

**ANNUAL REPORT  
2017-2018**



**Modern**  
**DENIM LIMITED**

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**BOARD OF DIRECTORS**

Shri Sachin Ranka	– Chairman & Managing Director
Shri Suvrat Ranka	– Whole Time Director
Shri T.C. Chejara	– Non-Executive Director
Shri B.L. Verma	– Independent Director
Shri S.K. Sharma	– Independent Director
Smt. Meenu Sacheti	– Independent Director

**CHIEF FINANCIAL OFFICER**

Shri C.S. Jain

**COMPANY SECRETARY**

Ms. Komal Sulaniya

**AUDITORS**

M/s Samir M Shah & Associates  
Chartered Accountants,  
Ahmedabad - 380 009

**SECRETARIAL AUDITORS**

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

**REGISTERED OFFICE**

A-4, Vijay Path,  
Tilak Nagar,  
Jaipur - 302 004 (Rajasthan)  
Ph. : 0141-4113645  
E-mail : modernjaipuroffice@gmail.com

**CORPORATE HEAD QUARTER**

68/69, Godavari,  
Pochkhanwala Road,  
Worli, Mumbai - 400 025

**PLANT**

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



## NOTICE

NOTICE is hereby given that the 40th Annual General Meeting of the Members of Modern Denim Limited will be held on Friday, the 28th September, 2018 at 5.00 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 for the year ended 31st March, 2018 and the reports of the Board of Directors and Auditors thereon.
- (2) To appoint a director in place of Shri. T.C. Chejara (DIN: 07619881), who retires by rotation and being eligible, offers himself for re-appointment.

### B. SPECIAL BUSINESS

- (3) **To appoint Shri Suvrat Sachin Ranka as Whole-Time Director of the Company**

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

"RESOLVED THAT pursuant to the provisions of Sections 152, 161 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri Suvrat Sachin Ranka (DIN 008076235) who was appointed as an Additional Director of the Company under Section 161 of the Companies Act, 2013 with effect from 1st April, 2018 by the Board of Directors and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Director of the Company whose office shall be liable to retire by rotation."

"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), and pursuant to the recommendation of the Nomination and Remuneration Committee and Board of Directors, approval of the

Company be and is hereby accorded for re-appointment and payment of remuneration to Shri Suvrat Sachin Ranka (DIN 008076235) as an Whole-Time Director of the Company for a period of three years with effect from 01.04.2018 whose office shall be liable to retire by rotation, on the terms and conditions of his remuneration as specified in the explanatory statement annexed thereto."

- (4) **To re-appoint Shri Sachin Ranka as Chairman & Managing Director of the Company**

**To consider and if thought fit, to pass with or without modification(s), 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 01.09.2018 to 31.08.2021 without any remuneration."

- (5) **To appoint Smt. Meenu Sacheti as an Independent Director of the Company**

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

"RESOLVED THAT pursuant to the provisions of section 149, 150 and 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with schedule IV of the Companies Act, 2013, Smt. Meenu Sacheti (DIN 02266703), Director of the Company who retires by rotation at the Annual General Meeting be and is hereby appointed as Independent Director of the Company with effect from 01.06.2018 for a period of five years whose office shall not be liable to retire by rotation."

By the Order of the Board

Place: Mumbai

Date: 14th August, 2018

(Komal Sulaniya)

Company Secretary

## NOTES:

1. The Explanatory Statement pursuant to Section 102 and/or any other applicable provisions of the Companies Act, 2013 setting out the material facts in respect of Item No. 3 to 5 set out in the Notice and the details under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and clause 1.2.5 of Secretarial Standards on the General Meeting (SS-2) issued by the Institute of Company Secretaries of India, in respect of the person(s) seeking appointment/ re-appointment as Director at the Annual General Meeting, 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. In terms of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty members holding in the aggregate, not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.
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. 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.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
7. Details of Directors seeking appointment/re-appointment at the ensuing Meeting are provided in the "Annexure" to the Notice.
8. The Share transfer books and Register of members shall remain closed from 25th September, 2018 to 28th September, 2018 (both days inclusive) in connection with the Annual General Meeting.
9. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH - 13. Members are requested to submit the said details to the Company.
10. Members are advised to submit particulars of their bank account, viz. name and address of the branch of the bank, MICR code of the branch, type of account and account number to the Company.
11. Members who have not registered their email addresses so far are requested to register their e-mail ID's for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.
12. Members who are holding shares in physical form in identical order of names in more than one folio are requested to send to the Company. The

