDL").
The facility for voting through Ballot / Poll Paper shall also be made available at the AGM and the members attending the meeting, who have not already cast their vote through remote e-voting, shall be able to exercise their right at the AGM.
The Board of Directors of the Company has appointed Shri Deepak Arora, Practicing Company Secretary as Scrutinizer for scrutinizing the voting and remote e-voting process in a fair and transparent manner.
The Notice of the AGM of the Company inter alia indicating the process and manner of e-Voting

process along with printed Attendance Slip and Proxy Form can be downloaded from the link <https://www.evoting.nsdl.com>

Instructions for the voting through electronic means :-

- Company will send the pdf file to members on their registered email address which contains "User Id" and "Password for e-voting". Members shall use their folio number as password to open the attached PDF file. The members who have not provided email Id to the Company may contact to the concerned person on following numbers to get the "User ID" and "Password for e-voting", who will provide you the same after due verification of information of members available with the Company:-
Mr. Gaurav Goyal / Mr. Nadeem Zaki
Phone: 07823040996 / 0141-4113645
Email Id: - modernjaipuroffice@gmail.com
 - The members should log on the e-voting website www.evoting.nsdl.com
 - Click on "Shareholder - Login".
 - Put User ID and password as initial password noted in step (1) above and Click Login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com
 - Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
 - After login, home page of remote "e-Voting" will open. Click on e-Voting: Active Voting Cycles.
 - Select "EVENT" of "Modern Denim Limited". Members can cast their vote from 18th September, 2016 (9:00 am) and ends on 21st September, 2016 (5:00 pm).
 - Now member are ready for "e-Voting" as "Cast Vote" page opens.
 - Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted.
 - Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer's e-mail id i.e. aroracs2@gmail.com with a copy to evoting@nsdl.co.in.
- Other information**
- A member may participate in the AGM even after exercising his right to vote through remote e-voting but he shall not be allowed to vote again at the AGM.
 - A person, whose name is recorded in the register of members maintained by the Company as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through Ballot Paper.
 - In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990.

ANNEXURE TO NOTICE EXPLANATORY STATEMENT

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

Item No. 4

In order to meet the funds requirement of the Company for its business and operational purpose, it is necessary to borrow funds. The Board of Directors of a Company, shall exercise the power to borrow funds in excess of paid up share capital and free reserves notwithstanding that the money or moneys to be borrowed together with the moneys already borrowed by the Company in the ordinary course of business shall not exceed Rs. 25 Crores.
The resolution seeks the approval of members in terms of Section 180 (1) (c) of the Companies Act, 2013 and rules made thereunder for borrow funds for its business and operational purpose. No Director, Key Managerial Personnel or their relatives is interested or concerned in the resolution. The Board recommends the resolution set forth in Item no. 4 for approval of the members.

Item No. 5

In the Draft Rehabilitation Scheme to be submitted by the Company to Hon'ble BIFR, through the operating agency, de-rating of Equity Shares by 90% of its face value has been proposed against the accumulated losses of the Company, subject to approval of the Shareholders in the Annual General Meeting. Accordingly if de-rating is approved, the Paid-up Equity Share Capital

will get reduced from ₹ 44,00,20,000 (including the converted Preference Shares) divided into 4,40,02,000 Equity Shares each of ₹ 10/- to ₹ 4,40,02,000/- divided into 4,40,02,000 Equity Shares of ₹ 1/- each. Thereafter every 10 Equity Share of ₹ 1/- each will be consolidated into 1 New Equity Shares of ₹ 10/- each fully paid-up. Consequently the revised paid-up Equity Capital of the Company shall compromise 44,00,200 Equity Shares of ₹ 10/- each fully paid-up aggregating ₹ 440.02 Lacs.

As proposed in Draft Rehabilitation Scheme that the Company is to merge with Modern Insulators Limited under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 and upon coming into effect of the scheme "Modern Insulators Limited" (hereinafter referred as the Transferee Company) shall issue at par and allot to every shareholder holding equity shares of Modern Denim Limited (hereinafter referred as the Transferor Company) on a date to be fixed by Board of Directors of the Transferor Company, 2 equity shares of ₹ 10/- each credited as fully paid up for every 3 equity shares of ₹ 10/- each fully paid up held by such shareholder in the Transferor Company subsequent to write down and allotment of fresh shares by the Transferor Company as per scheme.

All members of the Transferor Company whose name appears in the Register of Members of the Transferor Company on the Record Date shall surrender to the Transferee Company for cancellation their share certificates in respect of the equity shares held in the Transferor Company and the Transferee Company shall issue to them certificates for equity shares in the Transferee Company to which they may be entitled in terms of this Scheme and every such shareholder of the Transferor Company shall take all requisite steps to obtain from the Transferee Company to which he is entitled to hereunder. Upon the new equity shares being issued and allotted by the Transferee Company to the members standing on the Register of Members of the Transferor Company on the aforesaid Record Date, share certificates in

respect of the shares held by them in the Transferor Company shall be deemed to stand cancelled.

In case of fractional shareholding subsequent to write down, such fractional shareholding shall be held in trust on behalf of the fractional shareholders. Thereafter the Company shall appoint a SEBI approved Merchant Banker for valuing the shares of the Company held in the said Trust and the fractional shareholders shall be given a choice to sell their fractional shareholding to promoters at a price arrived at by the Merchant Bankers.

None of the Directors, key managerial personnel or their relatives, is interested or concerned in the resolution. The Board recommends the resolution set forth in Item no. 5 for the approvals of the members.

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 38th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2016.

Particulars	₹ in Crores)	
	Year ended 31.03.2016	Year ended 31.03.2015
Turnover and other Income	35.67	42.55
Profit/(Loss) before Interest and Depreciation	(2.31)	(1.80)
Less: Interest	0.76	0.38
Profit/(Loss) Before Depreciation	(3.07)	(2.18)
Less: Depreciation	1.00	2.65
Profit/(Loss) Before Exceptional Items & Tax	(4.07)	(4.83)
Add: Exceptional Items	45.83	-
Profit/(Loss) Before Tax	41.76	(4.83)
Less: Provision for taxation	-	-
Profit/(Loss) After Tax	41.76	(4.83)
Balance brought forward from previous year	(133.80)	(128.97)
Balance carried to Balance Sheet	(92.04)	(133.80)

OPERATIONS

The turnover for the year has been ₹ 33.96 Crores as against ₹ 40.72 Crores in the previous year. Turnover affected due to continued stiff competition in the textile market and recessionary trend. The Company also operated at lower capacity utilization due to shortage of working capital which has also impacted profitability of the Company for the year. Production cost also pushed up due to exorbitant 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 slightly progressive to ₹ 3.97 crores as compared to previous year of ₹ 3.88 crores despite of continued recessionary business ambience in the global market. However, the Company is continuing its efforts to enhance presence of its products in overseas markets.

FUTURE PROSPECTS

Your Directors foresee upsurge in demand in ensuing years. Denim volumes are expected to grow further towards fashion and value added fabrics. 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, the Company has submitted fully tied up Draft Rehabilitation Scheme (DRS) to the Operating Agency which is under examination and further submission to Hon'ble BIFR for their consideration.

FIXED DEPOSITS

The Company has an unpaid amount of Fixed Deposits & Interest thereon outstanding as on 31st March, 2016, 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.

The Company has not accepted any deposits during the year under review 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

In accordance with the provisions of section 188 of the Companies Act, 2013 and rules made thereunder, 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, the details of which are included in the notes forming part of the financial statements. There were no materially significant related party transactions which may have a potential conflict with

the interests of the Company at large. Accordingly, information in Form AOC-2, is not required.

AMALGAMATION OF THE COMPANY WITH MODERN INSULATORS LIMITED

Your Company is under the jurisdiction of the Hon'ble BIFR and to achieve the scale, size, integration and enhance financial strength along with the flexibility to future growth opportunities, your Board of Directors have decided that it would be in the interest of the Company to merge with Modern Insulators Limited by a scheme of merger/amalgamation under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 w.e.f 01.04.2016. The Draft Rehabilitation Scheme containing Merger/Amalgamation with Modern Insulators Limited will be submitted to the Operating Agency for its examination and for onward submission to Hon'ble BIFR for its approval.

SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Ventures and Associate Companies as on 31.03.2016.

CORPORATE SOCIAL RESPONSIBILITY

As per the provisions of section 135 (1) of the Companies Act, 2013, the Company has constituted Corporate Social Responsibility (CSR) Committee which comprises the following member directors:

Name of the Member	Designation
Shri Sachin Ranka	Chairman & Managing Director
Shri H.L. Sharma	Non Executive Director
Shri S.K. Sharma	Independent Director

The Company has also formulated and adopted the CSR Policy. However as the Company does not meet the criteria of Section 135 (5) of the Companies Act, 2013, no amount was required to spend on CSR activity during the year under review.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Smt. Meenu Sacheti who was appointed as an Additional Director by the Board of Directors in their meeting held on 20th March, 2015 has been subsequently appointed as Director liable to retire by rotation in the Annual General Meeting of the Company held on 22nd September, 2015. Accordingly, Smt. Meenu Sacheti, Non-Executive Director is liable to retire by rotation and being eligible, offer herself for reappointment.

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 the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

There was no change in the Key Managerial Personnel during the year.

NOMINATION AND REMUNERATION POLICY

Pursuant to the provisions of section 178 of the Companies Act, 2013 read with rules made there under, the Board has constituted a Nomination & Remuneration Committee. The Board on the recommendation of the Nomination & Remuneration Committee has framed a policy i.e. Nomination & Remuneration Policy for selection and appointment of Directors, senior managerial personnel and their remuneration.

The Executive/whole time/Managing Director, Key managerial personnel and other employees shall be of requisite qualification, high integrity and have relevant expertise and experience.

In case of appointment of Independent Directors, the committee shall satisfy itself with regard to the independence 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.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Board has carried out the evaluation of its own performance, the Directors Individually as well as the evaluation of the working of its Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility 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 etc.

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 meets at regular intervals to discuss and decide on business strategies and policies and review the financial performance of the Company. The notice and detailed agenda alongwith other material information are sent in advance separately to each Directors.

In the Financial Year 2015-16, the Board met four times. The Meetings were held on 29th June, 2015, 22nd September, 2015, 28th December, 2015 and 19th March, 2016. The intervening gap between the meetings was within the period prescribed under section 173 of the Companies Act, 2013.

AUDIT COMMITTEE

Audit Committee of the Board of Directors is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of the Listing Regulation. All members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, and Economics etc. Shri H.L. Sharma, Non-Executive Director is the Chairperson of the Audit Committee. The other members of the Audit Committee include Shri B.L. Verma and Shri S.K. Sharma, Independent Directors.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an effective internal control and risk-mitigation system, which are constantly assessed and strengthened with new/revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same.

The Company is also initiating action for strengthening the systems and procedures to ensure effective Internal Financial Controls in accordance with Section 134 (5) (e) of the Companies Act, 2013. An internal audit process is in place under the overall supervision of the Audit Committee of the Board. Qualified and experienced professionals are engaged to ensure effective and independent evaluation of the internal financial controls.

The Audit Committee of the Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions are being taken.

AUDITOR'S AND AUDITORS' REPORT

Statutory Auditors

At the Annual General Meeting held on 27th September, 2014, J.T. Shah & Co., Chartered Accountants (Firm Registration No. 109616W), were appointed as Statutory Auditors of the Company to hold office till the conclusion of the 39th Annual General Meeting to be held in the calendar year 2017, subject to ratification by members at every consequent Annual General Meeting. Accordingly appointment J.T. Shah & Co., Chartered Accountants, as statutory auditors of the Company, is placed for ratification by the Shareholders.

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

JAKS & Associates, Company Secretaries, was appointed to conduct the secretarial audit of the Company for the Financial Year 2015-16, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report is annexed herewith as **Annexure-A** to the Board's Report.

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

The extracts of the Annual Return in prescribed format (MGT-9) as per the provisions of sections 92 of the Companies Act, 2013 is annexed as **Annexure-B** 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-C** and forms part of this Report.

BUSINESS RISK MANAGEMENT

The Company has formally adopted Risk Management Policy for framing, implementing and monitoring the risk management plan of the Company. The main objective of the 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 financial risk, human resource risk, technology obsolescence, regulatory risk and strategic risk etc. As a matter of policy, these risks are assessed and appropriate steps are taken to mitigate the same.

CODE OF CONDUCT

In compliance of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct and Ethics. The Code 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, in business practices and in dealing with stakeholders.

VIGIL MECHANISM

The Company has formulated and implemented the Whistle Blower Policy/ Vigil Mechanism. This has provided a mechanism for directors and employees of the Company and other persons dealing with the Company to report genuine concern 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.

ENVIRONMENT AND SAFETY

The Company is conscious for environmentally clean and safe operations to ensure safety of all concerned, compliances of environmental regulations and preservation of natural resources.

The Company has zero tolerance towards sexual harassment at the workplace and has a proper management system to prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. During the Financial Year 2015-16, the Company has not received any complaints of sexual harassment.

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.

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 place on record their appreciation, for the contribution made by the employees at all levels. Your Directors also wish to thanks its Members, Bankers, State Government, Local Bodies, Customers, and Suppliers for their continuous cooperation and assistance.

ON BEHALF OF THE BOARD

(Sachin Ranka)

Chairman & Managing Director

DIN 00335534

Place: Mumbai

Date: 25th June, 2016

Annexure A to Boards' Report

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March, 2016

[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 my 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, 2016 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, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) 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;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; (repealed w.e.f. 15th May, 2015)
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not applicable to the Company during the Audit Period**);
 - (d) 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**);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not applicable to the Company during the Audit Period**);
 - (f) 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;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable to the Company during the Audit Period**) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not applicable to the Company during the Audit Period**)
 - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
 - (j) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.
- (vi) As confirmed by the management, there are no sector specific laws that are applicable specifically to the Company. *However, 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 under the Sick Industrials Companies (Special Provisions) Act, 1985.*

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (**Notified w.e.f. 01.07.2015**)

- (ii) The Listing Agreements entered into by the Company with BSE Limited, Calcutta Stock Exchange and Ahmedabad Stock Exchange but the trading of the company with stock exchanges is suspended.

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:-

1. The Company has not provided the facility to its members to exercise their right to vote at Annual General Meeting by electronic means as per section 108 of the Companies Act, 2013. However, as per the management clarification, the company is taking step to provide the same facility to its shareholders in ensuing Annual General Meeting.
2. The Company has Cumulative Redeemable preference shares amounting to Rs. 650 lakhs 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.
3. 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."
4. 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.
5. 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.
6. The Company has its website but the disclosures are not as per the Companies Act, 2013 and Listing Agreement/ SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.
7. The Company has not complied with the provisions of listing agreement/ SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and SEBI Rules and Regulations, wherever applicable.
8. 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.

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 except observation given above. There was no change in the composition of the Board of Directors during the period under review.

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.

All the decisions were taken unanimously in the meetings and no dissenting views observed in 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 ensure compliance with applicable laws, rules, regulations and guidelines. However, the company needs to strengthen the monitoring system.

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.

