

**ANNUAL REPORT
2014-2015**



Modern
DENIM LIMITED

BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER

Shri C.S. Jain

COMPANY SECRETARY

Shri Kirit Shah

AUDITORS

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

REGISTERED OFFICE

A-4, Vijay Path,
Tilak Nagar,
Jaipur - 302 004 (Rajasthan)
Ph. : 0141-3240996
E-mail : modernjaipuroffice@gmail.com

CORPORATE HEADQUARTER

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

PLANT

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



NOTICE

NOTICE is hereby given that the 37th Annual General Meeting of the Members of **Modern Denim Limited** will be held on Tuesday the 22nd September, 2015 at 1.00 P.M. at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur - 302 004 to transact the following business:

A. ORDINARY BUSINESS

- (1) To receive, consider and adopt the Audited Financial Statements of the Company as at 31st March, 2015 and the reports of the Board of Directors and Auditors thereon.
- (2) To appoint a director in place of Shri H.L. Sharma (DIN:00352410), who retires by rotation and being eligible, offers himself for re-appointment.
- (3) To ratify the re-appointment of Auditors of the Company and to fix their remuneration and to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendations of the Audit Committee of the Board of Directors, and resolution passed by the members at the 36th Annual General Meeting of the Company held on 27th September, 2014, the re-appointment of M/s. J.T. Shah & Co., Chartered Accountants (Firm Registration No. 109616W), as the Auditors of the Company to hold office till the conclusion of 39th Annual General Meeting, be and is hereby ratified and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors."

B. SPECIAL BUSINESS

- (4) **To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:-**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force), Smt. Meenu Sacheti (DIN:02266703) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 31st March, 2015 and who holds office until the date of the ensuing Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Smt. Meenu Sacheti as a candidate for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation."

- (5) **To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:-**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the Company be and is hereby accorded for re-appointment of Shri Sachin Ranka (DIN:00335534) as Chairman & Managing Director of the Company for a period of three years with effect from 01.09.2015 to 31.08.2018 without any remuneration."

By the Order of the Board

Place: Mumbai

Date: 29th June, 2015

(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 Special Business is annexed hereto.
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. The Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified true copy of the Board Resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.
5. Members/proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
6. The Share transfer books and Register of members shall remain closed from 19th September, 2015 to 22nd September, 2015 (both days inclusive).
7. Members who have not registered their email addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.
8. 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.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT

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

Item No. 4

Smt. Meenu Sacheti was appointed as an Additional Director of the Company with effect from 31/03/2015 by the Board of Directors of the Company. Pursuant to the provisions of Section 161 of the Companies Act, 2013, she holds office as a Director only upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member under the provisions of Section 160 of the Companies Act, 2013 proposing the candidature of Smt. Meenu Sacheti for the office of Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Smt. Meenu Sacheti (DIN:02266703) as Director of the Company, pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. Smt. Meenu Sacheti is liable to retire by rotation.

No Director, Key Managerial Personnel or their relatives, except Smt. Meenu Sacheti, to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the resolution set forth in Item No. 4 for the approval of the members.

Item No. 5

Shri Sachin Ranka was re-appointed as Chairman & Managing Director of the Company with remuneration from 01/09/2010 for a period of 5 years. As such his term of Office expires on 31/08/2015, therefore the Board considers that it is in the interest of the Company to reappoint Shri Sachin Ranka as Chairman & Managing Director of the Company with effect from 01/09/2015 for a further period of three years without any remuneration. The Nomination & Remuneration Committee has also recommended for the re-appointment of Shri Sachin Ranka as Chairman & Managing Director of the Company.

The resolution seeks the approval of members in terms of Section 196, 197 read with Schedule V and other applicable provisions, if any of the Companies Act, 2013 and the Rules made thereunder for the re-appointment of Shri Sachin Ranka as Chairman & Executive Director of the Company for a period of three years with effect from 1st September, 2015.

No Director, Key Managerial Personnel or their relatives, except Shri Sachin Ranka, to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the resolution set forth in Item No. 5 for approval of the members.

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 37th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2015.

