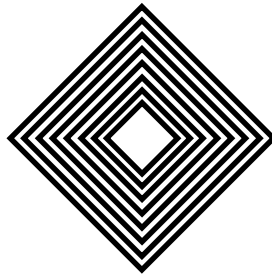


**ANNUAL REPORT
2015-2016**



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	– Non-Executive 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**

SECRETARIAL AUDITORS

M/s. JAKS & Associates,
Practicing Company Secretaries,
Jaipur - 302 005

REGISTERED OFFICE

A-4, Vijay Path,
Tilak Nagar,
Jaipur - 302 004 (Rajasthan)
Ph. : 07823040996
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 38th Annual General Meeting of the Members of **Modern Denim Limited** will be held on Thursday the 22nd September, 2016 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, 2016 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) To ratify the 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 of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time 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 J.T. Shah & Co., Chartered Accountants (Firm Registration No. 109616W), as 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 a Special Resolution:-**
"RESOLVED THAT pursuant to the provisions of section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow funds for and on behalf of the Company from time to time as deemed by it to be requisite and proper for the business of the Company notwithstanding that the money or moneys to be borrowed, together with the moneys already borrowed by the Company in the ordinary course of business, shall not exceed ₹ 25 Crores in excess of the aggregate of its paid up share capital and free reserves of the Company, apart from temporary loan obtained in the ordinary course of business."
"RESOLVED FURTHER THAT the consent of the Company be and is hereby accorded, in terms of Section 180 (1) (a) and all other applicable provisions, if any, of the Companies Act,

2013 to the Board of Directors of the Company to create charge/provide security for the sum borrowed on such terms and conditions and in such form and manner as may be agreed between the Company and the lenders so as to secure the borrowings by the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or person(s) authorized by the Board, be and are hereby authorized to finalize and execute such documents or deeds or agreements as may be required and to do all acts, deeds, matter and things as may be necessary.

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

"RESOLVED THAT pursuant to the provisions of Section 100 of the Companies Act, 1956 and other applicable provisions, if any, consent and approval of the Shareholders be and is hereby accorded for de-rating its existing Equity Share Capital by 90 % from ₹ 44,00,20,000 (including the converted preference Shares) divided into 4,40,02,000 Equity Shares each of ₹ 10/- to ₹ 4,40,02,000/- divided into 4,40,02,000 Equity Shares of ₹ 1/- each as considered in the Draft Rehabilitation Scheme submitted by the Company to Hon'ble BIFR through the Operating Agency."

"RESOLVED FURTHER THAT every Ten Equity Shares of ₹ 1/- each fully paid up as reduced, be consolidated into one New Equity Share of ₹ 10/- each fully paid up."

"RESOLVED FURTHER THAT post reduction and consolidation of equity Shares of ₹ 10/- each, fractional shareholding if any, shall be held in a Trust on behalf of the fractional shareholders. Thereafter the Company Shall appoint a SEBI approved Merchant Banker for valuing the shares of the Company held in the Trust, and the fractional shareholders shall be given a choice to sell their fractional shareholding to promoters at a price arrived at by the Merchant Bankers."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take effective steps for reduction of Equity Share Capital of the Company and to seek approval of the Hon'ble BIFR to the proposed reduction of Share Capital."

By the Order of the Board

Place: Mumbai
Date: 25th June, 2016

(Kirit Shah)
Company Secretary

NOTES:

1. 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.
2. 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.
3. 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
4. Members/proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
5. The Share transfer books and Register of members shall remain closed from 19th September, 2016 to 22nd September, 2016 (both days inclusive).
6. 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.
7. The Statutory Registers maintained under the provisions of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
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.
9. A route map showing directions to reach the venue of the Annual General Meeting is given with the Annual Report.
10. 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").
 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.
 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.
 The Notice of the AGM of the Company inter alia indicating the process and manner of e-Voting

process along with printed Attendance Slip and Proxy Form can be downloaded from the link <https://www.evoting.nsdl.com>

