

**ANNUAL REPORT
2016-2017**



Modern
DENIM LIMITED



NOTICE

NOTICE is hereby given that the 39th Annual General Meeting of the Members of Modern Denim Limited will be held on Wednesday, 27th September, 2017 at 5 P.M. at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur - 302 004 to transact the following business:

A. ORDINARY BUSINESS

- (1) To consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2017 and the reports of the Board of Directors and Auditors thereon.
- (2) To appoint a director in place of Smt. Meenu Sacheti (DIN: 02266703), who retires by rotation and being eligible, offers himself for re-appointment.
- (3) Appointment of Statutory Auditors

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

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to recommendation of the Board of Directors, M/s Samir Shah & Associates, Chartered Accountants, Ahmedabad (Firm Registration No. 122377W) be and are hereby appointed as Statutory Auditors of the Company in place of M/s J.T Shah & Company, Chartered Accountants, Ahmedabad (Firm Registration No. 109616W) whose tenure expires at the ensuing Annual General Meeting, at such remuneration as may be determined by the Audit Committee in consultation with Auditors."

"RESOLVED FURTHER THAT M/s Samir Shah & Associates, Chartered Accountants, if appointed as the Statutory Auditors of the

Company, shall hold office for a period of five years, from the conclusion of this thirty ninth Annual General Meeting till the conclusion of forty forth Annual General Meeting of the Company (subject to ratification of the appointment by Members at every Annual General Meeting held after this Annual General Meeting)."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

B. SPECIAL BUSINESS

- (4) **To appoint Shri T.C. Chejara as Non-Executive Director of the Company and in this regards, pass the following resolution as a Ordinary Resolution:-**

"RESOLVED THAT pursuant to the provisions of Sections 152, 161 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri T.C. Chejara (DIN 07619881) who was appointed as an Additional Director of the Company under Section 161 of the Companies Act, 2013 with effect from October 1, 2016 by the Board of Directors and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Director of the Company whose office shall be liable to retire by rotation."

By the Order of the Board

Place: Ahmedabad

Date: 29th May, 2017

(Kirit Shah)

Company Secretary

NOTES:

1. The Explanatory Statement pursuant to Section 102 and/or any other applicable provisions of the Companies Act, 2013 in respect of Item No. 3 and 4 set out in the Notice is annexed hereto and form part of this Notice.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in the meeting instead of himself/herself and the proxy need not be a member of the Company.
3. The proxy form duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.
4. 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.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members/proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
7. The Share transfer books and Register of members shall remain closed from 23rd September, 2017 to 27th September, 2017 (both days inclusive).
8. Members who have not registered their email addresses so far are requested to register their e-mail ID's for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.
9. In terms of Section 101 and 136 of the Companies Act, 2013 read with the relevant Rules made thereunder, the copy of the Annual Report including Financial statements, Board's report etc. and this Notice are being sent by electronic mode, to those members who have registered their email ids, unless any member has requested for a physical copy of the same. In case you wish to get a physical copy of the Annual Report, you may send your request to modernjaipuroffice@gmail.com mentioning your Folio/DP ID & Client ID.
10. The Statutory Registers maintained under the provisions of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
11. 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.

12. A route map showing directions to reach the venue of the Annual General Meeting is given with the Annual Report.
13. **Voting**

All persons whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. 20th September, 2017 shall be entitled to vote at the General Meeting by availing the facility of remote e-voting or by voting at the General Meeting.

Voting through Electronic means

1. 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 business may be transacted through e-voting services provided by National Securities Depository Limited ("NSDL").
2. 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.
3. 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.
4. The Results shall be declared within 48 hours after the Annual General Meeting of the Company. The results declared along with the Scrutiniser's Report shall be placed on the website of NSDL www.evoting.nsdl.com.
5. Any person who becomes a member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date i.e. 20th September, 2017 may obtain the User ID and password in the manner as mentioned below.

Instructions to members for voting electronically are as under:-

- Open the attached PDF file "MDL remote e-voting.pdf" giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your "User ID" and "Password for e-voting". Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting.
 - Launch internet browser by typing the URL <https://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.
 - Home page of remote "e-Voting" opens. Click on e-Voting: Active Voting Cycles.
 - Select "EVEN" of "Modern Denim Limited". Members can cast their vote online 23rd September, 2017 (9:00 am) and ends on 26th September, 2017 (5:00 pm).
- Note: e-Voting shall not be allowed beyond said time.
- Now you 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.
 - 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/Nadeem Zaki
Phone: 0141-4113645
Email Id: - modernjaipuroffice@gmail.com
 - 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 aroracs2@gmail.com with a copy to evoting@nsdl.co.in.
 - In case of any queries, you may refer to the Frequently Asked Questions (FAQs) 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.

EXPLANATORY STATEMENT

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

Item No. 3

As per the provisions of the Companies Act, 2013, no listed company shall appoint an audit firm as auditors for more than two terms of five consecutive years. The Act also provided for additional transition period of three years from the commencement of the Act i.e. 1st April, 2014. M/s J.T Shah & Company, Chartered Accountants, Ahmedabad, have completed period of ten years and will also be completing the additional transition period of three years at the conclusion of the forthcoming Annual General Meeting.

Accordingly, the term of the present Auditors, M/s J.T Shah & Company, Chartered Accountants, Ahmedabad, expires at the conclusion of the forthcoming Annual General Meeting. The Audit Committee and the Board of Directors have placed on record their appreciation for the professional services rendered by M/s J.T Shah & Company, Chartered Accountants, Ahmedabad, during their association with the Company as its auditors. For the purpose of appointment of new Auditors, the Audit Committee along with the Management invited proposals from the reputed firms of Chartered Accountants and had detailed discussion with representatives of those firms and recommended M/s Samir Shah & Associates, Chartered Accountants, Ahmedabad (Firm Registration No. 122377W) as Statutory Auditor. The Board of Directors based on the recommendation of the Audit Committee proposes the appointment of the M/s Samir Shah & Associates, Chartered Accountants, Ahmedabad, as the Statutory Auditors of the Company to the Members for their approval.

If approved by the Members, the appointment of M/s Samir Shah & Associates, Chartered Accountants as a Statutory Auditor will be for a period of five years commencing from the conclusion of Thirty Second Annual General Meeting till the conclusion of the Thirty Seventh Annual General Meeting (subject to ratification of the appointment by Members at every Annual General Meeting held after this Annual General Meeting).

M/s Samir Shah & Associates, Chartered Accountants have confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act and that they are not disqualified to be appointed as statutory

auditor in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

The Board of Directors recommends the Resolution at Item No. 3 of the Notice for your approval. None of the Directors, Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No. 3 of the Notice.

Item No. 4

Pursuant to provisions of Section 161 of the Companies Act, 2013, the Articles of Association of the Company and as recommended by the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on 22nd September, 2016, appointed Shri T.C. Chejara (DIN 07619881), as an Additional Director of the Company, w.e.f. 1st October, 2016.

As an Additional Director, Shri T.C. Chejara holds office upto the date of this Annual General Meeting (AGM) and is eligible to be appointed as a Director of the Company. Pursuant to the provisions of Section 160 of the Act, the Company has received a notice in writing along with the deposit of requisite amount from Shri T.C. Chejara, signifying his candidature for the office of the Director of the Company.

Shri T.C. Chejara is B.Com and also a fellow member of the Institute of Chartered Accountants of India. He has more than 40 years rich experience in the field of accounts, finance and management and has consented to act as a Director of the Company.

The disclosure relating to Shri T.C. Chejara, as required under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, is set out as an Annexure to the Notice.

The Board recommends the Ordinary Resolutions set out at Item No. 4 of this Notice for the approval by the Members.

Except Shri T.C. Chejara, being an appointee, none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No. 4 of the Notice.

ANNEXURE TO THE NOTICE

DETAILS OF DIRECTOR SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

[In pursuance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name	Shri T.C. Chejara
DIN	07619881
Date of Birth	10/09/1953
Qualifications	Chartered Accountant
Expertise in Specific area	Finance and Accounts
Date of First appointment on the Board of the Company	01/10/2016
Relationship with other Director	None
Shareholding in the Company	Nil
Directorship held in other Public companies	Modern Insulators Limited
Chairman/ Member in the Committees of the Board	Chairman of the Audit Committee and Stakeholders
of Companies in which he is Director	Relationship committee of Modern Denim Limited

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

The Members,

Your Directors are pleased to present the 39th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2017.

