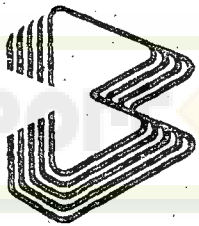
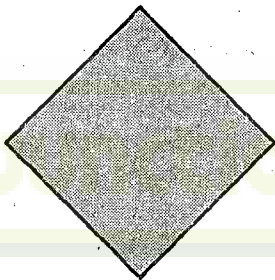


ANNUAL REPORT
2008-2009



Modern
DENIM LIMITED

BOARD OF DIRECTORS

Shri Sachin Ranka	– Chairman & Managing Director
Shri B.L. Verma	– Director
Shri Punit Saxena	– Nominee, SUUTI
Shri R. Parthasarathy	– Nominee, IFCI
Shri R. R. Maheshwari	– Director
Shri H.L. Sharma	– Director

Company Secretary

Shri Kirit R. Shah

Auditors

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

Registered Office

A-4, Vijay Path,
Tilak Nagar,
Jaipur - 302 004 (Rajasthan)

Corporate Headquarter

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

Plant

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

NOTICE

Notice is hereby given that the 31st Annual General Meeting of **Modern Denim Limited** will be held on Wednesday the 30th September, 2009 at 1.00 P.M. at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur-302004 to transact the following business:

A. ORDINARY BUSINESS:

- (1) To consider and adopt the Audited Balance Sheet as at 31st March, 2009 and the Audited Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
- (2) To re-appoint Shri R.R.Maheshwari as Director who retires by rotation and being eligible, offers himself for re-appointment.

(3) To appoint Auditors and to fix their remuneration and in connection therewith to pass the following resolution with or without modifications, as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 224(1) of the Companies Act, 1956, M/s. J.T.Shah & Co., Chartered Accountants, Ahmedabad be and are hereby re-appointed as Auditors of the company to hold office from the conclusion of this Annual General Meeting untill the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be determined by the Board of Directors of the Company.”

By Order of the Board

Place : Mumbai

(Kirit R. Shah)

Date : 26th June, 2009 Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT TO BE A MEMBER.
2. The proxy should be deposited at the Registered Office of the Company not less than FORTY EIGHT hours before the commencement of the meeting.
3. The Share transfer books and Register of members shall remain closed from 26.09.2009 to 30.09.2009 (both days inclusive).

DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting Annual Report and audited accounts for the financial year ended on March 31, 2009.

1. FINANCIAL RESULTS

	(Rs in crores)	
	2008-09	2007-08
Net Profit / (Loss) before Tax	(14.99)	(32.79)
Fringe Benefit Tax	0.04	0.05
Net Profit / (Loss) for the year	(15.03)	(32.84)
Exceptional Items		38.08
Balance brought forward from last year	(274.27)	(279.51)
Balance carried to Balance Sheet	(289.30)	(274.27)

2. OPERATIONS

During the financial year ended on March 31, 2009, your company achieved a turnover of Rs.69 crores as against Rs.57 crores during the corresponding financial year ended on March 31, 2008 thus registering a growth of 21% inspite of difficult business conditions. The exports of Denim are not remunerative due to world wide financial crisis, global recession, decline in demand in export to largest market – the US followed by European Union. Company had net loss of Rs.14.99 crores as compared to net loss of Rs. 32.79 crores in 2007-08. Your Company has been able to reduce the loss by Rs.18 crores during the year.

Your Directors regret their inability to recommend any dividend for the year under review in absence of net profits.

3. FUTURE PROSPECTS

The denim industry has long- been under threat, both from competition presented by low-wage countries and changing fashion trends. While the long-term prospects remain uncertain, the industry is suffering a decrease in demand and has been badly hit. Your Directors foresee upsurge in demand during the ensuing year. Denim volumes are expected to grow further towards Fashion and value added fabrics instead of basic Denim. Although the Company is having limited financial resources, it is putting untiring efforts to reap the benefits of present growth of Denim Industry. As such your Company is hopeful to maintain its presence with competitive edge inspite of new entrants. Domestic market is expected to grow but substantial increase in the number of players in Denim is a cause of worry and may lead to glut in the market. Thus prospects of Denim industry remain uncertain.