Instructions for the voting through electronic means :-

1. Company will send the pdf file to members on their registered email address which contains "User ID" and "Password for e-voting". Members shall use their folio number as password to open the attached PDF file. 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 / Mr. Nadeem Zaki
 Phone: 07823040996 / 0141-4113645
 Email Id : modernjaipuroffice@gmail.com
 2. The members should log on the e-voting website www.evoting.nsdl.com
 3. Click on "Shareholder - Login".
 4. 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
 5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
 6. After login, home page of remote "e-Voting" will open. Click on e-Voting: Active Voting Cycles.
 7. Select "EVENT" of "Modern Denim Limited". Members can cast their vote from 18th September, 2016 (9:00 am) and ends on 21st September, 2016 (5:00 pm).
 8. Now member are ready for "e-Voting" as "Cast Vote" page opens.
 9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted.
 10. 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 id i.e. aroracs2@gmail.com with a copy to evoting@nsdl.co.in.
- Other information**
- A member may participate in the AGM even after exercising his right to vote through remote e-voting but he shall not be allowed to vote again at the AGM.
 - A person, whose name is recorded in the register of members maintained by the Company as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through Ballot Paper.
 - In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <http://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990.

ANNEXURE TO NOTICE EXPLANATORY STATEMENT

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

Item No. 4

In order to meet the funds requirement of the Company for its business and operational purpose, it is necessary to borrow funds. The Board of Directors of a Company, shall exercise the power to borrow funds in excess of paid up share capital and free reserves notwithstanding that the money or moneys to be borrowed together with the moneys already borrowed by the Company in the ordinary course of business shall not exceed Rs. 25 Crores.
 The resolution seeks the approval of members in terms of Section 180 (1) (c) of the Companies Act, 2013 and rules made thereunder for borrow funds for its business and operational purpose. No Director, Key Managerial Personnel or their relatives is interested or concerned in the resolution. The Board recommends the resolution set forth in Item no. 4 for approval of the members.

Item No. 5

In the Draft Rehabilitation Scheme to be submitted by the Company to Hon'ble BIFR, through the operating agency, de-rating of Equity Shares by 90% of its face value has been proposed against the accumulated losses of the Company, subject to approval of the Shareholders in the Annual General Meeting. Accordingly if de-rating is approved, the Paid-up Equity Share Capital

will get reduced from ₹ 44,00,20,000 (including the converted Preference Shares) divided into 4,40,02,000 Equity Shares each of ₹ 10/- to ₹ 4,40,02,000/- divided into 4,40,02,000 Equity Shares of ₹ 1/- each. Thereafter every 10 Equity Share of ₹ 1/- each will be consolidated into 1 New Equity Shares of ₹ 10/- each fully paid-up. Consequently the revised paid-up Equity Capital of the Company shall compromise 44,00,200 Equity Shares of ₹ 10/- each fully paid-up aggregating ₹ 440.02 Lacs.

As proposed in Draft Rehabilitation Scheme that the Company is to merge with Modern Insulators Limited under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 and upon coming into effect of the scheme "Modern Insulators Limited" (hereinafter referred as the Transferee Company) shall issue at par and allot to every shareholder holding equity shares of Modern Denim Limited (hereinafter referred as the Transferor Company) on a date to be fixed by Board of Directors of the Transferor Company, 2 equity shares of ₹ 10/- each credited as fully paid up for every 3 equity shares of ₹ 10/- each fully paid up held by such shareholder in the Transferor Company subsequent to write down and allotment of fresh shares by the Transferor Company as per scheme.

All members of the Transferor Company whose name appears in the Register of Members of the Transferor Company on the Record Date shall surrender to the Transferee Company for cancellation their share certificates in respect of the equity shares held in the Transferor Company and the Transferee Company shall issue to them certificates for equity shares in the Transferee Company to which they may be entitled in terms of this Scheme and every such shareholder of the Transferor Company shall take all requisite steps to obtain from the Transferee Company to which he is entitled to hereunder. Upon the new equity shares being issued and allotted by the Transferee Company to the members standing on the Register of Members of the Transferor Company on the aforesaid Record Date, share certificates in

respect of the shares held by them in the Transferor Company shall be deemed to stand cancelled.

