



## **Modern Denim Limited**

**Registered Office :**

A-4, Vijay Path, Tilak Nagar, Jaipur-302 004

Phone : 0141-4113645 Fax : 0141-2621382

E-mail : modernjaipuroffice@gmail.com

Website : www.moderndenim.com

CIN : L17124RJ1977PLC001758

**Date: - 28/11/2018**

**BSE Ltd.**  
**Department of Corporate Services**  
1<sup>st</sup> Floor, New Trading Ring,  
Rotunda Building  
P J Towers, Dalal Street,  
Fort Mumbai - 400 001

Dear Sir,

**Sub: - Audited Financial Results for the quarter and year ended 31<sup>st</sup> March, 2018**  
**Scrip Code: BSE 500451**

This is to inform you that in term of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby enclose a copy of the Audited Financial Results along with the Audit Report for the quarter and year ended 31<sup>st</sup> March, 2018 which was approved by the Board of Directors in the meeting held on i.e. 29<sup>th</sup> May, 2018.

Thanking you

Yours Faithfully  
**For Modern Denim Limited**

*Komal Sulaniya*  
**Komal Sulaniya**  
**Company Secretary**

Encl: - As above

**Corporate Head Office : 68/69, Godavari, Pochkhanwala Road, Worli, Mumbai-400030**

**Tel.: 022-24973269 Fax : 022-24950962**

**Plant : 10 K.M. Mile Stone, Sarkhej-Bavla, N.H. No. 8 A, Village-Moraiya, Ahmedabad-382 210 Tel.: 02717-251361**

**Independent Auditors' Report on Standalone Quarterly and Year to Date Financial Results of Modern Denim Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To,  
Board of Directors of  
**Modern Denim Limited**  
Ahmedabad

We have audited the accompanying standalone annual financial results of **Modern Denim Limited** ("the Company") having its Registered Office at A-4, Vijay Path, Tilak Nagar, Jaipur – for the quarter ended 31 March, 2018 and year to date results for the period 01 April, 2017 to 31 March, 2018 ('the Statement'), attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5 July 2016.

This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related standalone Ind AS financial statements which has been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder ('Ind AS') and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such standalone financial statements.

Attention is drawn to the fact that the figures for the quarter ended 31 March, 2018 and the corresponding quarter ended in the previous year as reported in the Statement are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the end of the third quarter of the relevant financial years. Also, the figures up to the end of the third quarter of the corresponding financial years had not been subjected to our review.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



### **Basis for Qualified Opinion**

- a) As per Ind AS 109 "Financial Instruments", the company has not recognised interest on financial liabilities on effective interest method. Provision on Interest amounting to Rs. 33.37 lacs for the quarter ended(Rs. 133.51 lacs for the year ended)on financial liabilities in respect of cumulative redeemable preference shares including Dividend Distribution Tax Payable thereon has not been provided in accounts as the Company was expecting waiver / relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, the Company is in process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT. (Refer Note -2 of the Statement).
- b) As per Ind AS 109 "Financial Instruments", the company has not recognised interest on financial liabilities on effective interest method. Provision for interest amounting to Rs. 29.86 lacs for the quarter ended(Rs. 119.38 lacs for the year ended) on certain Secured and Unsecured Borrowings has not been made in accounts as the Company was expecting waiver / relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, the Company is in process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT. (Refer Note -1 of the Statement).
- c) As per Ind As 109, the non-current borrowing is not fair valued and hence amortisation of pre received income corresponding to unwinding of financial liability under finance cost amounting to Rs. 39.97 lacs for the quarter ended(Rs. 159.91 lacs for the year ended) is not provided. (Refer Note -3 of the Statement).

### **Emphasis Matter**

We draw attention of the standalone financial statements disclosing the material uncertainties that may affect the company from being able to continue as a going concern. The company has neither the intention to liquidate nor the intention to cease its operation nor is compelled to do so. The financial statements have, therefore, been prepared on going concern basis. Our opinion is not qualified in respect of this matter.