4. PUBLIC FIXED DEPOSIT

In view of petition filed by the Company, 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'. However payments on compassionate ground are continued to be made as per the decision of the committee formed by Hon'ble Company Law Board for this purpose.

5. DIRECTORS

Shri R.R.Maheshwari is liable to retire by rotation and being eligible, offers himself for re-appointment. Appropriate resolution for the re-appointment of the aforesaid Director is being moved at the ensuing Annual General Meeting, which the Board recommends for your approval.

6. AUDITORS

M/s. J. T. Shah & Co., Chartered Accountants, Ahmedabad retires at the forthcoming Annual General Meeting. Your Directors recommend their re-appointment as Auditor of the Company for the year 2009-10. The observations made by the Auditors are self explanatory and have been

dealt with in the notes vide Schedule 13 forming part of the accounts and hence need no further clarifications.

7. INDUSTRIAL RELATIONS & PARTICULARS OF EMPLOYEES

Your Directors sincerely appreciate the workers, staff and officers for putting their best efforts. The Company has enjoyed healthy and cordial industrial relations throughout the year. There is no employee getting remuneration as prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

8. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :-

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 or loss of the Company for the year under review;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a going concern basis.

9. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

The statement of particulars relating to energy conservation, technology absorption and foreign exchange earnings and outgo as required in accordance with Section 217 (1) (e) of the Companies Act, 1956 read with Rule 2 (A), 2(B) and 2 (C) of the Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 is annexed hereto and forms part of this report.

10. CONSTITUTION OF AUDIT COMMITTEE

The Board of Directors have constituted the Audit Committee of Directors to exercise powers and discharge functions as stipulated in section 292A of the Companies Act, 1956. The present Audit Committee consists of member directors as under:-

Shri H. L. Sharma, Chairman
Shri B. L. Verma
Shri R. Parthasarathy (Nominee IFCI)

11. ACKNOWLEDGEMENTS

Your Directors appreciate the co-operation extended by the Government authorities, Bankers, Financial Institutions and are grateful for their assistance, guidance and support. Your Directors are also grateful to the employees and shareholders for their support and confidence reposed in the management.

ON BEHALF OF THE BOARD

Place: Mumbai

Date : 26th June, 2009

(SACHIN RANKA)

Chairman & Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) read with the Companies
(Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

1. ENERGY CONSERVATION: -

The Company has been giving high priority to conservation of energy on continuous basis by close monitoring of energy consuming equipments. The energy conservation measures taken by the Company include installation of energy efficient equipments and energy saving devices, implementation of various measures arising out of an energy audit and reduction of motor-ratings wherever possible. Periodical reviews and studies are undertaken from time to time for energy savings.

	Current Year	Previous Year
A. Power and Fuel Consumption:		
1. Electricity:		
a) Purchased (Units in lacs)	113.50	112.30
Total Amount (Rs. in lacs)	638.69	540.96
Rate/Unit (Rs.)	5.63	4.82
b) Own Generation:		
Through Diesel Generator (Units in lacs)	0.57	0.12
Units/Ltr. of Diesel Oil	2.43	1.31
Cost/Unit (Rs.)	14.77	27.49
2. Furnace Oil		
Quantity (KL)	2.03	64.76
Total Cost (Rs. in lacs)	0.53	12.99
Rate/Ltr. (Rs.)	26.11	20.06
3. Coal		
Quantity (MT)	2721.56	2616.40
Total Cost (Rs. in lacs)	191.67	146.67
Rate/Kg Unit (Rs.)	7.04	5.61
B. Consumption per unit of Production:		
Electricity (Kwh./mtr.)	1.21	1.36
Furnace Oil (Ltr./mtr.)	0.01	0.01
Coal (Kg /meter)	0.29	0.32

2. TECHNOLOGY ABSORPTION: -

Your Company is having research and development cell, headed by a senior and experienced textile technologist. The section is keeping continuous watch on the quality of the product at various stages. The R & D section also keeps a regular track on the latest advancement on the spinning and finishing technology in order to keep pace with the demand of the new products.

3. FOREIGN EXCHANGE EARNING AND OUTGO: -

The Company has earned foreign exchange of Rs. 9.03 lacs against an outgo of Rs. 138.44 lacs during the year.