In case of fractional shareholding subsequent to write down, such fractional shareholding shall be held in trust on behalf of the fractional shareholders. Thereafter the Company shall appoint a SEBI approved Merchant Banker for valuing the shares of the Company held in the said Trust and the fractional shareholders shall be given a choice to sell their fractional shareholding to promoters at a price arrived at by the Merchant Bankers.

None of the Directors, key managerial personnel or their relatives, is interested or concerned in the resolution. The Board recommends the resolution set forth in Item no. 5 for the approvals of the members.

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the 38th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2016.

FINANCIAL RESULTS (₹ in Crores)		
Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Turnover and other Income	35.67	42.55
Profit/(Loss) before Interest and Depreciation	(2.31)	(1.80)
Less: Interest	0.76	0.38
Profit/(Loss) Before Depreciation	(3.07)	(2.18)
Less: Depreciation	1.00	2.65
Profit/(Loss) Before Exceptional Items & Tax	(4.07)	(4.83)
Add: Exceptional Items	45.83	—
Profit/(Loss) Before Tax	41.76	(4.83)
Less: Provision for taxation	—	—
Profit/(Loss) After Tax	41.76	(4.83)
Balance brought forward from previous year	(133.80)	(128.97)
Balance carried to Balance Sheet	(92.04)	(133.80)

OPERATIONS

The turnover for the year has been ₹ 33.96 Crores as against ₹ 40.72 Crores in the previous year. Turnover affected due to continued stiff competition in the textile market and recessionary trend. The Company also operated at lower capacity utilization due to shortage of working capital which has also impacted profitability of the Company for the year. Production cost also pushed up due to exorbitant 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 slightly progressive to ₹ 3.97 crores as compared to previous year of ₹ 3.88 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.

FUTURE PROSPECTS

Your Directors foresee upsurge in demand in ensuing years. Denim volumes are expected to grow further towards fashion and value added fabrics. 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, the Company has submitted fully tied up Draft Rehabilitation Scheme (DRS) to the Operating Agency which is under examination and further submission to Hon'ble BIFR for their consideration.

FIXED DEPOSITS

The Company has an unpaid amount of Fixed Deposits & Interest thereon outstanding as on 31st March, 2016, 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.

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.

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

In accordance with the provisions of section 188 of the Companies Act, 2013 and rules made thereunder, 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, the details of which are included in the notes forming part of the financial statements. There were no materially significant related party transactions which may have a potential conflict with

the interests of the Company at large. Accordingly, information in Form AOC-2, is not required.

AMALGAMATION OF THE COMPANY WITH MODERN INSULATORS LIMITED

Your Company is under the jurisdiction of the Hon'ble BIFR and to achieve the scale, size, integration and enhance financial strength along with the flexibility to future growth opportunities, your Board of Directors have decided that it would be in the interest of the Company to merge with Modern Insulators Limited by a scheme of merger/amalgamation under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 w.e.f 01.04.2016. The Draft Rehabilitation Scheme containing Merger/Amalgamation with Modern Insulators Limited will be submitted to the Operating Agency for its examination and for onward submission to Hon'ble BIFR for its approval.

SUBSIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Ventures and Associate Companies as on 31.03.2016.

CORPORATE SOCIAL RESPONSIBILITY

As per the provisions of section 135 (1) of the Companies Act, 2013, the Company has constituted Corporate Social Responsibility (CSR) Committee which comprises the following member directors:

Name of the Member	Designation
Shri Sachin Ranka	Chairman & Managing Director
Shri H.L. Sharma	Non Executive Director
Shri S.K. Sharma	Independent Director

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.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Smt. Meenu Sacheti who was appointed as an Additional Director by the Board of Directors in their meeting held on 20th March, 2015 has been subsequently appointed as Director liable to retire by rotation in the Annual General Meeting of the Company held on 22nd September, 2015. Accordingly, Smt. Meenu Sacheti, Non-Executive Director is liable to retire by rotation and being eligible, offer herself for reappointment.