FOR JAKS & ASSOCIATES
Practicing Company Secretaries

Deepak Arora
[Partner]
FCS No. 5104
C P No.: 3641

Place : Jaipur
Date : 25th June, 2016

c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL (A)(2):-	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	-	15203182	15203182	40.54	-	15203182	15203182	40.54	-
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	457840	457840	1.22	-	457840	457840	1.22	-
b) Banks/FI	-	6606868	6606868	17.62	-	6606868	6606868	17.62	-
c) Central govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
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):-	-	10687729	10687729	28.50	-	10687729	10687729	28.50	-
(2) Non Institutions									
a) Bodies Corporates									
i) Indian	-	125858	125858	0.34	-	128958	128958	0.34	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	-	10758831	10758831	28.69	-	10750991	10750991	28.67	-0.02
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakh	-	215500	215500	0.57	-	225890	225890	0.60	0.03
c) Others (NRI's)	-	510900	510900	1.36	-	505250	505250	1.35	-0.01
SUB TOTAL (B)(2):-	-	11611089	11611089	30.96	-	11611089	11611089	30.96	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	22298818	22298818	59.46	-	22298818	22298818	59.46	-
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.	Sachin Ranka	3400	0.009	-	3400	0.009	-	-
2.	Smriti Ranka	2700	0.007	-	2700	0.007	-	-
3.	Admiral Exports Pvt. Ltd.	5675	0.015	-	-	-	-	(0.015)
4.	Agrini Finvest Pvt. Ltd.	50	-	-	-	-	-	-
5.	Ajaymeru Trading & Investments Pvt. Ltd.	371995	0.992	0.97	-	-	-	(0.992)
6.	Bhogal Merchant & Trading Pvt. Ltd.	150050	0.40	0.38	150050	0.40	0.40	-
7.	Chand Merchant Pvt. Ltd.	534550	1.43	1.42	-	-	-	(1.43)
8.	Current Investments Pvt. Ltd.	151325	0.40	0.40	151325	0.40	0.40	-
9.	Initial Investments Pvt. Ltd.	1850	0.005	-	-	-	-	(0.005)
10.	Invitation Investments Pvt. Ltd.	132541	0.35	0.29	-	-	-	(0.35)
11.	Kanchanshri Holdings Pvt. Ltd.	100	-	-	-	-	-	-
12.	Mehrauli Traders Pvt. Ltd.	5900	0.016	-	-	-	-	(0.016)
13.	Midas Powertech Pvt. Ltd.	492106	1.31	1.29	-	-	-	(1.31)
14.	Naman Vyapar & Vitt Pvt. Ltd.	100	-	-	-	-	-	-
15.	Nirbhay Traders Pvt. Ltd.	385	0.001	-	-	-	-	(0.001)
16.	Paridhi Shareshoppe Pvt. Ltd.	5225	0.014	-	-	-	-	(0.014)
17.	Shri Mahuli Investment Pvt. Ltd.	125	-	-	-	-	-	-
18.	Trishul Traders Pvt. Ltd. (includes 1492627 shares pledged with GSF)	13216855	35.24	1.02	14767457	39.38	4.97	4.14
19.	Vulvan Traders Pvt. Ltd.	128250	0.34	0.34	128250	0.34	0.34	-
	Total	15203182	40.54	6.11	15203182	40.54	6.11	-

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

Sl. No.	Shareholder's Name	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 17.07.2015 At the End of the year	5675 (5675) -	0.015 (0.015) -	5675 - -	0.015 - -
2.	Agrini Finvest Pvt. Ltd. At the beginning of the year Interse transfer on 17.07.2015 At the End of the year	50 (50) -	- - -	50 - -	- - -
3.	Ajaymeru Trading & Investments Pvt. Ltd. At the beginning of the year Interse transfer on 17.07.2015 At the End of the year	371995 (371995) -	0.992 (0.992) -	371995 - -	0.992 - -
4.	Bhagal Merchant & Trading Pvt. Ltd. At the beginning of the year No change during the year At the End of the year	150050 - -	0.40 - -	150050 150050 150050	0.40 0.40 0.40
5.	Chand Merchant Pvt. Ltd. At the beginning of the year Interse Transfer on 17.07.2015 At the End of the year	534550 (534550) -	1.43 (1.43) -	534550 - -	1.43 - -
6.	Current Investments Pvt. Ltd. At the beginning of the year No change during the year At the End of the year	151325 - -	0.40 - -	151325 151325 151325	0.40 0.40 0.40
7.	Initial Investments Pvt. Ltd. At the beginning of the year Interse transfer on 17.07.2015 At the End of the year	1850 (1850) -	0.005 (0.005) -	1850 - -	0.005 - -
8.	Invitation Investments Pvt. Ltd. At the beginning of the year Interse Transfer on 17.07.2015 At the End of the year	132541 (132541) -	0.35 (0.35) -	132541 - -	0.35 - -
9.	Kanchanshri Holdings Pvt. Ltd. At the beginning of the year Interse Transfer on 17.07.2015 At the End of the year	100 (100) -	- - -	100 - -	- - -
10.	Mehrauli Traders Pvt. Ltd. At the beginning of the year Interse Transfer on 17.07.2015 At the End of the year	5900 (5900) -	0.016 (0.016) -	5900 - -	0.016 - -
11.	Midas Powertech Pvt. Ltd. At the beginning of the year Interse transfer on 17.07.2015 At the End of the year	492106 (492106) -	1.31 (1.31) -	492106 - -	1.31 - -
12.	Naman Vyapar & Vitt Pvt. Ltd. At the beginning of the year Interse Transfer on 17.07.2015 At the End of the year	100 (100) -	- - -	100 - -	- - -
13.	Nirbhay Traders Pvt. Ltd. At the beginning of the year Interse Transfer on 17/07/2015 At the End of the year	385 (385) -	0.001 (0.001) -	385 - -	0.001 - -
14.	Paridhi Shareshoppe Pvt. Ltd. At the beginning of the year Interse transfer on 17.07.2015 At the End of the year	5225 (5225) -	0.014 (0.014) -	5225 - -	0.014 - -
15.	Shri Mahuli Investment Pvt. Ltd. At the beginning of the year Interse Transfer on 17.07.2015 At the End of the year	125 (125) -	- - -	125 - -	- - -
16.	Trishul Traders Pvt. Ltd. At the beginning of the year Interse Transfer on 17.07.2015 At the End of the year	13216855 1550602 -	35.24 4.14 -	13216855 14767457 14767457	35.24 39.38 39.38
17.	Vulvan Traders Pvt. Ltd. At the beginning of the year No change during the year At the End of the year	128250 - -	0.34 - -	128250 128250 128250	0.34 0.34 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	1.37
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	0.19	71830	0.19
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 Directors and Key Managerial Personnel	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	-	100	-
3.	Smt. Meenu Sacheti - Non-Executive Director	-	-	-	-
4.	Shri B.L. Verma - Independent Director	-	-	-	-
5.	Shri S.K. Sharma - Independent Director	-	-	-	-
6.	Shri C.S. Jain - Senior Vice President (Finance) & Chief Financial Officer	-	-	-	-
7.	Shri Kirit Shah - Company Secretary & Compliance Officer	-	-	-	-

V. INDEBTEDNESS

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

(₹ in lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4060.05	3995.09	778.29	8833.43
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	421.63	435.26	936.27	1793.16
Total (i+ii+iii)	4481.68	4430.35	1714.56	10626.59
Change in Indebtedness during the financial year				
• Addition	-	800.00	-	800.00
• Reduction	3262.24	4266.94	35.75	7564.93
Net Change	(3262.24)	(3466.94)	(35.75)	(6764.93)
Indebtedness at the end of the financial year				
i) Principal Amount	927.98	963.41	742.54	2633.93
ii) Interest due but not paid	-	-	936.27	936.27
iii) Interest accrued but not due	291.46	-	-	291.46
Total (i+ii+iii)	1219.44	963.41	1678.81	3861.66

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	0.15	Nil	0.03	0.18
	• Commission	Nil	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (1)	Nil	0.15	Nil	0.03	0.18
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	0.15	Nil	0.03	0.18
	Total Managerial Remuneration	Nil	0.15	Nil	0.03	0.18
	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	11.40	13.43
	(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
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	11.40	13.43

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-C to Board's 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:

(i) The steps taken or impact on conservation of energy:

Energy conservation continues to receive priority attention at all levels. Company ensures that the manufacturing operations are conducted in the manner whereby optimum utilization and maximum possible saving of energy is achieved.

(ii) The steps taken by the Company for utilizing alternate sources of energy:

All efforts are made to conserve and optimize use of energy with continuous monitoring through improved operational techniques.

(iii) The capital investment of energy conservation equipments:

No specific investment has been made in reduction in energy consumption.

