

**ANNUAL REPORT
2017-2018**



Modern
DENIM LIMITED

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 and on the website of NSDL 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
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 with a copy to 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
Total revenue	73.70	77.38
Profit before finance cost and depreciation	(1.49)	4.12
Finance cost	0.63	1.12
Depreciation	0.99	0.99
Profit before exceptional items and tax	(3.11)	2.01
Exceptional Items	—	—
Profit before tax	(3.11)	2.01
Tax expense	—	—
Profit after tax	(3.11)	2.01
Other comprehensive income (Net of tax)	(0.05)	(0.42)
Total comprehensive income	(3.16)	1.59
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.

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.

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. 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

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.

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

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangement/ transactions	Duration of the contracts/arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
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: - 29th May, 2018

Sachin Ranka
Chairman & Managing Director
DIN : 00335534

Annexure B to Boards' Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

- 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
- The Composition of the CSR Committee:**
- Average net profit of the Company for last three financial years:**
Average Net Profit/(Loss) : Rs (234.54) Lacs.
- Prescribed CSR Expenditure (Two percent of the amount as in item 3 above)**
The Company is required to spend Rs. NA
- Details of CSR spent during the financial year:**
 - Total amount spent for the financial year: NA
 - Amount unspent, if any: NA
 - 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

- 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
- 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:

- The Companies Act, 2013 (the Act) and the rules made there under;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- 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;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;(repealed w.e.f. 15th May,2015)
 - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);
 - 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 Disclosure Requirements) Regulations, 2015 and amendments thereof;
- (vi) As confirmed by the management, there are no sector specific laws that are applicable specifically to the Company.

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 and revised w.e.f. 01.10.2017).
- II. The Listing Agreements entered into by the Company with BSE Limited and Calcutta Stock Exchange but the trading of the company with Stock Exchanges is suspended.
- III. The Sick Industrial Companies (Special Provisions) Act, 1985. The Company has been declared as Sick Company by the Board for Industrial and Financial Reconstruction (BIFR) and the company has submitted rehabilitation scheme to BIFR which was under examination /approval but as per the notification of government BIFR has been abated w.e.f. 01.12.2016 and company has submitted its reference to National Company Law Tribunal.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:-

1. The company has Cumulative Redeemable preference shares amounting to Rs. 650 lacs which are not redeem yet. As per explanation given by the company, final redemption of Preference Shares will be on sanction of rehabilitation scheme by NCLT.
2. The Company has unpaid Fixed deposits and interest thereon. For the same, Management has clarified that the Hon'ble Company Law Board has passed an order on 21.12.2001 that "the Repayment of Fixed Deposits shall be

made by the company in accordance with revival scheme as and when approved by BIFR under the provisions of SICA and after abatement of BIFR the Company has filed application with NCLT"

3. The company has unpaid non convertible debentures and interest thereon which were due for redemption but same are not redeemed by the company as company expects waiver/relief under rehabilitation scheme.
4. The Company has an outstanding amount of Share Application money pending for allotment of Rs. 1600 Lacs which is pending from more than 7 years. For the same, Management has clarified that its represent subscription pursuant to the Restructuring/ settlement scheme thus not refundable and Instrument will be issued on sanction of rehabilitation scheme by NCLT.
5. The company has not complied with the provisions of listing agreement and SEBI Rules and Regulations, wherever applicable.
6. The Shares of the Company are not in dematerialized form therefore the company has not complied the provisions of the Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
7. The trading of the company with stock Exchanges is suspended since 07.01.2002.

We further report that

The Board of Directors of the Company was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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 ATCS & ASSOCIATES

Practicing Company Secretaries

Deepak Arora

[Partner]

FCS No. 5104

C P No.: 3641

Place: Jaipur

Date: 29th May, 2018

ANNEXURE 'A'

To,

The Members

MODERN DENIM LIMITED

Our Report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the Audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company. We have relied upon the Report of Statutory Auditors regarding compliance of Companies Act, 2013 and Rules made thereunder relating to maintenance of Books of Accounts, papers and financial statements of the relevant Financial Year, which give a true and fair view of the state of the affairs of the company.

4. We have relied upon the Report of Statutory Auditors regarding compliance of Fiscal Laws, like the Income Tax Act, 1961 & Finance Acts, the Customs Act, 1962, the Central Excise Act, 1944 and Service Tax.

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 ATCS & ASSOCIATES

Practicing Company Secretaries

Deepak Arora

[Partner]

FCS No. 5104

C P No.: 3641

Place: Jaipur

Date: 29th May, 2018

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

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2018

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

I. REGISTRATION AND OTHER DETAILS:

i	CIN	:	L17124RJ1977PLC001758
ii	Registration Date	:	15/11/1977
iii	Name of the Company	:	MODERN DENIM LIMITED
iv	Category/Sub-Category of the Company	:	Company Limited by Shares
v	Address of the Registered office & contact details	:	A-4, Vijay Path, Tilak Nagar, Jaipur-302004
vi	Whether listed Company	:	Yes
vii	Name, Address and contact details of Registrar & Transfer Agent, if any.	:	In house

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name & Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1.	Denim Fabric	17118	95.76 %

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

The Company does not have any holding, subsidiary and associate company

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of Shares Held	Applicable Section
—	N.A.	N.A.	N.A.	N.A.	N.A.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS									
(1) Indian									
a) Individual/ HUF	-	6100	6100	0.02	-	6100	6100	0.02	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	15197082	15197082	40.52	-	15197082	15197082	40.52	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL (A)(1)	-	15203182	15203182	40.54	-	15203182	15203182	40.54	-
(2) Foreign									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
TOTAL (A)	-	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 Funds	-	-	-	-	-	-	-	-	-
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	-	10687729	10687729	28.50	-	10687729	10687729	28.50	-

2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	128958	128958	0.34	-	128958	128958	0.34	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	10750991	10750991	28.67	-	10900441	10900441	29.07	0.40
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	225890	225890	0.60	-	78690	78690	0.21	(0.39)
c) Others (specify)									
Non Resident Indians	-	505250	505250	1.35	-	503000	503000	1.34	(0.01)
Individual (HuF)	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	11611089	11611089	30.96	-	11611089	11611089	30.96	-
Total Public (B)	-	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	100.00	-

(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	0.01	-	3400	0.01	-	-
2	Smriti Ranka	2700	0.01	-	2700	0.01	-	-
3	Bhogal Merchant & Trading Pvt. Ltd.	149825	0.40	0.40	-	-	-	(0.40)
4	Current Investments Pvt. Ltd.	150000	0.40	0.40	150000	0.40	0.40	-
5	Trishul Traders Pvt. Ltd.	14769057	39.38	4.97	14918882	39.78	13.50	0.40
6	Vulvan Traders Pvt. Ltd.	128200	0.34	0.34	128200	0.34	0.34	-
	Total	15203182	40.54	6.11	15203182	40.52	14.24	-

Note :- Pursuant to the amalgamation of Bhogal Merchant & Trading Pvt. Ltd. with Trishul Traders Pvt. Ltd., shares of Bhogal Merchant & Trading Pvt. Ltd. is merged with Trishul Traders Pvt. Ltd.

(iii) Change in Promoters' Shareholding (please specify if there is no change)

Sl. No.	Particulars	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares	No. of shares	% of total shares
1	Sachin Ranka					
	At the beginning of the year		3400	0.01	3400	0.01
	At the end of the year		3400	0.01	3400	0.01
	No Change During the year					
2	Smriti Ranka					
	At the beginning of the year		2700	0.01	2700	0.01
	At the end of the year		2700	0.01	2700	0.01
	No Change During the year					
3	Bhogal Merchant & Trading Pvt. Ltd.					
	At the beginning of the year		149825	0.40	149825	0.40
	Changes during the year	Transfer	(149825)	(0.40)	-	-
	At the end of the year		-	-	-	-
	Due to amalgamation of the Company in Trishul Traders Pvt. Ltd.					
4	Current Investments Pvt. Ltd.					
	At the beginning of the year		150000	0.40	150,000	0.40
	At the end of the year		150000	0.40	150,000	0.40
	No Change During the year					
5	Trishul Traders Pvt. Ltd.					
	At the beginning of the year		14769057	39.38	14769057	39.38
	Changes during the year	Transfer	149825	0.40	14918882	39.78
	At the end of the year		14918882	39.78	14918882	39.78
6	Vulvan Traders Pvt. Ltd.					
	At the beginning of the year		128200	0.34	128200	0.34
	At the end of the year		128200	0.34	128200	0.34
	No Change during the year					

(iv) Shareholding Pattern of top ten Shareholders (other than Directors Promoters and Holders of GDRs & ADRs)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No. of Shares	% of total Shares	No. of	% of total Shares
1	Unit Trust of India	6580255	17.55	6580255	17.55
2	Life Insurance Corporation of India	1609173	4.29	1609173	4.29
3	General Insurance Corporation of India	1098468	2.93	1098468	2.93
4	The New India Assurance Co. Ltd.	512620	1.37	512620	1.37
5	Bank of India A/C BOI Mutual Fund	451110	1.20	451110	1.20
6	TAIB A/C TSML	335675	0.90	335675	0.90
7	Kakunda Investment Pvt. Ltd.	71830	0.19	71830	0.19
8	FCEM Ltd. A/C Foreign & Colonial (I) Ltd.	37050	0.10	37050	0.10
9	Rajeev Jain	35300	0.09	35300	0.09
10	TAIB Bank EC A/C TSML	30035	0.08	30035	0.08

(v) Shareholding of Directors & Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No. of Shares	% of total Shares	No. of Shares	% of total Shares
1	Shri Sachin Ranka- Chairman & Managing Director				
	At the beginning of the year	3,400	0.01	3,400	0.01
	Changes during the year	-	-	-	-
	At the end of the year	3,400	0.01	3,400	0.01
2	Shri T.C. Chejara - Non Executive Director				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
3	Smt. Meenu Sachiti - Non Executive Director				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
4	Shri B.L. Verma - Independent Director				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
5	Shri S.K. Sharma - Independent Director				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
6	Shri C.S. Jain - Senior Vice President (Finance) & CFO				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
7	Shri Kirit Shah - Company Secretary & Compliance Officer				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
8	Ms. Komal Sulaniya - Company Secretary & Compliance Officer				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-

Note :- Shri Kirit Shah has resigned w.e.f. 1st March, 2018 and appointed Ms. Komal Sulaniya from 10th March, 2018.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	781.59	2282.00	733.22	3796.81
ii) Interest due but not paid	-	51.83	936.27	988.10
iii) Interest accrued but not due	291.46	-	-	291.46
Total (i+ii+iii)	1073.05	2333.83	1669.49	5076.37
Change in Indebtedness during the financial year				
• Addition	-	2507.00	-	2507.00
• Reduction	-	(876.83)	(11.71)	(888.54)
Net Change	-	1630.17	(11.71)	1618.46
Indebtedness at the end of the financial year				
i) Principal Amount	781.59	3964.00	721.51	5467.10
ii) Interest due but not paid	291.46	-	936.27	1227.73
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1073.05	3964.00	1657.78	6694.83

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director Whole-time Director and/or Manager:**

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager Sachin Ranka (CMD)	Total Amount
1.	Gross Salary		
	(a) As per provisions contained in section 17(1) of the Income Tax, 1961	Nil	Nil
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	Nil	Nil
	(c) Profits in lieu of Salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission	Nil	Nil
	– as % of profit	Nil	Nil
	– others (specify)	Nil	Nil
5.	Others, please specify	Nil	Nil
	Total (A)	Nil	Nil
	Ceiling as per the Act		N.A.

B. Remuneration to other Directors:

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Name of the Directors				Total Amount
		T.C. Chejara	B.L. Verma	S.K. Sharma	Meenu Sacheti	
1.	Independent Directors					
	Fee for attending board/committee meetings	Nil	0.17	Nil	0.01	0.18
	Commission	Nil	Nil	Nil	Nil	-
	Others, please specify	Nil	Nil	Nil	Nil	-
	Total (1)	Nil	0.17	Nil	0.01	0.18
2.	Other Non-Executive Directors					
	Fee for attending board/committee meetings	Nil	Nil	Nil	Nil	Nil
	Commission	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil	Nil	Nil
	Total (B)=(1+2)	Nil	0.17	Nil	0.01	0.18
	Total Managerial Remuneration					0.18
	Overall Ceiling as per the Act					N.A.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Name Key Managerial Personnel			Total Amount
		Shri C.S. Jain Chief Financial Officer	Shri Kirit Shah Company Secretary	Ms. Komal Sulaniya Company Secretary	
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	15.30	1.86	0.07	17.23
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	—	—	—	—
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	—	—	—	—
2.	Stock Option	—	—	—	—
3.	Sweat Equity	—	—	—	—
4.	Commission	—	—	—	—
	— as % of profit	—	—	—	—
	— others, specify	—	—	—	—
5.	Others, please specify	—	—	—	—
	Total	15.30	1.86	0.07	17.23

Note :- Shri Kirit Shah has resigned w.e.f. 1st March, 2018 and appointed Ms. Komal Sulaniya from 10th March, 2018.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made if any (give details)
A. COMPANY					
Penalty					
Punishment			None		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			None		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			None		
Compounding					

Annexure E to Boards' Report**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO ETC:**

Information on Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:-

(A) Conservation of Energy:

- The steps taken or impact on conservation of energy:
Energy conservation continues to receive priority attention at all levels. Company ensures that the manufacturing operations are conducted in the manner whereby optimum utilization and maximum possible saving of energy is achieved.
- The steps taken by the Company for utilizing alternate sources of energy:
All efforts are made to conserve and optimize use of energy with continuous monitoring through improved operational techniques.
- The capital investment of energy conservation equipments:
No specific investment has been made in reduction in energy consumption.

(B) Technology absorption:

- The efforts made towards technology absorption:

The Company is having research and development cell, headed by a senior and experienced textile technologist. The Company constantly strives for maintenance and improvement in quality of its products.

- The benefits derived like product improvement, cost reduction, product development or import substitution-

The Company has developed numerous qualities, which have been accepted by the Market.

- In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) ₹ Nil

- The expenditure incurred on Research and Development-

(a) Capital : ₹ Nil

(b) Recurring : ₹ Nil

Total : ₹ Nil

Total R&D expenditure as % age of total turnover: N.A.

- Foreign exchange earnings and Outgo:

The Company has earned foreign exchange of ₹ 576.81 Lacs as against an outgo of ₹ 230.97 Lacs during the year.

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate governance refers to the framework, mechanisms, processes and relations by which corporations are directed and managed. Your Company is committed to the adoption of best governance practices and their adherence in true spirit at all times.

Your Company's governance practices oversee business strategies and ensures accountability, ethical behaviour, transparency and fairness to all stakeholders. Your Company puts into practice the corporate governance framework through board governance processes, internal control and audit processes. In line with the above philosophy, your Company continuously strives for excellence and focuses on enhancement of long-term stakeholder value through adoption of best governance and disclosure practices.

Your Company is in compliance with the requirements stipulated under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and erstwhile Clause 49 of the Listing Agreement with the Stock Exchanges ("Listing Regulations") with regards to corporate governance.

BOARD OF DIRECTORS

Composition of Board of Directors

As on date, your Company's Board comprises of 5 Directors, of which 2 are Independent Directors, 2 is Non-Executive Directors and 1 are Executive Directors. All Independent Directors are free from any business or other relationship that could materially influence their judgment. The composition of the Board is in conformity with the requirements of the Companies Act, 2013 and the Listing Regulations. The Directors are professionals and have expertise in their respective functional areas.

Name of Directors	Executive/ Non-Executive/ Independent	No. of Equity Shares held	Directorships in other Public Limited Companies	Membership in Committees of other Companies	
				Member	Chairman
Shri Sachin Ranka	Executive/ Promoter	3400	1	-	-
Shri B.L. Verma	Independent	-	-	-	-
Shri S.K. Sharma	Independent	-	-	-	-
Shri T.C. Chejara	Non-Executive	-	1	-	-
Smt. Meenu Sacheti	Non-Executive	-	1	-	-

1. There is no inter-se relationship between our board members.
2. Includes only Audit Committee and Stakeholders' Relationship Committee
3. Independent Director means a Director as defined under Regulation 16 of the Listing Regulations and Section 149 of the Act.

Conduct of Board Proceedings

The Board holds its meetings at regular intervals to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company. The notice and detailed agenda along with the relevant notes and other material information are sent in advance separately to each Director and in exceptional cases tabled at the Meeting with the approval of the Board. This ensures timely and informed decisions by the Board. The Board reviews the performance of the Company vis-à-vis the budgets/targets.