FINANCIAL RESULTS

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Turnover and other Income	77.38	35.67
Profit/(Loss) before Interest and Depreciation	3.70	(2.31)
Less: Interest	1.12	0.76
Profit/(Loss) Before Depreciation	2.58	(3.07)
Less: Depreciation	0.99	1.00
Profit/(Loss) Before Exceptional Items & Tax	1.59	(4.07)
Add: Exceptional Items	-	45.83
Profit/(Loss) Before Tax	1.59	41.76
Less: Provision for taxation	-	-
Profit/(Loss) After Tax	1.59	41.76
Balance brought forward from previous year	(92.04)	(133.80)
Balance carried to Balance Sheet	(90.45)	(92.04)

OPERATIONS

During the Financial Year ended on 31st March, 2017, your company achieved a turnover of ₹ 77.78 Crores as against ₹ 35.67 Crores in the previous year. Turnover increased due to increased production activity. In spite of the difficult business condition prevailing on the domestic textile market your Company has been able to generate net profit of ₹ 1.59 crores as against loss of ₹ 4.07 Crores in the previous year. 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 view of accumulated losses, your Directors are unable to declare any dividend for the year under review.

EXPORTS

The exports of the Company during the year under review were progressive to ₹ 4.89 crores as compared to previous year of ₹ 3.97 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.

ANALYSIS AND REVIEW

Your Company is engaged in the business of denim fabric manufacturing. The Company manufactures various types of denim fabrics including basic denim, stretch denim, ring, multi/mixed count denim, cross hatch, face & back denim & blended denim fabric. The Company's plant at Ahmedabad has a composite denim mill with installed production capacity of 30 MMPA. Our experienced marketing and designing teams ensure that our products meet the latest trends in the denim market.

In the recent past, denim markets across the world have witnessed a remarkable upswing in demand, primarily from the new generation. Further, people in rural areas of India are increasingly adopting denim as a daily wear. The growing apparel market, increasing adoption of denim and rising disposable incomes of Indian population are expected to present humongous business opportunities to our Company

Industry Overview

On the production side, India is the second largest denim manufacturing country in the world. India's average utilisation rate of its production capacity hovers between 80% - 85%, resulting in a total supply of 850 - 900 MMPA. China leads the global denim marketplace with a capacity of close to 3,500 MMPA, with Asia alone accounting for about 70% of the global production of denim fabric capacities. India is also the fourth largest exporter of denim fabric globally, after China, Pakistan and Turkey.

Our business is gaining momentum in the domestic market and expects the growth to continue in the coming years, on account of changing dynamics of the Indian consumer base. We expect our Company to benefit substantially from the favourable drivers for the Indian denim industry as an increasing number of global denim manufacturers are looking at India as an emerging denim export region owing to its quality standards, cost effectiveness and a large pool of skilled workforce. Outlook, Opportunities, Threats, Risks and concerns

The demand for denim has been continuously rising in India and is expected to grow manifold in the coming years. India is being positioned as one of the leading manufacturers and exporters of denim, owing to its quality standards, cost effectiveness and a large pool of skilled workforce. Moreover, higher disposable income, westernisation of clothing culture and growing popularity of denim jeans as a business casual wear is expected to drive future growth of Denim Industry.

STATUS OF PROCEEDINGS AT NCLT

After abatement of BIFR, the Company has submitted rehabilitation/revival scheme to NCLT which is under consideration.

FIXED DEPOSITS

The Company has an unpaid amount of Fixed Deposits & Interest thereon outstanding as on 31st March, 2017, the details of which have been given in the Note No. 4 annexed with the financial statements. However, payment on companionate ground are continued to be made as per decision of the committee formed by National Company Law Tribunal 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.

PARTICULAR OF LOANS, GUARANTEES AND INVESTMENT

Pursuant to the provisions of Section 186(4) of the Act and SEBI (LODR), disclosures on particulars relating to loans, advances and investments are provided as part of the Financial Statements. There are no guarantees issued or securities provided by your Company in terms of Section 186 of the Act, read with the Companies (Meetings of Board and its Powers) Rules, 2014.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the financial year under review, all contracts/ arrangements/ transactions entered into by your Company with Related Parties were on arm's-length basis and in the ordinary course of business. There were no transactions with Related Parties, which qualify as material transaction under the SEBI (LODR). Since all the contracts/arrangements/transactions with Related Parties, during the year under review, were in the ordinary course of business and at arm's-length and were not considered material, disclosure in Form AOC-2 under Section 134(3)(h) of the Act, read with the Companies (Accounts of Companies) Rules, 2014, is not applicable. The details of contracts and arrangement with Related Parties of your Company for the financial year ended 31st March, 2017, are given in Note No. 31 to the Financial Statements forming part of this Annual Report.

SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Ventures and Associate Companies as on 31.03.2017.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, the Board accepted the request of Shri H.L. Sharma for an early retirement from the office of the Whole-Time Director, with effect from 30th September, 2016. The Board placed on record its deep appreciation for the valuable contribution and services rendered by Shri H.L. Sharma during his association, spanning over three decades, with the Group.

Subject to the approval of the shareholders, the Board has, on the recommendation of the Nomination and Remuneration Committee, appointed Shri T.C. Chejara (DIN: 07619881) as an Additional Director under the category Non-Executive Non- Independent Director of the Company w.e.f. 1st October, 2016. As an Additional Director, Shri T.C. Chejara holds office upto the date of the ensuing AGM and is eligible to be appointed as a Director of the Company. The Company has received a notice from Shri T.C. Chejara, along with the requisite deposit, signifying his candidature for appointment as a Director at the ensuing AGM. The resolution seeking the appointment of Shri T.C. Chejara as Director w.e.f.

1st October, 2016 have been included in the Notice of the AGM. Your Directors recommend the resolution for your approval.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Smt. Meenu Sacheti (DIN: 02266703), Non-Executive Director of the Company, will retire by rotation at the ensuing AGM and, being eligible, have offered himself for re-appointment. Resolutions seeking their appointment have been included in the Notice of the AGM. Your Directors commend the Resolutions for your approval.

In terms of the provisions of Sections 2(51) and 203 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Shri Sachin Ranka, Chairman & Managing Director, Shri C.S. Jain, Chief Financial Officer and Shri Kirit Shah, Company Secretary are the Key Managerial Personnel (KMP) of the Company. The appointment and remuneration of Directors and KMPs are as per policy of the Company.

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.

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.

MEETING OF THE BOARD

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.

During the year ended 31st March, 2017, four Board Meetings were held, on 25th June, 2016, 22nd September, 2016, 30th December, 2016 and 28th March, 2017. Further details on Director attendance in the Board Meetings are as follows:

Name of the Directors	Date of Board Meeting			
	25th June, 2016	22nd Sept., 2016	30th Dec., 2016	28th March, 2017
Shri Sachin Ranka	✓	✓	✓	✓
Shri B.L. Verma	✓	✓	✓	✓
Shri S.K. Sharma	✓	Leave of Absence	Leave of Absence	✓
Shri H.L. Sharma	✓	✓	N.A.	N.A.
Smt. Meenu Sacheti	✓	Leave of Absence	Leave of Absence	✓
Shri T. C. Chejara (From 01.10.2016)	N.A.	N.A.	✓	✓

COMMITTEES OF THE BOARD

Audit Committee

The Board has constituted an Audit Committee comprising of Shri T.C. Chejara, Shri B.L. Verma and Shri S.K. Sharma as its members. Further details relating to the Audit Committee are provided in the Corporate Governance Report, forming part of this Annual Report.

All the recommendations made by the Audit Committee, during the year, were accepted by the Board of Directors of the Company. Further details on Members attendance in the Meeting are as follows:

Name of the Members	Date of Committee Meeting			
	25th June, 2016	22nd Sept., 2016	30th Dec., 2016	28th March, 2017
Shri H.L. Sharma	✓	✓	N.A.	N.A.
Shri T. C. Chejara (From 01.10.2016)	N.A.	N.A.	✓	✓
Shri B.L. Verma	✓	✓	✓	✓
Shri S.K. Sharma	✓	Leave of Absence	Leave of Absence	✓

Nomination and Remuneration Committee

The Board has constituted a Nomination and Remuneration Committee comprising of Shri T.C. Chejara, Shri B.L. Verma and Shri S.K. Sharma as its members.

The Board has, on the recommendation of the Nomination and Remuneration Committee, formulated the Remuneration Policy of the Company. Further details on Members attendance in the Meeting are as follows:

Name of the Members	Date of Committee Meeting		
	25th June, 2016	22nd Sept., 2016	28th March, 2017
Shri H.L. Sharma	✓	✓	N.A.
Shri T. C. Chejara (From 01.10.2016)	N.A.	N.A.	✓
Shri B.L. Verma	✓	✓	✓
Shri S.K. Sharma	✓	Leave of Absence	✓

Corporate Social Responsibility Committee

The Board has constituted a Corporate Social Responsibility Committee comprising of Shri Sachin Ranka, Shri T.C. Chejara and Shri S.K. Sharma as its members.