(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 Company constantly strives for maintenance and improvement in quality of its 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 ₹ 396.73 Lacs as against an outgo of ₹ 46.88 Lacs during the year.

INDEPENDENT AUDITORS' REPORT

To,
The Members,
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, 2016 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 Standalone 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. 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 2016 amounts to ₹ 2215.00 lacs (upto previous Balance Sheet date ₹ 2104.25 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 ₹ 2215.00 lacs (upto previous Balance Sheet date ₹ 2104.25 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 ₹ 53.07 lacs (Previous year ₹ 134.26 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 2016 amounts to ₹ 1517.77 lacs (upto previous Balance Sheet date ₹ 1665.70 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 ₹ 1517.77 lacs (upto previous Balance Sheet date ₹ 1665.70 lacs) and Interest Expenses would have been higher and Loss for the Year a would have been higher by ₹ 53.07 lacs (Previous Year ₹ 134.26 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. 4.10). 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 ₹ 4582.86 lacs (Previous year ₹ NIL 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 2016 which are subject to fulfillment of future obligations amounts to ₹ 8115.50 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 profit for the year would have been ₹ 4123.31 lacs (as against the reported figure of ₹ 4176.38 Lacs), other current liabilities would have been ₹ 17281.19 lacs (as against the reported figure of ₹ 5432.92 lacs) and Debit balance of Reserves & Surplus would have been ₹ 21051.76 lacs (as against the reported figure of ₹ 9203.49 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, 2016;
- In the case of the Statement of Profit and Loss, of the Profit 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, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of Companies Act 2013, we give in the Annexure "A" on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
- 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, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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 adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - 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, 2016. (Refer Note 3.1 & 4.7).

For J. T. Shah & Company
Chartered Accountants
[FRN No. 109616W]

(J. T. Shah)
Partner
(M. No.3983)

Place: Ahmedabad
Date: 25th June, 2016

ANNEXURE "A" TO INDEPENDENT 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, 2016.

1. In respect of Fixed Assets:

- The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets other than Furniture and Fixtures and Office Equipment for which detailed records are not maintained.
- 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.
- As explained to us, the title deeds of all the immovable properties are held in the name of the company.

2. In respect of its Inventories:

- The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- 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.
- 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 per information and explanation given to us, the Company has not granted loans to company covered under the register maintained under section 189 of the Companies Act, 2013 and therefore, the clauses (iii) (a) to (c) of the Companies (Auditor's Report) Order, 2016 are not applicable.

4. Loans, Investments and guarantees:

According to the information and explanation given to us, the company had neither given any loan, guarantee or security, nor made any investments during the year. Hence the provisions of section 185 and 186 are not applicable. Therefore clauses (iv) of companies (Auditor's Report) Order, 2016 is not applicable.

5. During the year, the company has not accepted any 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 the rules framed there under are not applicable to the company. Therefore clauses (v) of companies (Auditor's Report) Order, 2016 is not applicable.

6. According to the information and explanations given to us, the company is not required to maintain cost records as required by the central government under sub section (1) of section 148 of the Companies Act, 2013 even though books of accounts relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 (1) of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the records with a view to determine whether they are accurate or complete.

7. In respect of Statutory Dues:

- 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.
- 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, 2016 for a period of more than six months from the date they became payable.

- 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, 1994	Excise duty Penalty	0.91 15.82	The Central Excise and Service Tax Appellate Tribunal (Ahmedabad)
Total		41.49	

- 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 & 4.7).
- The Company has defaulted in repayment of installments of dues to Debenture holders amounting to ₹ 647.52 lacs since 1997.
- The company has not accepted any fresh deposits during the year as per the information and explanation given to us, in respect of deposits accepted in earlier years, the compliance with the provisions of section 73 to 76 or any other relevant provisions of the Company Act 1956 and rules framed there under are subject to the order passed by the Company Law Board on 17.04.2002 whereby the Company is required to make repayment of deposits and payment of interest thereon in accordance with the revival scheme approval by the Board for Industrial and Financial Reconstruction (BIFR) under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985.
- Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the Company or any fraud on the company by its officer or employees has been noticed or reported during the course of our audit.
- In our opinion and according to the information and explanations given to us, the company had paid managerial remuneration which is in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of The Companies Act, 2013.
- In our opinion and according to the information and explanations given to us, the provisions of special statute applicable to chit funds and Nidhi / mutual benefit funds/ societies are not applicable to the company. Hence, clause (xii) of the Company's (Auditor's Report) Order, 2016 is not applicable.
- In our opinion and according to the information and explanations given to us, the transactions entered by the company with related parties are in compliance with the provisions of section 177 and 188 of The Companies Act, 2013 and details thereof are properly disclosed in the financial statements.
- In our opinion and according to the information and explanation given to us, no preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, clause (xiv) of the Company's (Auditor's Report) Order, 2016 is not applicable.
- The company had not entered in to any non-cash transactions with the directors or persons connected with him during the year, and hence clause (xv) of Company's (Auditor's Report) Order, 2016 is not applicable.
- In our opinion and according to the information and explanation given to us the company is not registered under section 45-IA of Reserve Bank of India Act, 1934, hence clause (xvi) of Company's (Auditor's Report) Order, 2016 is not applicable.

For J. T. Shah & Company
Chartered Accountants
[FRN No. 109616W]
(J.T. Shah)
Partner
(M. No.3983)

Place: Ahmedabad
Date: 25th June, 2016

ANNEXURE "B" TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 6(b)(viii) of our Report of even date to the Members of **MODERN DENIM LIMITED** for the year ended 31st March, 2016.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **MODERN DENIM LIMITED** as of 31st March 2016, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For J. T. Shah & Company
Chartered Accountants
[FRN No. 109616W]

(J.T. Shah)
Partner
(M. No.3983)

Place: Ahmedabad
Date: 25th June, 2016

BALANCE SHEET AS AT 31ST MARCH, 2016

(₹ in lacs)

Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
EQUITY AND LIABILITIES			
Shareholders' Fund			
Share Capital	1	4,400.20	4,400.20
Reserves & Surplus	2	(9,203.49)	(13,379.87)
		<u>(4,803.29)</u>	<u>(8,979.67)</u>
Share Application money pending allotment	3	1,600.00	1,600.00
Non-Current Liabilities			
Long Term Borrowings	4	–	3,905.00
Long Term Provisions	5	124.28	177.15
		<u>124.28</u>	<u>4,082.15</u>
Current Liabilities			
Trade Payables	6	–	–
Total outstanding dues of micro enterprises and small enterprises		–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		868.63	1,918.97
Other Current Liabilities	7	5,432.92	4,583.58
Short Term Provisions	5	11.09	15.31
		<u>6,312.64</u>	<u>6,517.86</u>
Total		<u><u>3,233.63</u></u>	<u><u>3,220.34</u></u>
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	8	2,075.11	2,471.69
Intangible Assets	8	–	–
		<u>2,075.11</u>	<u>2,471.69</u>
Long-Term Loans and Advances	9	119.18	181.86
		<u>2,194.29</u>	<u>2,653.55</u>
Current Assets			
Inventories	10	689.04	305.51
Trade Receivables	11	166.25	76.95
Cash & Bank Balances	12	50.85	62.62
Short Term Loans and Advances	9	133.20	121.71
		<u>1,039.34</u>	<u>566.79</u>
Total		<u><u>3,233.63</u></u>	<u><u>3,220.34</u></u>
Significant Accounting Policies and 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 : 25th June, 2016

For and on behalf of the Board

Sachin Ranka – Chairman & Managing Director (DIN: 00335534)

B.L. Verma – Independent Director (DIN: 00411628)

S.K. Sharma – Independent Director (DIN: 01378040)

H.L. Sharma – Non-Executive Director (DIN: 00352410)

Meenu Sacheti – Non-Executive Director (DIN: 02266703)

C.S. Jain – Chief Financial Officer

Kirit Shah – Company Secretary

Place : Mumbai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in lacs)