FINANCIAL RESULTS

Particulars	(₹ in Crores)	
	Year ended 31.03.2015	Year ended 31.03.2014
Turnover and other Income	42.55	71.36
Profit/(Loss) before Interest and Depreciation	(1.80)	(5.05)
Less: Interest	0.38	0.59
Profit/(Loss) Before Depreciation	(2.18)	(5.64)
Less: Depreciation	2.65	1.66
Profit/(Loss) Before Exceptional Items & Tax	(4.83)	(7.30)
Less: Exceptional Items	–	19.58
Profit/(Loss) Before Tax	(4.83)	12.28
Less: Provision for taxation	–	–
Profit/(Loss) After Tax	(4.83)	12.28
Balance brought forward from previous year	(128.97)	(141.25)
Balance carried to Balance Sheet	(133.80)	(128.97)

OPERATIONS

The turnover for the year is ₹ 40.72 Crores as against ₹ 71.06 Crores achieved during the previous year. Turnover affected due to stiff competition in the textile market and continued recessionary trend. The Company also operated at lower capacity utilization due to shortage of working capital which has adversely impacted profitability of the Company for the year. The cost of production also pushed up due to inflated increase in power and other input cost. Your Company has taken several remedial steps to meet the challenges viz. measures of saving in cost at all fronts of operation, optimize use of available resource etc. In absence of profits, your directors are unable to declare any dividend for the year under review.

EXPORTS

The exports of the Company during the year under review were progressive to ₹ 3.88 crores as compared to previous year of ₹ 3.25 crores despite of continued recessionary business ambience in the global market. The Company is continuing its efforts to enhance presence of its products in overseas markets.

FUTURE PROSPECTS

The Indian textile industry is set for strong growth, buoyed by strong domestic consumption as well as export demand. The long term outlook for denim industry appears encouraging in view of growing consumption in Asian countries. As such your Company is hopeful to maintain its presence with competitive edge inspite of new entrants.

STATUS OF PROCEEDINGS AT BIFR

Pursuant to the directions of Hon'ble BIFR and guidelines given by Operating Agency, the Company has filed revised Draft Rehabilitation Scheme with the Hon'ble BIFR which is under examination and consideration.

FIXED DEPOSITS

The Company has an unpaid amount of Fixed Deposits & Interest thereon outstanding as on 31st March, 2015, the details of which have been given in the Note No 4 annexed with the financial statements. In view of petition filed by the Company, the Hon'ble Company Law Board had passed an order on 21/12/2001 that "The repayment of fixed deposits shall be made by the Company in accordance with "revival scheme" as and when approved by BIFR under the provision of SICA". However payments on compassionate ground are continued to be made as per the decision of the committee formed by Hon'ble Company Law Board for this purpose. Your Company has not accepted any deposits during the year within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loans or guarantees and made investments covered under the provisions of Section 186 of the Companies Act, 2013.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions which may have a potential conflict with the interests of the Company at large. Particulars of contracts or arrangements with related parties under the provisions of section 188(1) of the Companies Act, 2013 are annexed herewith in the prescribed form AOC-2 as Annexure-A.

SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Ventures and Associate Companies as on 31.03.2015.

CORPORATE SOCIAL RESPONSIBILITY

The provisions of Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility are not applicable to the Company. However, the Company has constituted a CSR Committee which comprises Shri Sachin Ranka (Chairman), Shri H.L. Sharma and Shri S.K. Sharma (Members).

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Shri B.L. Verma and Shri S.K. Sharma was appointed as an Independent Director of the Company for a period of five consecutive years upto 31st March, 2019 and Smt. Meenu Sacheti was appointed as an Additional Director in the category of Non-Executive Director of the Company from 31st March, 2015.

In accordance with the provisions of Companies Act, 2013, Shri H.L. Sharma, Non-Executive Director retires by rotation and being eligible offers himself for re-appointment. Appropriate resolutions for the appointment/re-appointment of the aforesaid Directors are being moved at the ensuing Annual General Meeting, which the Board recommends for your approval.

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 Clause 49 of the Listing Agreement.

Shri C. S. Jain was appointed as Sr. Vice President (Finance) & Chief Financial Officer of the Company from 1st July, 2014.

Policy on Directors' Appointment and Remunerations

The Board has, on the recommendation of the Nomination & Remuneration Committee framed and adopted a policy for nomination, remuneration and evaluation of Directors, Key Managerial Personnel (KMP) and other employees of the Company.

Criteria for Selection/Appointment

The Non-Executive/Whole-time/Managing Director, Key Managerial Personnel (KMP) and other employees shall be of high integrity, qualification with relevant expertise and experience so as to have a diverse Board/ Management having expertise in the fields of general management, marketing, manufacturing, finance, taxation, law and governance.