Board Meetings and Annual General Meeting (AGM)

Minimum four Board meetings are held every year (one meeting in every calendar quarter). Additional meetings are held to address specific needs, if any, of the Company. During the financial year 2017-18 the Board of Directors met four times i.e., on May 29, 2017, September 14, 2017, December 14, 2017 and February 14, 2018.

The maximum gap between any two consecutive meetings was less than one hundred and twenty days, as stipulated under Section 173(1) of the Act, and Regulation 17(2) of the Listing Regulations and the Secretarial Standards issued by Institute of Company Secretaries of India.

Attendance of Directors at the Board Meetings and last Annual General Meeting (AGM)

Name of Directors	Attendance of AGM held on 27th Sept. 2017	Date of Board Meeting			
		29 th May, 2017	14 th Sept., 2017	14 th Dec., 2017	14 th Feb., 2017
Mr. Sachin Ranka	-	✓	✓	✓	✓
Mr. B.L Verma	✓	✓	✓	✓	✓
Mr. S.K. Sharma	-	✓	Leave of Absence	Leave of Absence	✓
Mrs. Meenu Sacheti	-	Leave of Absence	Leave of Absence	Leave of Absence	✓
Mr. T. C. Chejara	✓	✓	✓	✓	✓

Meetings of Independent Directors

A separate meeting of Independent Directors of the Company was held on 14th February, 2018, without the presence of Non-Independent Directors and members of the management, to discuss the matters as required under Schedule IV of the Act and the Listing Regulations. The meeting was attended by all the Independent Directors.

Code of Conduct

The Company has adopted Code of Business Conduct & Ethics which is applicable to the Board of Directors and Senior Management Personnel of the Company. The Board of Directors and the members of Senior Management Team of the Company are required to affirm Compliance of this Code. A declaration signed by the Chairman and Managing Director of the Company to this effect is placed at the end of this report. The Code requires Directors and Employees to act honestly, fairly, ethically and with integrity, conduct themselves in professional, courteous and respectful manner. The Code is displayed on the Company's website www.moderndenim.com.

Familiarization programme for Independent Director

Your Company conducts introductory familiarization programme, inter alia covering the nature of the industry in which the Company operates, business model of the Company, etc., when a new Independent Director joins the Board of the Company. 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 as a part of Agenda of Board/ Committee Meetings, presentations are regularly made to the Independent Directors on various matters inter-alia covering the Company's and its subsidiaries/associates 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 familiarisation programme for Directors have been disclosed on the Company's website, www.moderndenim.com.

Performance evaluation

A formal Evaluation Framework for evaluation of the Board's performance, performance of its Committees and individual Directors of the Company, including the Chairman of the Board, in terms of the requirement of the Act and the Listing Regulations, is in place. In terms of the Evaluation Framework, the Board has carried out the annual performance evaluation of its own performance, the directors individually and the working of its Committees. Criteria for evaluation inter alia include providing strategic perspective, Chairmanship of the Board and its Committees, attendance and preparedness for the meetings, contribution at the meetings and role of the Committees.

COMMITTEES OF THE BOARD

The Board of Directors has constituted Board Committees to deal with specific areas and activities which concern the Company and requires a closer review. The Board Committees are formed with approval of the Board and function under their respective Charters. These Committees play an important role in the overall Management of day to- day affairs and governance of the Company. The Board Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. The Minutes of the Committee Meetings are placed before the Board for noting.

The Board has four Committees namely Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility (CSR) Committee, and Stakeholders Relationship Committee.

Audit Committee

Your Company has a qualified and independent Audit Committee. The Committee is governed in line the regulatory requirements mandated by Companies Act, 2013 and Regulation 18 of the SEBI (LODR), Regulations, 2015. The Audit Committee acts as a link between the management, the statutory and internal auditors, and the Board of Directors. The Audit Committee is provided with the necessary assistance and information so as to enable it to carry out its function effectively.

Composition and Attendance during the Year

As on date the Audit Committee comprises of two Independent Directors and one Non-Executive Director with Non-Executive Director as Chairman of the Committee who are financially literate and have accounting or related financial management expertise.

During the year under review, 4 Audit Committee Meetings were held, on 29th May, 2017, 14th September, 2017, 14th December, 2017 and 14th February, 2018.

The composition of the Audit Committee and the details of the meetings attended by the Members are given below:

Name of the Member	Position	Category	Number of Meetings	
			Held	Attended
Shri T.C. Chejara	Chairman	Non-Executive	4	4
Shri B.L. Verma	Member	Independent	4	4
Shri S.K. Sharma	Member	Independent	4	2

The Chairman of the Audit Committee was present at the last AGM of the Company held on 27th September, 2017.

Brief description of terms of reference

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation of appointment, remuneration and terms of appointment of the auditors.
- Approval of payment to Statutory Auditors for any other services rendered by them.
- Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section of Section 134 of the Companies Act, 2013.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.

- e. Compliance with listing and other legal requirements relating to financial statements.
- f. Disclosure of any related party transactions.
- g. Qualifications in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
6. Review and monitor the auditor's independence and performance and effectiveness of audit process.
7. Approval or any subsequent modification of transactions of the Company with related parties.
8. Scrutiny of inter-corporate loans and investments.
9. Evaluation of internal financial controls and risk management systems.
10. Review with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
11. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
12. Discussion with internal auditors of any significant findings and follow up there on.
13. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
14. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
15. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
16. To review the Whistle Blower mechanism.
17. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background etc. of the candidate.
18. The Audit Committee shall have authority to investigate into any matter in relation to the items specified in section 177(4) of Companies Act, 2013 or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company.
19. The Auditors of a Company and the Key Managerial Personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report.

The Audit Committee shall mandatorily review the following information:

1. management discussion and analysis of financial condition and results of operations;
2. statement of significant related party transactions (as defined by the audit committee), submitted by the management;
3. management letters/letters of internal control weaknesses issued by the statutory auditors;
4. internal audit reports relating to internal control weaknesses;
5. the appointment, removal and terms of remuneration of the chief internal auditor; and
6. statement of deviations:
 - a. Quarterly statement of deviation(s), including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Listing Regulations;
 - b. Annual statement of funds utilized for the purposes other than those stated in the offer document/prospectus/notice in terms of Listing Regulations.

Nomination and Remuneration Committee

The Committee's constitution and terms of reference are in compliance with provisions of the Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015.

Composition, Meetings, Attendance during the Year

The Nomination and Remuneration Committee (NRC) comprises of 2 Non-Executive Independent Directors and 1 Non-Executive Director. During the year under review, 2 NRC Meetings were held, on 29th May, 2017 and 14th February 2018.

The composition of the NRC and the details of the meetings attended by the Members are given below:

Name of the Member	Position	Category	Number of Meetings	
			Held	Attended
Shri T.C. Chejara	Chairman	Non-Executive	2	2
Shri B.L. Verma	Member	Independent	2	2
Shri S.K. Sharma	Member	Independent	2	2

Terms of Reference

The broad terms of reference of the Committee are as follows:

1. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board for their appointment and removal and shall carry out evaluation of every Director's performance.
2. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
3. The Nomination and Remuneration Committee shall, while formulating the policy ensures that:
 - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

- b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c. remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
4. The Chairperson of the said Committee or, in his absence, any other member of the committee authorized by him in this behalf shall attend the general meetings of the company.
5. To consider and fix the remuneration package of non-executive and executive Directors including pension rights and any compensation payment.
6. All elements of remuneration package of Directors such as benefits, bonus, stock options, pension etc.
7. Any other work and policy, related and incidental to the objectives of the committee as per provisions of the Act and rules made thereunder.

Remuneration Policy

The Company has formulated and adopted Executive Remuneration Policy, of Directors, Key Managerial Personnel and other Senior Management of the Company and the same is disclosed in the Annual Report.

Remuneration to Directors

All decisions relating to the remuneration of the Directors were taken by the Board of Directors of the Company in accordance with the Shareholders' approval on recommendation of Nomination and Remuneration Committee, wherever necessary.

Details of remuneration paid to the Directors for the year under review are as under:

(₹ in lacs)

Name of the Directors	Remuneration	Sitting Fees
Shri Sachin Ranka	-	-
Shri B.L. Verma	-	0.17
Shri S.K. Sharma	-	-
Smt. Meenu Sacheti	-	0.04
Mr. T. C. Chejara	-	-

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, the Board has carried out the annual evaluation of its own performance, its Committees and Directors individually. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Chairman and Managing Director and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

Corporate Social Responsibility Committee

Your Company has a CSR Committee of the Board of Directors which assists the Board in discharging its social responsibility by way of formulating, monitoring and implementing the Corporate Social Responsibility Policy (CSR Policy).

Composition and Attendance during the Year

The Composition of CSR Committee is in accordance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The CSR Committee comprises of 2 Non-Executive Directors and one Executive Director. During the year under review, 1 CSR Committee meetings were held on 14th Feb, 2018. The composition of the CSR Committee and the details of the meetings attended by the Members are given below:

Name of the Member	Position	Category	Number of Meetings	
			Held	Attended
Shri Sachin Ranka	Chairman	Executive	1	1
Shri T.C. Chejara	Member	Non- Executive	1	1
Shri S.K. Sharma	Member	Independent	1	1

Stakeholders' Relationship Committee

The Committee's constitution and terms of reference are in compliance with provisions of the Section 178 of the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations, 2015 which are given below:

During the year under review, 4 Stakeholder Relationship Committee Meetings were held, on 29th May, 2017, 14th September, 2017, 14th December, 2017 and 14th February, 2018.

The composition of the Committee and the details of the meetings attended by the Members are given below:

Name of the Member	Position	Category	Number of Meetings	
			Held	Attended
Shri T.C. Chejara	Chairman	Non-Executive Independent	4	4
Shri B.L. Verma	Member	Independent	4	4
Shri S.K. Sharma	Member	Independent	4	2

Terms of reference:

1. The Stakeholders Relationship Committee shall consider and resolve the grievances of all stakeholders and security holders of the Company.
2. The Chairperson of the said Committee or, in his absence, any other member of the Committee authorized by him in this behalf shall attend the general meetings of the Company.
3. Review all Shareholder's grievances like non-receipt of annual reports, non-receipt of dividend etc.
4. Issue of Duplicate Share Certificates, Transfer of Shares in Physical form & Share Transfer Work.
5. Any other work and policy related and incidental to the objectives of the Committee as per provisions of the Act and rules made there under.

The Company Secretary also acts as a Secretary to the Committee.

Details of Complaints Received and Resolved

Particulars	No. of Complaints
Complaints pending as on 1st April, 2017	Nil
Complaints received during the period 1st April, 2017 to 31st March, 2018	1
Complaints disposed off during the period 1st April, 2017 to 31st March, 2018	1
Complaints outstanding as on 31st March, 2018	Nil

Name and Designation of the Compliance Officer

Name: Ms. Komal Sulaniya

Designation: Company Secretary

Address: A-4, Vijay Path, Tilak Nagar, Jaipur - 302 004

GENERAL BODY MEETINGS**Details of Annual General Meetings**

Details of the Annual General Meetings (AGM) of the Company held in the last 3 years are as follows:

Financial Year/AGM	Date	Time	Venue	No. of Special Resolution(s) Passed
2014-15 37 th AGM	22 nd September, 2015	1.00 P.M.	A-4, Vijay Path, Tilak Nagar, Jaipur – 302004 (Rajasthan)	1
2015-16 38 th AGM	22 nd September, 2016	1.00 P.M.	A-4, Vijay Path, Tilak Nagar, Jaipur – 302004 (Rajasthan)	2
2016-17 39 th AGM	27 th September, 2017	5.00 P.M.	A-4, Vijay Path, Tilak Nagar, Jaipur – 302004 (Rajasthan)	NIL

Postal Ballot & E-voting

During the year under review, no resolution was passed through postal ballot.

MEANS OF COMMUNICATION

In compliance with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirement) Regulations, 2015, Since the company has been a sick industrial company and has huge amount of accumulated losses but it has been trying to comply with the respective requirement however the Company published notice of last AGM and book closure in Kanchan Kesari Hindi Daily and Financial Chronicle English Daily newspapers.

DISCLOSURES

1. During the year under review, no materially significant Related Party Transactions, that may have a potential conflict with the interest of the Company at large, have been entered into. All contracts/arrangements/ transactions entered into by your Company with its related parties were on an arm's-length basis and in the ordinary course of business. A policy on dealing with related party transactions has been uploaded on the website of the Company, www.moderndenim.com.
2. No penalty or strictures are imposed by SEBI or the Stock Exchanges or SEBI or any Statutory Authority. Since the Company has been sick industrial company and has huge accumulated losses but company will try to comply with the requirement of some clauses of listing agreements.
3. The Company has followed Indian Accounting Standards ("Ind AS") in the preparation of the Financial Statements for accounting periods beginning on or after 01.04.2016, as per the roadmap announced by Ministry of Corporate Affairs Companies. The significant accounting policies which are consistently applied have been set out in the notes to the Financial Statements.
4. The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil Mechanism and Whistle-blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The reportable matters may be disclosed to the Ethics and Compliance Task Force which operates under the supervision of the Audit Committee. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.
5. Management Discussion and Analysis Report is forming part of the Annual Report and is in accordance with the requirements laid out in the Listing Regulations.

6. There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company at large.
7. Details of the Directors seeking appointment/reappointment have been provided in the Notice of the Annual General Meeting.
8. The Company has in place a mechanism to inform the Board members about the Risk assessment and mitigation plans and periodical reviews to ensure that the critical risks are controlled by the executive management.
9. The Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated under the Companies Act, 2013 and the Listing Regulations.
10. The Company has complied and disclosed all the mandatory corporate governance requirements under Regulation 17 to 27 and sub-regulation (2) of Regulation 46 of Listing Regulations (relating to disclosure on the website of the Company).

DISCRETIONARY REQUIREMENT UNDER REGULATION 27 OF LISTING REGULATION

The Board of Directors periodically reviewed the compliance of all applicable laws and steps taken by the Company to rectify instances of non-compliance, if any. The Company has adopted the following non-mandatory requirements to the extent below:

1. Shareholders' Rights: As the quarterly and half yearly financial performance along with significant events were posted on the Company's website, the same were not being sent to the shareholders.
2. Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.

CEO/CFO CERTIFICATE

The Chairman & Managing Director and Chief Financial Officer (CFO) have issued certificate pursuant to the provisions of Regulation 17(8) of the Listing Regulations certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

GENERAL SHAREHOLDERS' INFORMATION

1. Annual General Meeting:

Day & Date	:	Friday, 28th September, 2018
Time	:	5.00 p.m.
Venue	:	A-4, Vijay Path, Tilak Nagar, Jaipur- 302004 (Registered Office of the Company)

2. Financial Calendar:

The Company follows the period of 1st April to 31st March, as the Financial Year.

First quarterly results	:	On or before 14th August, 2018
Second quarterly / Half yearly results	:	On or before 14th November, 2018
Third quarterly results	:	On or before 14th Feb, 2019
Annual results for the year ending on 31st March, 2019	:	On or before 30th May, 2019
Annual General Meeting for the year ending on 31st March, 2019	:	Sept, 2019

3. Dates of Book Closure:

The Register of Members and the Share Transfer Books of the Company shall remain closed from 25th September, 2018 to 28th September, 2018 (both days inclusive).

4. Stock Exchanges where Equity Shares are listed and Scrip code:

BSE Limited (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400 001
Scrip Code: 500451

5. Listing Fees to the Stock Exchanges

The Company has paid listing fees upto financial year 2018-2019 to BSE Limited.

6. Registrar & Share Transfer Agent:

The Company is in process to appoint Registrar and Share Transfer Agent of the Company

7. Share Transfer System

Registrar and Transfer Agents (the 'RTA'), on receipt of transfer deed with respective share certificates, scrutinizes the same and verify signatures of transferors on the transfer deed with specimen signatures registered with the Company. A list of such transfers is prepared and checked thoroughly and a transfer register is prepared. The transfer register is placed before the Stakeholders Relationship Committee for approval. Share transfers are registered and share certificates are returned within the prescribed time provided the documents submitted are valid and complete in all respects.

8. Dematerialization of Shares

The Company is planning to file application in the Stock Exchange for revocation of its suspension and also in the process to file application in CDSL and NSDL for providing demat facility to the shareholders of the Company.

9. Market Price Data: No Trading in Shares of the Company was held in BSE being the trading is suspended at BSE since 2002.

10. Category of Shareholders as on 31st March, 2018

Category	No. of shares	% Holding
Promoter & Promoter Group	15203182	40.54
Corporate Bodies	587548	1.57
Insurance Companies	3220261	8.59
Banks/Financial Institutions	6606868	17.62
FII's	402760	1.07
Individuals including NRI	11481381	30.62
Total	37502000	100.00

11. Reconciliation of Share Capital Audit

The Company is a sick industrial company and is in the process of filing application in NSDL and CDSL for providing demat facility to the shareholders of the Company. However, as stipulated by the Securities Exchange Board of India, a qualified Practicing Company Secretary has carried out the reconciliation of Share Capital Audit. The audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The audit confirms that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form, shares allotted.