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.

There was no change in the Key Managerial Personnel during the year.

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.

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.

NUMBER OF BOARD MEETINGS

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.

In the Financial Year 2015-16, the Board met four times. The Meetings were held on 29th June, 2015, 22nd September, 2015, 28th December, 2015 and 19th March, 2016. The intervening gap between the meetings was within the period prescribed under section 173 of the Companies Act, 2013.

AUDIT COMMITTEE

Audit Committee of the Board of Directors is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of the Listing Regulation. All members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, and Economics etc. Shri H.L. Sharma, Non-Executive Director is the Chairperson of the Audit Committee. The other members of the Audit Committee include Shri B.L. Verma and Shri S.K. Sharma, Independent Directors.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an effective internal control and risk-mitigation system, which are constantly assessed and strengthened with new/revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same.

The Company is also initiating action for strengthening the systems and procedures to ensure effective Internal Financial Controls in accordance with Section 134 (5) (e) of the Companies Act, 2013. An internal audit process is in place under the overall supervision of the Audit Committee of the Board. Qualified and experienced professionals are engaged to ensure effective and independent evaluation of the internal financial controls.

The Audit Committee of the Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions are being taken.

AUDITOR'S AND AUDITORS' REPORT

Statutory Auditors

At the Annual General Meeting held on 27th September, 2014, J.T. Shah & Co., Chartered Accountants (Firm Registration No. 109616W), were appointed as Statutory Auditors of the Company to hold office till the conclusion of the 39th Annual General Meeting to be held in the calendar year 2017, subject to ratification by members at every consequent Annual General Meeting. Accordingly appointment J.T. Shah & Co., Chartered Accountants, as statutory auditors of the Company, is placed for ratification by the Shareholders.

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

JAKS & Associates, Company Secretaries, was appointed to conduct the secretarial audit of the Company for the Financial Year 2015-16, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report is annexed herewith as **Annexure-A** to the Board's 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 and approval of BIFR.

EXTRACT OF ANNUAL RETURN

The extracts of the Annual Return in prescribed format (MGT-9) as per the provisions of sections 92 of the Companies Act, 2013 is annexed as **Annexure-B** 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-C** and forms part of this Report.

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 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 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.

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.

VIGIL MECHANISM

The Company has formulated and implemented the Whistle Blower Policy/ Vigil Mechanism. This has provided a mechanism for directors and employees of the Company and other persons dealing with the Company to report genuine concern 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.

ENVIRONMENT AND SAFETY

The Company is conscious for environmentally clean and safe operations to ensure safety of all concerned, compliances of environmental regulations and preservation of natural resources.

The Company has zero tolerance towards sexual harassment at the workplace and has a proper management system to prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. During the Financial Year 2015-16, the Company has not received any complaints of sexual harassment.

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.

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 place on record their appreciation, for the contribution made by the employees at all levels. Your Directors also wish to thanks its Members, Bankers, State Government, Local Bodies, Customers, and Suppliers for their continuous cooperation and assistance.

ON BEHALF OF THE BOARD

(Sachin Ranka)

Chairman & Managing Director

DIN 00335534

Place: Mumbai

Date: 25th June, 2016

Annexure A to Boards' Report

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March, 2016

[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 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, 2016 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, 2016 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 sector specific laws that are applicable specifically to the Company. However, 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 under the Sick Industrials Companies (Special Provisions) Act, 1985.