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.

During the year ended 31st March, 2017, one Meeting of Corporate Social Responsibility Committee was held i.e. on 28th March, 2017 and the same was attended by all the members of the Committee.

Stakeholders Relationship Committee

The Board has constituted a Stakeholders Relationship Committee comprising of Shri T.C. Chejara, Shri B.L. Verma and Shri S.K. Sharma as its members. Further details on Members attendance in the Meeting are as follows:

Name of the Members	Date of Committee Meeting			
	25th June, 2016	22nd Sept., 2016	30th Dec., 2016	28th March, 2017
Shri H.L. Sharma	✓	✓	N.A.	N.A.
Shri T. C. Chejara (From 01.10.2016)	N.A.	N.A.	✓	✓
Shri B.L. Verma	✓	✓	✓	✓
Shri S.K. Sharma	✓	Leave of Absence	Leave of Absence	✓

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.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

M/s. J.T Shah & Company, Chartered Accountants, Ahmedabad (ICAI Firm Registration No. 109616WC) is the Statutory Auditors of the Company. The present statutory auditors have completed their tenure of two terms of 5 consecutive years and also an additional period of 3 years as stipulated under section 139 of the Companies Act, 2013. M/s. J.T Shah & Company, Chartered Accountants, Ahmedabad will thus be holding the office of statutory auditors upto the conclusion of the forthcoming annual general meeting. The Board of Directors, on recommendation of the Audit Committee, has proposed to appoint M/s Samir Shah & Associates, Chartered Accountants, Ahmedabad (ICAI Firm Registration No. 122377W), as the Statutory Auditors of the Company for a period of 5 years commencing from the conclusion of 39th Annual General Meeting till the conclusion of 44th Annual General Meeting. M/s Samir Shah & Associates, Chartered Accountants, Ahmedabad has consented to the said appointment, and confirm that their appointment, if made, would be within the limits mentioned u/s 141 (3)(g) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

The Board places on records its appreciation for the contribution of M/s. J.T Shah & Company, Chartered Accountants, Ahmedabad during their tenure as the statutory auditors of the Company.

The observations made by the Statutory Auditors on the Financial Statements of the Company, in their Report for the financial year ended 31st March, 2017, read with the explanatory notes therein, are self-explanatory and, therefore, do not call for any further explanation or comments from the Board under Section 134(3)(f) of the Act.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s JAKS & Associates, Company Secretaries, Jaipur to conduct the secretarial audit for the financial year 2016-17. The Secretarial Audit Report, issued by M/s JAKS & Associates, Company Secretaries for the financial year 2016-17, forms part of this Report, and is set out in Annexure 'A' to this 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.

EXTRACT OF ANNUAL RETURN

In accordance with the provisions of Section 134(3)(a) of the Act, an extract of the Annual Return of the Company for the financial year ended 31st March, 2017, is given in Annexure 'B' to this Report.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has established a Vigil Mechanism for reporting of concerns through the Whistle Blower Policy of the Company, which is in compliance of the provisions of Section 177 of the Act, read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, and SEBI (LODR), Regulations, 2015. The Policy provides for framework and process whereby concerns can be raised by its employees against any kind of discrimination, harassment, victimisation or any other unfair practice being adopted against them. Adequate safeguards are provided against victimisation to those who avail of the mechanism, and access to the Chairman of the Audit Committee in exceptional cases is provided to them.

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 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.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The internal control framework is designed to ensure proper safeguarding of assets, maintaining proper accounting records and providing reliable financial information and other data. This system is supplemented by internal audit, reviews by the management and documented policies, guidelines and procedures. The Company has a well-defined organization structure, authority levels, internal rules and guidelines for conducting the business transactions. The Company intends to undertake further measures as necessary in line with its intent to adhere to procedures, guidelines and regulations as applicable in a transparent manner.

An external independent firm carries out the internal audit of the Company operations and reports its findings to the Audit Committee. Internal Audit also evaluates the functioning and quality of internal controls and provides assurance of its adequacy and effectiveness through periodic reporting. Internal Audit is carried out as per risk based internal audit plan which is reviewed by the Audit Committee of the Company. The Committee periodically reviews the findings and suggestions for improvement and is apprised on the implementation status in respect of the actionable items

PARTICULAR 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.

MATERIAL CHANGES AND COMMITMENTS EFFECTING THE FINANCIAL POSITION OF THE COMPANY

Except as disclosed elsewhere in this Report, no material changes and commitments, which could affect the Company's financial position, have occurred between the end of the financial year of the Company and the date of this Report.

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.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) In the preparation of the annual accounts, the applicable accounting standards

- have been followed alongwith proper explanation relating to material departures;
- (b) 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;
 - (c) 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;
 - (d) The directors have prepared the annual accounts on a going concern basis;
 - (e) 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;
 - (f) 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.
- Issue of equity shares with differential rights as to dividend, voting or otherwise;
 - Issue of shares (including sweat equity shares) to employees of the Company under any Scheme;
 - There were no revisions in the financial statements;
 - No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in the future; and
 - No cases or complaints were received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
 - 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.

KNOWLEDGEMENTS

Your Directors express their deep sense of gratitude to the banks, financial institutions, stakeholders, business associates, Central and State Governments and all regulatory bodies for their co-operation and support and look forward to their continued support in future.

ON BEHALF OF THE BOARD

(Sachin Ranka)

Chairman & Managing Director
DIN 00335534

Place: Ahmedabad
Date: 29th May, 2017

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:

Annexure A to Boards' Report

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017

[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 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, 2017** 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 the Company for the financial year ended on **31st March, 2017** 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 sectors specific laws that are applicable specifically to the Company.

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 Ahmadabad Stock Exchange but the trading of the Company with Stock Exchange 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 Cumulative Redeemable preference shares amounting to Rs. 650 lacs which are not redeemed yet. As per explanation given by the company, final redemption of Preference Shares will be on sanction of rehabilitation scheme by NCLT.
2. 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 and after abatement of BIFR the Company has filed application with NCLT"
3. The company has unpaid non convertible debentures and interest thereon which were due for redemption but same are not redeemed by the company as company expects waiver/relief under rehabilitation scheme.
4. The Company has an outstanding amount of Share Application money pending for allotment of Rs. 1600 Lacs which is pending from more than 7 years. For the same, Management has clarified that its represent subscription pursuant to the Restructuring/ settlement scheme thus not refundable and Instrument will be issued on sanction of rehabilitation scheme by NCLT.
5. The company has its website but the disclosures are not as per the Companies Act, 2013 and Listing Agreement.
6. The company has not complied with the provisions of listing agreement and SEBI Rules and Regulations, wherever applicable.
7. The Shares of the Company are not in dematerialized form therefore the company has not complied the provisions of the Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.

8. The Company has not disclosed in the board report number of board & committee meeting attended by each director as per SS-1.
9. The trading of the company with stock exchanges is suspended since 07.01.2002.

We further report that

The Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors except the observations made in the report.

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 monitor and ensure compliance with applicable laws, rules, regulations and guidelines except the observations made in the Report.

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

FOR JAKS & ASSOCIATES
Practicing Company Secretaries

Deepak Arora
[Partner]

FCS No. 5104
C P No.: 3641

Place: Jaipur
Date: 29th May, 2017

ANNEXURE - I to the Secretarial Audit Report

To,

The Members

Modern Denim Limited

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

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

FOR JAKS & ASSOCIATES
Practicing Company Secretaries

Deepak Arora
[Partner]

FCS No. 5104
C P No.: 3641

Place: Jaipur
Date: 29th May, 2017

Annexure- B to Board's Report
FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2017

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name & Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1.	Denim Fabric	17118	93.80 %

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

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

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS									
(1) Indian									
a) Individual/ HUF	-	6100	6100	0.02	-	6100	6100	0.02	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	15197082	15197082	40.52	-	15197082	15197082	40.52	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL (A)(1)	-	15203182	15203182	40.54	-	15203182	15203182	40.54	-
(2) Foreign									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
TOTAL (A)	-	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 Funds	-	-	-	-	-	-	-	-	-
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 Corp.									
i) Indian	-	128958	128958	0.34	-	128958	128958	0.34	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	10750991	10750991	28.67	-	10753582	10753582	28.67	0.02
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	225890	225890	0.60	-	226099	226099	4.55	0.09
c) Others (specify)									
Non Resident Indians	-	505250	505250	1.35	-	502450	502450	1.34	-0.55
Individual (HuF)	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	11611089	11611089	30.96	-	11611089	11611089	30.96	-
Total Public (B)	-	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	100.00	-