### **Opinion**

Except what is reported above in "basis of qualified opinion", In our opinion and to the best of our information and according to the explanations given to us these financial results:

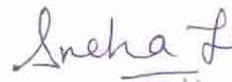
- i. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5 July, 2016 in this regard; and
- ii. give a true and fair view of net profit, and other comprehensive income and other financial information of the Company for the year ended 31 March, 2018



The comparative financial results of the Company for the quarter and year ended 31 March, 2017, included in the standalone financial results have been prepared from annual standalone financial statements audited by the predecessor auditor who had audited the standalone financial statements for the relevant period. The reports of the predecessor auditor, on the annual financial statements of the Company for year ended 31 March 2017, dated 29 May 2017, expressed an unmodified opinion.

**Place: Ahmedabad**  
**Date: 26.11.2018**

**For, Samir M. Shah & Associates**  
**Chartered Accountants**  
**(Firm Regd. No.: 122377W)**

  
**(Sneha Jethani)**  
**Partner**  
**(M. No. 160932)**







# Modern DENIM LIMITED

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**CIN** : L17124RJ1977PLC001758

## MODERN DENIM LIMITED

(CIN No. L17124RJ1977PLC001758)

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Tel. No. 0141-4113645, 7823040996; Fax No. 0141-2621382; Email: modernjaipuroffice@gmail.com; Website: www.moderndenim.com

### Statement of Standalone Audited Financial Results for the Quarter and Year ended 31st March, 2018

(₹ in lacs except earning per share data)

S. No.	Particulars	Quarter Ended			Year Ended	
		31.03.2018 (Unaudited)	31.12.2017 (Unaudited)	31.03.2017 (Unaudited and not subjected to review)	31.03.2018 (Audited)	31.03.2017 (Audited)
<b>1</b>	<b>Income from Operations</b>					
	(a) Revenue from Operations	1610.71	1810.48	2903.41	7332.13	7726.72
	(b) Other Income	30.95	1.98	5.38	37.74	11.60
	<b>Total Revenue</b>	<b>1641.66</b>	<b>1812.46</b>	<b>2908.79</b>	<b>7369.87</b>	<b>7738.32</b>
<b>2</b>	<b>Expenses</b>					
	(a) Cost of Materials consumed	1,341.04	690.01	1440.26	5113.24	5041.97
	(b) Purchase of stock-in-trade	-	-	24.52	29.18	47.10
	(c) Changes in inventories of finished goods, Stock-in-progress	(368.88)	607.49	249.63	(719.54)	(598.70)
	(d) Excise duty	-	-	-	-	-
	(e) Employee benefits expense	260.85	248.94	270.34	1,141.89	1,056.01
	(f) Finance Cost	2.91	10.72	54.69	63.51	112.58
	(g) Depreciation and amortisation expense	25.26	24.77	23.64	98.94	98.64
	(h) Other expenses	597.40	343.53	625.29	1,953.71	1,779.86
	<b>Total Expenses</b>	<b>1858.58</b>	<b>1925.46</b>	<b>2688.37</b>	<b>7680.93</b>	<b>7537.46</b>
<b>3</b>	<b>Profit/(Loss) before exceptional items &amp; tax (1-2)</b>	<b>(216.92)</b>	<b>(113.00)</b>	<b>220.42</b>	<b>(311.06)</b>	<b>200.86</b>
<b>4</b>	<b>Exceptional Items</b>	-	-	-	-	-
<b>5</b>	<b>Profit/(Loss) before tax (3+4)</b>	<b>(216.92)</b>	<b>(113.00)</b>	<b>220.42</b>	<b>(311.06)</b>	<b>200.86</b>
<b>6</b>	<b>Tax expense</b>					
	Current tax	-	-	-	-	-
	Deferred tax	-	-	-	-	-
		-	-	-	-	-
<b>7</b>	<b>Profit/(Loss) for the period (5-6)</b>	<b>(216.92)</b>	<b>(113.00)</b>	<b>220.42</b>	<b>(311.06)</b>	<b>200.86</b>
<b>8</b>	<b>Other Comprehensive Income</b>					
	Items that will not be reclassified to profit or loss :					
	(i) Actuarial Gain/(Loss) on Defined Benefit Plan	(1.17)	(1.17)	(10.30)	(4.68)	(41.79)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-
	<b>Other Comprehensive Income for the period</b>	<b>(1.17)</b>	<b>(1.17)</b>	<b>(10.30)</b>	<b>(4.68)</b>	<b>(41.79)</b>
<b>9</b>	<b>Total Comprehensive Income (7+8)</b>	<b>(218.09)</b>	<b>(114.17)</b>	<b>210.12</b>	<b>(315.74)</b>	<b>159.07</b>
<b>10</b>	<b>Paid-up equity share capital (Face Value of ₹ 10/- each)</b>	<b>3,750.20</b>	<b>3,750.20</b>	<b>3,750.20</b>	<b>3,750.20</b>	<b>3,750.20</b>
<b>11</b>	<b>Earning per share</b>					
	Basic	(0.58)	(0.30)	0.59	(0.83)	0.54
	Diluted	(0.58)	(0.30)	0.41	(0.83)	0.38