share certificates will be returned to the members after making requisite changes, thereon. Members are requested to use the share transfer form SH-4 for this purpose.

13. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company for registration of transfer of securities.
14. Non-resident Indian shareholders are requested to inform about the following immediately to the Company, immediately of:
  - a. The change in the residential status on return to India for permanent settlement.
  - b. The particulars of the NRE account with a Bank in India, if not furnished earlier.
15. In terms of Section 101 and 136 of the Companies Act, 2013 read with the relevant Rules made thereunder, the copy of the Annual Report including Financial statements, Board's report etc. and this Notice are being sent by electronic mode, to those members who have registered their email ids, unless any member has requested for a physical copy of the same. In case you wish to get a physical copy of the Annual Report, you may send your request to modernjaipuroffice@gmail.com mentioning your Folio.
16. The Statutory Registers maintained under the provisions of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
17. Members are requested to send all communications relating to shares and change of address etc. to the Company at A-4, Vijay Path, Tilak Nagar, Jaipur - 302004
18. 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.
19. A route map showing directions to reach the venue of the Annual General Meeting is given with the Annual Report.

## 20. Voting

All persons whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. 21st September, 2018 only shall be entitled to vote at the General Meeting by availing the facility of remote e-voting or by voting at the General Meeting.

### (I) Voting through Electronic means

1. 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").
2. 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.
3. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
4. The remote e-voting period commences on Tuesday, 25th September, 2018 (9:00 am) and ends on Thursday, 27th September, 2018 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of

Friday, 21st September, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

5. 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.
6. The Results shall be declared within 48 hours after the Annual General Meeting of the Company. The results declared along with the Scrutinizer's Report shall be placed on the company's website [www.moderndenim.com](http://www.moderndenim.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) and the same shall also be communicated to BSE Limited.
7. Any person who becomes a member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date i.e. 21st September, 2018 may obtain the User ID and password in the manner as mentioned below.

### Instructions to members for voting electronically are as under:-

1. Open the attached PDF file "MDL remote e-voting.pdf" giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your "User ID" and "Password for e-voting". Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting.
2. Launch internet browser by typing the URL <https://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](http://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. Home page of remote "e-Voting" opens. Click on e-Voting: Active Voting Cycles.
7. Select "EVEN" of "Modern Denim Limited". Members can cast their vote online 25th, September, 2018 (9:00 am) and ends on 27th September, 2018 (5:00 pm).  
Note: e-Voting shall not be allowed beyond said time.
8. Now you 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. 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: 0141-4113645  
Email Id: - modernjaipuroffice@gmail.com
11. 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 [aroracs2@gmail.com](mailto:aroracs2@gmail.com) with a copy to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
12. 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 <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990.

## EXPLANATORY STATEMENT

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

### Item No. 3

Pursuant to provisions of Section 161 of the Companies Act, 2013, the Articles of Association of the Company and as recommended by the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on 14th February, 2018, appointed Shri Suvrat Sachin Ranka (DIN 008076235), as an Additional Director of the Company, w.e.f. 1st April, 2018.

As an Additional Director, Shri Suvrat Sachin Ranka holds office upto the date of this Annual General Meeting (AGM) and is eligible to be appointed as a Director of the Company. Pursuant to the provisions of Section 160 of the Act, the Company has received a notice in writing along with the deposit of requisite amount from Shri Suvrat Sachin Ranka, signifying his candidature for the office

of the Whole Time Director of the Company.