Particulars	Note No.	2015-2016	2014-2015
INCOME			
Revenue From Operations	13	3396.47	4072.40
Other Income	14	170.45	182.77
Total Revenue		3566.92	4255.17
EXPENSES			
Cost of Materials Consumed	15	1716.69	1233.55
Purchase of Stock in Trade	16	323.77	1134.69
Change in Inventories of Finished Goods and Work in Progress	17	(304.93)	81.93
Employee Benefits Expense	18	788.63	852.22
Finance Costs	19	75.75	38.33
Depreciation and Amortisation Expense	8	99.97	264.50
Other Expenses	20	1273.52	1133.16
Total Expenses		3973.40	4738.38
Profit before exceptional items and Tax		(406.48)	(483.21)
Exceptional Items	21	4582.86	–
Profit before Tax		4176.38	(483.21)
Less : Tax Expense	22	–	–
Profit for the year		4176.38	(483.21)
Basic earnings per share (₹)			
	23		
- Before Exceptional Items		(1.38)	(1.58)
- After Exceptional Items		10.84	(1.58)
Diluted earnings per share (₹)			
	23		
- Before Exceptional Items		(1.38)	(1.58)
- After Exceptional Items		7.60	(1.58)
Significant Accounting Policies and 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 : 25th June, 2016

For and on behalf of the Board

Sachin Ranka – Chairman & Managing Director (DIN: 00335534)

B.L. Verma – Independent Director (DIN: 00411628)

S.K. Sharma – Independent Director (DIN: 01378040)

H.L. Sharma – Non-Executive Director (DIN: 00352410)

Meenu Sacheti – Non-Executive Director (DIN: 02266703)

C.S. Jain – Chief Financial Officer

Kirit Shah – Company Secretary

Place : Mumbai

SIGNIFICANT ACCOUNTING POLICIES

(Annexed to and forming part of the Financial Statements for the year ended on 31st March, 2016)

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 or 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, 2016

1. SHARE CAPITAL

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
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 ₹ 2215.00 lacs (upto previous Balance Sheet date ₹ 2104.25 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 31.03.2016		As at 31.03.2015	
	No. of Shares	% held	No. of Shares	% held
Trishul Traders Pvt. Ltd.	1,47,67,457	39.38%	1,32,16,855	35.24%
Unit Trust of India	65,80,255	17.55%	65,80,255	17.55%
Total	2,13,47,712	56.93%	1,97,97,110	52.79%

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

Name of Preference Shareholder	As at 31.03.2016		As at 31.03.2015	
	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%
3A Capital Services Ltd.	5,000	20.00%	-	-
Canbank Financial Services Ltd.	-	-	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.	1,00,000	20.00%	1,00,000	20.00%
Pirth Mercantile Pvt. Ltd.	2,00,000	40.00%	2,00,000	40.00%
Total	5,00,000	100.00%	5,00,000	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	1,00,000	100.00%	1,00,000	100.00%

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

(₹ in lacs)

Particulars	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares				
Shares at the beginning	3,75,02,000	3,750.20	3,75,02,000	3,750.20
Addition	-	-	-	-
Deletion	-	-	-	-
Shares at the end	<u>3,75,02,000</u>	<u>3,750.20</u>	<u>3,75,02,000</u>	<u>3,750.20</u>
Preference Shares				
15% Preference Shares				
Shares at the beginning	25,000	25.00	25,000	25.00
Addition	-	-	-	-
Deletion	-	-	-	-
Shares at the end	<u>25,000</u>	<u>25.00</u>	<u>25,000</u>	<u>25.00</u>
14% Preference Shares				
Shares at the beginning	25,000	25.00	25,000	25.00
Addition	-	-	-	-
Deletion	-	-	-	-
Shares at the end	<u>25,000</u>	<u>25.00</u>	<u>25,000</u>	<u>25.00</u>
17.5% Preference Shares				
Shares at the beginning	5,00,000	500.00	5,00,000	500.00
Addition	-	-	-	-
Deletion	-	-	-	-
Shares at the end	<u>5,00,000</u>	<u>500.00</u>	<u>5,00,000</u>	<u>500.00</u>
16% Preference Shares				
Shares at the beginning	1,00,000	100.00	1,00,000	100.00
Addition	-	-	-	-
Deletion	-	-	-	-
Shares at the end	<u>1,00,000</u>	<u>100.00</u>	<u>1,00,000</u>	<u>100.00</u>

2. RESERVES & SURPLUS

(₹ in lacs)

	As at	As at
	31.03.2016	31.03.2015
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
Less: Transferred to Statement of Profit & Loss	<u>293.94</u>	<u>-</u>
	<u>356.06</u>	<u>650.00</u>
Balance in Statement of Profit and Loss		
Net Surplus / (Deficit) as per last Balance Sheet	(20,184.50)	(19,701.29)
Add : Profit / (Loss) for the year	4,176.38	(483.21)
Add: Transferred from Debenture Redemption Reserve	293.94	-
Net Surplus / (Deficit) in the statement of profit and loss	<u>(15,714.18)</u>	<u>(20,184.50)</u>
Total	<u>(9,203.49)</u>	<u>(13,379.87)</u>

3. SHARE APPLICATION MONEY PENDING ALLOTMENT

(₹ in lacs)

	As at	As at
	31.03.2016	31.03.2015
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 by BIFR, no application money is due for refund.

4. LONG TERM BORROWINGS

(₹ in lacs)

	As at		As at	
	31.03.2016		31.03.2015	
	Non Current	Current	Non Current	Current
Debentures - Secured				
- Non Convertible	-	356.06	-	510.13
- Interest accrued on Non Convertible Debentures	-	291.46	-	421.63
Term Loan - Secured				
- From Financial Institutions	-	-	-	2,050.00
- From Others	-	571.92	-	1,499.92
Term Loan - Unsecured				
- From Banks	-	-	-	-
- From Others	-	800.00	-	90.09
- Interest accrued on Unsecured Term Loan	-	-	-	435.26
Deposits - Unsecured				
- Public Fixed Deposits	-	742.54	-	778.29
- Interest accrued on Public Fixed Deposits	-	936.27	-	936.27
Loans from Corporate bodies - Unsecured			3,905.00	-
Total	<u>-</u>	<u>3,861.66</u>	<u>3,905.00</u>	<u>6,721.59</u>
Less : 1. Advance against settlement		-		3,060.50
2. Amount disclosed under the head Other Current Liabilities (Refer Note no. 7)		-		-
Total	<u>-</u>	<u>3,861.66</u>	<u>3,905.00</u>	<u>3,661.09</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. Certain Secured Loans are further guaranteed by some of the Directors and Ex-directors.
- 4.2 Provision for interest upto Balance Sheet date ₹ 526.46 lacs (upto previous Balance Sheet date ₹ 686.27 lacs) on retail non-convertible debentures have not been made as the Company expects waiver / relief under rehabilitation scheme submitted to BIFR.
- 4.3 Non Convertible Debentures (Retail) amounting to ₹ 356.06 lacs (Previous year ₹ 510.13 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 ₹ NIL lacs (Previous year ₹ 82.50 lacs) paid towards restructuring/settlement, has been shown as "Advance against settlement" under long term borrowings. Interest in respect of the same has remained unpaid since 1998-99.
- 4.4 The Company had paid ₹ 2978.00 lacs towards restructuring / resettlement of certain secured term loans which was showing as "Advance against settlement" under long term borrowings till last year, The Company has adjusted the same against the respective borrowing for the year under consideration. However, no dues certificates are yet to be received in respect of borrowing which are fully settled.
- 4.5 Unsecured term loan from others of ₹ 800 lacs carrying interest rate @ 14 % p.a. repayable during 2016-17 (Previous year ₹ 90.09 lacs @ 19 % p.a. has been settled and paid during the year).
- 4.6 Public Fixed Deposits carry interest rate of 14 % p.a.
- 4.7 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 Restructure (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.
- 4.8 Provision for interest amounting to ₹ 991.31 lacs upto Balance Sheet date (up to previous Balance Sheet date ₹ 979.43 lacs) on public fixed deposit has not been made as the company expects waiver/ relief under rehabilitation scheme submitted to BIFR.
- 4.9 Loans from Corporate bodies do not carry any interest and are repayable during 2016-17.
- 4.10 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.
- 4.11 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 31.03.2016		As at 31.03.2015	
	Long Term	Short Term	Long Term	Short Term
Provisions for employee benefits				
- For Gratuity	98.60	7.78	150.06	9.80
- For unavailed leave	25.68	3.31	27.09	5.51
Total	<u>124.28</u>	<u>11.09</u>	<u>177.15</u>	<u>15.31</u>