(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	0.01	-	3400	0.01	-	-
2	Smriti Ranka	2700	0.01	-	2700	0.01	-	-
3	Bhogal Merchant & Trading Pvt. Ltd.	150050	0.40	0.40	149825	0.40	0.40	0.00
4	Current Investments Pvt. Ltd.	151325	0.40	0.40	150000	0.40	0.40	0.00
5	Trishul Traders Pvt. Ltd.	14767457	39.38	4.97	14769057	39.38	4.97	0.00
6	Vulvan Traders Pvt. Ltd.	128250	0.34	0.34	128200	0.34	0.34	0.00
	Total	15203182	40.54	6.11	15203182	40.52	6.11	0.00

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

Sl. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Bhogal Merchant & Trading Pvt. Ltd.						
	At the beginning of the year			150050	0.40	150050	0.40
	Changes during the year		Transfer	(225)	0.00	149825	0.40
	At the end of the year			149825	0.40	149825	0.40
2	Current Investments Pvt. Ltd.						
	At the beginning of the year			151325	0.40	151325	0.40
	Changes during the year		Transfer	(1325)	0.00	150000	0.40
	At the end of the year			150000	0.40	150000	0.40
3	Trishul Traders Pvt. Ltd.						
	At the beginning of the year			128250	0.34	128250	0.34
	Changes during the year		Transfer	(50)	0.00	128200	0.34
	At the end of the year			128200	0.34	128200	0.34
4	Vulvan Traders Pvt. Ltd.						
	At the beginning of the year			14767457	39.38	14767457	39.38
	Changes during the year		Transfer	1600	0.00	14769057	39.38
	At the end of the year			14769057	39.38	14769057	39.38

(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	No. of	% of total Shares
1	Unit Trust of India	6580255.00	17.55	6580255.00	17.55
2	Life Insurance Corporation of India	1609173.00	4.29	1609173.00	4.29
3	General Insurance Corporation of India	1098468.00	2.93	1098468.00	2.93
4	The New India Assurance Co. Ltd.	512620.00	1.37	512620.00	1.37
5	Bank of India A/C BOI Mutual Fund	451110.00	1.20	451110.00	1.20
6	TAIB A/C TSML	335675.00	0.90	335675.00	0.90
7	Kakunda Investment Pvt. Ltd.	71830.00	0.19	71830.00	0.19
8	FCEM Ltd. A/C Foreign & Colonial (I) Ltd.	37050.00	0.10	37050.00	0.10
9	Rajeev Jain	35300.00	0.09	35300.00	0.09
10	TAIB Bank EC A/C TSML	30035.00	0.08	30035.00	0.08

(v) Shareholding of Directors & Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No. of Shares	% of total Shares	No. of Shares	% of total Shares
1	Shri Sachin Ranka - Chairman & Managing Director	3400	0.01	3400	0.01
2	Shri H.L. Sharma - Non Executive Director	100	-	100*	-
3	Shri T.C. Chejara - Non Executive Director	-	-	-	-
4	Smt. Meenu Sachiti - Non Executive Director	-	-	-	-
5	Shri B.L. Verma - Independent Director	-	-	-	-
6	Shri S.K. Sharma - Independent Director	-	-	-	-
7	Shri C.S. Jain - Senior Vice President (Finance) & CFO	-	-	-	-
8	Shri Kirit Shah - Company Secretary & Compliance Officer	-	-	-	-

* Shri H.L. Sharma has resigned w.e.f from 01/10/2016

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	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	742.54	3861.66
Change in Indebtedness during the financial year				
• Addition	–	1482.00	–	1482.00
• Reduction	146.39	163.41	9.32	319.22
Net Change	(146.39)	1318.59	(9.32)	(1162.88)
Indebtedness at the end of the financial year				
i) Principal Amount	781.59	2282.00	733.22	3796.81
ii) Interest due but not paid	291.46	–	936.27	1227.73
iii) Interest accrued but not due	1.73.05	51.83	–	51.83
Total (i+ii+iii)	1219.44	2333.83	1699.49	5076.37

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 Sachin Ranka (CMD)	Total Amount
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		N.A.

B. Remuneration to other Directors:

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Name of the Directors					Total Amount
		H.L. Sharma	T.C. Chejara	B.L. Verma	S.K. Sharma	Meenu Sacheti	
1.	Independent Directors						
	Fee for attending board/committee meetings	Nil	Nil	0.22	Nil	0.04	0.26
	Commission	Nil	Nil	Nil	Nil	Nil	–
	Others, please specify	Nil	Nil	Nil	Nil	Nil	–
	Total (1)	Nil	Nil	0.22	Nil	0.04	0.26
2.	Other Non-Executive Directors						
	Fee for attending board/committee meetings	Nil	Nil	Nil	Nil	Nil	Nil
	Commission	Nil	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil	Nil	Nil	Nil
	Total (B)=(1+2)	Nil	Nil	Nil	Nil	Nil	0.26
	Total Managerial Remuneration	Nil	Nil	0.22	Nil	0.04	0.26
	Overall Ceiling as per the Act	–	–	–	–	–	N.A.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Name Key Managerial Personnel		Total Amount
		Shri C.S. Jain Chief Financial Officer	Shri Kirit Shah Company Secretary	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	12.30	2.03	14.33
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
	– as % of profit	–	–	–
	– others, specify	–	–	–
5.	Others, please specify	–	–	–
	Total	12.03	2.03	14.33

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 Boards' Report**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO ETC:**

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

(A) Conservation of Energy:

(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

(b) Recurring : ₹ Nil

Total : ₹ Nil

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

(C) Foreign exchange earnings and Outgo:

The Company has earned foreign exchange of ₹ 488.86 Lacs as against an outgo of ₹ 141.87 Lacs during the year.

INDEPENDENT AUDITOR'S REPORT

To,
The Members of
Modern Denim Limited

1. Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of Modern Denim Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017 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 have conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

4. Basis for Qualified Opinion

- a) *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 2017 amounts to ₹ 2325.75 lacs (upto previous Balance Sheet date ₹ 2215.00 lacs) (Note No. 1.3) have not been provided in view of accumulated losses. The Company was expecting waiver / relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, Company has submitted rehabilitation / revival scheme to NCLT and expect waiver / relief. 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 ₹ 2325.75 lacs (upto previous Balance Sheet date ₹ 2215.00 lacs). A similar qualification had been given in the previous year's Auditor's Report.*
- b) *Provision for interest on certain Secured and Unsecured Borrowings*

amounting to ₹ 128.95 lacs (Previous year ₹ 53.07 lacs) (Note No. 19.1, & 19.2) has not been made in accounts as the Company was expecting waiver / relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, Company has submitted rehabilitation / revival scheme to NCLT and expect waiver / relief, having its impact on reducing the Loss for the Year. The total amount of Interest not provided till 31st March 2017 amounts to ₹ 1646.72 lacs (upto previous Balance Sheet date ₹ 1517.77 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 ₹ 1646.72 lacs (upto previous Balance Sheet date ₹ 1517.77 lacs) and Interest Expenses would have been higher and Loss for the Year would have been higher by ₹ 128.95 lacs (Previous Year ₹ 53.07 lacs). A similar qualification had been given in the previous year's Auditor's Report.

- c) *Provision for interest amounting to ₹ 6436.17 lacs on Secured Assigned term loan for which the Company has received notice from the Assignee recalling original principal amount of ₹ 5186 lacs alongwith interest thereon upto the date of payment, has not been made as the Company expects waiver/relief under rehabilitation/revival scheme submitted to NCLT after abatement of BIFR (Refer Note No.4.4). 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 ₹ 6436.17 lacs and interest expenses would have been higher and Profit for the Year would have been lower by ₹ 6436.17 lacs. Had the Company provided for the Principal, 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 ₹ 4759.08 lacs and Profit for the year would have been lower by ₹ 4759.08 lacs.*

- d) *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. 4.12). The company was expecting waiver / relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, Company has submitted rehabilitation / revival scheme to NCLT and expect waiver / relief. A similar qualification had been given in the previous year's Auditor's Report.*

- e) *The accounts of the Company have been prepared on a going concern basis though the Board for Industrial and Financial Reconstruction (BIFR) had declared the company as a sick company and after abatement of BIFR, Company has submitted rehabilitation / revival scheme to NCLT. (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.*

- f) *Pursuant to restructuring of some of the borrowings, the Company has taken credit of ₹ NIL lacs (Previous year ₹ 4582.86 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 2017 which are subject to fulfillment of future obligations amounts to ₹ 8115.50 lacs (Previous year ₹ 8115.50 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 (d) and (e) above, the effect of which could not be determined, had the observations made by us in para (a), (b), (c) and (f) above been considered, the loss for the year would have been ₹ 11165.13 lacs (as against the reported figure of profit of ₹ 159.07 lacs), Other current liabilities would have been ₹ 24710.55 lacs (as against the reported figure of ₹ 6186.41 lacs) and Debit balance of Reserves & Surplus would have been ₹ 27568.56 lacs (as against the reported figure of ₹ 9044.42 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:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
6. Report on Other Legal and Regulatory Requirements
- a) 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.
- b) 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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, 2017. (Refer Note 3.1 & 4.8).
 - The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management. (Refer Note 33).