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 Ahmedabad Stock Exchange but the trading of the company with stock exchanges 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 not provided the facility to its members to exercise their right to vote at Annual General Meeting by electronic means as per section 108 of the Companies Act, 2013. However, as per the management clarification, the company is taking step to provide the same facility to its shareholders in ensuing Annual General Meeting.
2. The Company has Cumulative Redeemable preference shares amounting to Rs. 650 lakhs 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 BIFR.
3. 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."
4. 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.
5. 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.
6. The Company has its website but the disclosures are not as per the Companies Act, 2013 and Listing Agreement/ SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.
7. The Company has not complied with the provisions of listing agreement/ SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and SEBI Rules and Regulations, wherever applicable.
8. 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.

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 except observation given above. There was no change in the composition of the Board of Directors during the period under review.

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 ensure compliance with applicable laws, rules, regulations and guidelines. However, the company needs to strengthen the monitoring system.

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 : 25th June, 2016

To,
The Members
Modern Denim Limited

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.

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
 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]

Place : Jaipur
Date : 25th June, 2016

FCS No. 5104
C P No. : 364

FOR JAKS & ASSOCIATES
Practicing Company Secretaries

Deepak Arora
[Partner]
FCS No. 5104
C P No.: 3641

Place : Jaipur
Date : 25th June, 2016

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

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

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	86.25 %
2.	Job Work Income	-	12.42 %

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.

(i) Category-wise Share Holding

[illegible]

c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL (A)(2):-	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	-	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 Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	3220261	3220261	8.59	-	3220261	3220261	8.59	-
g) FIIs	-	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 Corporates	-	-	-	-	-	-	-	-	-
i) Indian	-	125858	125858	0.34	-	128958	128958	0.34	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	-	10758831	10758831	28.69	-	10750991	10750991	28.67	-0.02
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakh	-	215500	215500	0.57	-	225890	225890	0.60	0.03
c) Others (NRI's)	-	510900	510900	1.36	-	505250	505250	1.35	-0.01
SUB TOTAL (B)(2):-	-	11611089	11611089	30.96	-	11611089	11611089	30.96	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	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	-

(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	0.009	-	3400	0.009	-	-
2.	Smriti Ranka	2700	0.007	-	2700	0.007	-	-
3.	Admiral Exports Pvt. Ltd.	5675	0.015	-	-	-	-	(0.015)
4.	Agrini Finvest Pvt. Ltd.	50	-	-	-	-	-	-
5.	Ajaymeru Trading & Investments Pvt. Ltd.	371995	0.992	0.97	-	-	-	(0.992)
6.	Bhogal Merchant & Trading Pvt. Ltd.	150050	0.40	0.38	150050	0.40	0.40	-
7.	Chand Merchant Pvt. Ltd.	534550	1.43	1.42	-	-	-	(1.43)
8.	Current Investments Pvt. Ltd.	151325	0.40	0.40	151325	0.40	0.40	-
9.	Initial Investments Pvt. Ltd.	1850	0.005	-	-	-	-	(0.005)
10.	Invitation Investments Pvt. Ltd.	132541	0.35	0.29	-	-	-	(0.35)
11.	Kanchanshri Holdings Pvt. Ltd.	100	-	-	-	-	-	-
12.	Mehrauli Traders Pvt. Ltd.	5900	0.016	-	-	-	-	(0.016)
13.	Midas Powertech Pvt. Ltd.	492106	1.31	1.29	-	-	-	(1.31)
14.	Naman Vyapar & Vitt Pvt. Ltd.	100	-	-	-	-	-	-
15.	Nirbhay Traders Pvt. Ltd.	385	0.001	-	-	-	-	(0.001)
16.	Paridhi Shreshoppe Pvt. Ltd.	5225	0.014	-	-	-	-	(0.014)
17.	Shri Mahuli Investment Pvt. Ltd.	125	-	-	-	-	-	-
18.	Trishul Traders Pvt. Ltd. (includes 1492627 shares pledged with GSFC)	13216855	35.24	1.02	14767457	39.38	4.97	4.14
19.	Vulvan Traders Pvt. Ltd.	128250	0.34	0.34	128250	0.34	0.34	-
	Total	15203182	40.54	6.11	15203182	40.54	6.11	-