6. TRADE PAYABLES

	(₹ in lacs)	
	As at 31.03.2016	As at 31.03.2015
Total outstanding dues micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro and small enterprises	868.63	1,918.97
Total	<u>868.63</u>	<u>1,918.97</u>

- 6.1 The company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at year end together with interest paid/payable under this act have been considered as dues of creditors other than micro and small enterprises.
- 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 31.03.2016	As at 31.03.2015
Current Maturity of Long Term Borrowings:		
Unpaid Non Convertible Debentures	356.06	427.63
Interest accrued on Non Convertible Debentures	291.46	421.63
Unpaid Secured Term Loan - From Others	571.92	571.92
Unpaid Unsecured Term Loan - From Others	800.00	90.09
Interest accrued on Unsecured Term Loan	-	435.26
Unpaid Public Fixed Deposits	742.54	778.29
Interest accrued on Public Fixed Deposits	936.27	936.27
Unpaid Unsecured Term Loan - From Corporate Bodies	163.41	-
Sub Total (Refer Note no. 4)	<u>3,861.66</u>	<u>3,661.09</u>
Advance received from Customers	795.52	105.19
Statutory dues	8.01	4.37
TDS Payable	10.57	2.77
Payable towards capital goods	73.90	69.10
Sundry Deposits	1.02	2.56
Other Payables	682.23	738.52
Total	<u>5,432.92</u>	<u>4,583.58</u>

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

8. FIXED ASSETS

(₹ in lacs)

PARTICULARS	TANGIBLE ASSETS								INTANGIBLE ASSETS
	LAND FREEHOLD	BUILDINGS & ROADS	PLANT & MACHINERY	FURNITURE & FIXTURES	OFFICE EQUIPMENT	COMPUTERS	VEHICLES	TOTAL	TECHNICAL KNOWHOW & MANUALS
As at 01.04.15	23.22	1,960.67	28,120.25	70.68	16.85	39.79	26.83	30,258.29	101.86
Addition	-	-	-	3.48	0.68	-	-	4.16	-
Deduction	-	-	6,387.95	-	-	-	13.66	6,401.61	-
As at 31.03.16	23.22	1,960.67	21,732.30	74.16	17.53	39.79	13.17	23,860.84	101.86
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
DEPRECIATION	LAND FREEHOLD	BUILDINGS & ROADS	PLANT & MACHINERY	FURNITURE & FIXTURES	OFFICE EQUIPMENT	COMPUTERS	VEHICLES	TOTAL	TECHNICAL KNOWHOW & MANUALS
As at 01.04.15	-	1,161.74	26,496.02	62.84	14.31	33.56	18.13	27,786.60	101.86
Charge for the year	-	65.00	29.15	1.77	2.86	-	1.19	99.97	-
Deduction	-	-	6,093.36	-	-	-	7.48	6,100.84	-
As at 31.03.16	-	1,226.74	20,431.81	64.61	17.17	33.56	11.84	21,785.73	101.86
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
NET BLOCK	LAND FREEHOLD	BUILDINGS & ROADS	PLANT & MACHINERY	FURNITURE & FIXTURES	OFFICE EQUIPMENT	COMPUTERS	VEHICLES	TOTAL	TECHNICAL KNOWHOW & MANUALS
As at 31.03.16	23.22	733.93	1,300.49	9.55	0.36	6.23	1.33	2,075.11	-
As at 31.03.15	23.22	798.93	1,624.23	7.84	2.54	6.23	8.70	2,471.69	-

Note:

- 8.1 Plant & Machinery includes assets having gross value of ₹ NIL (Previous year ₹ 6387.95 lacs) and net value of ₹ NIL (Previous year ₹ 294.59 lacs) which are retired from active use and held for disposal.
- 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 ₹ NIL lacs (Previous year ₹ 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 Company's Act 2013, due to change in estimated useful life of the assets, depreciation charged to Statement of Profit & Loss is lower by ₹ NIL lacs (Previous year ₹ 44.91 lacs).

9. LOANS AND ADVANCES

(₹ in lacs)

	As at 31.03.2016		As at 31.03.2015	
	Long Term	Short Term	Long Term	Short Term
(Unsecured, considered as good)				
Deposits	103.30	1.22	165.98	1.28
Balance with Government Authority	-	48.80	-	39.48
Interest Accrued	-	13.88	-	22.33
Prepaid Expenses	-	9.69	-	6.19
Loans & Advances to Employees	-	7.22	-	10.10
TDS Receivable	-	27.48	-	29.07
Advance to Suppliers	15.88	24.91	15.88	13.23
Claims Receivable	-	-	-	0.03
Total	119.18	133.20	181.86	121.71

10. INVENTORIES

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
	Raw materials	158.76
Work-in-Progress	125.81	82.16
Finished Goods	275.86	14.58
Stores & Spares	128.61	134.37
Total	689.04	305.51

11. TRADE RECEIVABLES

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
Outstanding for a period exceeding Six Months from the date they are due for Payment		
Unsecured, considered good	0.25	2.32
Doubtful	48.46	169.78
	<u>48.71</u>	<u>172.10</u>
Less: Provision for doubtful Receivables	48.46	169.78
	<u>0.25</u>	<u>2.32</u>
Other Trade Receivables		
Unsecured, considered good	166.00	74.63
	<u>166.00</u>	<u>74.63</u>
Total	<u><u>166.25</u></u>	<u><u>76.95</u></u>

11.1 Trade Receivable includes ₹ 48.46 lacs under litigation (Previous year ₹ 129.99 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 31.03.2016	As at 31.03.2015
Cash and cash equivalents		
Cash on hand	5.10	1.61
Balance with Banks	32.93	48.19
Other Bank Balance		
Margin deposits	12.82	12.82
Total	<u><u>50.85</u></u>	<u><u>62.62</u></u>

12.1 Balance with Banks includes Fixed Deposits having maturity period less than three months amounting to ₹ 8.49 lacs (Previous year ₹ 13.09 lacs).

13. REVENUE FROM OPERATIONS

(₹ in lacs)

	2015-2016	2014-2015
Sale of Products		
Sale of Goods	2,929.34	3,211.31
Sale of Services	421.89	820.20
Other Operating Income	45.24	40.89
Total	<u><u>3,396.47</u></u>	<u><u>4,072.40</u></u>
13.1 Details of sale of Goods		
Denim Fabric	2,905.41	3,186.05
Yarn	19.28	12.67
Waste	4.65	12.59
Total	<u><u>2,929.34</u></u>	<u><u>3,211.31</u></u>
13.2 Details of sale of Services		
Job Work Income	421.89	820.20
Total	<u><u>421.89</u></u>	<u><u>820.20</u></u>
13.3 Details of Other Operating Income		
Export Incentive	28.16	30.15
Scrap Sales	17.08	10.74
Total	<u><u>45.24</u></u>	<u><u>40.89</u></u>

14. OTHER INCOME

(₹ in lacs)

	2015-16	2014-15
Interest Income	13.94	15.54
Liability no longer required, written back	156.51	167.23
Total	<u><u>170.45</u></u>	<u><u>182.77</u></u>

15. COST OF MATERIALS CONSUMED

(₹ in lacs)