Shri Suvrat Sachin Ranka is Bachelor in Banking & Insurance and Master of Science in Innovation & Entrepreneurship from University of Warwick, London. He has more than 4 years experience in the field of management and has consented to act as a Whole Time Director of the Company.

i) Basic Salary:-

Rs.1,37,800/- per month from 01.04.2018 with such increments as the Board may decide from time to time.

ii) Perquisites and allowances:-

- Company's contribution towards Provident Fund as per Company's Rules but not exceeding 12% of the basic salary.
- Company's contribution/Allowance towards National Pension System (NPS) as per Company's rules but not exceeding 10% of the basic salary.
- Free use of car with driver, for Company's business.
- Free Telephone facility at residence. All personal long distance calls shall be billed by the Company
- Gratuity not exceeding half month's salary for each completed year of service as provided in Gratuity Act.

iii) He shall not be paid any sitting fees for attending the meetings of Board of Directors or any Committee thereof.

iv) Shri Suvrat Ranka shall be subject to retire by rotation during his tenure as the Whole time Director of the Company.

The disclosure relating to Shri Suvrat Sachin Ranka, as required under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, is set out as an Annexure to the Notice.

The Board recommends the Ordinary Resolutions set out at Item No. 3 of this Notice for the approval by the Members.

Except Shri Sachin Ranka, Chairman & Managing Director of the Company and Shri Suvrat Sachin Ranka, being an appointee, none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No. 3 of the Notice.

**Item No. 4**

Shri Sachin Ranka was re-appointed as Chairman & Managing Director of the

Company without remuneration from 01/09/2015 for a period of 3 years. As such his term of Office expires on 31/08/2018, 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 01/09/2018 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, 2018.

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. 4 for approval of the members.

**Item No. 5**

As per the provisions of SEBI (Listing obligation and Disclosure Requirement) Regulation, 2015, atleast half of the Board of Directors shall comprise of Independent Directors and to comply the Listing provisions. Smt. Meenu Sacheti who was appointed as Non-executive Director of the Company and who meets the criteria of Independence in terms of Section 149 of the Companies Act, 2013 and SEBI (Listing Obligation & Disclosure Requirement), Regulations, 2015, it is recommended to change the designation of Smt. Meenu Sacheti from Non-executive Director to Independent Director.

The disclosure relating to Smt. Meenu Sacheti, as required under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, is set out as an Annexure to the Notice.

The resolution seeks the approval of members in terms of Sections 149, 150 and 152 of the Companies Act, 2013 and the Rules made thereunder for the appointment of Smt. Meenu Sacheti as an Independent Director of the Company for a period of 5 year from 1st June, 2018.

Except Smt. Meenu Sacheti, being an appointee, none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No. 5 of the Notice.

**ANNEXURE TO THE NOTICE**

**DETAILS OF DIRECTOR SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING**

[In pursuance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name	Shri Suvrat Sachin Ranka	Shri Sachin Ranka	Smt. Meenu Sacheti	Shri T.C. Chejara
DIN	008076235	00335534	02266703	07619881
Date of Birth	23/02/1991	28/01/1963	17/07/1962	10/09/1953
Qualifications	Bachelor in Banking & Insurance and Master of Science in Innovation & Entrepreneurship	MBA (Finance)	B.Com	Chartered Accountant
Expertise in Specific area	Finance & Administration	Finance & Corporate Administration	Management and Administration	Finance and Accounts
Date of First appointment on the Board of the Company	01/04/2018	30/11/1992	31/03/2015	01/10/2016
Relationship with other Director	Son of Chairman & Managing Director	None	None	None
Shareholding in the Company	Nil	3400	Nil	150
Directorship held in other Public companies	Nil	Modern Insulators Limited	Modern Insulators Limited	Modern Insulators Limited
Chairman/ Member in the s Committee of the Board of Companies in which he is Director	Nil	Chairman of the Board and CSR committee of Modern Insulators Limited	Nil	Member of the Audit Committee and Stakeholders Relationship Committee of Modern Denim Ltd.