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### STATEMENT OF ASSETS AND LIABILITIES AS AT 31ST MARCH 2018

[₹ in lacs]

Particulars	As at 31st March, 2018 (Audited)	As at 31st March, 2017 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
(a) Property, plant & equipment	1,890.72	1,978.71
(b) Intangible assets	-	-
(c) Financial assets		
(i) Others	93.07	73.36
(d) Other non-current assets	10.52	15.88
<b>Total Non-Current Assets</b>	<b>1,994.31</b>	<b>2,067.95</b>
<b>Current assets</b>		
(a) Inventories	1,994.85	1,319.17
(b) Financial Assets		
(i) Trade receivables	1,182.85	801.48
(ii) Cash and cash equivalents	11.90	44.99
(iii) Bank balances other than cash & cash equivalent	12.82	12.82
(iv) Other Financial Assets	13.08	13.16
(c) Current Tax Assets (net)	15.91	9.58
(d) Other current assets	251.09	156.94
<b>Total Current Assets</b>	<b>3,482.50</b>	<b>2,358.14</b>
<b>TOTAL ASSETS</b>	<b>5,476.81</b>	<b>4,426.09</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
(a) Equity share capital	3,750.20	3,750.20
(b) Other Equity	(7,760.16)	(7,444.42)
<b>Total Equity</b>	<b>(4,009.96)</b>	<b>(3,694.22)</b>
<b>LIABILITIES</b>		
<b>Non-current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	4,614.00	2,107.00
(b) Provisions	200.20	184.31
(c) Deferred tax liabilities (Net)	-	-
<b>Total Non-Current Liabilities</b>	<b>4,814.20</b>	<b>2,291.31</b>
<b>Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	1,503.10	2,339.81
(ii) Trade payables	1,038.37	1,081.09
(iii) Other financial liabilities	2,058.12	2,129.16
(b) Other current liabilities	43.46	260.44
(c) Provisions	29.52	18.50
<b>Total Current Liabilities</b>	<b>4,672.57</b>	<b>5,829.00</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,476.81</b>	<b>4,426.09</b>







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## Notes:

- 1 Provision for interest amounting to ₹ 49.65 lacs on public retail nonconvertible debentures and ₹ 69.73 lacs on public fixed deposits for the year have not been made as the Company was expecting waiver / relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, the Company is in the process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT seeking the said waiver / relief.
- 2 Provision for interest amounting to ₹ 133.51 lacs on cumulative redeemable preference shares including dividend distribution tax payable have not been made as the Company was expecting waiver / relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, the Company is in the process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT seeking the said waiver / relief.
- 3 As per Ind As 109, the non current borrowing is not fair valued and hence amortisation of pre received income corresponding to unwinding of financial liability under finance cost amounting to ₹ 159.91 lacs is not provided.
- 4 The Company adopted Indian Accounting Standards ("Ind AS") with effect from 01st April, 2017 (transition date being 01st April, 2016) and accordingly these financial results have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 Interim Financial Reporting prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued there under.
- 5 From the applicability of Goods and Service Tax (GST) with effect from 1st July, 2017, revenue from operations are disclosed net of GST. Accordingly the revenue from operations and excise duty expense for the quarter and year ended 31st March, 2018 are not comparable with the previous periods presented in the results.
- 6 A reconciliation between the profits as reported under previous GAAP and the Ind AS restated profits for the corresponding quarter and year ended March 31, 2017 is given below:

Particulars	(₹ in lacs)	
	For the Quarter ended on 31.03.2017	For the year ended on 31.03.2017
Profit after tax as per Previous GAAP	210.12	159.07
Add/(Less) adjustments		
Actuarial loss on defined benefit plan recognised in OCI	10.30	41.79
<b>Net Profit as per Ind AS</b>	<b>220.42</b>	<b>200.86</b>
<b>Other Comprehensive Income</b>		
Items that will not be reclassified to Profit & Loss		
Actuarial Gain or Loss on defined benefit plan	(10.30)	(41.79)
Income Tax on above	-	-
Total Other Comprehensive Income	(10.30)	(41.79)
<b>Total Comprehensive Income under Ind AS</b>	<b>210.12</b>	<b>159.07</b>

## 7 Reconciliation of equity between Ind AS and previous GAAP is as under:

Particulars	(₹ in lacs)
	As at 31.03.2017
Total Equity (Shareholder's Fund) as per previous GAAP	(3,044.22)
Adjustments - reclassification of preference share capital to borrowings	(650.00)
<b>Total Equity as per Ind AS</b>	<b>(3,694.22)</b>

- 8 The above unaudited financial results for the quarter and year ended March 31, 2018 were reviewed and recommended by the audit committee their meeting and approved by the Board of Directors at their meeting.
- 9 Segment Reporting as defined in IND-AS 108 is not applicable, since the Company has only one reportable segment i.e. "Denim Fabric".
- 10 Figures for the previous periods have been regrouped or rearranged wherever necessary.

Place : Ahmedabad  
Date : 26/11/2018



For Modern Denim Limited  
  
Sachin Ranka  
(Chairman & Managing Director)





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## Notes:

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- 2 Provision for interest amounting to ₹ 133.51 lacs on cumulative redeemable preference shares including dividend distribution tax payable have not been made as the Company was expecting waiver / relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, the Company is in the process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT seeking the said waiver / relief.
- 3 As per Ind AS 109, the non current borrowing is not fair valued and hence amortisation of pre received income corresponding to unwinding of financial liability under finance cost amounting to ₹ 159.91 lacs is not provided.
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<b>Other Comprehensive Income</b>		
Items that will not be reclassified to Profit & Loss		
Actuarial Gain or Loss on defined benefit plan	(10.30)	(41.79)
Income Tax on above	-	-
Total Other Comprehensive Income	(10.30)	(41.79)
<b>Total Comprehensive Income under Ind AS</b>	<b>210.12</b>	<b>159.07</b>

## 7 Reconciliation of equity between Ind AS and previous GAAP is as under:

Particulars	(₹ in lacs)
	As at 31.03.2017
Total Equity (Shareholder's Fund) as per previous GAAP	(3,044.22)
Adjustments - reclassification of preference share capital to borrowings	(650.00)
<b>Total Equity as per Ind AS</b>	<b>(3,694.22)</b>

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- 9 Segment Reporting as defined in IND-AS 108 is not applicable, since the Company has only one reportable segment i.e. "Denim Fabric".
- 10 Figures for the previous periods have been regrouped or rearranged wherever necessary.