	2015-16		2014-15	
	₹ in lacs	% age	₹ in lacs	% age
Imported	-	-	35.71	2.89%
Indigenous	1,716.69	100.00%	1,197.84	97.11%
Cost of materials consumed	<u><u>1,716.69</u></u>	<u><u>100.00%</u></u>	<u><u>1,233.55</u></u>	<u><u>100.00%</u></u>
15.1 Details of materials consumed			2015-16	2014-15
Cotton			-	163.45
Yarn			1,410.03	742.27
Dyes & Chemicals			306.66	327.83
Total			<u><u>1,716.69</u></u>	<u><u>1,233.55</u></u>

16. PURCHASE OF STOCK IN TRADE

(₹ in lacs)

	2015-16	2014-15
Denim fabric	323.77	1,134.69
Total	323.77	1,134.69

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

(₹ in lacs)

	2015-16	2014-15
Inventory at the beginning of the year		
Work-in-progress	82.16	97.69
Finished Goods	14.58	80.98
	<u>96.74</u>	<u>178.67</u>
Inventory at the end of the year		
Work-in-progress	125.81	82.16
Finished Goods	275.86	14.58
	<u>401.67</u>	<u>96.74</u>
Decrease / (Increase) in Stock	(304.93)	81.93
17.1 Details of Inventories (Work in progress)		
Cotton in process	4.99	4.99
Yarn in process	114.83	77.17
Dyes & Chemicals in process	5.99	-
Total	125.81	82.16
17.2 Details of Inventories (Finished Goods)		
Fabric - In Process	96.41	9.33
Fabric - In Godown	179.45	5.25
Total	275.86	14.58

18. EMPLOYEE BENEFITS EXPENSE

(₹ in lacs)

	2015-16	2014-15
Salary, Wages, Bonus & Other allowances	741.72	757.84
Contribution to Provident & Other Funds	47.38	49.97
Gratuity & Leave encashment	(5.92)	33.44
Welfare Expenses	5.45	10.97
Total	788.63	852.22

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

Assumptions	2015-16		2014-15	
	Gratuity Unfunded	Leave Encashment Unfunded	Gratuity Unfunded	Leave Encashment Unfunded
- Discount rate	8.00%		7.75%	
- Expected rate of return on assets	-		-	
- Expected rate of future salary increase	6.00%		6.00%	
Change in present value of obligations				
- Present value of obligations as at beginning of the year	159.86	32.60	172.11	45.60
- Interest cost	12.39	2.53	14.63	3.88
- Current service cost	8.10	3.76	13.07	4.23
- Past service cost	-	-	-	-
- Benefits paid	(43.11)	(8.05)	(39.71)	(18.99)
- Actuarial loss on Obligations	(30.85)	(1.85)	(0.24)	(2.13)
- Present value of obligations as at close of the year :	<u>106.39</u>	<u>28.99</u>	<u>159.86</u>	<u>32.60</u>
Change in fair value of plan assets		Not applicable		Not applicable
Liability recognized in the Balance Sheet				
- Present value of obligations as at close of the year	106.39	28.99	159.86	32.60
- Fair value of plan assets as at the end of the year	-	-	-	-
- Net Liability recognized in Balance Sheet	<u>106.39</u>	<u>28.99</u>	<u>159.86</u>	<u>32.60</u>
Expenses recognized in Statement of Profit and Loss				
- Current service cost	8.10	3.76	13.07	4.23
- Past service cost	-	-	-	-
- Interest cost	12.39	2.53	14.63	3.88
- Expected return on plan assets	-	-	-	-
- Net Actuarial Loss recognized during the year	(30.85)	(1.85)	(0.24)	(2.13)
- Total Expense recognized in Profit and loss Account	<u>(10.36)</u>	<u>4.44</u>	<u>27.46</u>	<u>5.98</u>

Movement in liability recognised in the balance sheet

Opening net liability	159.86	32.60	172.11	45.60
Expenses as above	(10.36)	4.44	27.46	5.98
Benefit Paid	(43.11)	(8.05)	(39.71)	(18.99)
Actual return on plan assets	-	-	-	-
Acquisition adjustments	-	-	-	-
Closing net liability	<u>106.39</u>	<u>28.99</u>	<u>159.86</u>	<u>32.60</u>

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

	(₹ in lacs)				
Present Value of Obligation - Gratuity	31.03.16	31.03.15	31.03.14	31.03.13	31.03.12
Defined benefit obligation	106.39	159.86	172.11	174.02	146.97
Plan assets	-	-	-	-	-
Unrecognised past service cost	-	-	-	-	-
Deficit	(106.39)	(159.86)	(172.11)	(174.02)	(146.97)
Experience adjustments on plan liabilities	28.24	12.78	7.74	(2.41)	(6.43)
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)	
	2015-16	2014-15
Interest on Borrowings	69.49	19.95
Other Borrowings cost	6.26	18.38
Total	<u>75.75</u>	<u>38.33</u>

19.1 Provision for interest for the year ₹ 41.19 lacs (Previous year ₹ 69.13 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 ₹ 11.88 lacs for the year (Previous year ₹ 65.13 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)	
	2015-16	2014-15
MANUFACTURING EXPENSES		
Stores & Spares consumed	167.69	108.67
Packing material consumed	10.31	13.38
Power & Fuel	657.07	706.72
Job Charges	207.70	26.55
Repairs to		
Building	6.13	6.22
Machinery	22.66	17.17
Others	1.82	2.36
Sub Total	<u>1,073.38</u>	<u>881.07</u>
ADMINISTRATIVE EXPENSES		
Insurance	8.28	12.73
Rent	4.14	5.56
Rates & Taxes	1.99	3.08
Traveling & Conveyance Exps.	41.74	54.25
Professional Fees	38.38	60.17
Bank Charges	5.52	6.74
Payment to Auditors		
Audit Fees	1.45	1.40
For Tax Audit	0.49	0.47
For Expenses	0.25	0.25
For Certification	0.07	0.11
Loss on Sale of Assets	3.66	11.24
Miscellaneous expenses	25.10	28.89
Sub Total	<u>131.07</u>	<u>184.89</u>
SELLING EXPENSES		
Bad debts written-off	121.32	-
Less : Provision for doubtful debts	121.32	-
	-	-
Sales Promotion Expenses	23.56	25.85
Commission	25.78	14.14
Freight & Delivery charges	19.73	27.21
Sub Total	<u>69.07</u>	<u>67.20</u>
Total	<u>1,273.52</u>	<u>1,133.16</u>

20.1 Details of Stores & Spare parts consumed

	2015-16		2014-15	
	₹ in lacs	% age	₹ in lacs	% age
Imported	20.13	12.00%	8.70	8.01%
Indigenous	147.56	88.00%	99.97	91.99%
Total	167.69	100.00%	108.67	100.00%

21. EXCEPTIONAL ITEMS CONSISTS OF:

	₹ in lacs	
	2015-16	2014-15
Amount written back on account of settlements of some of the loans and interest thereon	4,218.18	-
Surplus from disposal of discarded assets	364.68	-
Total	4,582.86	-

22. TAX EXPENSES

	₹ in lacs	
	2015-16	2014-15
22 TAX EXPENSES		
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, 1961. 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	2015-16	2014-15
Profit / (Loss) for the year before exceptional items	(406.48)	(483.21)
Less: Un provided dividend on Cumulative Preference Shares	110.75	110.75
Profit / (Loss) before exceptional items	(517.23)	(593.96)
Less: Exceptional items	4582.86	-
Profit / (Loss) after exceptional items	4065.63	(593.96)
Weighted average No. of Equity Shares used as denominator of calculating basic earning per share	37502000	37502000
Weighted average 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	(1.38)	(1.58)
- After exceptional items	10.84	(1.58)
Diluted Earning per share (₹)*		
- Before exceptional items	(1.38)	(1.58)
- After exceptional items	7.60	(1.58)

* 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 ₹ 4.14 Lacs (Previous year ₹ 5.56 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 ₹ 488.92lacs (Previous year ₹ 489.75 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 ₹ 1.22 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 credit ₹ 8.36 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 debit of ₹ 1.24 lacs on account of Raw Material (Previous year credit ₹ 2.07 lacs on account of depreciation).

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.

