

ANNUAL REPORT
2010-2011



Modern
DENIM LIMITED

BOARD OF DIRECTORS

Shri Sachin Ranka – Chairman & Managing Director

Shri B.L. Verma – Director

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 33rd Annual General Meeting of **Modern Denim Limited** will be held on Saturday the 24th September, 2011 at 12.30 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, 2011 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 B.L.Verma 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 : 25th June, 2011

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 Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notices/documents including Annual Report can be sent by e-mail to its members. To support this objective of the Government, members are requested to register their e-mail addresses with the registered office of the Company.
4. The Share transfer books and Register of members shall remain closed from 22.09.2011 to 24.09.2011 (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, 2011.

1. FINANCIAL RESULTS

(Rs. in crores)

	2010-11	2009-10
Net Profit/(Loss) for the year before exceptional items	3.08	(8.59)
Exceptional items	69.94	-
Balance brought forward from last year	(297.89)	(289.30)
Balance carried to Balance Sheet	(224.87)	(297.89)

2. OPERATIONS

The market situation has gradually changed from last year and demand is growing. This is because, denim is no longer remains restricted to only men's wear. There is greater acceptance among kids and women. In domestic market, Denim is finding wide acceptance in small cities and villages. Your company had made all out efforts to take benefit of aforesaid opportunities with innovative qualities. The exports of denim are not remunerative because of lower price realization and stiff competition, therefore entire sales during the year under review is in the domestic market.

The Performance of your company during the year under review has improved. The turnover for the year under review was Rs.143 crores as against Rs. 93 crores in previous year thus registering of growth of 54%. Sales increased mainly due to increase of sales realization per meter on account of increase of raw material cost. Your company has been able to generate net profit of Rs. 3.08 crores as against net loss of Rs. 8.59 crores in previous year. In view of accumulated losses, your directors are unable to declare any dividend for the year under review.

3. FUTURE PROSPECTS

Your Directors foresee upsurge in demand during the ensuing years. 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 making untiring efforts to reap the benefits of present growth of Denim Industry. Our strategy to focus development of new designs in the conventional denim fabric is helping us greatly and being welcome in the medium segment of the market. As such your Company is hopeful to maintain its presence with a competitive edge inspite of new entrants. The substantial increase in the number of players in denim is a cause of worry and may lead to a further glut in the market. This obviously means pressure on demand and margins. However the long term outlook for denim industry appears encouraging in view of growing consumption.

4. RESTRUCTURING OF DEBTS & REFERENCE TO BIFR

The company is making continuous efforts for settlement of dues of the secured lenders which includes re-schedulement, one time settlement, waiver of entire interest. Settlement made during the year under review has resulted into write back of principal and interest which has been included in the exceptional items shown under the financial results. The Company is making efforts for settlement with remaining secured lenders. Pursuant to directions of the Hon'ble BIFR, the Company will now submit fully tied up Draft Rehabilitation Scheme to the Operating Agency.

5. 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 provision of SICA." However payments on compassionate ground are continued to be made as per the decision of the committee formed by Hon'ble Company Law Board for this purpose.

6. DIRECTORS

Shri B.L. Verma 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. Specified undertaking of the Unit Trust of India (SUUTI) has withdrawn the nomination of Shri Punit Saxena w.e.f. 6/7/2010. The Board places on record its appreciation for the valuable contribution made by Shri Punit Saxena during his tenure as a director of the company. The Board of Directors has re-appointed Shri Sachin Ranka as Chairman and Managing Director of the Company for a further period of 5 years.

7. 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 2011-12. 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.

8. 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 under review. 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.

9. DIRECTOR'S 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.

10. 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.

11. 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

12. 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 : 25th June, 2011

(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	168.38	138.91
Total Amount	Rs. in lacs	993.02	769.00
Rate/Unit	Rs.	5.90	5.54
b) Own Generation:			
Through Diesel Generator	Units in lacs	0.72	1.04
Units/Ltr. of Diesel Oil		3.66	2.50
Cost/Unit	Rs.	12.88	10.36
2. Furnace Oil			
Quantity	KL	145.06	11.27
Total Cost	Rs. in lacs	48.70	3.09
Rate/KL	Rs.	33.57	27.42
3. Coal / D.O.C./S.B.F.			
Quantity	MT	7949.87	3114.71
Total Cost	Rs. in lacs	327.05	182.37
Rate/Kg. Unit	Rs.	4.11	5.86
B. Consumption per unit of Production:			
Electricity	Kwh./mtr.	1.40	1.09
Furnace Oil	Ltr./mtr.	0.01	0.01
Coal / D.O.C./S.B.F.	Kg. /mtr.	0.66	0.24

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. NIL against an outgo of Rs. 384.44 lacs during the year.