12. Plant Locations

The Company's plants are located at the following addresses: Village - Moriya, Dist. Ahmedabad 382210 (Gujarat)

13. Address for Correspondence

The Company Secretary heads the Secretarial Department of the Company. In case of any problem/query, shareholders can contact at registered office of the Company at:

A-4, Vijay Path, Tilak Nagar,
Jaipur-302004.

Phone: 91-141-4113645

Email: denim.modern@gmail.com

CODE OF CONDUCT DECLARATION

As provided under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct of the Board of Directors and Senior Management for the year ended 31st March, 2018.

Place : Abu Road
Date : 29th May, 2018

Sachin Ranka
Chairman & Managing Director
DIN: 00335534

CEO/CFO CERTIFICATION

The Board of Directors
Modern Denim Limited

We the undersigned, in our respective capacities as Chairman & Managing Director and Chief Financial Officer of Modern Denim Limited ("the Company") to the best of our knowledge and belief certify that:

- a. We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31st March, 2018 and that to the best of our knowledge and belief, we state that:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b. We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting of the Company. We have not come across any reportable deficiencies in the design or operation of internal controls.
- d. We have indicated to the Auditors and the Audit Committee that:
 - i. there are no significant changes in the internal control over financial reporting during the year;
 - ii. the significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. there are no instances of significant fraud of which we have become aware.

For Modern Denim Limited

Place : Abu Road
Date : 29th May, 2018

C.S. Jain
Chief Financial Officer

Sachin Ranka
Chairman & Managing Director
DIN: 06463412

CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF MODERN DENIM LIMITED

We have examined the compliance of the conditions of Corporate Governance by Modern Denim Limited for the year ended on March 31, 2018, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"), pursuant to the Listing Agreement of the said Company with Stock Exchanges.

The compliance of the condition of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as mentioned in Corporate Governance Report. We state that such compliance is neither an assurance as to the future viability of the Company, nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Kasliwal Maheshwari & Associates
Practicing Company Secretaries

Rajat Kasliwal
Partner
Membership No. 44052

Place: Jaipur
Date: 29th May, 2018

INDEPENDENT AUDITORS' REPORT

To
The Members
Modern Denim Limited

1. Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Modern Denim Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's

preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone Ind AS financial statements.

4. Basis for Qualified Opinion

- a) *As per Ind AS 109 "Financial Instruments", the company has not recognised interest on financial liabilities on effective interest method. Interest on financial liabilities for the year in respect of cumulative redeemable preference shares amounting to ₹ 133.51 lacs including Dividend Distribution Tax Payable thereon (Previous year ₹ 133.51 lacs) has not been provided (Note No. 29.3). The total amount of interest on financial liabilities not provided till 31st March 2018 amounts to ₹ 2937.33 lacs (upto previous Balance Sheet date ₹ 2803.81 lacs) (Note No. 15.3) in view of accumulated losses. The Company was expecting waiver/ relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, the Company is in the process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT. Had the Company provided interest on financial liabilities in current year, Finance Cost & Loss for the year would have been higher by ₹ 133.51 lac and Other Current Financial Liabilities & negative balance of Retained Earning under the head Other Equity would have been higher by ₹ 2937.33 lacs (upto previous Balance Sheet date ₹ 2803.81 lacs). A similar qualification had been given in the previous year's Auditor's Report.*
- b) *As per Ind AS 109 "Financial Instruments", the company has not recognised interest on financial liabilities on effective interest method. Provision for interest on certain Secured and Unsecured Borrowings amounting to ₹ 119.38 lacs (Previous year ₹ 128.95 lacs) (Note No. 29.1, & 29.2) has not been made in accounts as the Company was expecting waiver/relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, the Company is in the process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT, having its impact on reducing the Loss for the Year. The total amount of Interest not provided till 31st March 2018 amounts to ₹ 1766.10 lacs (upto previous Balance Sheet date ₹ 1646.72 lacs) (Note No. 20.2 & 20.3). Had the Company provided for the Interest, Other Current Financial Liabilities would have been higher and balance in Retained Earning under the head Other Equity would have been lower by ₹ 1766.10 lacs (upto previous Balance Sheet date ₹ 1646.72 lacs) and Finance Cost would have been higher and Loss for the Year would have been higher*

by ₹ 119.38 lacs (Previous Year ₹ 128.95 lacs). A similar qualification had been given in the previous year's Auditor's Report.

- c) As per Ind AS 109 "Financial Instruments", the company has not recognised interest on financial liabilities on effective interest method. Provision for interest amounting to ₹ 6436.17 lacs on Secured Assigned term loan for which the Company has received notice from the Assignee recalling original principal amount of ₹ 5186.00 lacs alongwith interest thereon upto the date of payment, has not been made as the Company was expecting waiver/relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, the Company is in process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT (Refer Note No. 18.3). Had the Company provided for the interest upto 31/03/2017, Other Current Financial Liabilities would have been higher and balance in Retained Earning under the head Other Equity would have been lower by ₹ 6436.17 lacs. Had the Company provided for the Principal, Current Borrowings would have been higher and balance in Retained Earning under the head Other Equity would have been lower by ₹ 4759.08 lacs. A similar qualification had been given in the previous year's Auditor's Report.
- d) As per Ind AS 109 "Financial Instruments", the Company has not measured Non-Current Borrowing of ₹ 3964.00 lacs (P.Y. ₹ 1457.00 lacs) initially at fair value. Had the Company fair valued the same; Interest Income, Finance Cost & Non-current Borrowings would have been higher and Other Current Finance Liabilities would have been lower by ₹ 159.91 lacs (P.Y. ₹ 56.29 lacs). However there is no effect in Statement of Profit & Loss for the year as well as Debit balance of Other Equity (Refer Note no. 15.6, 24.1 & 29.4).
- e) We further report that, considering items mentioned at para (a) to (d) above, the loss for the year would have been ₹ 568.63 lacs (as against the reported figure of loss of ₹ 315.74 lacs), Other current financial liabilities would have been ₹ 12981.52 lacs (as against the reported figure of ₹ 2058.12 lacs), Non-current Borrowings would have been ₹ 4830.20 (as against the reported figure of ₹ 4614.00 lacs), Current Borrowings would have been ₹ 6262.18 lacs (as against the reported figure of ₹ 1503.10 lacs), Other Income would have been ₹ 197.65 lacs (as against the reported figure of ₹ 37.74 lacs), Finance Cost would have been ₹ 476.31 lacs (as against the reported figure of ₹ 63.51 lacs) and negative balance of Other Equity would have been ₹ 23658.84 lacs (as against the reported figure of ₹ 7760.16 lacs).
- f) Except for the above mentioned qualifications at para (a) to (e), these financial statements are prepared and presented in accordance with all the applicable and effective Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 even though the same has been referred as complied in Note -1 "Statement of Compliance" in Significant Accounting Policy in Notes forming part of Financial Statements.

5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the afore said standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

6. Emphasis of Matters

We draw attention to Note 43 of the standalone financial statements disclosing the material uncertainties that may affect the company from being able to continue as a going concern. The company has neither the intention to liquidate nor the intention to cease its operation nor is compelled to do so. The financial statements have, therefore, been prepared on going concern basis. Our opinion is not qualified in respect of this matter.

7. Other Matters

The comparative financial information of the Company for the year ended 31st March, 2017 and the transition date opening Balance Sheet as at 1st April, 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by other Auditor, whose report for the year ended 31st March, 2017 and 31st March, 2016 dated 29th May, 2017 and 25th June, 2016 respectively expressed a modified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

8. Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- As required by Section 143(3) of the Act, we report that:
 - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone Ind AS financial statements comply

with the Indian Accounting Standards prescribed under section 133 of the Act.

- e) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) On the basis of the written representations received from the directors as on 31st March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- g) The Qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the basis for Qualified Opinion paragraph above.
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion

and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 36 to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There is no default in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company during the year ended on 31st March, 2018. (Refer Note 14.1, 15.3, 18.2, 18.7, 20.2 & 20.3).

For **Samir M Shah & Associates**
Chartered Accountants
Firm Registration No. 122377W

Samir M Shah

Partner

Place: Ahmedabad

Date : 29th May, 2018

Membership. No. 111052

ANNEXURE "A" FORMING PART OF THE INDEPENDENT AUDITORS' REPORT

Referred to in the report of even date to the Auditors to Members of Modern Denim Limited

1. In respect of Property, Plant and Equipments:

- a. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets other than Furniture and Fixtures and Office Equipment for which detailed records are not maintained.
- b. As per the information and explanations given to us, fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- c. As explained to us, the title deeds of all the immovable properties are held in the name of the company.

2. In respect of its Inventories:

- a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. On the basis of our examination of the records of inventory, we are of opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and books records were not material.

3. In respect of Loans and Advances granted during the year.

As per information and explanation given to us, the Company has not granted loans to company covered under the register maintained under section 189 of the Companies Act, 2013 and therefore, the clauses (iii) (a) to (c) of the Companies (Auditor's Report) Order, 2016 are not applicable.

4. Loans, Investments and guarantees:

According to the information and explanation given to us, the company had neither given any loan, guarantee or security, nor made any investments during the year. Hence the provisions of section 185 and 186 are not applicable. Therefore clauses (iv) of companies (Auditor's Report) Order, 2016 is not applicable.

5. During the year, the company has not accepted any deposits and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the company. Therefore clauses (v) of companies (Auditor's Report) Order, 2016 is not applicable.
6. According to the information and explanations given to us, the company is not required to maintain cost records as required by the central government under sub section (1) of section 148 of the Companies Act, 2013 even though books of accounts relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 (1) of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the records with a view to determine whether they are accurate or complete.

7. In respect of Statutory Dues:

- a. According to the records of the Company, the Company is by and large regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, wealth-tax, Service Tax, Goods and Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth

tax, service tax, Goods and Service Tax, sales tax, customs duty and excise duty were outstanding, as at 31st March, 2018 for a period of more than six months from the date they became payable.

- c. According to the records of the Company, the dues of TCS, which have not been deposited on account of disputes and the forum where the dispute is pending, are as under.

Name of the Statute	Nature of the Dues	Amount (₹ In lacs)	Forum where dispute is pending
Income Tax Act 1961	TCS	0.36	CIT (Appeal), Ahmedabad
	Interest	0.34	
	Penalty	0.36	
Total		1.06	

- d. According to the records of the company there are no amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under. (Refer Note 14.1, 15.3, 18.2, 18.7, 20.2 & 20.3).
8. The Company has defaulted in repayment of installments of dues to Debenture holders amounting to ₹ 646.13 lacs since 1997.
9. The company has not accepted any fresh deposits during the year as per the information and explanation given to us, in respect of deposits accepted in earlier years, the compliance with the provisions of section 73 to 76 or any other relevant provisions of the Company Act 1956 and rules framed there under are subject to the order passed by the Company law Board on 17.04.2002 whereby the Company is required to make repayment of deposits and payment of interest thereon in accordance with the revival scheme approval by the Board for Industrial and Financial Reconstruction (BIFR) under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 and after abatement of BIFR the Company is in the process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT.
10. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by

the Company or any fraud on the company by its officer or employees has been noticed or reported during the course of our audit.

11. In our opinion and according to the information and explanations given to us, the company had paid managerial remuneration which is in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of The Companies Act, 2013.
12. In our opinion and according to the information and explanations given to us, the provisions of special statute applicable to chit funds and Nidhi / mutual benefit funds / societies are not applicable to the company. Hence, clause (xii) of the Company's (Auditor's Report) Order, 2016 is not applicable.
13. In our opinion and according to the information and explanations given to us, the transactions entered by the company with related parties are in compliance with the provisions of section 177 and 188 of The Companies Act, 2013 and details thereof are properly disclosed in the financial statements.
14. In our opinion and according to the information and explanation given to us, no preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, clause (xiv) of the Company's (Auditor's Report) Order, 2016 is not applicable.
15. The company had not entered in to any non-cash transactions with the directors or persons connected with him during the year, and hence clause (xv) of Company's (Auditor's Report) Order, 2016 is not applicable.
16. In our opinion and according to the information and explanation given to us the company is not registered under section 45-IA of Reserve Bank of India Act, 1934, hence clause (xvi) of Company's (Auditor's Report) Order, 2016 is not applicable.

For **Samir M Shah & Associates**
Chartered Accountants
Firm Registration No. 122377W

Samir M Shah
Partner

Place : Ahmedabad
Date : 29th May, 2018

Membership. No. 111052

ANNEXURE "B" FORMING PART OF THE INDEPENDENT AUDITORS' REPORT

Referred to in the report of even date to the Auditors to Members of Modern Denim Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of The Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Modern Denim Limited as of 31st March 2018, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal

financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both

applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting also included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that: (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles,

and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and Directors of the Company; and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Samir M Shah & Associates**
 Chartered Accountants
 Firm Registration No. 122377W

Samir M Shah
 Partner

Place : Ahmedabad
 Date : 29th May, 2018

Membership. No. 111052

BALANCE SHEET AS AT 31ST MARCH, 2018

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
ASSETS				
Non-current assets				
(a) Property, plant & equipment	2	1890.72	1978.71	2075.11
(b) Intangible assets	3	-	-	-
(c) Financial assets				
(i) Others	4	93.07	73.36	103.30
(d) Other non-current assets	5	10.52	15.88	15.88
Total Non-Current Assets		1994.31	2067.95	2194.29
Current assets				
(a) Inventories	6	1994.85	1319.17	689.04
(b) Financial Assets				
(i) Trade receivables	7	1182.85	801.48	166.25
(ii) Cash and cash equivalents	8	11.90	44.99	38.03
(iii) Bank balances other than cash & cash equivalent	9	12.82	12.82	12.82
(iv) Other Financial Assets	10	13.08	13.16	13.88
(c) Current Tax Assets (net)	11	15.91	9.58	27.48
(d) Other current assets	12	251.09	156.94	91.84
Total Current Assets		3482.50	2,358.14	1039.34
TOTAL ASSETS		5476.81	4426.09	3233.63
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity share capital	13	3750.20	3750.20	3750.20
(b) Other Equity	14	(7760.16)	(7444.42)	(7603.49)
Total Equity		(4009.96)	(3694.22)	(3853.29)
LIABILITIES				
Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	15	4614.00	2107.00	650.00
(b) Provisions	16	200.20	184.31	124.28
(c) Deferred tax liabilities (Net)	17	-	-	-
Total Non-Current Liabilities		4814.20	2291.31	774.28
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	18	1503.10	2339.81	2633.93
(ii) Trade payables	19	1038.37	1081.09	868.63
(iii) Other financial liabilities	20	2058.12	2129.16	1984.88
(b) Other current liabilities	21	43.46	260.44	814.11
(c) Provisions	22	29.52	18.50	11.09
Total Current Liabilities		4672.57	5829.00	6312.64
TOTAL EQUITY AND LIABILITIES		5476.81	4426.09	3233.63
Significant accounting policies	1			
Other notes on financial statements	34 to 49			

As per our report of even date attached

For **Samir M Shah & Associates**

Chartered Accountants

Firm Registration No. 122377W

Samir M Shah

Partner

Membership No. 111052

Place : Ahmedabad

Date : 29th May, 2018

For and on behalf of the Board

Sachin Ranka – Chairman & Managing Director (DIN: 00335534)

B.L. Verma – Independent Director (DIN: 00411628)

S.K. Sharma – Independent Director (DIN: 01378040)

Meenu Sacheti – Independent Director (DIN: 02266703)

T.C. Chejara – Non-Executive Director (DIN: 07619881)

C.S. Jain – Chief Financial Officer

Komal Sulaniya – Company Secretary

Place : Abu Road

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in Lacs)

Particulars	Note No. No.	Year ended 31st March, 2018	Year ended 31st March, 2017
Income			
Revenue from operations	23	7332.13	7726.72
Other income	24	37.74	11.60
Total Income		7369.87	7738.32
Expenses			
Cost of materials consumed	25	5113.24	5041.97
Purchase of stock-in-trade	26	29.18	47.10
Changes in inventories of finished goods, stock-in-trade & stock in process	27	(719.54)	(598.70)
Employee benefits expenses	28	1141.89	1056.01
Finance costs	29	63.51	112.58
Depreciation and amortization expenses	2	98.94	98.64
Other expenses	30	1953.71	1779.86
Total Expenses		7680.93	7537.46
Profit/(Loss) before tax		(311.06)	200.86
Tax Expense			
Current Tax	31	-	-
Deferred Tax	31	-	-
Total Tax Expenses		-	-
Profit/(Loss) for the year		(311.06)	200.86
Other comprehensive income			
Items that will not be reclassified to profit or loss :			
(i) Actuarial Gain/(Loss) on Defined Benefit Plan	32	(4.68)	(41.79)
(ii) Income tax relating to above		-	-
Total other comprehensive income for the year (net of tax)		(4.68)	(41.79)
Total comprehensive income for the year		(315.74)	159.07
Earnings per equity share	33		
Basic		(0.83)	0.54
Diluted		(0.83)	0.38
Significant accounting policies	1		
Other notes on financial statements	34 to 49		