Particulars	₹ in lacs	
	31/03/2016	31/03/2015
Revenue by Geographical market		
India	2966.74	3642.50
Rest of world	429.73	429.90
Carrying amount of Segment Assets		
India	3133.67	3205.55
Rest of world	99.96	14.79
Addition to Fixed Assets and Intangible Assets		
India	4.16	9.81

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

31. Related party disclosure as per Accounting Standard 18:

(i) **Related party relationships:**

- (a) Where controls exist: Modern Terry Towels Ltd.
Modern Insulators Ltd.
- (b) Key management personnel: Shri Sachin Ranka
(Chairman & Managing Director)
- (c) Relatives of key management personnel and their enterprises
Where transactions have taken place: 1. Shubham Corporate Advisory Services Pvt Ltd.
2. Jumbo Finance Limited
3. Shri Suvrat Ranka - 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	
			2015-16	2014-15	31.03.16	31.03.15
Where control exists:	Modern Terry Towels Ltd.	Purchase of goods	167.97	346.78	-	-
		Sale of goods	7.27	1149.57	-	-
		Job Income	-	68.44	-	-
		Job charges	202.60	0.09	-	-
		Reimbursement of expenses & Others	0.05	1.46	-	-
		Advance received (Net)	489.80	-	489.80	-
Where control exists:	Modern Insulators Ltd.	Reimbursement of expenses & Others	0.45	0.83	-	-
		Purchase of goods	0.50	0.75	-	-
		Sale of goods	-	18.09	-	-
Relatives of key management personnel and their enterprises	Shubham Corporate Advisory Services Pvt. Ltd.	Rent paid	4.14	4.04	-	-
	Jumbo Finance Limited	Unsecured Loan received	800.00	-	800.00	-
	Shri Suvrat Ranka	Remuneration	12.00	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)

	2015-16	2014-15
- Stores & spare parts	17.87	8.03

34. **Expenses in foreign currency:**

- Traveling expenses	5.26	2.42
- Others	23.75	18.93

35. **Earning in foreign exchange:**

- FOB value of export:	396.73	388.55
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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**

Chartered Accountants

(FRN No. 109616W)

(J.T. Shah)

Partner

(Membership No. 3983)

Place : Ahmedabad

Date : 25th June, 2016

Sachin Ranka – Chairman & Managing Director (DIN: 00335534)

B.L. Verma – Independent Director (DIN: 00411628)

S.K. Sharma – Independent Director (DIN: 01378040)

H.L. Sharma – Non-Executive Director (DIN: 00352410)

Meenu Sacheti – Non-Executive Director (DIN: 02266703)

C.S. Jain – Chief Financial Officer

Kirit Shah – Company Secretary

Place : Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in lacs)

	2015-2016		2014-2015	
(A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax from Continuing Operation		4176.38		(483.21)
Non Cash adjustment to reconcile profit before tax to net cash flows				
Depreciation	99.97		264.50	
Finance Cost	75.75		38.33	
Interest Income	(13.94)		(15.54)	
Loss on sale of Fixed Assets	3.66		11.24	
Exceptional Items	(4,582.86)	(4417.42)	-	298.53
Operating profit before working capital change		(241.04)		(184.68)
Adjustment for Movements in Working Capital:				
Increase/(decrease) in trade Payable	(1050.34)		816.55	
Increase/(decrease) in Long -Term Provision	(52.87)		(11.36)	
Increase/(decrease) in short-term Provision	(4.22)		(13.89)	
Increase/(decrease) in other current liability	648.77		(146.08)	
Decrease/(increase) in trade receivable	(89.30)		172.81	
Decrease/(increase) in inventories	(383.53)		89.21	
Decrease/(increase) in long term loans and advances	62.68		36.63	
Decrease/(increase) in short term loans and advances	(19.94)	(888.75)	(24.77)	919.10
Cash Generated from Operations		(1129.79)		734.42
(B) CASH FLOW FROM INVESTING ACTIVITIES				
Interest Income	22.39		11.69	
Purchase of Fixed Assets	(4.16)		(9.81)	
Disposal of discarded Fixed Assets	661.79		6.48	
Net Cash from Investing Activities		680.02		8.36
(C) CASH FLOW FROM FINANCING ACTIVITIES				
Interest Paid	(75.75)		(18.38)	
Repayments of Borrowings				
Debenture - current maturity	(71.57)		(83.58)	
Long term borrowing - from Others	621.07		(611.66)	
Public Fixed deposit	(35.75)		(22.67)	
Net Cash From Financing Activities		438.00		(736.29)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)		(11.77)		6.49
Cash & Cash Equivalents - Opening Balance		62.62		56.13
Cash & Cash Equivalents - Closing Balance		50.85		62.62

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 ₹ 12.82 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 : 25th June, 2016

For and on behalf of the Board

Sachin Ranka – Chairman & Managing Director (DIN: 00335534)

B.L. Verma – Independent Director (DIN: 00411628)

S.K. Sharma – Independent Director (DIN: 01378040)

H.L. Sharma – Non-Executive Director (DIN: 00352410)

Meenu Sacheti – Non-Executive Director (DIN: 02266703)

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 : 07823040996 E-mail : modernjaipuroffice@gmail.com
Website : www.moderndenim.com CIN : L17124RJ1977PLC001758

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting hall)
Annual General Meeting - 22nd September, 2016

I hereby record my presence at the THIRTY EIGHTH ANNUAL GENERAL MEETING of the Company held at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur-302 004 on Thursday the 22nd September, 2016 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 : 07823040996 E-mail : modernjaipuroffice@gmail.com
Website : www.moderndenim.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 38th Annual General Meeting of the Company, to be held on Thursday the 22nd September, 2016 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 2016.

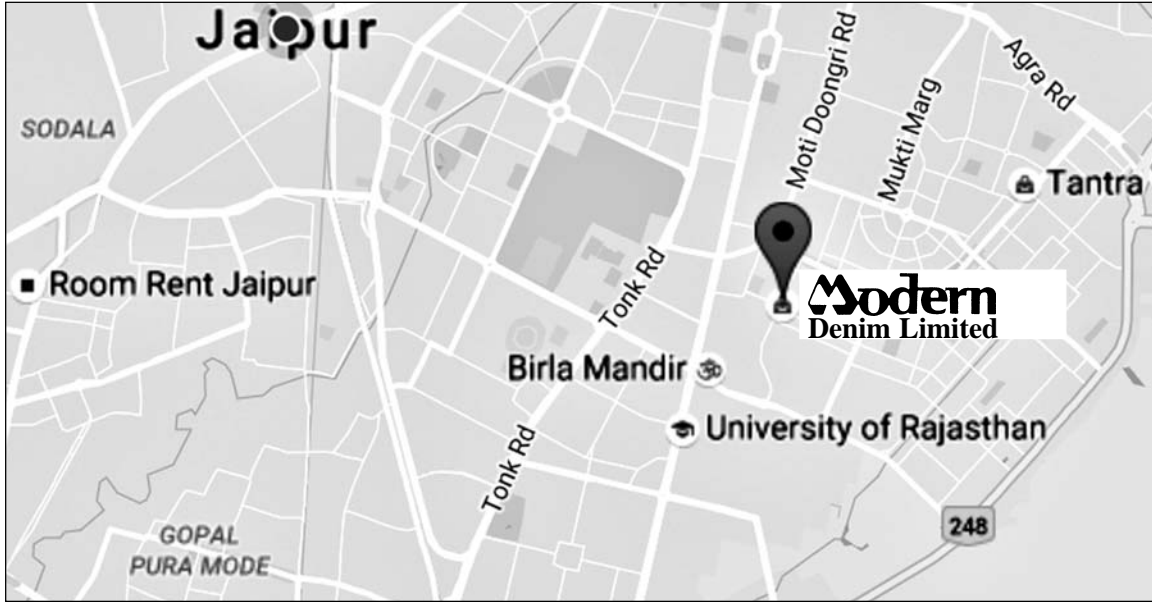
Signature of Shareholder :

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.

Route Map to the venue of AGM



**Book Post
(Printed Matter)**

If undelivered please return to :



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