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

Place : Ahmedabad
Date : 29th May, 2017

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

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, 2017.

1. In respect of Property, Plant and Equipments:

- 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.

- 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.

- 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, 2017 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	

- d. According to the records of the company there are no amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under. (Refer Note 3.1 & 4.8).
8. The Company has defaulted in repayment of installments of dues to Debenture holders amounting to ₹ 646.13 lacs since 1997.
9. 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 and after abatement of BIFR, the Company has submitted rehabilitation / revival scheme to NCLT.
10. 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.
11. 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.
12. 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
13. 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.
14. 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.
15. 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.
16. 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 : 29th May, 2017

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, 2017.

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 2017, 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 2017, 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 : 29th May, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

(₹ in lacs)

Particulars	Note No.	As at 31.03.2017	As at 31.03.2016
EQUITY AND LIABILITIES			
Shareholders' Fund			
Share Capital	1	4400.20	4400.20
Reserves & Surplus	2	(9044.42)	(9203.49)
		<u>(4644.22)</u>	<u>(4803.29)</u>
Share Application money pending allotment	3	1600.00	1600.00
Non-Current Liabilities			
Long Term Borrowings	4	—	—
Long Term Provisions	5	184.31	124.28
		<u>184.31</u>	<u>124.28</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		1081.09	868.63
Other Current Liabilities	7	6186.41	5432.92
Short Term Provisions	5	18.50	11.09
		<u>7286.00</u>	<u>6312.64</u>
Total		<u>4426.09</u>	<u>3233.63</u>
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	8	1978.71	2075.11
Intangible Assets	8	—	—
		<u>1978.71</u>	<u>2075.11</u>
Long-Term Loans and Advances	9	89.24	119.29
		<u>2067.95</u>	<u>2194.29</u>
Current Assets			
Inventories	10	1319.17	689.04
Trade Receivables	11	801.48	166.25
Cash & Bank Balances	12	57.81	50.85
Short Term Loans and Advances	9	179.68	133.20
		<u>2358.14</u>	<u>1039.34</u>
Total		<u>4426.09</u>	<u>3233.63</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 : 29th May, 2017

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)

T.C. Chejara – Non-Executive Director (DIN: 07619881)

C.S. Jain – Chief Financial Officer

Kirit Shah – Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ in lacs)

Particulars	Note No.	2016-2017	2015-2016
INCOME			
Revenue From Operations	13	7726.72	3396.47
Other Income	14	11.60	170.45
Total Revenue		<u>7738.32</u>	<u>3566.92</u>
EXPENSES			
Cost of Materials Consumed	15	5041.97	1716.69
Purchase of Stock in Trade	16	47.10	323.77
Change in Inventories of Finished Goods and Work in Progress	17	(598.70)	(304.93)
Employee Benefits Expense	18	1097.80	788.63
Finance Costs	19	112.58	75.75
Depreciation and Amortisation Expense	8	98.64	99.97
Other Expenses	20	1779.86	1273.52
Total Expenses		<u>7579.25</u>	<u>3973.40</u>
Profit before exceptional items and Tax		159.07	(406.48)
Exceptional Items	21	–	4582.86
Profit before Tax		159.07	4176.38
Less : Tax Expense	22	–	–
Profit for the year		<u>159.07</u>	<u>4176.38</u>
Basic earnings per share (₹)			
- Before Exceptional Items	23	0.13	(1.38)
- After Exceptional Items		0.13	10.84
Diluted earnings per share (₹)			
- Before Exceptional Items	23	0.09	(1.38)
- After Exceptional Items		0.09	7.60
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 : 29th May, 2017

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)

T.C. Chejara – Non-Executive Director (DIN: 07619881)

C.S. Jain – Chief Financial Officer

Kirit Shah – Company Secretary

SIGNIFICANT ACCOUNTING POLICIES
(Annexed to and forming part of the Financial Statements for the year ended on 31st March, 2017)
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) Property, Plant & Equipment

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 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.

Depreciation

Depreciation on 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 assets capitalized up to 31/03/2005, which is being amortised over the residual life of the assets. Details of Assets with useful life is as under:

Asset	Useful life (Years)
Land free hold	-
Buildings	30
Roads	10
Plant & Machinery	15
Furniture & Fixtures	10
Office Equipment	5
Computers	3
Vehicle	8

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.

iv) 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.

v) 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.

vi) 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.

vii) Investments:

Long Term Investments are stated at cost. Provision is only made to recognize a decline other than temporary, in the value of investments.

viii) Borrowing cost

Interest and other borrowing costs attributable to qualifying assets are capitalized. Other Interest and borrowing costs are charged to Revenue.

ix) 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.

x) 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.

xi) 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.

xii) 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.

xiii) 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.

xiv) 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.

Depreciation on intangible assets is provided on straight-line method, equivalent to cost of assets over a period of 10 years time.

xv) 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.

xvi) Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.

Notes on Financial Statements for the year ended 31st March, 2017

1. SHARE CAPITAL

(₹ in lacs)

	As at 31.03.2017	As at 31.03.2016
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 ₹ 2325.75 lacs (upto previous Balance Sheet date ₹ 2215.00 lacs) have not been made in view of accumulated losses. The company was expecting waiver/ relief under rehabilitation scheme submitted to BIFR and after abatement of BFR, Company has submitted rehabilitation/revival scheme to NCLT and expect waiver/relief.
- 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 31.03.2017		As at 31.03.2016	
	No. of Shares	% held	No. of Shares	% held
Trishul Traders Pvt. Ltd.	14,769,057	39.38%	14,767,457	39.38%
Unit Trust of India	6,580,255	17.55%	6,580,255	17.55%
Total	21,349,312	56.93%	21,347,712	56.93%

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

Name of Preference Shareholder	As at 31.03.2017		As at 31.03.2016	
	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%	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	500,000	100.00%	500,000	100.00%
16% Preference Shareholders				
The Oriental insurance Co. Ltd.	35,000	35.00%	35,000	35.00%
United India Insurance Co. Ltd.	35,000	35.00%	35,000	35.00%
General Insurance Corporation of India	30,000	30.00%	30,000	30.00%
Total	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 31.03.2017		As at 31.03.2016	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares				
Shares at the beginning	37,502,000	3,750.20	37,502,000	3,750.20
Addition	-	-	-	-
Deletion	-	-	-	-
Shares at the end	<u>37,502,000</u>	<u>3,750.20</u>	<u>37,502,000</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
	31.03.2017	31.03.2016
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	356.06	650.00
Less: Transferred to Statement of Profit & Loss	1.39	293.94
	<u>354.67</u>	<u>356.06</u>
Balance in Statement of Profit and Loss		
Net Surplus / (Deficit) as per last Balance Sheet	(15,714.18)	(20,184.50)
Add : Profit / (Loss) for the year	159.07	4,176.38
Add: Transferred from Debenture Redemption Reserve	1.39	293.94
Net Surplus / (Deficit) in the statement of profit and loss	<u>(15,553.72)</u>	<u>(15,714.18)</u>
Total	<u>(9,044.42)</u>	<u>(9,203.49)</u>

3. SHARE APPLICATION MONEY PENDING ALLOTMENT

(₹ in lacs)

	As at	As at
	31.03.2017	31.03.2016
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 submitted to BIFR and after abatement of BIFR, Company has submitted rehabilitation / revival scheme to NCLT. Instruments will be issued on sanction of rehabilitation / revival scheme by NCLT. Necessary increase in authorised share capital will be done at appropriate time. In view of pending approval of scheme of rehabilitation / revival, no application money is due for refund.