As per our report of even date attached

For **Samir M Shah & Associates**

Chartered Accountants

Firm Registration No. 122377W

Samir M Shah

Partner

Membership No. 111052

Place : Ahmedabad

Date : 29th May, 2018

For and on behalf of the Board

Sachin Ranka – Chairman & Managing Director (DIN: 00335534)

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T.C. Chejara – Non-Executive Director (DIN: 07619881)

C.S. Jain – Chief Financial Officer

Komal Sulaniya – Company Secretary

Place : Abu Road

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in Lacs)

PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax from Continuing Operation	(311.06)	200.86
Non Cash adjustment to reconcile profit before tax to net cash flows:		
Depreciation	98.94	98.64
Finance Cost	63.51	112.58
Interest Income	(6.31)	(9.96)
Provision for doubtful debts	-	36.06
Loss on disposal of Property, Plant & Equipment	0.14	-
	156.28	237.32
Operating profit before working capital change	(154.78)	438.18
Adjustment for Movements in Working Capital:		
Increase/(decrease) in trade Payable	(42.72)	212.46
Increase/(decrease) in Long -Term Provision	11.21	18.24
Increase/(decrease) in short-term Provision	11.02	7.41
Increase/(decrease) in other current liability	(236.19)	(461.22)
Decrease/(increase) in trade receivable	(381.37)	(671.29)
Decrease/(increase) in inventories	(675.68)	(630.13)
Decrease/(increase) in long term loans and advances	(14.35)	29.94
Decrease/(increase) in short term loans and advances	(100.48)	(47.20)
	(1428.56)	(1541.79)
Cash Generated from Operations	(1583.34)	(1103.61)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Interest Received	6.39	10.68
Purchase of Property, Plant & Equipment	(13.91)	(2.24)
Disposal of Property, Plant & Equipment	2.82	-
Net Cash used in Investing Activities	(4.70)	8.44
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(115.34)	(60.75)
Borrowings		
Debtenture - current maturity	-	(1.39)
Proceeds from Long term borrowings	2507.00	1457.00
Repayment of Short term borrowings (Net)	(825.00)	(283.41)
Public Fixed deposit	(11.71)	(9.32)
Net Cash From Financing Activities	1554.95	1102.13
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(33.09)	6.96
Cash & Cash Equivalents - Opening Balance	44.99	38.03
Cash & Cash Equivalents - Closing Balance	11.90	44.99

Cash and Cash Equivalent includes:-

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Cash on hand	4.02	1.72	5.10
Balance in current accounts	7.88	43.27	32.93
Total	11.90	44.99	38.03

Note: 1. The figures of the previous year have been regrouped and rearranged wherever considered necessary.

2. The above Statement of Cash Flow has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

As per our report of even date attached

For **Samir M Shah & Associates**

Chartered Accountants

Firm Registration No. 122377W

Samir M Shah

Partner

Membership No. 111052

Place : Ahmedabad

Date : 29th May, 2018

For and on behalf of the Board

Sachin Ranka – Chairman & Managing Director (DIN: 00335534)

B.L. Verma – Independent Director (DIN: 00411628)

S.K. Sharma – Independent Director (DIN: 01378040)

Meenu Sacheti – Independent Director (DIN: 02266703)

T.C. Chejara – Non-Executive Director (DIN: 07619881)

C.S. Jain – Chief Financial Officer

Komal Sulaniya – Company Secretary

Place : Abu Road

**STATEMENT OF CHANGES IN EQUITY FOR THE
YEAR ENDED 31ST MARCH, 2018**
A. Equity Share Capital
(₹ in Lacs)

Balance at the beginning of the reporting period i.e. 1st April, 2016	Changes in equity share capital during the year 2016-17	Balance at the end of the reporting period i.e. 31st March, 2017	Changes in equity share capital during the year 2017-18	Balance at the end of the reporting period i.e. 31st March, 2018
3750.20	-	3750.20	-	3750.20

B. Other Equity
(₹ in Lacs)

Particulars	Reserves and Surplus					Total
	Equity share application money, Pending allotment	Capital Reserve	Securities premium	Debenture Redemption Reserve	Retained Earnings	
Balance as at 1st April, 2016	1600.00	30.93	6123.70	356.06	(15714.18)	(7603.49)
Profit for the year	-	-	-	-	200.86	200.86
Other comprehensive income	-	-	-	-	(41.79)	(41.79)
Total Comprehensive Income for the Year	-	-	-	-	159.07	159.07
Transfer	-	-	-	(1.39)	1.39	-
Balance as at 31st March, 2017	1600.00	30.93	6123.70	354.67	(15553.72)	(7444.42)
Balance as at 1st April, 2017	1600.00	30.93	6123.70	354.67	(15553.72)	(7444.42)
Profit for the year	-	-	-	-	(311.06)	(311.06)
Other comprehensive income	-	-	-	-	(4.68)	(4.68)
Total Comprehensive Income for the Year	-	-	-	-	(315.74)	(315.74)
Balance as at 31st March, 2018	1600.00	30.93	6123.70	354.67	(15869.46)	(7760.16)

As per our report of even date attached

For **Samir M Shah & Associates**

Chartered Accountants

Firm Registration No. 122377W

Samir M Shah

Partner

Membership No. 111052

Place : Ahmedabad

Date : 29th May, 2018

For and on behalf of the Board

Sachin Ranka – Chairman & Managing Director (DIN: 00335534)

B.L. Verma – Independent Director (DIN: 00411628)

S.K. Sharma – Independent Director (DIN: 01378040)

Meenu Sacheti – Independent Director (DIN: 02266703)

T.C. Chejara – Non-Executive Director (DIN: 07619881)

C.S. Jain – Chief Financial Officer

Komal Sulaniya – Company Secretary

Place : Abu Road

Notes forming part of Financial Statements

CORPORATE INFORMATION

Modern Denim Limited (the Company) is a public limited company incorporated in India under the provisions of Companies Act, 1956 (the Act) having its registered office at Jaipur, Rajasthan, India. The Company is primarily engaged in the business of manufacturing denim fabric.

Note No. 1: SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements are prepared and presented in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto notified under section 133 of the Companies Act, 2013 (to the extent applicable). These are Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2016. The company has availed first time adoption exemption as per Ind AS 101 'First Time Adoption of Indian Accounting Standards'.

Upto the year ended 31st March 2017, the company prepared its financial statements in accordance with previous Generally Accepted Accounting Principles (GAAP) in India, accounting standards notified under the Companies (Accounting Standards) Rules, 2006 specified under Section 133 of the Companies Act, 2013 (to the extent notified and applicable) and applicable provisions of the Companies Act, 1956. The Company has followed the provisions of Ind AS 101 in preparing its opening Ind AS Balance Sheet as on the date of transition, viz. 1st April 2016. Some of the Company's Ind AS Accounting policies used in the opening Balance sheet were different from its previous GAAP policies applied as at 31st March 2016, accordingly the adjustments were made to restate the opening balance as per Ind AS. The resulting adjustments arose from events and transactions before the date of transition to Ind AS. Therefore, as required by Ind AS 101, those adjustments were recognized directly through retained earnings as at 1st April 2016. This is the effect of the general rule of the Ind AS 101 which is to apply Ind AS retrospectively.

An Explanation of how the transition to Ind AS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in Note no. 42.

(b) Basis of preparation

- (i) The Financial Statements are prepared on accrual basis under the historical cost convention except certain financial assets and liabilities (including derivatives instruments) that are measured at fair value. The methods used to measure fair values are discussed in notes to financial statements.
- (ii) The preparation of financial statements requires judgments, estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized. Major estimates are discussed in Note No. 1A.

(c) Functional and presentation currency

These financial statements are presented in Indian Rupees, which is the functional currency of the company and the currency of the primary economic environment in which the Company operates.

(d) Classification of assets and liabilities into current/non-current

The Company has ascertained its operating cycle as twelve months for the purpose of Current / Non-Current classification of its Assets and Liabilities.

For the purpose of Balance Sheet, an asset is classified as current if:

- (i) It is expected to be realised, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading; or
- (iii) It is expected to realise the asset within twelve months after the reporting period; or
- (iv) The asset is a cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Similarly, a liability is classified as current if:

- (i) It is expected to be settled in the normal operating cycle; or
- (ii) It is held primarily for the purpose of trading; or
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current assets/liabilities.

(e) Property, plant & equipment (PPE)

Property, plant and equipment are stated at acquisition or construction cost less accumulated depreciation and impairment loss. Cost comprises the purchase price and any attributable cost of bringing the asset to its location and working condition for its intended use, including relevant borrowing costs and any expected costs of decommissioning.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

The cost of an item of PPE is recognised as an asset if, and only if, it is probable that the economic benefits associated with the item will flow to the Company in future periods and the cost of the item can be measured reliably. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance expenses are charged to the Statement of Profit and Loss during the period in which they are incurred.

Items such as spare parts, standby equipment and servicing equipment are recognised as PPE when it is held for use in the production or supply of goods or services, or for administrative purpose, and are expected to be used for more than one year, otherwise such items are classified as inventory.

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of PPE, is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(f) Expenditure during construction period

Expenditure, net of income earned, during construction (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) period is included under capital work-in-progress, and the same is allocated to the respective PPE on the completion of construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other Non Current Assets"

Expenditure incurred after the PPE have been put into operations is

recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

The cost of the day-to-day servicing of Property, plant and equipment such as repairs & maintenance expenses are charged to profit and loss during the period in which they are incurred.

(g) Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Company or the number of production or similar units expected to be obtained from the asset by the Company. Details of assets with useful life is as under:

S. No.	Nature	Useful life (Years)
1.	Land free hold	-
2.	Buildings	30
3.	Roads	10
4.	Plant & Machinery	15
5.	Furniture & Fixtures	10
6.	Office Equipment	5
7.	Computers	3
8.	Vehicle	8

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition and in case of Projects from the date of commencement of commercial production.

Depreciation on deductions/disposals is provided on a pro-rata basis up to the month of deduction/disposal.

(h) Intangible assets and amortization

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets are capitalized.

Intangible assets are amortised on a straight line basis over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management. The amortization period and the amortization method are reviewed at least at each reporting date. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised as income or expenses in the Statement of Profit and Loss in the year of disposal.

Depreciation on intangible assets is provided on straight-line method, equivalent to cost of assets over a period of 10 years time.

On transition to Ind As, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(i) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended

use and borrowing cost are being incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

(j) Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. Cost in respect of raw material and store & spares parts are computed on FIFO basis. Cost in respect of stock of Finished goods and Work in progress are computed on weighted average basis method. Stock of Finished goods and Work in progress includes cost of conversion and other costs incurred in acquiring the inventory and bringing them to their present location and condition.

Waste is valued at estimated net realizable value.

(k) Cash and cash equivalent

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

(l) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

(m) Foreign currency transactions

In preparing the financial statements of the Company, transactions in foreign currencies, other than the Company's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the rate prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the statement of profit and loss in the period in which these arise.

(n) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the amount can be reliably measured.

- (i) Sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with dispatch. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable including excise duty / GST, net of returns and allowances, trade discounts and volume rebates.
- (ii) For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.
- (iii) Interest income for all financial instruments measured at fair value through other comprehensive income is recognised in the statement of profit and loss.
- (iv) Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.
- (v) Export entitlements under the Duty Entitlement Pass Book (DEPB) and Duty Drawback Scheme are recognized in the Statement of Profit & Loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made.

(o) Employee Benefits

Short term employee benefits

Short-term employee benefit obligations are recognized as an expense on accrual basis.

Defined contribution plans

Defined contribution plans are those plans in which an entity pays fixed contribution into separate entities and will have no legal or constructive obligation to pay further amounts. provident fund and employee state insurance are defined contribution plans in which company pays a fixed contribution and will have no further obligation.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Company pays Gratuity as per provisions of the Payment of Gratuity Act, 1972. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a liability to the company, the present value of liability is recognized as provision for employee benefit. Any actuarial gains or losses are recognized in Other Comprehensive Income in the period in which they arise.

Other long-term employee benefits

Benefits under the Company's leave encashment constitute other long term employee benefits.

The Company's net obligation in respect of leave encashment is the amount of future benefits that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value and the fair value of any related assets is deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognized in profit and loss in the period in which they arise.

(p) Income taxes

Income Tax expenses comprise current tax and deferred tax charge or credit.

Current Tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws.

Deferred tax is provided, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Tax relating to items recognised directly in equity or OCI is recognised in equity or OCI and not in the Statement of Profit and Loss.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable.

(q) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as Operating Leases.

Lease rentals are charged or recognised in the statement of profit and loss on a straight-line basis over the lease term.

(r) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount

of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(s) Segment reporting

Identification of Segments

Operating Segments are identified based on monitoring of operating results by the chief operating decision maker (CODM) separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss of the Company.

Operating Segments are identified based on the nature of products and services, the different risks and returns and the internal business reporting system.

Segment Policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

(t) Earnings Per Share (EPS)

The basic EPS is computed by dividing the profit after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted EPS, profit after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(u) Fair value Measurement

The company measures financial instruments, such as investments and derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumptions that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation technique that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair values are categorized into different levels in the hierarchy as under:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(v) Financial instruments

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

Initial Recognition:

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit and loss.

Classification and Subsequent Measurement: Financial assets

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") on the basis of following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

Amortised Cost:

A financial asset shall be classified and measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In case of financial assets at amortised costs, interest income, foreign exchange gain or loss and impairment are recognized in Statement of profit and loss.

Fair Value through OCI:

A financial asset shall be classified and measured at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Where the Company has elected to present the fair value gain on equity instruments in other comprehensive income, there is no subsequent classification of fair value gain or losses to profit and loss account. Dividend from such instruments is recognized in profit and loss account as other income where right to receive is established.

Fair Value through Profit or Loss:

A financial asset shall be classified and measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through OCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and Subsequent Measurement:

Financial liabilities:

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'

Financial Liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL:

Gains or Losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Other Financial Liabilities:

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

Impairment of financial assets:

The company assesses at each date of statement of financial position whether a financial assets or group of financial assets is impaired. In accordance of Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss.

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance. As a practical expedient, the company uses a provision matrix to determine impairment loss on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivables. ECL impairment loss allowances (or reversal) recognized during the period is recognized as an expense / income respectively in the statement of profit and loss. Provision for ECL is presented as deduction from carrying amount of trade receivables.

For all other financial assets, expected credit losses are measured at an amount equal to 12 month expected credit losses or at an amount equal to lifetime expected losses, if the credit risk on the financial asset has increased significantly since initial recognition.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12 month ECL.

Derecognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises associated liabilities.

On derecognition of a financial asset, other than investments classified as FVOCI, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

The Company derecognizes financial liabilities when the Company's obligation are discharged, cancelled or have expired. The difference between the carrying amount of financial liability derecognized and consideration paid and payable is recognized in the statement of profit and loss.

On derecognition of equity investments classified as FVOCI, accumulated gains or loss recognised in OCI is transferred to retained earnings.

(w) Financial liabilities and equity instruments

• Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

• Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received.

(x) Derivative financial instruments:

The Company enters into derivative financial instruments viz. foreign exchange forward contracts to manage foreign exchange risks. The Company does not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately.

(y) Derecognition of Financial Liabilities:

The Company de-recognises financial liabilities when and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in the statement of profit and loss.

Note no. 1A: Significant accounting judgements, estimates and assumptions:

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates made in preparing Financial Statements:

(a) Useful life of Property, plant and equipment and intangible assets

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortized depreciable amount is charged over the remaining useful life of the assets.

(b) Post-employment benefit plans

Employees benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

(c) Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events requires best judgment by the management regarding the probability of exposure to potential loss. If circumstances change following unforeseeable developments, this likelihood could alter.