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

The Members,

Your Directors are pleased to present the 40th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2018.

### FINANCIAL RESULTS

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Revenue from Operations	73.32	77.27
Other income	0.38	0.11
<b>Total revenue</b>	<b>73.70</b>	<b>77.38</b>
Profit before finance cost and depreciation	(1.49)	4.12
Finance cost	0.63	1.12
Depreciation	0.99	0.99
<b>Profit before exceptional items and tax</b>	<b>(3.11)</b>	<b>2.01</b>
Exceptional Items	–	–
<b>Profit before tax</b>	<b>(3.11)</b>	<b>2.01</b>
Tax expense	–	–
<b>Profit after tax</b>	<b>(3.11)</b>	<b>2.01</b>
Other comprehensive income (Net of tax)	(0.05)	(0.42)
<b>Total comprehensive income</b>	<b>(3.16)</b>	<b>1.59</b>
Retained earnings at the beginning of the year	(155.54)	(157.13)
Retained earnings at the end of the year	(158.70)	(155.54)

### OPERATIONS

During the Financial Year ended on 31st March, 2018, your company achieved a turnover of ₹ 73.32 Crores as against ₹ 77.27 Crores in the previous year. Because of difficult business condition prevailing in the domestic textile market, your Company has generated net loss of ₹ 3.16 crores as against profit of ₹ 1.59 Crores in the previous year. 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 view of accumulated losses, 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 ₹ 5.77 crores as compared to previous year of ₹ 4.89 crores despite continued recessionary business ambience in the global market. However, the Company is continuing its efforts to enhance presence of its products in overseas markets.

### ANALYSIS AND REVIEW

Your Company is engaged in the business of denim fabric manufacturing. The Company manufactures various types of denim fabrics including basic denim, stretch denim, ring, multi/mixed count denim, cross hatch, face & back denim & blended denim fabric. The Company's plant at Ahmedabad has a composite denim mill with installed production capacity of 30 MPPA. Our experienced marketing and designing teams ensure that our products meet the latest trends in the denim market.

In the recent past, denim markets across the world have witnessed a remarkable upswing in demand, primarily from the new generation. Further, people in rural areas of India are increasingly adopting denim as a daily wear. The growing apparel market, increasing adoption of denim and rising disposable incomes of Indian population are expected to present humongous business opportunities to our Company

### Industry Overview

Our business is gaining momentum in the domestic market and expects the growth to continue in the coming years, on account of changing dynamics

of the Indian consumer base. We expect our Company to benefit substantially from the favourable drivers for the Indian denim industry as an increasing number of global denim manufacturers are looking at India as an emerging denim export region owing to its quality standards, cost effectiveness and a large pool of skilled workforce.

### Outlook, Opportunities, Threats, Risks and concerns

The demand for denim has been continuously rising in India and is expected to grow manifold in the coming years. India is being positioned as one of the leading manufacturers and exporters of denim, owing to its quality standards, cost effectiveness and a large pool of skilled workforce. Moreover, higher disposable income, westernisation of clothing culture and growing popularity of denim jeans as a business casual wear is expected to drive future growth of Denim Industry.

### FIXED DEPOSITS

The Company has an unpaid amount of Fixed Deposits & Interest thereon outstanding as on 31st March, 2018, the details of which have been given in the Note No. 18 & 20 annexed with the financial statements. However, payment on compensatory ground are continued to be made as per decision of the committee formed by National Company Law Tribunal 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.