4. LONG TERM BORROWINGS

(₹ in lacs)

	As at		As at	
	31.03.2017		31.03.2016	
	Non Current	Current	Non Current	Current
Debentures - Secured				
- Non Convertiable	-	354.67	-	356.06
- Interest accrued on Non Convertiable Debentures	-	291.46	-	291.46
Term Loan - Secured				
- From Others	-	426.92	-	571.92
Term Loan - Unsecured				
- From Others	-	825.00	-	800.00
- Interest accrued on Unsecured Term Loan	-	51.83	-	-
Deposits - Unsecured				
- Public Fixed Deposits	-	733.22	-	742.54
- Interest accrued on Public Fixed Deposits	-	936.27	-	936.27
Loans from Corporate bodies - Unsecured	-	-	-	163.41
Loans from related parties	-	1,457.00	-	-
Total	<u>-</u>	<u>5,076.37</u>	<u>-</u>	<u>3,861.66</u>
Less : Amount disclosed under the head Other Current Liabilities (Refer Note no. 7)	-	5,076.37	-	3,861.66
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- 4.1 Debentures, Secured Term Loans and accrued interest are secured by way of joint equitable mortgage of fixed assets both present and future and hypothecation of all movable assets of the company ranking pari-pasu. Certain Secured Loans are further guaranteed by some of the Directors and Ex-directors.
- 4.2 Provision for interest upto Balance Sheet date ₹ 576.16 lacs (upto previous Balance Sheet date ₹ 526.46 lacs) on retail non-convertible debentures have not been made as the Company was expecting waiver / relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, Company has submitted rehabilitation / revival scheme to NCLT and expect waiver / relief.
- 4.3 Non Convertible Debentures (Retail) amounting to ₹ 354.67 lacs (Previous year ₹ 356.06 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. Interest in respect of the same has remained unpaid since 1998-99
- 4.4 Secured term loan from others ₹426.92 lacs represent assigned loans. Due to non fulfilment of payment obligation in terms of assignment agreement, the company has received notice from the Assignee recalling original principal loan amount of ₹5186 lacs alongwith interest upto the date of payment. Interest amounting to ₹6436.17 lacs accrued upto 31st March-17 on the said loan for which no provision has been made in the books as the Company expects waiver/relief under rehabilitation / revival scheme submitted to NCLT after abatement of BIFR.
- 4.5 No dues certificates are yet to be received in respect of some of the borrowings which are fully settled.
- 4.6 Unsecured term loan from others of ₹ 825 lacs (Previous year ₹ 800 lacs) carrying interest rate @ 14 % p.a. repayable during 2017-18.
- 4.7 Public Fixed Deposits carry interest rate of 14 % p.a.
- 4.8 Company Law Board has passed the order on 21.12.2001 that 'The repayment of fixed deposits shall be made by the Company in accordance with the revival scheme as and when approved by BIFR under the provisions of 'SICA'. In view of the above, the Company has been advised that as the repayment of the matured fixed deposits including interest thereon are covered by above referred order and the Draft Rehabilitation Scheme (DRS) was pending for consideration before the Hon'ble Board for Industrial and Financial Restructure (BIFR) and after abatement of BIFR, Company has submitted rehabilitation / revival scheme to NCLT, hence the same have not remained unpaid within the meaning of section 125 of the Companies Act, 2013 and no amounts are required to be transferred to the Investors Education and Protection Fund. However payment on compassionate grounds are continued to be made as per decision of the committee formed by Hon'ble Company Law Board for this purpose.
- 4.9 Provision for interest amounting to ₹ 1070.56 lacs upto Balance Sheet date (up to previous Balance Sheet date ₹ 991.31 lacs) on public fixed deposit has not been made as the Company was expecting waiver/relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, Company has submitted rehabilitation/revival scheme to NCLT and expect waiver / relief.
- 4.10 Loans from Corporate bodies do not carry any interest and are repayable during 2017-18.
- 4.11 Loans from related parties do not carry any interest and are repayable during 2017-18.
- 4.12 Compound interest, penal interest & liquidated damages have not been considered on all borrowings, amount of which is unascertainable, pending confirmation / reconciliation. The Company was expecting waiver / relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, Company has submitted rehabilitation / revival scheme to NCLT and expect waiver / relief.
- 4.13 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 31.03.2017		As at 31.03.2016	
	Long Term	Short Term	Long Term	Short Term
Provisions for employee benefits				
- For Gratuity	147.39	12.60	98.60	7.78
- For unavailed leave	36.92	5.90	25.68	3.31
Total	<u>184.31</u>	<u>18.50</u>	<u>124.28</u>	<u>11.09</u>

6. TRADE PAYABLES

	(₹ in lacs)	
	As at 31.03.2017	As at 31.03.2016
Trade Payables		
- Total outstanding dues micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro and small enterprises	1,081.09	868.63
Total	<u>1,081.09</u>	<u>868.63</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 31.03.2017	As at 31.03.2016
Current Maturity of Long Term Borrowings:		
Unpaid Non Convertible Debentures	354.67	356.06
Interest accrued on Non Convertible Debentures	291.46	291.46
Unpaid Secured Term Loan - From Others	426.92	571.92
Unpaid Unsecured Term Loan - From Others	825.00	800.00
Interest accrued on Unsecured Term Loan	51.83	-
Unpaid Public Fixed Deposits	733.22	742.54
Interest accrued on Public Fixed Deposits	936.27	936.27
Unpaid Unsecured Term Loan - From Corporate Bodies	-	163.41
Unpaid Loans from Related Parties	1,457.00	-
Sub Total (Refer Note no. 4)	<u>5,076.37</u>	3,861.66
Advance received from Customers	235.13	795.52
Statutory dues	10.66	8.01
TDS Payable	14.64	10.57
Payable towards capital goods	72.92	73.90
Sundry Deposits	1.15	1.02
Other Payables	775.53	682.23
Total	<u>6,186.41</u>	<u>5,432.92</u>

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

8. PROPERTY, PLANT & EQUIPMENT

(₹ in lacs)

PARTICULARS	TANGIBLE ASSETS								INTANGIBLE ASSETS
	LAND FREE HOLD	BUILDINGS & ROADS	PLANT & MACHINERY	FURNITURE & FIXTURES	OFFICE EQUIPMENT	COMPUTERS	VEHICLES	TOTAL	TECHNICAL KNOWHOW & MANUALS
As at 01.04.17	23.22	1,960.67	21,732.30	74.16	16.92	40.40	13.17	23860.84	101.86
Addition	-	-	-	1.30	-	0.94	-	2.24	-
Deduction	-	-	-	-	-	-	-	-	-
As at 31.03.17	23.22	1,960.67	21,732.30	75.46	16.92	41.34	13.17	23,863.08	101.86
As at 01.04.15	23.22	1,960.67	28,120.25	70.68	16.92	39.72	26.83	30,258.29	101.86
Addition	-	-	-	3.48	-	0.68	-	4.16	-
Deduction	-	-	6387.95	-	-	-	13.66	6401.61	-
As at 31.03.16	23.22	1,960.67	21,732.30	74.16	16.92	40.40	13.17	23860.84	101.86
ACCUMULATED DEPRECIATION	LAND FREE HOLD	BUILDINGS & ROADS	PLANT & MACHINERY	FURNITURE & FIXTURES	OFFICE EQUIPMENT	COMPUTERS	VEHICLES	TOTAL	TECHNICAL KNOWHOW & MANUALS
As at 01.04.16	-	1226.74	20431.81	64.61	14.65	36.08	11.84	21785.73	101.86
Charge for the year	-	65.02	29.15	1.36	0.87	2.05	0.19	98.64	-
Deduction	-	-	-	-	-	-	-	-	-
As at 31.03.17	-	1291.76	20460.96	65.97	15.52	38.13	12.03	21,884.37	101.86
As at 01.04.15	-	1161.74	26496.02	62.84	13.78	34.09	18.13	27,786.60	101.86
Charge for the year	-	65.00	29.15	1.77	0.87	1.99	1.19	99.97	-
Deduction	-	-	6093.36	-	-	-	7.48	6100.84	-
As at 31.03.16	-	1226.74	20431.81	64.61	14.65	36.08	11.84	21785.73	101.86
NET CARRYING AMOUNTS	LAND FREE HOLD	BUILDINGS & ROADS	PLANT & MACHINERY	FURNITURE & FIXTURES	OFFICE EQUIPMENT	COMPUTERS	VEHICLES	TOTAL	TECHNICAL KNOWHOW & MANUALS
As at 31.03.17	23.22	668.91	1271.34	9.49	1.40	3.21	1.14	1978.71	-
As at 31.03.16	23.22	733.93	1300.49	9.55	2.27	4.32	1.33	2075.11	-

9. LOANS AND ADVANCES

(₹ in lacs)

	As at 31.03.2017		As at 31.03.2016	
	Long Term	Short Term	Long Term	Short Term
(Unsecured, considered as good)				
Deposits	73.36	1.70	103.30	1.22
Balance with Government Authority	-	50.38	-	48.80
Interest Accrued	-	13.16	-	13.88
Prepaid Expenses	-	13.30	-	9.69
Loans & Advances to Employees	-	2.15	-	7.22
TDS Receivable	-	9.58	-	27.48
Advance to Suppliers	15.88	89.41	15.88	24.91
Total	89.24	179.68	119.18	133.20

10. INVENTORIES

(₹ in lacs)

	As at 31.03.2017	As at 31.03.2016
Raw materials	220.00	158.76
Work-in-Progress	275.21	125.81
Finished Goods	725.16	275.86
Stores & Spares	98.80	128.61
Total	1319.17	689.04