In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the independent nature 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.

Remuneration Policy

The Whole time Director/Managing Director/Key Managerial Personnel (KMP) and other employees shall be entitled to receive remuneration/ compensation/commission etc. as per the provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

The Non Executive Directors and Independent Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board meetings within the overall limits prescribed under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship 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.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Company, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board and the performance evaluation of the Chairman and the Non Independent Directors of the Company was carried out by the Independent Directors who have expressed their satisfaction with the evaluation process.

Number of Board Meetings

The Board of Directors duly met four times during the financial year from 1st April, 2014 to 31st March, 2015 i.e. 19th June, 2014, 27th September, 2014, 26th December, 2014 and 20th March, 2015. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

AUDIT COMMITTEE

The Board of Directors of the Company has constituted the Audit Committee of Directors to act in accordance with the terms of reference specified by the Board as stipulated in Section 177 of the Companies Act, 2013. The details of Committee members are as follows:-

S.No.	Name of Director	Designation	Category
1.	Shri H.L. Sharma	Chairman	Non-Executive Director
2.	Shri B.L. Verma	Member	Independent Director
3.	Shri S.K. Sharma	Member	Independent Director

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The directors have prepared the annual accounts on a going concern basis;
- The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

AUDITOR'S AND AUDITORS' REPORT

Statutory Auditors

M/s J.T. Shah & Co. (Firm Registration No. 109616W), Chartered Accountants were appointed as Statutory Auditors of the Company at the last Annual General Meeting held on 27th September, 2014 for a period of three years subject to ratification by members at every consequent Annual General Meeting. Accordingly, the appointment of M/s J.T. Shah & Co., Chartered Accountants, as statutory auditors of the Company, is placed for ratifications by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

The observations made in the Auditors' Report read together with relevant notes thereon are self explanatory and hence, do not call for any further comments under Section 134 of the Companies Act, 2013.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules made thereunder, the Company has appointed M/s JAKS & Associates, Company Secretaries, Jaipur to undertake the Secretarial Audit of the Company. The Secretarial Audit report is annexed herewith as **Annexure-B**.

The observations in Secretarial Audit Report which pertains mainly listing agreement requirements, stock exchange compliances etc., it is clarified that the company will take necessary action on implementation of rehabilitation scheme pending for examination and approval of BIFR.

EXTRACT OF ANNUAL RETURN

In accordance with Section 134 (3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format (MGT-9) is appended as **Annexure-C** to the Board's Report.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered office of the company during business hours on working days of the Company up to the date of ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the Company Secretary in advance.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as **Annexure-D**.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations to safeguard and protect from loss, unauthorized use or disposition of its assets. The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system of the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements. All the transactions are properly authorized, recorded and reported to the Management of the Company. Significant audit observations and recommendations along with corrective actions taken by the management thereon are presented to the Audit Committee meetings and thereafter Board Meetings.

BUSINESS RISK MANAGEMENT

In accordance with Clause 49 of the Listing Agreement, the Board of Directors of the Company formally adopted a policy i.e. Risk Management Policy for framing, implementing and monitoring the risk management plan for the Company. The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. The policy establishes a structured and disciplined approach to Risk Management. In the challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks of the Company inter alia are competition, technology obsolescence, raw material availability, retention of talent and statutory and regulatory compliances. As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

CODE OF CONDUCT

The Company has a Code of Conduct which 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, business practices and dealing with stakeholders. The Code gives guidance through examples on the expected behavior from an employee in a given situation and the reporting structure.

VIGIL MECHANISM

Pursuant to the provision of Section 177 (9) and (10) of the Companies Act, 2013, the Company has adopted Vigil Mechanism, which also incorporates a whistle blower policy for Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud and violation of the Company's code of conduct and ethics. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relate and the date of this report.
- No significant or material orders were passed by the regulators or Courts or Tribunals which impact the going concern status and Company's Operations in future.

ACKNOWLEDGEMENTS

Your Directors wish to extend their sincerest thanks to the Members of the Company, Bankers, State Government, Local Bodies, Customers, Suppliers, Executives, Staff and workers at all levels for their continuous cooperation and assistance.

ON BEHALF OF THE BOARD

Place: Mumbai
Date : 29th June, 2015

(Sachin Ranka)
Chairman & Managing Director

Annexure A to Boards' Report

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

There were no contracts or arrangements or transactions entered into during the year ended 31st March 2015, which were not at arm's length basis.