Notes forming part of Financial Statements
Note No. 2 : PROPERTY, PLANT & EQUIPMENT
(₹ in lacs)

Gross Carrying Amounts	Land Free Hold	Buildings & Roads	Plant & Machinery	Furniture & Fixtures	Office Equipment	Computers	Vehicles	Total
Balance as at 1st April, 2016	23.22	733.93	1300.49	9.55	2.27	4.32	1.33	2075.11
Addition	-	-	-	1.30	-	0.94	-	2.24
Deduction	-	-	-	-	-	-	-	-
Balance as at 31st March, 2017	23.22	733.93	1300.49	10.85	2.27	5.26	1.33	2077.35
Addition	-	-	6.00	0.81	0.65	6.45	-	13.91
Deduction	-	-	2.96	-	-	-	-	2.96
Balance as at 31st March, 2018	23.22	733.93	1303.53	11.66	2.92	11.71	1.33	2088.30

Accumulated Depreciation	Land Free Hold	Buildings & Roads	Plant & Machinery	Furniture & Fixtures	Office Equipment	Computers	Vehicles	Total
Balance as at 1st April, 2016	-	-	-	-	-	-	-	-
Charge for the year	-	65.02	29.15	1.36	0.87	2.05	0.19	98.64
Deduction	-	-	-	-	-	-	-	-
Balance as at 31st March, 2017	-	65.02	29.15	1.36	0.87	2.05	0.19	98.64
Charge for the year	-	65.02	29.22	1.34	0.56	2.62	0.18	98.94
Deduction	-	-	-	-	-	-	-	-
Balance as at 31st March, 2018	-	130.04	58.37	2.70	1.43	4.67	0.37	197.58

Net Carrying Amounts	Land Free Hold	Buildings & Roads	Plant & Machinery	Furniture & Fixtures	Office Equipment	Computers	Vehicles	Total
As at 01.04.16	23.22	733.93	1300.49	9.55	2.27	4.32	1.33	2075.11
As at 31.03.17	23.22	668.91	1271.34	9.49	1.40	3.21	1.14	1978.71
As at 31.03.18	23.22	603.89	1245.16	8.96	1.49	7.04	0.96	1890.72

2.1 The carrying value (gross block less accumulated depreciation/amortisation) as on 1st April, 2016 is considered as deemed cost on the date of transition.

2.2 In accordance with the Indian accounting standard (Ind AS 36) Impairment of assets, management has during the year carried out exercise of identifying assets that may have been impaired. On the basis of review carried out by management, there was no impairment loss on PPE during the year.

Property, Plant & Equipment - Breakup of Net Carrying amount as on 1st April, 2016 as per previous GAAP

Gross Carrying Amounts	Land Free Hold	Buildings & Roads	Plant & Machinery	Furniture & Fixtures	Office Equipment	Computers	Vehicles	Total
Gross block as at 1st April, 2016	23.22	1960.67	21732.30	74.16	16.92	40.40	13.17	23860.84
Accumulated Depreciation as at 1st April, 2016	-	1226.74	20431.81	64.61	14.65	36.08	11.84	21785.73
Written down value as at 1st April, 2016	23.22	733.93	1300.49	9.55	2.27	4.32	1.33	2075.11

Note No. 3 : INTANGIBLE ASSETS
(₹ in lacs)

Gross Carrying Amounts	Balance as at 1st April, 2016	Addition	Deduction	Balance as at 31st March, 2017	Addition	Deduction	Balance as at 31st March, 2018
Technical Knowhow & Manuals	-	-	-	-	-	-	-

Accumulated Depreciation	Balance as at 1st April, 2016	Change for the year	Deduction	Balance as at 31st March, 2017	Change for the year	Deduction	Balance as at 31st March, 2018
Technical Knowhow & Manuals	-	-	-	-	-	-	-

Notes forming part of Financial Statements

Net Carrying Amounts	Technical Knowhow & Manuals
As at 31.03.17	-
As at 31.03.18	-

3.1 The carrying value (gross block less accumulated depreciation/amortisation) as on 1st April, 2016 is considered as deemed cost on the date of transition.

Intangible Assets - Breakup of Net Carrying amount as on 1st April, 2016 as per previous GAAP

Gross Carrying Amounts	Technical Knowhow & Manuals
Gross block as at 01st April, 2016	101.86
Accumulated Depreciation as at 1st April, 2016	101.86
Written down value as at 01st April, 2016	-

Note No. 4 : OTHER NON CURRENT FINANCIAL ASSETS

[₹ in Lacs]

PARTICULARS	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
(Unsecured, considered good)			
Security Deposits	93.07	73.36	103.30
Total	93.07	73.36	103.30

4.1 Security Deposits includes deposit with electricity board and telephone department.

Note No. 5 : OTHER NON CURRENT ASSETS

[₹ in Lacs]

PARTICULARS	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
(Unsecured, considered good)			
Advances to Suppliers	10.52	15.88	15.88
Total	10.52	15.88	15.88

Note No. 6 : INVENTORIES

[₹ in Lacs]

PARTICULARS	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Raw Materials	175.54	220.00	158.76
Stocks in process	286.12	275.21	125.81
Finished goods	1433.79	725.16	275.86
Stores & spares	99.40	98.80	128.61
Total	1994.85	1319.17	689.04

6.1 Inventory of Raw Material includes material in transit- as on 31-03-2018 of ₹ Nil (as on 31-03-2017 ₹ Nil and as on 01-04-2016 ₹ Nil).

6.2 Inventory of Finished Goods Includes Goods in Transit- as on 31-03-2018 ₹ Nil (as on 31-03-2017 ₹ Nil and as on 01-04-2016 ₹ Nil).

6.3 The cost of inventories recognised as an expenses includes ₹ Nil (during 2016-17 ₹ Nil) in respect of write-down of inventory to net realisable value and has been reduced by ₹ Nil (during 2016-17 ₹ Nil) in respect of the reversal of such write-down.

Note No. 7 : TRADE RECEIVABLE

[₹ in Lacs]

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(unsecured)			
Considered Good	1182.85	801.48	166.25
Considered Doubtful	84.52	84.52	48.46
	1267.37	886.00	214.71
Less: Provision for doubtful trade receivables	(84.52)	(84.52)	(48.46)
Total	1182.85	801.48	166.25

7.1 Balance of Trade receivables are subject to reconciliations and confirmation.

7.2 Trade Receivables Rs. 84.52 lacs (Previous year Rs. 84.52 lacs, Preceding previous year Rs. 48.46 lacs) are under litigation for which adequate provision has been made.

Notes forming part of Financial Statements

Note No. 8 : CASH AND CASH EQUIVALENTS

[₹ in Lacs]

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Cash on Hand	4.02	1.72	5.10
Balances with Bank	7.88	43.27	32.93
Total	11.90	44.99	38.03

8.1 Non Cash Transactions: During the year, the company has not entered into any non cash transactions on investing and financing activities.

Note No. 9 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

[₹ in Lacs]

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Fixed deposit with Banks - Margin	12.82	12.82	12.82
Total	12.82	12.82	12.82

Note No. 10 : OTHER CURRENT FINANCIALS ASSET

[₹ in Lacs]

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Accrued interest	13.08	13.16	13.88
Total	13.08	13.16	13.88

Note No. 11 : CURRENT TAX ASSETS (NET)

[₹ in Lacs]

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Tax deducted at source	15.91	9.58	27.48
Total	15.91	9.58	27.48

Note No. 12 : OTHER CURRENT ASSETS

[₹ in Lacs]

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Prepaid Expenses	6.41	13.30	9.69
Advance to suppliers for goods & services	50.82	89.41	24.91
Advances to employees	3.17	2.15	7.22
Balance with Govt. authorities	150.39	-	-
Export benefits receivable	35.91	50.38	48.80
Others	4.39	1.70	1.22
Total	251.09	156.94	91.84

12.1 Advances to suppliers for goods & services are receivable in kind in next 12 months & are for business purpose.

Note No. 13 : EQUITY SHARE CAPITAL

[₹ in Lacs]

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
AUTHORISED			
4,00,00,000 (Previous year 4,00,00,000, preceding previous year 4,00,00,000)	4000.00	4000.00	4000.00
Equity Share of ₹ 10/- each			
20,00,000 (Previous year 20,00,000, preceding previous year 20,00,000)	2000.00	2000.00	2000.00
Preference Shares of ₹ 100/- each			
Total	6000.00	6000.00	6000.00
ISSUED, SUBSCRIBED & PAID-UP			
3,75,02,000 (Previous year 3,75,02,000, preceding year 3,75,02,000)	3750.20	3750.20	3750.20
Equity Share of ₹ 10/- each fully paid up			
Total	3750.20	3750.20	3750.20

13.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year :

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Number of Shares	₹ in Lacs	Number of Shares	₹ in Lacs
Equity Shares at the beginning of the year	37502000	3750.20	37502000	3750.20
Add : Issued during the year	-	-	-	-
Equity Shares at the end of the year	37502000	3750.20	37502000	3750.20

Notes forming part of Financial Statements

13.2 Terms/rights attached to equity shares :

- The company has only one class of equity shares having a par value of Rs.10/- per share. Each Equity Shareholder is entitled to one vote per share on a poll.
- In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive any of the remaining assets of Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the shareholder.

13.3 Details of Share holders holding more than 5% of Shares are as under:-

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
Trishul Traders Pvt. Ltd.	14918882	39.78	14769057	39.38	14767457	39.38
Unit Trust of India	6580255	17.55	6580255	17.55	6,580255	17.55
	21499137	57.33	21349312	56.93	21347712	56.93

Note No. 14 : OTHER EQUITY

PARTICULARS	[₹ in Lacs]		
	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Equity share application money, Pending allotment	1600.00	1600.00	1600.00
Capital Reserve	30.93	30.93	30.93
Securities premium	6123.70	6123.70	6123.70
Debenture Redemption Reserve	354.67	354.67	356.06
Retained Earnings	(15869.46)	(15553.72)	(15714.18)
Total	(7760.16)	(7444.42)	(7603.49)

Particulars	As at 31st March, 2018	As at 31st March, 2017
14.1 Equity share application money, Pending allotment		
Opening balance at beginning of the year	1600.00	1600.00
Closing at end	1600.00	1600.00
Equity share application money represents subscription pursuant to the restructuring / settlement scheme submitted to BIFR and after abatement of BIFR, the Company is in the process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT. Instruments will be issued on sanction of said Amalgamation Scheme by NCLT. Necessary increase in authorized share capital will be done at appropriate time. Based on expected approval from NCLT and expert opinion taken by the company, the management is of the view that application money is not due for refund.		
14.2 Capital Reserve		
Opening balance at beginning of the year	30.93	30.93
Closing at end	30.93	30.93
Capital reserve is utilised in accordance with provision of the Act.		
14.3 Securities Premium		
Opening balance at beginning of the year	6123.70	6123.70
Add: Addition during the year	-	-
Less: Utilised during the year	-	-
Closing at end	6123.70	6123.70
The amount received in excess of face value of the equity shares is recognised in equity security premium.		
14.4 Debenture Redumption Reserve		
Opening balance at beginning of the year	354.67	356.06
Add: Addition during the year	-	-
Less: Transferred to Retained Earnings	-	1.39
Closing at end	354.67	354.67
The company is required to create a debenture redemption reserve out of the profits which is available for purpose of redemption of debentures.		
14.5 Retained Earnings		
Opening balance at beginning of the year	(15553.72)	(15714.18)
Add: Profit for the year	(311.06)	200.86
Add: Other Comprehensive income	(4.68)	(41.79)
Add: Transferred from Debenture Redemption Reserve	-	1.39
Closing at end	(15869.46)	(15553.72)
Total	(7760.16)	(7444.42)

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the separate financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.

Notes forming part of Financial Statements

Note No. 15 : NON CURRENT BORROWINGS

PARTICULARS	[₹ in Lacs]		
	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Redeemable Preference shares	650.00	650.00	650.00
Loans from related parties	3964.00	1457.00	-
Total	4614.00	2107.00	650.00

- 15.1 Under previous GAAP, the redeemable preference shares were classified as equity. Under Ind AS 109, these preference shares have been classified as a financial liability and measured at fair value through profit or loss. The effect of this change is decrease in equity as at April 01, 2016 of ₹ 650.00 lacs and as at March 31, 2017 of ₹ 650.00 lacs.
- 15.2 The Company has not redeemed preference share capital amounting to ₹ 650 Lacs in view of accumulated losses. The Company is in the process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT. Based on expected reliefs from NCLT and expert opinion taken by the company, the management is of the view that the same is not required to be redeemed and such amount is not required to be deposited in Investor Education and Protection Fund.
- 15.3 The Company has not paid interest on financial liability in respect of Cumulative Redeemable Preference Share since 1996-1997. Provision for the same for the year amounting to ₹ 133.51 lacs (which includes Dividend Distribution Tax of ₹ 22.76 lacs), (previous year ₹ 133.51 lacs (which includes Dividend Distribution Tax of ₹ 22.76), (preceding previous year ₹ 133.51 lacs [which includes Dividend Distribution Tax of ₹ 22.76]), upto the Balance Sheet date ₹ 2937.33 lacs (which includes Dividend Distribution Tax of ₹ 500.83 lacs), (upto previous Balance Sheet date ₹ 2803.81 lacs, (which includes Dividend Distribution Tax of ₹ 478.06), preceding previous Balance Sheet date ₹ 2670.30 lacs (which includes Dividend Distribution Tax of ₹ 455.30) have not been made in view of accumulated losses. The Company was expecting waive/relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, the Company is in the process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT. Based on expected reliefs from NCLT and expert opinion taken by the company, the management is of the view that unpaid dividend is not required to be transferred in Investor Education and Protection Fund.
- 15.4 The Cumulative Redeemable Preference Share holder are entitled to cumulative dividend at the rates specified. Each holder of Cumulative Redeemable Preference Share is entitled to one vote per share only on resolution placed before the company which directly affects rights attached to Cumulative Redeemable Preference Share. Since the dividend in respect of Cumulative Redeemable Preference Share, has not been paid for more than 2 years, Cumulative Redeemable Preference Share holder have rights to ten votes per share on every resolution placed before the company in a meeting.
- 15.5 In the event of liquidation of the Company, the holder of Cumulative Redeemable Preference Share will have priority over Equity share holder in the payment of dividend and repayment of capital.
- 15.6 Loans from related parties is interest free and received from the company covered u/s 189 of the Companies Act, 2013 in view of proposed amalgamation. Since the amount received is in connection with proposed amalgamation scheme, no terms have been specified for repayment of loans and interest. As per IND AS 109 the same is not fair valued hence Amortisation of pre received income corresponding to unwinding of financial liability under finance cost amounting to ₹ 159.91 lacs (P.Y ₹ 56.29 lacs) is not provided.

Note No. 16 : NON CURRENT PROVISIONS

PARTICULARS	[₹ in Lacs]		
	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provision for Employee Benefits			
Provision for Gratuity	158.00	147.39	98.60
Leave Encashment	42.20	36.92	25.68
Total	200.20	184.31	124.28

Note No. 17 : DEFERRED TAX LIABILITIES (NET)

PARTICULARS	[₹ in Lacs]		
	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Deferred Tax Liability			
Depreciation	-	-	-
Deferred Tax Asset			
Provisions allowable for Tax purpose on payment basis	-	-	-
Unabsorbed depreciation	-	-	-
Others (Provision for doubtful debts)	-	-	-
Net Deferred Tax Liability	-	-	-

- 17.1 The company is entitled for set off of carried forward losses and unabsorbed depreciation against the future income under the Income Tax Act. However, as a matter of prudence, the company is not recognising the deferred tax asset as provided in the Indian Accounting Standard-12 "Income Taxes".