11. TRADE RECEIVABLES

(₹ in lacs)

	As at 31.03.2017	As at 31.03.2016
Outstanding for a period exceeding Six Months from the date they are due for Payment		
Unsecured, considered good	5.53	0.25
Doubtful	84.52	48.46
	90.05	48.71
Less: Provision for doubtful Receivables	84.52	48.46
	5.53	0.25
Other Trade Receivables		
Unsecured, considered good	795.95	166.00
	795.95	166.00
Total	801.48	166.25

11.1 Trade Receivable includes ₹ 84.52 lacs under litigation (Previous year ₹ 48.46 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 31.03.2017	As at 31.03.2016
Cash and cash equivalents		
Cash on hand	1.72	5.10
Balance with Banks	43.27	32.93
Other Bank Balance		
Margin deposits	12.82	12.82
Total	57.81	50.85

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

13. REVENUE FROM OPERATIONS

(₹ in lacs)

	2016-2017	2015-2016
Sale of Products		
Sale of Goods	7248.34	2929.34
Sale of Services	423.65	421.89
Other Operating Income	54.73	45.24
Total	7726.72	3396.47
13.1 Details of sale of Goods		
Denim Fabric	7203.13	2905.41
Yarn	38.08	19.28
Waste	7.13	4.65
Total	7248.34	2929.34
13.2 Details of sale of Services		
Job Work Income	423.65	421.89
Total	423.65	421.89
13.3 Details of Other Operating Income		
Export Incentive	39.16	28.16
Scrap Sales	15.57	17.08
Total	54.73	45.24

14. OTHER INCOME

(₹ in lacs)

	2016-17	2015-16
Interest Income	9.96	13.94
Liability no longer required, written back	1.64	156.51
Total	11.60	170.45

15. COST OF MATERIALS CONSUMED

(₹ in lacs)

	2016-17		2015-16	
	₹ in lacs	% age	₹ in lacs	% age
Imported	76.33	1.51	-	-
Indigenous	4965.64	98.48%	1716.69	100.00%
Cost of materials consumed	5041.97	100.00%	1716.69	100.00%

15.1 Details of materials consumed

	2016-17	2015-16
Yarn	4,403.52	1,410.03
Dyes & Chemicals	638.45	306.66
Total	5041.97	1716.69

16. PURCHASE OF STOCK IN TRADE

(₹ in lacs)

	2016-2017	2015-16
Denim fabric	47.10	323.77
Total	47.10	323.77

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

(₹ in lacs)

	2016-17	2015-16
Inventory at the beginning of the year		
Work-in-progress	125.81	82.16
Finished Goods	275.86	14.58
	401.67	96.74
Inventory at the end of the year		
Work-in-progress	275.21	125.81
Finished Goods	725.16	275.86
	1,000.37	401.67
Decrease / (Increase) in Stock	(598.70)	(304.93)

17.1 Details of Inventories (Work in progress)

Cotton in process		–	4.99
Yarn in process		267.73	114.83
Dyes & Chemicals in process		7.48	5.99
Total		275.21	125.81

17.2 Details of Inventories (Finished Goods)

Fabric - In Process		323.56	96.41
Fabric - In Godown		401.60	179.45
Total		725.16	275.86

18. EMPLOYEE BENEFITS EXPENSE**(₹ in lacs)**

	2016-17	2015-16
Salary, Wages, Bonus & Other allowances	951.64	741.72
Contribution to Provident & Other Funds	59.10	47.38
Gratuity & Leave encashment	78.22	(5.92)
Welfare Expenses	8.84	5.45
Total	1,097.80	788.63

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

Assumptions

	2016-17	2015-16
- Discount rate	7.32%	8.00%
- Expected rate of return on assets	–	–
- Expected rate of future salary increase	6.00%	6.00%

Change in present value of obligations

	Gratuity Unfunded	Leave Encashment Unfunded	Gratuity Unfunded	Leave Encashment Unfunded
- Present value of obligations as at beginning of the year	106.39	28.99	159.86	32.60
- Interest cost	8.51	2.32	12.39	2.53
- Current service cost	12.21	6.62	8.10	3.76
- Past service cost	–	–	–	–
- Benefits paid	(8.91)	(1.88)	(43.11)	(8.05)
- Actuarial loss on Obligations	41.79	6.77	(30.85)	(1.85)
- Present value of obligations as at close of the year :	159.99	42.82	106.39	28.99

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	159.99	42.82	106.39	28.99
- Fair value of plan assets as at the end of the year	–	–	–	–
- Net Liability recognized in Balance Sheet	159.99	42.82	106.39	28.99

Expenses recognized in Statement of Profit and Loss

- Current service cost	12.21	6.62	8.10	3.76
- Past service cost	–	–	–	–
- Interest cost	8.51	2.32	12.39	2.53
- Expected return on plan assets	–	–	–	–
- Net Actuarial Loss recognized during the year	41.79	6.77	(30.85)	(1.85)
- Total Expense recognized in Profit and loss Account	62.51	15.71	(10.36)	4.44

Movement in liability recognised in the balance sheet

Opening net liability	106.39	28.99	159.86	32.60
Expenses as above	62.51	15.71	(10.36)	4.44
Benefit Paid	(8.91)	(1.88)	(43.11)	(8.05)
Actual return on plan assets	–	–	–	–
Acquisition adjustments	–	–	–	–
Closing net liability	159.99	42.82	106.39	28.99

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

(₹ in lacs)

Present Value of Obligation - Gratuity	31.03.17	31.03.16	31.03.15	31.03.14	31.03.13
Defined benefit obligation	159.99	106.39	159.86	172.11	174.02
Plan assets	–	–	–	–	–
Unrecognised past service cost	–	–	–	–	–
Deficit	(159.99)	(106.39)	(159.86)	(172.11)	(174.02)
Experience adjustments on plan liabilities	(31.90)	28.24	12.78	7.74	(2.41)
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)

	2016-17	2015-16
Interest on Borrowings	86.27	69.49
Other Borrowings cost	26.31	6.26
Total	112.58	75.75

19.1 Provision for interest for the year ₹ 49.70 lacs (Previous year ₹ 41.19 lacs) on retail non-convertible debentures have not been made as the Company was expecting waiver / relief under rehabilitation scheme submitted to BIFR and after abatement of BIF, Company has submitted rehabilitation / revival scheme to NCLT and expect waiver / relief.

19.2 Provision for interest amounting to ₹ 79.25 lacs for the year (Previous year ₹ 11.88 lacs) on public fixed deposit has not been made as the company expects waiver / relief under rehabilitation scheme submitted to BIFR and after abatement of BIF, Company has submitted rehabilitation / revival scheme to NCLT and expect waiver / relief.

20. OTHER EXPENSES

(₹ in lacs)

	2016-17	2015-16
MANUFACTURING EXPENSES		
Stores & Spares consumed	208.96	167.69
Packing material consumed	19.82	10.31
Power & Fuel	862.09	657.07
Job Charges	361.91	207.70
Repairs to		
Building	8.90	6.13
Machinery	40.25	22.66
Others	1.51	1.82
Sub Total	1,503.44	1,073.38
ADMINISTRATIVE EXPENSES		
Insurance	6.60	8.28
Rent	-	4.14
Rates & Taxes	2.45	1.99
Traveling & Conveyance Exps.	32.39	41.74
Professional Fees	42.78	38.38
Bank Charges	3.56	5.52
Payment to Auditors		
Audit Fees	1.44	1.45
For Tax Audit	0.49	0.49
For Expenses	0.11	0.25
For Certification	0.03	0.07
Loss on Sale of Assets	-	3.66
Miscellaneous expenses	28.22	25.10
Sub Total	118.07	131.07
SELLING EXPENSES		
Bad debts written-off	-	121.32
Less : Provision for doubtful debts	-	121.32
	-	-
Provision for doubtful debts	36.06	-
Sales Promotion Expenses	24.18	11.38
Commission	61.45	25.78
Freight & Delivery charges	36.66	31.91
Sub Total	158.35	69.07
Total	1,779.86	1,273.52

20.1 Details of Stores & Spare parts consumed

	2016-17		2015-16	
	₹ in lacs	% age	₹ in lacs	% age
Imported	34.26	16.40%	20.13	12.00%
Indigenous	174.70	83.60%	147.56	88.00%
Total	208.96	100.00%	167.69	100.00%

21. EXCEPTIONAL ITEMS CONSISTS OF:

(₹ in lacs)

	2016-17	2015-16
Amount written back on account of settlements of some of the loans and interest thereon	-	4218.18
Surplus from disposal of discarded Property, Plant & Equipment	-	364.68
Total	-	4582.86

22. TAX EXPENSES

(₹ in lacs)

	2016-17	2015-16
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. 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:

Particulars	(₹ in lacs)	
	2016-17	2015-16
Profit / (Loss) for the year before exceptional items	159.07	(406.48)
Less: Un provided dividend on Cumulative Preference Shares	110.75	110.75
Profit / (Loss) before exceptional items	48.32	(517.23)
Less: Exceptional items	-	4582.86
Profit / (Loss) after exceptional items	48.32	4065.63
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	0.13	(1.38)
- After exceptional items	0.13	10.84
Diluted Earning per share (₹)*		
- Before exceptional items	0.09	(1.38)
- After exceptional items	0.09	7.60

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

24 Lease:

The Company has entered into certain operating lease agreements and amounts of ₹NIL Lacs (Previous year ₹4.14Lacs) 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 ₹ 600.83 lacs (Previous year ₹488.92lacs).
 - 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 ₹3.19 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 ₹1.22 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) had declared the Company as a sick Company and after abatement of BIFR, Company has submitted rehabilitation / revival scheme to NCLT. Accordingly, pending approval of rehabilitation / revival 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 ₹0.65 lacs on account of Administrative Expenses (Previous year debit ₹1.24 lacs on account of Raw Material).
- 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	31/03/2017 (₹ in lacs)	31/03/2016 (₹ in lacs)
Revenue by Geographical market		
India	7195.59	2966.74
Rest of world	531.13	429.73
Carrying amount of Segment Assets		
India	4310.36	3133.67
Rest of world	115.73	99.96
Addition to Fixed Assets and Intangible Assets		
India	2.24	4.16

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 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:

- Shri Suvrat Ranka
(Sr. Vice President (Strategic Initiative))
- Shubham Corporation Advisory Services Pvt. Ltd.

(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	
			2016-17	2015-16	31.03.17	31.03.16
Where control exists:	Modern Insulators Ltd.	Purchase of goods	7.05	168.47	-	-
		Sale of goods	540.37	7.27	-	-
		Job charges	8.31	202.60	-	-
		Reimbursement of expenses & Others	2.92	0.50	-	-
		Advance received (Net)	1457.00	489.80	1457.00	489.80
Relatives of key management personnel and their enterprises	Shubham Corporate Advisory Services Pvt. Ltd.	Rent paid	-	4.14	-	-
	Shri SuvratRanka	Remuneration	15.00	12.00	-	-

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

33 Disclosure of details in respect of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as required by Notification No. GSR 308(E) [F.NO.17/62/2015-CL-V-(VOL.I)], DATED 30-3-2017 are provided in the Table below:

(Amount In ₹)

Sr. No.	Particulars	SBNs	Other denomination notes	Total
1	Closing cash in hand as on 8-11-2016	-	1,07,373	1,07,373
2	(+) Permitted receipts	-	11,43,178	11,43,178
3	(-) Permitted payments	-	12,06,691	12,06,691
4	(-) Amount deposited in Banks	-	-	-
	Closing cash in hand as on 30-12-2016	-	43,860	43,860

34 Value of imports calculated on CIF basis:

(₹ in lacs)

	2016-17	2015-16
- Raw Material	100.65	-
- Stores & spare parts	31.56	17.87
35 Expenses in foreign currency:		
- Traveling expenses	-	5.26
- Others	9.66	23.75
36 Earning in foreign exchange:		
- FOB value of export	488.86	396.73
- Others	35.43	-

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 : 29th May, 2017

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

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

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

T.C. Chejara – Non-Executive Director (DIN: 07619881)

C.S. Jain – Chief Financial Officer

Kirit Shah – Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ in lacs)

	2016-2017	2015-2016
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax from Continuing Operation	159.07	4176.38
Non Cash adjustment to reconcile profit before tax to net cash flows		
Depreciation	98.64	99.97
Finance Cost	112.58	75.75
Interest Income	(9.96)	(13.94)
Provision for doubtful debts	36.06	-
Loss on sale of Property, Plant & Equipment	-	3.66
Exceptional Items	-	-
Operating profit before working capital change	237.32	(4,582.86)
		(4417.42)
Adjustment for Movements in Working Capital:		
Increase/(decrease) in trade Payable	212.46	(1050.34)
Increase/(decrease) in Long -Term Provision	60.03	(52.87)
Increase/(decrease) in short-term Provision	7.41	(4.22)
Increase/(decrease) in other current liability	(461.22)	648.77
Decrease/(increase) in trade receivable	(671.29)	(89.30)
Decrease/(increase) in inventories	(630.13)	(383.53)
Decrease/(increase) in long term loans and advances	29.94	62.68
Decrease/(increase) in short term loans and advances	(47.20)	(19.94)
	(1500.00)	(888.75)
Cash Generated from Operations	(1103.61)	(1129.79)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Interest Income	10.68	22.39
Purchase of Property, Plant & Equipment	(2.24)	(4.16)
Disposal of Property, Plant & Equipment	0.00	661.79
Net Cash from Investing Activities	8.44	680.02
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(60.75)	(75.75)
Borrowings		
Debenture - current maturity	(1.39)	(71.57)
Long term borrowing / (repayments)- from Others	1173.59	621.07
Public Fixed deposit	(9.32)	(35.75)
Net Cash From Financing Activities	1102.13	438.00
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	6.96	(11.77)
Cash & Cash Equivalents - Opening Balance	50.85	62.62
Cash & Cash Equivalents - Closing Balance	57.81	50.85

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 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 : 29th May, 2017

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

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

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

T.C. Chejara – Non-Executive Director (DIN: 07619881)

C.S. Jain – Chief Financial Officer

Kirit Shah – Company Secretary

MODERN DENIM LIMITED

 Registered Office : A-4, Vijay Path, Tilak Nagar, Jaipur-302 004
 Phone : 0141-4113645 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 - 27th September, 2017

I hereby record my presence at the THIRTY NINETH ANNUAL GENERAL MEETING of the Company held at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur-302 004 on Wednesday the 27th September, 2017 at 5.00 P.M.

Full Name of Member (IN BLOCK LETTERS)

Reg. Folio No.

No. of Shares held

Full Name of Proxy (IN BLOCK LETTERS)

Member's/Proxy's Signature

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

MODERN DENIM LIMITED

 Registered Office : A-4, Vijay Path, Tilak Nagar, Jaipur-302 004
 Phone : 0141-4113645 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 39th Annual General Meeting of the Company, to be held on Wednesday the 27th September, 2017 at 5:00 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

Signed this day of 2017.

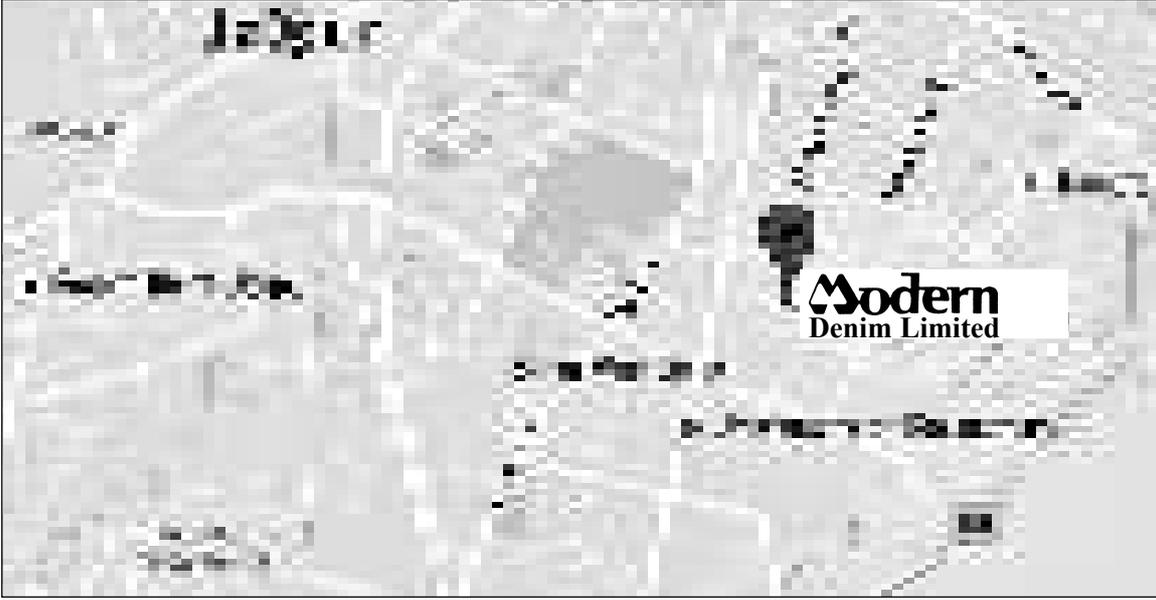
Signature of Shareholder :

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)