2. Details of material contracts or arrangements or transactions at Arm's length basis.

S. No.	Name (s) of the related party	Nature of Relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
1.	Shubam Corporate Advisory Pvt. Ltd.	One of the Directors is interested	Leave and License agreement of corporate office premises	01.04.2013 to 31.03.2015	Occupy and use the office space for Corporate Head at Mumbai at monthly compensation of Rs. 30000/- Plus applicable service tax	28.06.2013	NIL

Annexure B to Boards' Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2015

[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 our opinion thereon.

Based on our verification of the Modern Denim Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st March, 2015** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Modern Denim Limited for the financial year ended on **31st March, 2015** 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;
 - (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**)
- (vi) And other applicable laws as mentioned below:
 - (a) Labour Laws
 - (b) Environment Laws
 - (c) The Sick Industrials Companies (Special Provisions) Act, 1985. The Company has been declared as Sick Company by the Board for Industrial and Financial Reconstruction (BIFR) and the company has submitted rehabilitation scheme to BIFR which is under examination /approval.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (**Not notified hence not applicable to the Company during the audit period**).
- (ii) The Listing Agreements entered into by the Company with BSE LIMITED, JAIPUR STOCK EXCHANGE, MADRAS STOCK EXCHANGE, BANGLORE STOCK EXCHANGE, CALCUTTA STOCK EXCHANGE, DELHI STOCK EXCHANGE, and AHMEDABAD STOCK EXCHANGE.

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 redeem yet. As per explanation given by the company, final redemption of Preference Shares will be on sanction of rehabilitation scheme by BIFR.
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."

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 BIFR.
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 comply the provisions of the Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
8. 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 in compliance with the Companies Act 2013 but not in accordance with listing agreement. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of 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 Secretary

Deepak Arora
[Partner]
FCS No. 5104
COP No. 3641

Place: Jaipur
Date: 29th June, 2015

ANNEXURE 'A'

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 Secretary

Deepak Arora
[Partner]
FCS No. 5104
COP No. 3641

Annexure- C to Board's Report FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2015

[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	78.24%
2	Job work Income	-	20.14%

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 Total Shares	% of	Demat	Physical	Total Total Shares	% of	
A. PROMOTERS									
(1) Indian									
a) Individual/HUF	–	11250	11250	0.030	–	11250	11250	0.030	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corporates	–	15200482	15200482	40.53	–	15200182	15200182	40.53	–
e) Bank/FI	–	–	–	–	–	–	–	–	–
f) Any other	–	–	–	–	–	–	–	–	–
SUB TOTAL (A)(1):-	–	15211732	15211732	40.56	–	15211432	15211432	40.56	–
(2) Foreign									
a) NRIs-Individuals	–	–	–	–	–	–	–	–	–
b) Other-Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any other...	–	–	–	–	–	–	–	–	–
SUB TOTAL (A)(2):-	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	–	15211732	15211732	40.56	–	15211432	15211432	40.56	–
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	–	457840	457840	1.22	–	457840	457840	1.22	–
b) Banks/FI	–	6586868	6586868	17.57	–	6586868	6586868	17.57	–
c) Central govt.	–	–	–	–	–	–	–	–	–
d) State Govt.(s)	–	1512627	1512627	4.03	–	1512627	1512627	4.03	–
e) Venture Capital Fund	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	3220261	3220261	8.59	–	3220261	3220261	8.59	–
g) FIs	–	402760	402760	1.07	–	402760	402760	1.07	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
SUB TOTAL (B)(1):-	–	12180356	12180356	32.48	–	12180356	12180356	32.48	–
(2) Non Institutions									
a) Bodies Corporates									
i) Indian	–	125408	125408	0.33	–	125858	125858	0.33	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	–	9258104	9258104	24.69	–	9257954	9257954	24.69	–
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakh	–	215500	215500	0.58	–	215500	215500	0.58	–
c) Others (NRI's)	–	510900	510900	1.36	–	510900	510900	1.36	–
SUB TOTAL (B)(2):-	–	10109912	10109912	26.96	–	10110212	10110212	26.96	–
Total Public Shareholding (B) = (B)(1) + (B)(2)	–	22290268	22290268	59.44	–	22290568	22290568	59.44	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	37502000	37502000	100.00	–	37502000	37502000	100	–