Place : Ahmedabad  
Date : 26/11/2018



For Modern Denim Limited  
  
Sachin Ranka  
(Chairman & Managing Director)





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## Statement on Impact of Audit Qualifications (For Audit Report on Financial Statements with qualified opinion) for the Financial Year ended March 31, 2018

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Rs. in Lacs)

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualification)	Adjusted Figures (audited figures after adjusting for qualification)
1.	Turnover/Total income	7369.87	7529.78
2.	Total Expenditure (including Tax Expenses)	7680.93	8093.73
3.	Net Profit /(Loss)	(311.06)	(563.95)
4.	Other Comprehensive Income (Net)	(4.68)	(4.68)
5.	Total Comprehensive Income	(315.74)	(568.63)
6.	Earnings Per Share	(0.83)	(1.50)
7.	Total Assets	5476.81	5476.81
8.	Total Liabilities	9486.77	25385.45
9.	Net Worth	(4009.96)	(19908.64)
10.	Any other Financial item (s) (as felt appropriate by the management)	NIL	NIL

### II. Audit Qualifications (each audit qualification separately):

#### a. Details of Audit Qualification:

- a) As per Ind AS 109 "Financial Instruments", the company has not recognised interest on financial liabilities on effective interest method. Interest on financial liabilities for the year in respect of cumulative redeemable preference shares amounting to Rs. 133.51 lacs including Dividend Distribution Tax Payable thereon (Previous year Rs. 133.51 lacs) has not been provided (Note No. 29.3). The total amount of interest on financial liabilities not provided till 31st March 2018 amounts to Rs. 2937.33 lacs (upto previous Balance Sheet date Rs. 2803.81 lacs) (Note No. 15.3) in view of accumulated losses. The Company was expecting waiver/ relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, the Company is in the process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT. Had the Company provided interest on financial liabilities in current year, Finance Cost & Loss for the year would have been higher by Rs. 133.51 lacs and Other Current Financial Liabilities & negative balance of Retained Earning under the head Other Equity would have been higher by Rs. 2937.33 lacs (upto previous Balance Sheet date Rs. 2803.81 lacs). A similar qualification had been given in the previous year's Auditor's Report.



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- b) As per Ind AS 109 "Financial Instruments", the company has not recognised interest on financial liabilities on effective interest method. Provision for interest on certain Secured and Unsecured Borrowings amounting to Rs. 119.38 lacs (Previous year Rs. 128.95 lacs) (Note No. 29.1, & 29.2) has not been made in accounts as the Company was expecting waiver/relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, the Company is in the process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT, having its impact on reducing the Loss for the Year. The total amount of Interest not provided till 31st March 2018 amounts to Rs. 1766.10 lacs (upto previous Balance Sheet date Rs. 1646.72 lacs) (Note No. 20.2 & 20.3). Had the Company provided for the Interest, Other Current Financial Liabilities would have been higher and balance in Retained Earning under the head Other Equity would have been lower by Rs. 1766.10 lacs (upto previous Balance Sheet date Rs. 1646.72 lacs) and Finance Cost would have been higher and Loss for the Year would have been higher by Rs. 119.38 lacs (Previous Year Rs. 128.95 lacs). A similar qualification had been given in the previous year's Auditor's Report.
- c) As per Ind AS 109 "Financial Instruments", the company has not recognised interest on financial liabilities on effective interest method. Provision for interest amounting to Rs. 6436.17 lacs on Secured Assigned term loan for which the Company has received notice from the Assignee recalling original principal amount of Rs. 5186.00 lacs along with interest thereon upto the date of payment, has not been made as the Company was expecting waiver/relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, the Company is in process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT (Refer Note No. 18.3). Had the Company provided for the interest upto 31/03/2017, Other Current Financial Liabilities would have been higher and balance in Retained Earning under the head Other Equity would have been lower by Rs 6436.17 lacs. Had the Company provided for the Principal, Current Borrowings would have been higher and balance in Retained Earning under the head Other Equity would have been lower by Rs. 4759.08 lacs. A similar qualification had been given in the previous year's Auditor's Report.
- d) As per Ind AS 109 "Financial Instruments", the Company has not measured Non-Current Borrowing of Rs. 3964.00. lacs (P.Y. Rs. 1457.00 lacs) initially at fair value. Had the Company fair valued the same; Interest Income, Finance Cost & Non-current Borrowings would have been higher and Other Current Finance Liabilities would have been lower by Rs. 159.91 lacs (P.Y. Rs. 56.29 lacs). However there is no effect in Statement of Profit & Loss for the year as well as Debit balance of Other Equity (Refer Note no. 15.6, 24.1 & 29.4).
- e) We further report that, considering items mentioned at para (a) to (d) above, the loss for the year would have been Rs. 568.63 lacs (as against the reported figure of loss of Rs. 315.74 lacs), Other current financial liabilities would have been Rs. 12981.52 lacs (as against the reported figure of Rs. 2058.12 lacs), Noncurrent Borrowings would have been Rs. 4830.20 (as against the reported figure of Rs. 4614.00 lacs), Current Borrowings would have been Rs. 6262.18 lacs (as against the reported figure of Rs. 1503.10 lacs), Other Income would have been Rs. 197.65 lacs (as against the reported figure of Rs. 37.74 lacs).