Notes forming part of Financial Statements

Note No. 18 : CURRENT BORROWINGS

[₹ in Lacs]

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Debentures - Secured			
- Non Convertiable	354.67	354.67	356.06
Term Loan - Secured			
- From Others	426.92	426.92	571.92
Term Loan - Unsecured			
- From Others	-	825.00	800.00
Deposits - Unsecured			
- Public Fixed Deposits	721.51	733.22	742.54
Loans from Corporate bodies - Unsecured	-	-	163.41
Total	1503.10	2339.81	2633.93

- 18.1 Debentures and Secured Term Loans are secured by way of joint equitable mortgage of fixed assets both present and future and hypothecation of all movable assets of the company ranking pari-pasu. Certain Secured Loans are further guaranteed by some of the Directors and Ex-directors.
- 18.2 Non Convertible Debentures (Retail) amounting to ₹ 354.67 lacs (previous year ₹ 354.67 lacs, preceding previous year ₹ 356.06 lacs) were redeemable on completion of 6th, 18th, 30th, 42nd and 54th months from maturity date i.e. 28th December, 1998 @ 30%, 15%, 15%, 20% and 20% of face value respectively, as per decision taken in the meeting of the debenture holders along with interest accrued thereon. Interest in respect of the same has remained unpaid since 1998-99. The Company was expecting waiver/ relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, the company is in process for filing a Compromise, Arrangement and Amalgamation scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT seeking the said waiver/ relief. Based on expected reliefs from NCLT and expert opinion taken by the company, the management is of the view that no amount are required to be transferred to the Investors Education and Protection Fund including interest thereon.
- 18.3 Secured term loan from others represent assigned loans. Due to non fulfilment of payment obligation in terms of assignment agreement, the company has received notice from the Assignee recalling original principal loan amount of ₹ 5186 lacs alongwith interest upto the date of payment. Interest amounting to ₹ 6436.17 lacs accrued upto 31st March-17 on the said loan for which no provision has been made in the books as the Company is in the process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT after abatement of BIFR.
- 18.4 No dues certificates are yet to be received in respect of some of the borrowings which are fully settled.
- 18.5 Unsecured term loan from others of ₹ NIL (Previous year ₹ 825 lacs, preceding previous year ₹ 800.00 lacs) carrying interest rate @ 14 % p.a.
- 18.6 Public Fixed Deposits carry interest rate of 14 % p.a.
- 18.7 Company Law Board has passed the order on 21.12.2001 that 'The repayment of fixed deposits shall be made by the Company in accordance with the revival scheme as and when approved by BIFR under the provisions of SICA'. In view of the above, the Company has been advised that as the repayment of the matured fixed deposits including interest thereon are covered by above referred order and the Draft Rehabilitation Scheme (DRS) was pending for consideration before the Hon'ble Board for Industrial and Financial Restructure (BIFR) and after abatement of BIFR, the Company is in the process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT seeking the said waiver/relief and on the basis of expert opinion taken by the company, the management is of the view that no amount are required to be transferred to the Investors Education and Protection Fund. However payment on compassionate grounds are continued to be made as per decision of the committee formed by Hon'ble Company Law Board for this purpose.
- 18.8 Balances of secured and unsecured lenders have been taken as per books and are subject to reconciliation/ confirmation pending settlement with respective lenders.

Note No. 19 : TRADE PAYABLES

[₹ in Lacs]

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Trade Payables			
Outstanding dues of micro enterprises and small enterprises	-	-	-
Outstanding dues of creditors other than micro enterprises and small enterprises	1038.37	1081.09	868.63
Total	1038.37	1081.09	868.63

- 19.1 Balances of trade payables are subject to reconciliation and confirmation.
- 19.2 The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this Act have been considered as dues of creditors other than micro and small enterprises.

Notes forming part of Financial Statements

Note No. 20 : OTHER CURRENT FINANCIAL LIABILITIES

[₹ in Lacs]

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Interest accrued on Non Convertible Debentures	291.46	291.46	291.46
Interest accrued on Unsecured Term Loan from others	-	51.83	-
Interest accrued on Public Fixed Deposits	936.27	936.27	936.27
Sundry deposits	2.91	1.15	1.02
Payable towards capital goods	69.47	72.92	73.90
Other payable	758.01	775.53	682.23
Total	2058.12	2129.16	1984.88

- 20.1 Accrued interest on Non convertible debentures are secured by way of joint equitable mortgage of fixed assets both present and future and hypothecation of all movable assets of the company ranking pari-pasu. Certain Secured Loans interest are further guaranteed by some of the Directors and Ex-directors.
- 20.2 Provision for interest upto Balance Sheet date ₹ 625.81 lacs (upto previous Balance Sheet date ₹ 576.16 lacs, preceding previous Balance Sheet ₹ 526.46 lacs) on retail non-convertible debentures have not been made as the Company was expecting waiver / relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR the company is in process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT seeking the said waiver / relief. Based on expected reliefs from NCLT and expert opinion taken by the company, the management is of the view that no amount are required to be transferred to the Investor Education and Protection Fund.
- 20.3 Provision for interest amounting to ₹ 1140.29 lacs upto Balance Sheet date (up to previous Balance Sheet date ₹ 1070.56 lacs, preceding previous Balance Sheet date ₹ 991.31 lacs) on public fixed deposit has not been made as the Company was expecting waiver / relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, the Company is in the process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT seeking the said waiver / relief. Based on expected reliefs from NCLT and expert opinion taken by the company, the management is of the view that no amount are required to be transferred to the Investors Education and Protection Fund.
- 20.4 Compound interest, penal interest & liquidated damages have not been considered on all borrowings, amount of which is unascertainable, pending confirmation / reconciliation. The Company was expecting waiver / relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, the Company is in the process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT seeking the said waiver / relief.
- 20.5 Other payables includes liabilities against expenses, electricity and employees dues etc.

Note No. 21 : OTHER CURRENT LIABILITIES

[₹ in Lacs]

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Advance received from customers	19.72	235.13	795.52
Statutory Dues	23.74	25.31	18.59
Total	43.46	260.44	814.11

Note No. 22 : CURRENT PROVISIONS

[₹ in Lacs]

PARTICULARS	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Provision for Employee Benefits			
Provision for Gratuity	19.44	12.60	7.78
Leave Encashment	10.08	5.90	3.31
Total	29.52	18.50	11.09

Note No. 23 : REVENUE FROM OPERATIONS

[₹ in Lacs]

PARTICULARS	Year Ended, 31st March, 2018	Year Ended 31st March, 2017
Sale of products	7021.52	7248.34
Sale of Service	253.15	423.65
Other operating Revenues	57.46	54.73
Total	7332.13	7726.72

23.1 Particulars of sale of products		
Denim Fabric	6983.92	7203.13
Yarn Sales	31.37	38.08
Waste sale	6.23	7.13
	7021.52	7248.34

Notes forming part of Financial Statements

23.2 Particulars of sale of services

Job work Income	253.15	423.65
	253.15	423.65

23.3 Particulars of other operating revenue

Export Incentive	26.98	39.16
Scrap Sales	30.48	15.57
	57.46	54.73

Note No. 24 : OTHER INCOME

PARTICULARS	[₹ in Lacs]	
	Year Ended, 31st March, 2018	Year Ended 31st March, 2017
Interest Income	6.31	9.96
Liabilities and sundry balances written back (net)	31.43	1.64
Total	37.74	11.60

24.1 As per Ind AS 109 the borrowing is not fair valued and hence unwinding interest income amounting to ₹ 159.91 lacs (P.Y ₹ 56.29 lacs) is not recognised.

Note No. 25 : COST OF MATERIALS CONSUMED

PARTICULARS	[₹ in Lacs]	
	Year Ended, 31st March, 2018	Year Ended 31st March, 2017
Raw materials at the beginning of the year	220.00	158.76
Add: Purchases (Net)	5068.77	5103.21
Less: Raw material at the end of the year	175.54	220.00
Total cost of material consumed	5113.24	5041.97

Note No. 26 : PURCHASE OF STOCK-IN-TRADE

PARTICULARS	[₹ in Lacs]	
	Year Ended, 31st March, 2018	Year Ended 31st March, 2017
Fabric	29.18	47.10
Total	29.18	47.10

Note No. 27 : CHANGES IN INVENTORIES OF FINISHED GOODS & STOCK IN PROCESS

PARTICULARS	[₹ in Lacs]	
	Year Ended, 31st March, 2018	Year Ended 31st March, 2017
Inventories at the beginning of the year		
Stock in process	275.21	125.81
Finished goods	725.16	275.86
Sub Total (A)	1000.37	401.67
Inventories at the end of the year		
Stock in process	286.12	275.21
Finished goods	1433.79	725.16
Sub Total (B)	1719.91	1000.37
Total (A-B)	(719.54)	(598.70)

Note No. 28 : EMPLOYEE BENEFIT EXPENSES

PARTICULARS	[₹ in Lacs]	
	Year Ended, 31st March, 2018	Year Ended 31st March, 2017
Salaries, Wages, Gratuity, bonus and Allowances	1068.42	988.07
Contribution to P.F. and other Funds	64.13	59.10
Staff & Labour Welfare	9.34	8.84
Total	1141.89	1056.01

Notes forming part of Financial Statements

Note No. 29 : FINANCE COST

[₹ in Lacs]

PARTICULARS	Year Ended, 31st March, 2018	Year Ended 31st March, 2017
Interest Expenses	63.51	112.58
Other Borrowing Cost	-	-
Total	63.51	112.58

- 29.1 Provision for interest for the year ₹ 49.65 lacs (Previous year ₹ 49.70 lacs) on retail non-convertible debentures have not been made as the Company was expecting waiver / relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, the Company is in the process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT seeking the said waiver / relief.
- 29.2 Provision for interest amounting to ₹ 69.73 lacs for the year (Previous year ₹ 79.25 lacs) on public fixed deposit has not been made as the Company was expecting waiver / relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, the Company is in the process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT seeking the said waiver / relief.
- 29.3 Provision for interest on financial liabilities amounting to ₹ 133.51 lacs for the year (Previous year ₹ 133.51 lacs) on cumulative redeemable preference shares including dividend distribution tax payable there on, has not been made as the Company was expecting waiver / relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, the Company is in the process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT seeking the said waiver / relief.
- 29.4 As per IND AS 109 the Non-Current borrowing is not fair valued hence Amortisation of pre received income corresponding to unwinding of financial liability under finance cost amounting to ₹ 159.91 lacs (P.Y ₹ 56.29 lacs) is not provided.

Note No. 30 : OTHER EXPENSES

[₹ in Lacs]

PARTICULARS	Year Ended, 31st March, 2018	Year Ended 31st March, 2017
Manufacturing Expenses		
Power	685.60	684.45
Fuel Consumption	179.86	177.64
Stores & Spares Consumption	312.47	208.96
Packing	22.98	19.82
Job Charges	409.47	361.91
Repairs & Maintenance:		
Plant & Machinery	42.58	40.25
Buildings	9.29	8.90
Others	7.37	1.51
SubTotal	1669.62	1503.44
Administrative Expenses		
Insurance (Net)	4.94	6.60
Rates & Taxes	3.31	2.45
Travelling & Conveyance	44.34	32.39
Legal & Professional Expenses	93.20	42.52
Directors fees and Expenses	0.20	0.26
Telecommunication Expenses	2.92	3.49
Bank charges	4.14	3.56
Payment to Auditors		
for Audit fee	1.25	1.44
for Tax Audit fee	-	0.49
for Expenses	0.04	0.11
for Certification	-	0.03
Loss on sale of Fixed Assets	0.14	-
Miscellaneous expenses	26.74	24.73
SubTotal	181.22	118.07
Selling Expenses		
Commission, rebates etc	37.72	61.45
Carriage outward (Net)	47.63	36.66
Provision for doubtful debts	-	36.06
Sales Promotion & Advertisement	17.52	24.18
Other expenses		
SubTotal	102.87	158.35
Total	1953.71	1779.86

Notes forming part of Financial Statements

Note No. 31 : INCOME TAX

i) Tax expense recognised in Statement of Profit and Loss

[₹ in Lacs]

PARTICULARS	Year Ended, 31st March, 2018	Year Ended 31st March, 2017
Statement of Profit and Loss		
Current tax for the year	-	-
Deferred tax for the year	-	-
Income tax expense recognised in Statement of Profit and Loss	-	-

ii) Reconciliation of effective tax rate

[₹ in Lacs]

PARTICULARS	Year Ended, 31st March, 2018	Year Ended 31st March, 2017
Profit/(loss) before tax	(311.06)	200.86
Enacted tax rate in India	34.608%	34.608%
Current tax expenses on profit before tax at the enacted income tax rate in India	-	69.51
Tax effect of		
Income set off from brought forward losses	-	(69.51)
Total tax expenses in the statement of profit and loss account	-	-
Effective Tax rate	-	-

iii) Deferred tax has not been recognised in the absence of virtual certainty that sufficient future taxable income will be available to utilize these assets.

iv) Provision for income tax has not been made in view of brought forward losses/unabsorbed depreciation relating to earlier years available for set off while computing income under the provisions of Income Tax Act, 1961.

Note No. 32 : STATEMENT OF OTHER COMPREHENSIVE INCOME

[₹ in Lacs]

PARTICULARS	Year Ended, 31st March, 2018	Year Ended 31st March, 2017
i) Items that will not be reclassified to profit and loss		
Remeasurement of defined benefit plans		
Actuarial gain/(loss)	(4.68)	(41.79)
ii) Income tax relating to these items that will not be reclassified to profit and loss		
Deferred tax impact on actuarial gain/(loss)	-	-
Total	-	-

Note No. 33 : EARNINGS PER SHARE

PARTICULARS	Unit	Year Ended, 31st March, 2018	Year Ended 31st March, 2017
a) Profit for the year attributable to Equity Shareholders (For BEPS and DEPS)	₹ In lacs	(311.06)	200.86
b) Weighted average number of equity shares used as the denominator in computing BEPS	Nos.	37502000	37502000
c) Weighted average number of equity shares used as the denominator in computing DEPS	Nos.	53502000	53502000
d) Nominal value per share	₹	10.00	10.00
e) Earnings Per Share:	₹		
- Basic	₹	(0.83)	0.54
- Diluted	₹	(0.83)	0.38

33.1 The earning per share is calculated without considering the impact, if any, on account of Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013, which is in process of filing to Hon'ble NCLT.

Other notes on financial statements

Note No. 34 : Employee Benefit

A) Defined contribution plan

During the year company has recognised the following amounts in the statement of profit and loss account. (₹ in Lacs)

Particulars	2017-18	2016-17
Benefits (Contributed to)		
Provident Fund	51.48	47.69
Employee State Insurance	12.65	11.41
Total	64.13	59.10

B) Defined benefits plan

Gratuity

The Company provides gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation : (₹ in Lacs)

Particulars	31st March, 2018	31st March, 2017
Present Value of obligation as at the beginning of the year	159.99	106.39
Current service cost	14.40	12.21
Interest cost	11.72	8.51
Past Service Cost	-	-
Actuarial (gain)/loss	4.68	41.79
Benefit paid	(13.35)	(8.91)
Present value of obligation as at the end of the year	177.44	159.99

Changes in the fair value of plan assets

Particulars	31st March, 2018	31st March, 2017
Fair value of plan assets as at the beginning of the year	-	-
Return on plan assets (excluding amount included in net Interest expense)	-	-
Interest income	-	-
Employer's contributions	-	-
Benefits paid	-	-
Fair value of plan assets as at the end of the year	-	-

Amount recognized in the balance sheet:

Particulars	31st March, 2018	31st March, 2017
Present value of defined benefit obligation	177.44	159.99
Fair value of plan assets	-	-
Net liability	177.44	159.99

Amounts shown in the balance sheet

Current Liabilities	19.44	12.60
Non-current liabilities	158.00	147.39
Net liability	177.44	159.99

Amount recognized in Profit and Loss:

Particulars	31st March, 2018	31st March, 2017
Current service cost	14.40	12.21
Past service cost	-	-
Interest cost	11.72	8.51
Total amount recognized in Profit and Loss:	26.12	20.72

Amount recognized in other comprehensive income:

Particulars	31st March, 2018	31st March, 2017
Actuarial (Gain)/Loss on Obligation	4.68	41.79
Return on Plan Assets excluding net Interest	-	-
Total Actuarial (Gain)/Loss recognised in other comprehensive income	4.68	41.79

Other notes on financial statements

Actuarial (Gain)/Loss on obligation consists:			(₹ in Lacs)
Particulars	31st March, 2018	31st March, 2017	
Actuarial (gain)/loss arising from change in demographic assumption	-	-	
Actuarial (gain)/loss arising from change in financial assumption	(4.29)	9.88	
Actuarial (gain)/loss arising from change in experience adjustment on plan liabilities	8.97	31.91	
Total Actuarial (Gain)/Loss on obligation	4.68	41.79	
Information for funded plans with a defined benefit obligation less than plan assets:			(₹ in Lacs)
Particulars	31st March, 2018	31st March, 2017	
Defined benefit obligation	177.44	159.99	
Fair value of plan assets	-	-	
Net Liability/(Assets)	177.44	159.99	
Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:			(₹ in Lacs)
Particulars	31st March, 2018	31st March, 2017	
Present value of obligation as at year ended	177.44	159.99	
Fair value of plan assets at year end	-	-	
Funded status excess of actual over estimated.	(177.44)	(159.99)	
Assets/(Liabilities) recognized in the Balance Sheet	(177.44)	(159.99)	

C) Defined benefit obligation

i) Actuarial assumption

The following were the principal actuarial assumptions at the reporting date.				(₹ in Lacs)
Particulars	31st March, 2018	31st March, 2017	31st March, 2016	
Discount rate*	7.59%	7.32%	8.00%	
Expected return on plan assets				
Gratuity	NA	NA	NA	
Leave encashment				
Salary escalation rate**	6.00%	6.00%	6.00%	
Mortality rate inclusive of provision for disability		100% of IALM (2006-08)		

* The discount rate assumed is determined by reference to market yield at the balance sheet date on government bonds.