### STRATEGIC INITIATIVES

In June 2016, the Board of Directors of your Company approved the merger/amalgamation of the Company with Modern Insulators Limited under the ambit of Board for Industrial & Financial Reconstruction (BIFR). Modern Denim Limited was a sick Company and the same was registered with BIFR under the provision of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). However, SICA stood repealed and BIFR stand dissolved in terms of Sick Industrial Companies (Special Provisions) Repeal Act, 2003. In view of repeal of SICA the Company is in process of filing reference to NCLT under the provisions of section 230-232 of the Companies Act, 2013 for its revival. The consolidation of two companies will facilitate savings in the administrative cost.

### SUBSIDIARY, ASSOCIATES AND JOINT VENTURE COMPANIES

The Company does not have any Subsidiary, Joint Ventures & Associate Companies during the year.

### SHARE CAPITAL

The paid up Equity Share Capital as at March 31, 2018 stood at ₹ 37.50 crore. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2018, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

### PARTICULAR OF LOANS, GUARANTEES AND INVESTMENT

Pursuant to the provisions of Section 186(4) of the Act and SEBI (LODR), disclosures on particulars relating to loans, advances and investments are provided as part of the Financial Statements. There are no guarantees issued or securities provided by your Company in terms of Section 186 of the Act, read with the Companies (Meetings of Board and its Powers) Rules, 2014.

### CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions with related parties were reviewed and approved by the Audit Committee and are in accordance with the Policy on Related Party Transactions formulated by the Company.

There were no materially significant related party transactions that may have potential conflict with interest of the Company at large.

The details of contracts and arrangement with related parties for the financial year ended 31st March, 2018, are given in Note No. 35 to the Financial Statements forming part of this Annual Report.

Form AOC-2 pursuant to Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out in the **Annexure 'A'** to the Report.

The Policy on Related Party Transactions, as approved by the Board, is available on your Company's website, [www.moderndenim.com](http://www.moderndenim.com).

### **CORPORATE GOVERNANCE**

Your Directors are committed to best practices of Corporate Governance. Corporate Governance principles form an integral part of the core values of your Company. In terms of Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate report on Corporate Governance, along with a certificate from the Practicing Company Secretaries on its compliance, forms an integral part of this Annual Report.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Subject to the approval of the shareholders, the Board has, on the recommendation of the Nomination and Remuneration Committee, appointed Shri Suvrat Ranka (DIN: 008076235) as an Additional Director under the category Whole Time Director of the Company w.e.f. 1st April, 2018. As an Additional Director, Shri Suvrat Ranka holds office upto the date of the ensuing AGM and is eligible to be appointed as a Director of the Company. The Company has received a notice from Shri Suvrat Ranka, along with the requisite deposit, signifying his candidature for appointment as a Whole Time Director at the ensuing AGM. The resolution seeking the appointment of Shri Suvrat Ranka as Whole Time Director w.e.f. 1st April, 2018 has been included in the Notice of the AGM. Your Directors recommend the resolution for your approval.

During the year, Shri Sachin Ranka (DIN: 00335534), Chairman & Managing Director of the Company whose term expires on 31st August, 2018 has been reappointed by the Board of Directors for a period of three years from 1st September, 2018 without remuneration. The resolution seeking the re-appointment of Shri Sachin Ranka as Chairman & Managing Director w.e.f. 1st September, 2018 has been included in the Notice of the AGM. Your Directors recommend the resolution for your approval.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Shri. T.C. Chejara (DIN: 07619881), Non-Executive Director of the Company, will retire by rotation at the ensuing AGM and, being eligible, have offered himself for re-appointment. Resolutions seeking their appointment have been included in the Notice of the AGM. Your Directors recommend the Resolutions for your approval.

Shri Kirit Shah, Company Secretary & Compliance Officer of the Company has resigned from 1st March, 2018 and Ms. Komal Sulaniya has appointed as Company Secretary & Compliance Officer of the Company from 10th March, 2018.

In terms of the provisions of Sections 2(51) and 203 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Shri Sachin Ranka, Chairman & Managing Director, Shri Suvrat Ranka, Whole Time Director, Shri C.S. Jain, Chief Financial Officer and Ms. Komal Sulaniya, Company Secretary are the Key Managerial Personnel (KMP) of the Company. The appointment and remuneration of Directors and KMPs are as per policy of the Company.

