



Modern Denim Limited

Registered Office : Talheti, Village : Karoli, Tehsil : Abu Road
District : Sirohi - 307510 (Rajasthan) India
Phone: 02974-228377, Fax : 02974-228043
www.moderndenim.com CIN- L17124RJ1977PLC001758
Email : denim.modern@gmail.com

Statement on Impact of Audit Qualifications (For Audit Report on Financial Statements with qualified opinion) for the Financial Year ended March 31, 2024

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Rs. in Lacs)

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualification)	Adjusted Figures (audited figures after adjusting for qualification)
1.	Turnover/Total income	2517.23	2958.36
2.	Total Expenditure (including Exceptional Items)	3050.75	3726.09
3.	Net Profit /(Loss)	(533.52)	(767.13)
4.	Other Comprehensive Income (net)	(1.87)	(1.87)
5.	Total Comprehensive Income	(535.39)	(769.60)
6.	Earnings Per Share	(1.42)	(2.05)
7.	Total Assets	3656.22	3656.22
8.	Total Liabilities	9727.72	15697.85
9.	Net Worth	(6071.20)	(12041.63)
10.	Any other Financial item (s) (as felt appropriate by the management)	NIL	NIL

II. Audit Qualifications (each audit qualification separately):

A. Details of Audit Qualification:

- i. 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 Rs. 110.75 lacs (Previous year Rs. 110.75 lacs including Dividend Distribution Tax Payable thereon) has not been provided (Note No. 27.3). In view of accumulated losses, the total amount of interest on financial liabilities not provided till 31st March 2024 amounts to Rs. 3670.11 lacs (upto previous Balance Sheet date Rs. 3559.36 lacs) including Dividend Distribution Tax Payable thereon of Rs. 569.12 lacs (Note No. 13.2). The Company was expecting waiver / relief under rehabilitation scheme submitted to The Board for Industrial and Financial Reconstruction ("BIFR") and after abatement of BIFR, Scheme of Compromise, Arrangement and Amalgamation u/s 230-232 of the Companies Act, 2013 is under process of approvals from concerned authorities. Had the Company provided interest on financial liabilities in current year, Finance Cost & Loss for the year would have been higher by Rs. 110.75 lacs and Other Current Financial Liabilities & debit balance of Retained Earning under the head Other Equity would have been higher by Rs. 3670.11 lacs (upto previous Balance Sheet date Rs. 3559.36 lacs). A similar qualification had been given in the previous year's Auditor's Report.





Modern Denim Limited

Registered Office : Talheti, Village : Karoli, Tehsil : Abu Road
District : Sirohi - 307510 (Rajasthan) India
Phone: 02974-228377, Fax : 02974-228043
www.moderndenim.com CIN- L17124RJ1977PLC001758
Email : denim.modern@gmail.com

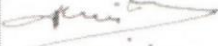
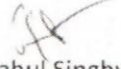
	ii. As per Ind AS 109 "Financial Instruments", the company has not recognised interest on financial liabilities on effective interest method. Provision for interest on certain Secured and Unsecured Borrowings amounting to Rs. 123.46 lacs (Previous year Rs. 136.60 lacs) (Note No. 27.1, & 27.2) has not been made in accounts as the Company was expecting waiver / relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, Scheme of Compromise, Arrangement and Amalgamation u/s 230-232 of the Companies Act, 2013 ("The Act") is under process of approvals from concerned authorities. The total amount of Interest not provided till 31st March 2024 amounts to Rs. 2300.32 lacs (upto previous Balance Sheet date Rs. 2176.86 lacs) (Note No. 18.2 & 18.3). Had the Company provided interest on certain Secured and Unsecured Borrowings in current year, Finance Cost & Loss for the year would have been higher by Rs. 123.46 lacs (previous year Rs. 136.60 lacs) and Other Current Financial Liabilities & debit balance of Retained Earning under the head Other Equity would have been higher by Rs. 2300.32 lacs (upto previous Balance Sheet date Rs. 2176.86 lacs). A similar qualification had been given in the previous year's Auditor's Report. iii. As per Ind AS 109 "Financial Instruments", the Company has not measured Non-Current Borrowing of Rs. 6374 lacs (P.Y. Rs. 5939.00 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 Rs. 441.13 lacs (Previous year Rs. 378.86 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. 13.5, 22.1 & 27.4). A similar qualification had been given in the previous year's Auditor's Report.
	B. Type of Audit Qualification: Qualified Opinion
	C. Frequency of Qualification:- Repetitive
	D. For Audit qualification(s) where the impact is quantified by the auditor, Management's Views : a) The company has not recognised interest on cumulative redeemable preference shares amounting to Rs. 110.75 lacs (Previous year Rs. 110.75 lacs including Dividend Distribution Tax Payable thereon) as the Company was expecting waiver/ relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, Scheme of Compromise, Arrangement and Amalgamation u/s 230-232 of the Companies Act, 2013 is under process of approvals from concerned authorities seeking the said waiver/ relief. b) The company has not recognised interest on certain Secured and Unsecured Borrowings amounting to Rs. 123.46 lacs (Previous year Rs. 136.60 lacs) as the Company was expecting waiver/ relief under rehabilitation scheme submitted to BIFR and after abatement of BIFR, Scheme of Compromise, Arrangement and Amalgamation u/s 230-232 of the Companies Act, 2013 is under process of approvals from concerned authorities seeking the said waiver/ relief. c) The Company has not measured Non-Current Borrowing of Rs. 6374 lacs (P.Y. Rs. 5939.00 lacs) at fair value as the same is interest free and received from the Company covered under section 189 of the Companies Act, 2013 in view of proposed amalgamation.





Modern DENIM LIMITED

Registered Office : Talheti, Village : Karoli, Tehsil : Abu Road
District : Sirohi - 307510 (Rajasthan) India
Phone: 02974-228377, Fax : 02974-228043
www.moderndenim.com CIN- L17124RJ1977PLC001758
Email : denim.modern@gmail.com

E. For Audit Qualification(s) where the impact is not quantified by the auditor: Not Applicable	
i. Management's estimation on the impact of audit qualification:	
ii. If management is unable to estimate the impact, reason for the same:	
iii. Auditor's Comments (i) or (ii) above:	
III. <u>Signatories :</u>	
For Modern Denim Limited  Sachin Ranka Chairman & Managing Director DIN: 00335534	For Modern Denim Limited  Rahul Singhvi Chairman of Audit Committee DIN: 08816920
For Modern Denim Limited  C.S. Jain Chief Financial Officer	
Place:- Ahmedabad Date:- 30.05.2024	
Refer our Audit Report dated May 30, 2024 on Standalone Financial Statement of the Company	
For J.T. Shah & Co. Chartered Accountants Firm Registration No. 109616W   A.K. Panchal Partner Membership No. 116848 UDIN: 241169480122DD7322 Place:- Ahmedabad Date:- 30.05.2024	