*Smith*



# Modern DENIM LIMITED

**Works** : 10 K.M. Mile Stone, Sarkhej-Bavla, N.H. No. 8A,  
Vilalge : Moraiya, Ahmedabad-382 210.  
**Phone** : (02717) 250434, 251361 / 62  
**Website** : www.moderndenim.com  
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**CIN** : L17124RJ1977PLC001758

Finance Cost would have been Rs. 476.31 lacs (as against the reported figure of Rs. 63.51 lacs) and negative balance of Other Equity would have been Rs. 23658.84 lacs (as against the reported figure of Rs. 7760.16 lacs).

- f) Except for the above mentioned qualifications at para (a) to (e), these financial statements are prepared and presented in accordance with all the applicable and effective Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 even though the same has been referred as complied in Note -1 "Statement of Compliance" in Significant Accounting Policy in Notes forming part of Financial Statements.

**b. Type of Audit Qualification:** Qualified Opinion

**c. Frequency of Qualification:-** Repetitive

**d. For Audit qualification(s) where the impact is quantified by the auditor, Management's Views :**

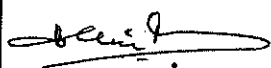

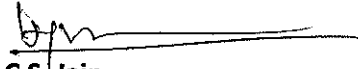
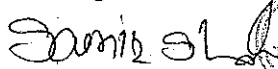

- a) Company has not provided interest on cumulative redeemable preference shares amounting to Rs. 133.51 Lacs (upto the period Rs. 2937.33 lacs) in view of accumulated losses. The Company was expecting waiver/ relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, the Company is in the process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT.
- b) Provision for interest on certain Secured and Unsecured Borrowings amounting to Rs. 119.38 lacs (upto the period Rs. 1766.10 lacs) has not been made in accounts as the Company was expecting waiver/relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, the Company is in the process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT, having its impact on reducing the Loss for the Year.
- c) Provision for interest amounting to Rs. 6436.17 lacs on Secured Assigned term loan for which the Company has received notice from the Assignee recalling original principal amount of Rs. 5186.00 lacs along with interest thereon upto the date of payment, has not been made as the Company was expecting waiver/relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, the Company is in process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT.
- d) The Company has not measured Non-Current Borrowing of Rs. 3964.00 lacs (P.Y. Rs. 1457.00 lacs) at fair value as the same is interest free and received from the company covered u/s 189 of the Companies Act, 2013 in view of proposed amalgamation.





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	e. For Audit Qualification(s) where the impact is not quantified by the auditor: Not Applicable
	i. Management's estimation on the impact of audit qualification:
	ii. If management is unable to estimate the impact, reason for the same:
	iii. Auditor's Comments (i) or (ii) above:
iii.	<b>Signatories :</b>  For Modern Denim Limited  Sachin Ranka Chairman & Managing Director DIN: 00335534  For Modern Denim Limited  T. C. Chejara Chairman of Audit Committee DIN: 07619881  For Modern Denim Limited  C.S. Jain Chief Financial Officer  Place:- Ahmedabad Date:- 05/01/2019  Refer our Audit Report dated May 29, 2018 on Standalone Financial Statement of the Company  For Samir M Shah & Associates Chartered Accountants Firm Registration No. 122377W  Samir M Shah Partner Membership No. 111052   Place:- Ahmedabad Date:- 05/01/2019