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.

### **BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a structured criteria and framework adopted by the Board after taking into consideration the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent Directors was completed during the year under review. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors and Non-Executive Directors. The Board of Directors expressed their satisfaction with the evaluation process.

### **FAMILIARISATION PROGRAMME FOR DIRECTORS**

At the time of appointing a Director, a formal letter of appointment is given, which inter alia explains the role, function, duties and responsibilities expected to perform as a Director of the Company. The Director is also explained in detail the Compliance required from him under Companies Act, 2013, the Listing Regulations and other various statutes and an affirmation is obtained. The Chairman and Managing Director also has a one to one discussion with the newly appointed Director to familiarize him with the Company's operations. Further, on an ongoing basis presentations are regularly made to the Independent Directors on various matters inter-alia covering the Company's businesses and operations, industry and regulatory updates, strategy, finance, risk management framework, role, rights, responsibilities of the Independent Directors under various statutes and other relevant matters.

The details of the programme for familiarisation of the Independent Directors of your Company are available on the Company's website, [www.moderndenim.com](http://www.moderndenim.com).

### **MEETING OF THE BOARD**

During the year 2017-18, four Board Meetings were held, on 29th May, 2017, 14th September, 2017, 14th December, 2017 and 14th February, 2018. Further details on the Board Meetings are provided in the Corporate Governance Report, forming part of this Annual Report.

### **COMMITTEES OF THE BOARD**

The Board of Directors has the following Committees:

1. Audit Committee
2. Remuneration and Nomination Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee

The details of the Committees along with their composition, number of meetings held and attendance at the meetings are provided in the Corporate Governance Report.

### **CORPORATE SOCIAL RESPONSIBILITY**

As per the provisions of section 135(1) of the Companies Act, 2013 the Board has constituted a Corporate Social Responsibility Committee comprising of Shri Sachin Ranka, Shri T.C. Chejara and Shri S.K. Sharma as its members.

During the year ended 31st March, 2018, one Meeting of Corporate Social Responsibility Committee was held i.e. on 14th February, 2018 and the same was attended by all the members of the Committee.

The Board has, on the recommendation of the Corporate Social Responsibility Committee, framed and adopted a policy for CSR available on the website of the Company [www.moderndenim.com](http://www.moderndenim.com). The Company has huge amount of accumulated losses for the past years which eroded the company's Network. In view of the above mentioned reason the company is not in a position to spend any amount on CSR activities. The disclosures as per rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 are disclosed in **Annexure 'B'** and forms part of this Report.

### **REMUNERATION AND NOMINATION POLICY**

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members. The details of this policy have been posted on the website of the Company viz. [www.moderndenim.com](http://www.moderndenim.com)

## **AUDITORS AND AUDITORS' REPORT**

### **Statutory Auditors**

At the Annual General Meeting held on September 27, 2017, Samir M Shah & Associates, Chartered Accountants, Ahmedabad (ICAI Firm Registration No. 122377W) were appointed as Statutory Auditors of the Company to hold office till the conclusion of the 44th Annual General Meeting to be held in the calendar year 2022.

The observations made by the Statutory Auditors on the Financial Statements of the Company, in their Report for the financial year ended 31st March, 2018, read with the explanatory notes therein, are self-explanatory and, therefore, do not call for any further explanation or comments from the Board under Section 134(3)(f) of the Act.

### **Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s ATCS & Associates, Company Secretaries, Jaipur to conduct the secretarial audit for the financial year 2017-18. The Secretarial Audit Report, issued by M/s ATCS & Associates, Company Secretaries for the financial year 2017-18, forms part of this Report, and is set out in **Annexure 'C'** to this Report. The observations in Secretarial Audit Report which pertains mainly listing agreement requirements, stock exchange compliances etc. It is clarified that the company has started all the compliances related to stock exchange and are in process of revocation of its suspension from the Bombay Stock Exchange.