** The estimates of future salary increase considered in actuarial valuation, taking account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

ii) Sensitivity analysis

Reasonable possible change at the reporting date to one of the relevant actuarial assumption, holding other assumption constant, would have effected the defined benefit obligation by the amount shown below.

			(₹ in Lacs)
Particulars	31st March, 2018		
	Increase	Decrease	
Discount rate (0.5% movement)	(7.58)	8.14	
Salary escalation rate (0.5% movement)	8.05	(7.72)	

iii) Expected Maturity analysis of the defined benefits plan in future years

Particulars	First Year	Second year	Third to fifth year	More than 5 Years
Gratuity	19.44	14.52	22.34	121.14

iv) Risk exposure

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

- Salary Increase- Actual salary increase will increase the plan's liability. Increase in salary increase rate assumption in future valuations which also increase the liability.
- Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.
- Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
- Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

Other notes on financial statements

D) Long Term Employee Benefit

Leave encashment

The company has a policy to pay leave encashment. Every employee is entitled to claim leave encashment after his/her retirement/termination which is calculated based upon no. of leaves earned. The company has a total provision for leave encashment as on 31st March, 2018 ₹ 52.28 Lacs, as on 31st March, 2017 ₹ 42.82 Lacs and as on 1st April, 2016 ₹ 28.99 Lacs. Total expenses provided during the year 2017-18 is ₹ 14.19 Lacs and for the year 2016-17 ₹ 15.71 Lacs. This includes current service cost of ₹ 9.42 Lacs for the year 2017-18 and ₹ 6.62 Lacs for the year 2016-17 based on actuarial valuation.

Note No. 35 : Related party disclosures

a) Name of related parties and description of relationship

i) Company which exercises significant influence

Modern Insulators Ltd.

ii) Key Management Personnel

Shri Sachin Ranka - Chairman & Managing Director

Shri Suvrat Ranka - Whole Time Director

iii) Independent director/Non Executive director

Shri Tara Chand Chejara - Non- Executive Director

Shri Bhanvar Lal Verma - Independent Director

Shri S. K. Sharma - Independent Director

Smt. Meenu Sancheti - Independent Director

b) The following transactions were carried out with the related parties during the year :-

(₹ in Lacs)

Description of the nature of the transactions	Name	Volume of transactions		Balance Outstanding		
		Year ended 31st March, 2018	Year ended 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
(i) Company which exercises significant influence						
Purchase of goods	Modern Insulators Ltd.	11.47	7.05	-	-	-
Loans & advances received	Modern Insulators Ltd.	2507.00	1457.00	3964.00	1457.00	-
Sale of goods	Modern Insulators Ltd.	8.69	540.37	-	-	-
Sales return	Modern Insulators Ltd.	188.46	-	-	-	-
Job charges	Modern Insulators Ltd.	19.04	8.31	-	-	-
Reimbursement of expenses	Modern Insulators Ltd.	0.31	2.48	-	-	-
(ii) Relatives of the key managerial personnel						
Remuneration*	Shri Suvrat Ranka	20.24	14.46	-	-	-
(iii) Independent Director/Non Executive Director						
Sitting fees paid to Independent Directors	Shri B.L Verma	0.18	0.22	-	-	-
	Smt. Meenu Sancheti	0.02	0.04	-	-	-

Terms and conditions:

All the transactions were made on normal commercial terms and conditions and at market rates.

Decision relating to remuneration to key management personnel were taken based on the recommendation of Nomination and Remuneration committee

*Expenses towards gratuity and leave encashment are determined actuarially on overall company basis at the end of each year and accordingly have not been considered in above information.

Note No. 36 : Contingent Liabilities

Contingent liabilities to the extent not provided for in respect of

(₹ in Lacs)

Particulars	31st March, 2018	31st March, 2017	1st April, 2016
Claims against company not acknowledged as Debts:			
a. Guarantee given by the Bank on behalf of the Company	12.82	12.82	12.82
b. Excise / Custom duty demand disputed by the Company against which amount paid NIL (Previous year ₹ 0.45 lacs, Preceding previous year ₹ 0.45 lacs).	-	41.94	41.94
c. Claims and liabilities against the Company not acknowledged as debts	605.11	600.83	488.92
d. Income Tax (TCS) demand and penalty disputed by the Company against which amount paid by ₹ 0.27 lacs (Previous year NIL)	1.33	-	-
e) There are certain pending labour cases against the Company, for which amount is not ascertainable.			
f) In respect of restructured debts, future payment obligation are to be fulfilled as stipulated, failing which the original liability will fall back with interest and penal interest amount of which is not ascertainable.			

Other notes on financial statements

Note No. 37 : Segment Reporting

The Company's management, consisting of the chief executive officer, the chief financial officer and the manager for corporate planning, monitors the operating results of the below business segments separately for the purpose of making decisions about resource allocation and performance assessment and accordingly, based on the principles for determination of segments given in Indian Accounting Standard 108 "Operating Segments" and in the opinion of management the Company is primarily engaged in the business of manufacturing of "Denim Fabric". All other activities of the Company revolve around the main business and as such there is no separate reportable business segment.

The company has identified geographical segment as its secondary business segment, the details are as follows:

Particulars	India		Rest of the world		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Segment Revenue	6724.62	7195.59	607.51	531.13	7332.13	7726.72
Additions to Property, Plant & Equipments including intangible Assets	13.91	2.24	-	-	13.91	2.24

Segment Assets	31st March, 2018		31st March, 2017		1st April, 2016	
In India	5217.98		4310.36		3133.67	
Rest of the world	258.83		115.73		99.96	
Total	5476.81		4426.09		3233.63	

There is no transactions with single customer which amounts to 10% or more of the Company's revenue.

Note No. 38 : Capital Commitments

There is no capital commitment as on 31.03.2018 and 31.03.2017.

Note No. 39 : Capital Management

For the purpose of Company's Capital Management, capital includes issued equity share capital and other equity reserves attributable to equity holders. The primary objective of Company's Capital Management is to maximize shareholder's wealth. The company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of financial covenants.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholder. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investors, creditors and market confidence. The management and the Board of Directors monitors the return on capital. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

Note No. 40 : Financial Risk Management

The Company's Financial Risk Management is an integral part of how to plan and execute its business strategies. The Company's financial risk management is set by the Managing Board. The Company's principal financial liabilities comprise loans and borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the company's operations. The company's principal financial assets include trade & other receivables and cash and short term deposits.

i) Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account financial conditions, current economic trends and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set and periodically reviewed on the basis of such information.

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the statement of profit and loss.

a) Carrying amount of maximum credit risk as on reporting date

a) Carrying amount of maximum credit risk as on reporting date			(₹ in Lacs)
Particulars	31st March, 2018	31st March, 2017	1st April, 2016
Financial assets for which loss allowance is measured using 12 month Expected Credit Loss (ECL)			
Non-current Investment	-	-	-
Other Non-Current Financial Assets	93.07	73.36	103.30
Current Investment			
Cash & Cash Equivalent	11.90	44.99	38.03
Bank balances other than cash and cash equivalents	12.82	12.82	12.82
Other Current Financial Assets	13.08	13.16	13.88
	130.87	144.33	168.03
Financial assets for which loss allowance is measured using Lifetime Expected Credit Loss (ECL)			
Trade Receivables	1182.85	801.48	166.25
Total	1313.72	945.81	334.28

Other notes on financial statements

b) Provision for Expected Credit Loss

(i) Financial assets for which loss allowance is measured using 12 month expected credit losses:

The Company has assets where the counter-parties have sufficient capacity to meet the obligations and where the risk of default is very low. Accordingly, no loss allowance for impairment has been recognised.

(ii) Financial assets for which loss allowance is measured using life time expected credit losses:

The Company provides loss allowance on trade receivables using life time expected credit loss and as per simplified approach.

c) Ageing of trade receivables

The Ageing of trade receivables is as below:

The Ageing of trade receivables is as below:

Ageing	Not Due	0-180 days past due	181-365 days past due	1-3 years past due	More than 3 years past due	(₹ in Lacs) Total
Gross Carrying amount as on 31st March, 2018	658.69	511.82	12.34	36.06	48.46	1,267.37
Impairment loss recognised on above	-	-	-	36.06	48.46	84.52
Gross Carrying amount as on 31st March, 2017	769.51	62.50	5.53	-	48.46	886.00
Impairment loss recognised on above	-	36.06	-	-	48.46	84.52
Gross Carrying amount as on 1st April, 2016	151.93	14.07	0.25	-	48.46	214.71
Impairment loss recognised on above	-	-	-	-	48.46	48.46

(d) Reconciliation of Impairment loss Provision of doubtful debts

The Movement in allowance for bad and doubtful debts

Particulars	(₹ in Lacs)	
	31st March, 2018	31st March, 2017
Opening Balance	84.52	48.46
Impairment Loss recognised	-	36.06
Amount Written off	-	-
Closing Balance	84.52	84.52

ii) Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The following are the contractual maturities of financial liabilities based on contractual cash flows

As at 31st March, 2018

Particulars	(₹ in Lacs)				
	12 months or less	1-2 years	2-5 years	More than 5 years	Total
Non-current Borrowing	-	-	-	4614.00	4614.00
Current Borrowing	1503.10	-	-	-	1503.10
Trade payable	1038.37	-	-	-	1038.37
Other Current financial liabilities	2058.12	-	-	-	2058.12
Total	4599.59	-	-	4614.00	9213.59

As at 31st March, 2017

Particulars	(₹ in Lacs)				
	12 months or less	1-2 years	2-5 years	More than 5 years	Total
Non-current Borrowing	-	-	-	2107.00	2107.00
Current Borrowing	2339.81	-	-	-	2339.81
Trade payable	1081.09	-	-	-	1081.09
Other Current financial liabilities	2129.16	-	-	-	2129.16
Total	5550.06	-	-	2107.00	7657.06

As at 1st April, 2016

Particulars	(₹ in Lacs)				
	12 months or less	1-2 years	2-5 years	More than 5 years	Total
Non-current Borrowing	-	-	-	650.00	650.00
Current Borrowing	2633.93	-	-	-	2633.93
Trade payable	868.63	-	-	-	868.63
Other Current financial liabilities	1984.88	-	-	-	1984.88
Total	5487.44	-	-	650.00	6137.44

Other notes on financial statements

iii) Market Risk

Market Risk mainly relates to the investment & deposits. There is no regular business of company for making investment & deposits. However, management manage the cash resources, borrowings strategies and ensuring compliance of the same with the guidelines & directions of the Higher Management.

a) Foreign currency risk

The company operates internationally and portion of the business is transacted in several currencies and consequently the company is exposed to foreign exchange risk through its sales and services in overseas and purchase from overseas suppliers in various foreign currencies.

The company evaluate exchange rate exposure arising from foreign currency transaction and the company follow established risk management policies, including the use of derivative like foreign exchange forward contracts to hedge exposure to foreign risk.

Company does not use derivative financial instruments for trading or speculative purposes.

Foreign currency exposure not hedged as at 31st March, 2018

Trade receivable

(in Lacs)

USD

3.99

Foreign currency exposure not hedged as at 31st March, 2017

Trade receivable

USD

1.82

Foreign currency exposure not hedged as at 1st April 2016

Trade receivable

USD

1.55

Foreign currency sensitivity

1% increase or decrease in foreign exchnages rates will have the following impact on profit before tax

(₹ in Lacs)

Particulars	2017-18		2016-17	
	1% increase	1% decrease	1% increase	1% decrease
USD	2.59	(2.59)	1.16	(1.16)

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

According to the Company interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

c) Price Risk

As of 31st March, 2018, the company has nil exposure on security price risks.

Note No. 41: Fair value measurement

a) Financial Instruments by category

As at 31st March, 2018

(₹ in Lacs)

Particulars	FVTPL	FVTOCI	Amortized cost
Financial Assets:			
Other Non-Current Financial Assets	-	-	93.07
Trade receivables	-	-	1182.85
Cash and cash equivalents	-	-	11.90
Other bank balances	-	-	12.82
Other current financial assets	-	-	13.08
Total financial assets	-	-	1313.72
Financial Liability:			
Non-current Borrowings	-	-	4614.00
Current Borrowings	-	-	1503.10
Trade payables	-	-	1038.37
Other current financial liabilities	-	-	2058.12
Total financial liabilities	-	-	9213.59

Other notes on financial statements

As at 31st March, 2017

	(₹ in Lacs)		
Particulars	FVTPL	FVTOCI	Amortized cost
Financial Assets:			
Other Non-Current Financial Assets	-	-	73.36
Trade receivables	-	-	801.48
Cash and cash equivalents	-	-	44.99
Other bank balances	-	-	12.82
Other current financial assets	-	-	13.16
Total financial assets	-	-	945.81
Financial Liability:			
Non-current Borrowings	-	-	2107.00
Current Borrowings	-	-	2339.81
Trade payables	-	-	1081.09
Other current financial liabilities	-	-	2129.16
Total financial liabilities	-	-	7657.06

As at 1st April, 2016

	(₹ in Lacs)		
Particulars	FVTPL	FVTOCI	Amortized cost
Financial Assets:			
Other Non-Current Financial Assets	-	-	103.30
Trade receivables	-	-	166.25
Cash and cash equivalents	-	-	38.03
Other bank balances	-	-	12.82
Other current financial assets	-	-	13.88
Total financial assets	-	-	334.28
Financial Liability:			
Non-current Borrowings	-	-	650.00
Current Borrowings	-	-	2633.93
Trade payables	-	-	868.63
Other current financial liabilities	-	-	1984.88
Total financial liabilities	-	-	6137.44

b) Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Valuation process to determine fair value

Specific valuation technique is used to determine the fair value of the financial instruments which include:

-Investment in unquoted equity shares- Lowest level input that is significant to the fair value measurement is unobservable.

Financial instrument measured at fair value

As at 31st March 2018

	(₹ in Lacs)			
Particulars	Level 1	Level 2	Level 3	Total
Financial Assets measured at amortised cost				
Other non-current financial assets	-	-	93.07	93.07
Trade receivables	-	-	1182.85	1182.85
Cash and cash equivalents	-	-	11.90	11.90
Other bank balances	-	-	12.82	12.82
Other current financial assets	-	-	13.08	13.08
Total financial assets	-	-	1313.72	1313.72
Financial Liabilities measured at amortised cost				
Non-current Borrowings	-	-	4614.00	4614.00
Current Borrowings	-	-	1503.10	1503.10
Trade payables	-	-	1038.37	1038.37
Other current financial liabilities	-	-	2058.12	2058.12
Total financial liabilities	-	-	9213.59	9213.59
Total	-	-	10527.31	10527.31

Other notes on financial statements

As at 31st March 2017

(₹ in Lacs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets measured at amortised cost				
Other non-current financial assets	-	-	73.36	73.36
Trade receivables	-	-	801.48	801.48
Cash and cash equivalents	-	-	44.99	44.99
Other bank balances	-	-	12.82	12.82
Other current financial assets	-	-	13.16	13.16
Total financial assets	-	-	945.81	945.81
Financial Liabilities measured at amortised cost				
Non-current Borrowings	-	-	2107.00	2107.00
Current Borrowings	-	-	2339.81	2339.81
Trade payables	-	-	1081.09	1081.09
Other current financial liabilities	-	-	2129.16	2129.16
Total financial liabilities	-	-	7657.06	7657.06
Total	-	-	8602.87	8602.87

As at 1st April 2016

(₹ in Lacs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets measured at amortised cost				
Other non-current financial assets	-	-	103.30	103.30
Trade receivables	-	-	166.25	166.25
Cash and cash equivalents	-	-	38.03	38.03
Other bank balances	-	-	12.82	12.82
Other current financial assets	-	-	13.88	13.88
Total financial assets	-	-	334.28	334.28
Financial Liabilities measured at amortised cost				
Non-current Borrowings	-	-	650.00	650.00
Current Borrowings	-	-	2633.93	2633.93
Trade payables	-	-	868.63	868.63
Other current financial liabilities	-	-	1984.88	1984.88
Total financial liabilities	-	-	6137.44	6137.44
Total	-	-	6471.72	6471.72

Fair Value of Financial instrument measured at Amortised Cost

The carrying amount of short term borrowings, trade payables, trade receivables, cash & cash equivalents and other financial assets and liabilities are considered to be the same as their Fair values, due to their short term nature.

Note No. 42 : First Time adoption of Ind AS

These are the company's first financial statements prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (as amended). For period up to and including the year ended 31st March 2017, the company prepared its first financial statement in accordance with previous GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). The effective date for companies Ind AS Opening Balance sheet is 1st April 2016. (The date of transition to Ind AS)

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31st March 2018, the comparative information presented in these financial statements for the year ended 31st March 2017 and in the preparation of an opening Ind AS balance sheet at 1st April 2016 (the date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

Any resulting differences between carrying amounts of assets and liabilities according to Ind AS 101 as of 1st April, 2016 compared to those presented in the Indian GAAP Balance Sheet as of 31st March 2016, were recognised in the equity under retained earnings within Ind AS Balance Sheet.