### **Internal Auditors**

M/s. Pramod & Associates, Chartered Accountants are the Internal Auditors of the Company. Internal Audit Report, their significant findings and follow up actions taken by the management is reviewed by the Audit Committee on a quarterly basis.

### **EXTRACT OF ANNUAL RETURN**

The extract of the Annual Return of the Company as on 31st March, 2018 in Form MGT - 9 in accordance with Section 92 (3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, are set out in the **Annexure 'D'** to this report.

### **VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The Company has established a Vigil Mechanism for reporting of concerns through the Whistle Blower Policy of the Company, which is in compliance of the provisions of Section 177 of the Act, read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, and SEBI (LODR), Regulations, 2015. The Policy provides for framework and process whereby concerns can be raised by its employees against any kind of discrimination, harassment, victimisation or any other unfair practice being adopted against them. Adequate safeguards are provided against victimisation to those who avail of the mechanism, and access to the Chairman of the Audit Committee in exceptional cases is provided to them. The details of the Vigil Mechanism are also provided in the Corporate Governance Report and the Whistle Blower Policy has been uploaded on the website of the Company, [www.moderndenim.com](http://www.moderndenim.com).

### **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 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.

### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The internal control framework is designed to ensure proper safeguarding of assets, maintaining proper accounting records and providing reliable

financial information and other data. This system is supplemented by internal audit, reviews by the management and documented policies, guidelines and procedures. The Company has a well-defined organization structure, authority levels, internal rules and guidelines for conducting the business transactions. The Company intends to undertake further measures as necessary in line with its intent to adhere to procedures, guidelines and regulations as applicable in a transparent manner.

An external independent firm carries out the internal audit of the Company operations and reports its findings to the Audit Committee. Internal Audit also evaluates the functioning and quality of internal controls and provides assurance of its adequacy and effectiveness through periodic reporting. Internal Audit is carried out as per risk based internal audit plan which is reviewed by the Audit Committee of the Company. The Committee periodically reviews the findings and suggestions for improvement and is apprised on the implementation status in respect of the actionable items

### **PARTICULAR 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.

### **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The Company takes pride in the commitment, competence and dedication of its employees in all areas of the business. The Company has a structured induction process at all locations and management development programs to upgrade skills of managers. Objective appraisal systems based on key result areas (KRAs) are in place for senior management staff.

The Company is committed to nurturing, enhancing and retaining its top talent through superior learning and organizational development. This is a part of our Corporate HR function and is a critical pillar to support the organization's growth and its sustainability in the long run.

### **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-'E'** and forms part of this Report.

### **MATERIAL CHANGES AND COMMITMENTS EFFECTING THE FINANCIAL POSITION OF THE COMPANY**

Except as disclosed elsewhere in this Report, no material changes and commitments, which could affect the Company's financial position, have occurred between the end of the financial year of the Company and the date of this Report.

### **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.



### **SECRETARIAL STANDARDS**

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating "Meetings of the Board of Directors' and General Meetings', respectively, has been duly followed by the Company.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair value, the provisions of the Act (to the extent notified) and guidelines issued by SEBI. The Ind AS are prescribed under section 133 of the Companies Act, 2013 ('the Act'), read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016. Effective 1st April, 2017, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with applicable transition guidance.

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)(c) read with section 134 (5) of the Companies Act, 2013:

- 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;
- Issue of shares (including sweat equity shares) to employees of the Company under any Scheme;
- There were no revisions in the financial statements;
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in the future; and
- No cases or complaints were received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- 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.

### **AKNOWLEDGEMENTS**

Your Directors express their deep sense of gratitude to the banks, financial institutions, stakeholders, business associates, Central and State Governments and all regulatory bodies for their co-operation and support and look forward to their continued support in future.

**ON BEHALF OF THE BOARD**

**(Sachin Ranka)**

Chairman & Managing Director  
DIN 00335534

Place: Ahmedabad  
Date: 29th May, 2018

## **Annexure A to Boards' Report**

### **FORM NO. AOC-2**

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

#### **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, 2018, which were not at arm's length basis

#### **2. Details of material contracts or arrangement or transactions at arm's length basis**

<b>Name(s) of the related party and nature of relationship</b>	<b>Nature of contracts/ arrangement/ transactions</b>	<b>Duration of the contracts/arrangements/ transactions</b>	<b>Salient terms of the contracts or arrangements or transactions including the value, if any:</b>	<b>Date(s) of approval by the Board, if any:</b>	<b>Amount paid as advances, if any:</b>
Modern Insulators Limited	Purchase and sale Agreement	01.04.2017 to 31.03.2018	Omnibus approval given by the Audit Committee	29.05.2017, 14.09.2017, 14.12.2017 and 14.02.2018	NIL
Modern Insulators Limited	Loans & Advances received	01.04.2017 to 31.03.2018	Loans and advances received pursuant to the proposed amalgamation of the Company with Modern Insulators Limited.	29.05.2017, 14.09.2017, 14.12.2017 and 14.02.2018	Nil

For and on behalf of Board of Directors

Place: - Abu Road  
Date: - 29<sup>th</sup> May, 2018

**Sachin Ranka**  
Chairman & Managing Director  
DIN : 00335534

## Annexure B to Boards' Report

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:**  
The Company had proposed to undertake activities relating to rural development including preventive healthcare, safe drinking water, environment sustainability, medical relief, enhancing vocational skills etc for the Financial Year 2017-18. The CSR policy is available on the Company's website. The web link of the same is [http://www.moderndenim.com/investors/invpdf/Policy\\_CSR.pdf](http://www.moderndenim.com/investors/invpdf/Policy_CSR.pdf)
2. **The Composition of the CSR Committee:**
3. **Average net profit of the Company for last three financial years:**  
Average Net Profit/(Loss) : Rs (234.54) Lacs.
4. **Prescribed CSR Expenditure (Two percent of the amount as in item 3 above)**  
The Company is required to spend Rs. NA
5. **Details of CSR spent during the financial year:**
  - (a) Total amount spent for the financial year: NA
  - (b) Amount unspent, if any: NA
  - (c) Manner in which the amount spent during the financial year is detailed below:

S. No.	Name of Director	Designation	Category of Director
1.	Shri Sachin Ranka	Chairman	Managing Director
2.	Shri T.C. Chejara	Member	Non-Executive Director
3.	Shri S.K. Sharma	Member	Independent Director

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or Programs: (1) Local area or other. (2) Specify the State and District where projects or programs was undertaken	Amount outlay (Budget) Project or programs wise  (Rs. in Lacs)	Amount spent on the projects or programs. Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads (Rs. in Lacs)	Cumulative expenditure up to the reporting period  (Rs. in Lacs)	Amount Spent: Direct or through implanting agency  (Rs. in Lacs)
	NA	NA	NA	NA	NA	NA	NA

6. Reason for not spending - Company is a Sick Industrial Company and has huge amount of accumulated losses for the past years as stated below:-
 

Sr. No.	Financial Year	Accumulated Losses (In Lacs)
1	2013-14	19701.29
2	2014-15	20184.50
3	2015-16	15714.18
4	2016-17	15553.72
5	2017-18	15869.46
7. We hereby affirm that the CSR Policy as approved by the Board has been implemented and the CSR Committee as well as Board monitors the implementation of the CSR activities/programs undertaken by the Company in compliance of CSR objectives and Policy of the Company.  
Date: 29th May, 2018  
Place: Abu Road

(Sachin Ranka)  
Chairman & Managing Director &  
Chairman of CSR Committee

## Annexure C to Boards' Report

### FORM MR-3

### SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

[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 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, 2018 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 the Company for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under 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