Exemptions and Exceptions availed

In preparing these financial statement, the Company has elected to apply the below optional exemptions and mandatory exceptions in line with principles of Ind AS 101.

Other notes on financial statements

Optional exemptions

Property, Plant and Equipment (PPE) and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

Mandatory exceptions

i) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Impairment of financial assets based on expected credit loss model
- Determination of the discounted value for financial instruments carried at amortised cost.

ii) Classification and Measurement of financial assets

Ind AS 101 provides exemptions to certain classification and measurement requirements of financial assets under Ind AS 109, where these are impracticable to implement. Classification and measurement is done on the basis of facts and circumstances existing as on the transition date. Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the transition date.

Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

a) Effect of Ind AS adoption on balance sheet as at 31st March, 2017 and 1st April, 2016

(₹ in Lacs)

Particulars	31st March, 2017			1st April, 2016		
	Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
ASSETS						
NON-CURRENT ASSETS						
Property, Plant and Equipment	1978.71	-	1978.71	2075.11	-	2075.11
Other Intangible Assets	-	-	-	-	-	-
Financial Assets						
Others	73.36	-	73.36	103.30	-	103.30
Other Non-Current Assets	15.88	-	15.88	15.88	-	15.88
Total Non current assets	2067.95	-	2067.95	2194.29	-	2194.29
CURRENT ASSETS						
Inventories	1319.17	-	1319.17	689.04	-	689.04
Financial Assets						
Trade Receivables	801.48	-	801.48	166.25	-	166.25
Cash and Cash Equivalents	44.99	-	44.99	38.03	-	38.03
Bank balances other than cash & cash equivalent	12.82	-	12.82	12.82	-	12.82
Other Financial Assets	13.16	-	13.16	13.88	-	13.88
Current Tax Assets (net)	9.58	-	9.58	27.48	-	27.48
Other Current Assets	156.94	-	156.94	91.84	-	91.84
Total Current Assets	2358.14	-	2358.14	1039.34	-	1039.34
Total Assets	4426.09	-	4426.09	3233.63	-	3233.63
EQUITY AND LIABILITIES						
EQUITY						
Equity Share Capital	4400.20	(650.00)	3750.20	4400.20	(650.00)	3750.20
Other Equity	(7444.42)	-	(7444.42)	(7603.49)	-	(7603.49)
Total Equity	(3044.22)	(650.00)	(3694.22)	(3203.29)	(650.00)	(3853.29)

Other notes on financial statements

LIABILITIES						
NON-CURRENT LIABILITIES						
Financial Liabilities						
Borrowings	1457.00	650.00	2107.00	-	650.00	650.00
Provisions	184.31	-	184.31	124.28	-	124.28
Deferred Tax Liabilities (Net)	-	-	-	-	-	-
Total Non Current Liabilities	1641.31	650.00	2291.31	124.28	650.00	774.28
CURRENT LIABILITIES						
Financial Liabilities						
Borrowings	2339.81	-	2339.81	2633.93	-	2633.93
Trade Payables	1081.09	-	1081.09	868.63	-	868.63
Other Financial Liabilities	2129.16	-	2129.16	1984.88	-	1984.88
Other Current Liabilities	260.44	-	260.44	814.11	-	814.11
Provisions	18.50	-	18.50	11.09	-	11.09
Total current liabilities	5829.00	-	5829.00	6312.64	-	6312.64
Total Equity and Liabilities	4426.09	-	4426.09	3233.63	-	3233.63

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note.

b) Effect of Ind AS adoption on statement of profit and loss for the year ended 31st March, 2017
(₹ in Lacs)

Particulars	Previous GAAP	Ind AS Adjustments	Ind AS
INCOME			
Revenue from Operations	7726.72	-	7726.72
Other Income	11.60	-	11.60
Total Revenue	7738.32	-	7738.32
EXPENSES			
Cost of materials consumed	5041.97	-	5041.97
Purchase of Stock-in-Trade	47.10	-	47.10
Changes in Inventories of Finished Goods Stock-In-Trade & Stock in Process	(598.70)	-	(598.70)
Employee Benefits Expenses	1097.80	(41.79)	1056.01
Finance Costs	112.58	-	112.58
Depreciation And Amortization Expenses	98.64	-	98.64
Other Expenses	1779.86	-	1779.86
Total Expenses	7579.25	(41.79)	7537.46
Profit before Tax	159.07	41.79	200.86
Tax Expense:			
Current Tax	-	-	-
Deferred Tax	-	-	-
Total Tax Expenses	-	-	-
Profit after Tax	159.07	41.79	200.86
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
a) Remeasurement of defined benefit obligations	-	(41.79)	(41.79)
b. Income tax relating to above	-	-	-
Other Comprehensive Income for the Year (Net of Tax)	-	(41.79)	(41.79)
Total Comprehensive Income for the period	159.07	-	159.07

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note.

Other notes on financial statements

c) Effect of Ind AS adoption on statement of profit and loss for the year ended 31st March, 2017

(₹ in Lacs)

Particulars	Previous GAAP	Effects of transition to Ind As	Ind AS
Net Cash Flow from operating activities	(1103.61)	-	(1103.61)
Net Cash Flow from investing activities	8.44	-	8.44
Net Cash Flow from financing activities	1102.13	-	1102.13
Net increase / (decrease) in cash and cash equivalents	6.96	-	6.96
Cash and cash equivalents as at April 1, 2016	50.85	(12.82)	38.03
Cash and cash equivalents as at March 31, 2017	57.81	(12.82)	44.99

d) Reconciliation of Total Equity as at 31 March, 2017 and 1st April, 2016

(₹ in Lacs)

Particulars	31st March, 2017	1st April, 2016
Total equity shareholder fund as per previous GAAP	(3044.22)	(3203.29)
Adjustments - reclassification of preference share capital to borrowings	(650.00)	(650.00)
Total equity as per Ind AS	(3694.22)	(3853.29)

e) Reconciliation of Total Comprehensive Income for the year ended 31st March, 2017

(₹ in Lacs)

Particulars	31st March, 2017
Profit after tax as per previous GAAP	159.07
Adjustment:	
Actuarial loss on defined benefit plan recognised in OCI (net of tax)	41.79
Total Adjustment	41.79
Profit after tax as per Ind AS	200.86
Other comprehensive income (net of tax)	
Actuarial loss on defined benefit plan recognised in OCI (net of tax)	(41.79)
Total Comprehensive Income as per Ind AS	159.07

Notes to Reconciliation

a) Employee Benefits

Both under Indian GAAP and Ind AS, the company recognized costs related to its post employment defined benefits plan on an actuarial basis. Under Indian GAAP the entire cost including actuarial gain/loss are charged to profit or loss. Under Ind AS, remeasurements are recognized in Other Comprehensive Income.

b) Other Equity

Retained Earnings as at 1st April 2016 has been adjusted to the above Ind AS transition adjustments. Refer 'Reconciliation of Total Equity' as at 31st March 2017 and 1st April 2016 as given above.

c) Other Comprehensive Income

Under Indian GAAP the company has not presented Other Comprehensive Income separately. Hence Indian GAAP profit or loss is reconciled to total comprehensive income.

Note No. 43 : The financial statements have been prepared on going concern basis. However, the following material uncertainties existing at the end of the reporting period may affect the company from continuing as a going concern.

- The Board for Industrial and Financial Reconstruction (BIFR) had declared the company as a sick company and after abatement of BIFR, the Company is in process of filing a Compromise, Arrangement and Amalgamation Scheme u/s 230-232 of the Companies Act, 2013 to Hon'ble NCLT.
- The Company's net worth is fully eroded and has a negative net worth of ₹ 7760.16 Lacs (P.Y. ₹ 7444.42 Lacs).

Note No. 44 : In the opinion of Management, any of the assets other than items of property, plant and equipment and intangible assets have a value on realization in the ordinary course of business at least equal to the amount at which they are stated, unless otherwise stated.

Note No. 45 : Borrowing costs attributable to the acquisition or construction of Qualifying Assets amounting to ₹ Nil (Previous Year ₹ Nil) is capitalized by the company.

Note No. 46 : The Company has not entered into any lease agreement in the Financial Year 2017-18 (Previous Year ₹ Nil)

Other notes on financial statements

Note No. 47 : On periodical basis and as and when required, the Company reviews the carrying amounts of its assets and found that there is no indication that those assets have suffered any impairment loss. Hence, no such impairment loss have been provided in the Financial Year 2017-18 (Previous Year ₹ Nil)

Note No. 48 : The financial statements are approved for issue by the Audit Committee on 29th May, 2018.

Note No. 49 : Previous year's figures have been regrouped and rearranged wherever necessary, to make them comparable with those of current year.

As per our report of even date attached	For and on behalf of the Board
For Samir M Shah & Associates	Sachin Ranka – Chairman & Managing Director (DIN: 00335534)
Chartered Accountants	B.L. Verma – Independent Director (DIN: 00411628)
Firm Registration No. 122377W	S.K. Sharma – Independent Director (DIN: 01378040)
Samir M Shah	Meenu Sacheti – Independent Director (DIN: 02266703)
Partner	T.C. Chejara – Non-Executive Director (DIN: 07619881)
Membership No. 111052	C.S. Jain – Chief Financial Officer
Place : Ahmedabad	Komal Sulaniya – Company Secretary
Date : 29th May, 2018	Place : Abu Road

To
The Members
Modern Denim Limited

Re.: Seeking copy of PAN CARD and Bank Details

Dear Sir/Madam,

We refer to the SEBI circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated: 20th April, 2018 and subsequent circular No. SEBI/HO/MIRSD/DOS3/CIR/P/2018/115 dated: 16th July, 2018 wherein SEBI has directed all the listed companies to record the PAN and Bank account details of all shareholders holding shares of the Company in physical form. As per SEBI notification no. SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018 read with BSE circular no. LIST/COMP/15/2018-19 dated 5th July, 2018 mandated that with effect from 5th December, 2018 all transfer(s) of securities would be carried out in dematerialized form only.

We therefore request you to send us the below mentioned documents in order to update your PAN and bank account and other details in the Company's records and take note of the following:

1. Self-attested copy of your PAN Card (in case the shareholder is a resident of Sikkim, the shareholder is required to submit a valid ID proof issued by the Government).
2. Original cancelled cheque leaf /attested bank passbook showing name of account holder) along with a duly filled in Form appended as Annexure-A to this letter, so that all future dividends could directly be credited to your bank account and we would be able to serve you better in future.
3. You are requested to send the desired details/documents to the Company's Registrar & Share Transfer Agent (RTA), M/s. Beetal Financial & Computer Services (P) Ltd at Beetal House, 3rd Floor, 99 Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi- 110062.
4. You may kindly note that in case we do not receive any response from your side, any future transactions in your shares like transfer, transmission, issue of duplicate share certificates etc., and shall be subject to enhanced supervision by the Company. Therefore you are advised to furnish your PAN, bank details and other desired details as mentioned in **Annexure A** within 21 days of the date of this letter.
5. Shareholder(s) please note that request for transfer of shares in physical form will be considered before 5th December, 2018 subsequently any request for transfer of shares (except requests related to transmission and transposition of shares) shall not be processed. This intimation is in accordance with SEBI notification no. SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018 read with BSE circular no. LIST/COMP/15/2018-19 dated 5th July, 2018. Copy is available on the company's website www.modernidenim.com . Accordingly, you are advised to dematerialize your entire physical shareholding in company. To know the process of dematerialization please visit our website www.modernidenim.com.
6. Shareholders holding shares in physical mode are also requested to send their signature cards to our RTA, M/s. Beetal Financial & Computer Services (P) Ltd at Beetal House, 3rd Floor, 99 Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi- 110062 at the earliest.

Thanking you,
Yours faithfully,

For Modern Denim Limited

Sd/-

Komal Sulaniya
Company Secretary

Encl. : As above.

Annexure-A

Name of Shareholder(s)	
Folio No.	
Pan (attached Self attested copy of Pan)	
Bank Details (attach Self attested copy of cancelled Cheque)	
Bank Account No.	
Name of Bank	
Branch Address	
IFSC No.	
MICR No.	
E-mail ID of shareholder	

(-----)

Signature of Shareholder (s)

MODERN DENIM LIMITED

Registered Office : A-4, Vijay Path, Tilak Nagar, Jaipur-302 004
Phone : 0141-4113645 E-mail : modernjaipuroffice@gmail.com
Website : www.moderndenim.com CIN : L17124RJ1977PLC001758

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting hall)
Annual General Meeting - 28th September, 2018

I hereby record my presence at the FOURTIETH ANNUAL GENERAL MEETING of the Company held at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur-302 004 on Friday the 28th September, 2018 at 5.00 P.M.

Full Name of Member (IN BLOCK LETTERS)

Reg. Folio No.

No. of Shares held

Full Name of Proxy (IN BLOCK LETTERS)

Member's/Proxy's Signature

NOTE : ADMISSION WILL BE STRICTLY PERMITTED FOR SHAREHOLDERS/VALID PROXY HOLDERS ONLY.



MODERN DENIM LIMITED

Registered Office : A-4, Vijay Path, Tilak Nagar, Jaipur-302 004
Phone : 0141-4113645 E-mail : modernjaipuroffice@gmail.com
Website : www.moderndenim.com CIN : L17124RJ1977PLC001758

PROXY FORM

Name of the member(s) :

Registered Address :

E-mail ID : Folio No./Client Id :

DP ID :

I/We, being the members(s) of Shares of the Modern Denim Limited, hereby appoint.

1. Name : Address :

Email ID : Signature :, or failing him

2. Name : Address :

Email ID : Signature :, or failing him

3. Name : Address :

E mail Id : Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 40th Annual General Meeting of the Company, to be held on Friday the 28th September, 2018 at 5:00 P.M. at A-4, Vijay Path, Tilak Nagar, Jaipur - 302 004 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.

1 2 3 4 5

Signed this day of 2018.

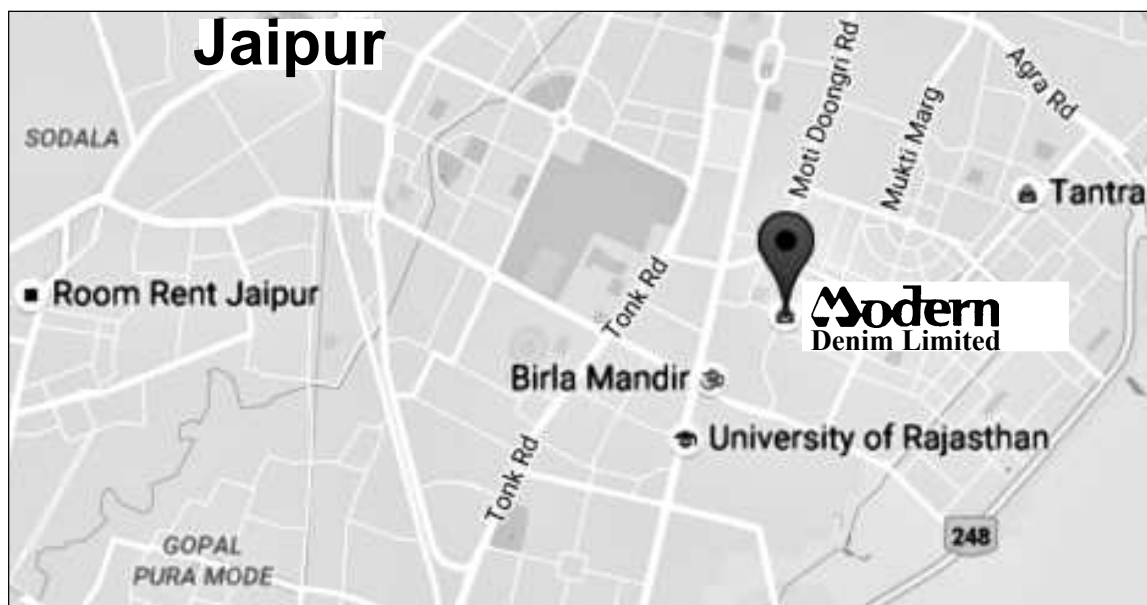
Signature of Shareholder :

Signature of Proxy Holder(s) :

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur-302 004 not less than FORTY EIGHT HOURS before the commencement of the meeting.

Affix
₹ 1/-
Revenue
Stamp

Route Map to the venue of AGM



Book Post
(Printed Matter)

If undelivered please return to :



Modern Denim Limited
A-4, Vijay Path, Tilak Nagar,
Jaipur-302 004 (India)