**Modern Threads (India) Limited**

***Registered Office :***
A-4, Vijay Path, Tilak Nagar, Jaipur-302 004
Phone : 0141-4113645, Fax : 0141-2621382
E-mail : cs@modernwoollens.com
modernjaipuroffice@gmail.com
Website : www.modernwoollens.com
CIN : L17115RJ1980PLC002075

To,

17th Oct , 2017

| | |
|---|---|
| BSE Limited<br>Phiroze Jeejeebhoy Towers<br>Dalal Street, Mumbai- 400001 | National Stock Exchange of India Ltd.,<br>Exchange Plaza, C-1, Block G,<br>Bandra Kurla Complex,<br>Bandra (E) ,Mumbai – 400 051 |

**Sub: Annual Report for financial year 2016-17**

Dear Sir/Madam,

Pursuant to regulation 34 of the SEBI ( Listing Obligations and Disclosure Requirements) Regulations, 2015 please find enclosed herewith the 36th Annual Report of the Company for the financial year 2016-17 duly approved and adopted at 36th Annual General Meeting of the Company held on Thursday, 28th September, 2017.

Kindly take the same on record.

Thanking you,

Yours Faithfully

For Modern Threads (India) Limited

MODERN THREADS (INDIA) LIMITED JAIPUR (Raj.)

Kapil Kumar Kumawat
Company Secretary

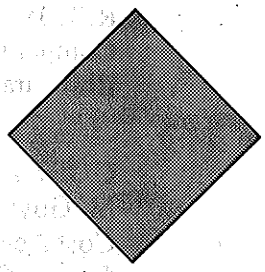
Encl: As above

***Corporate Head Office*** : 68/69, Godavari, Pochkhanwala, Worli, Mumbai-400030
Tel.:022-24973269, Fax : 022-24950962

***Plants-***
Woollens Division : Hamirgarh Road, Bhilwara-311001 (Rajasthan)
Tel.:01482-241801, Fax : 01482-297924
Yarn Division : Village Raila, District - Bhilwara-311024 (Rajasthan)

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# ANNUAL REPORT
# 2016-2017



Modern

## THREADS (INDIA) LIMITED

Modern
Threads (India) Limited

## BOARD OF DIRECTORS

| | | |
|---|---|---|
| Shri Rajesh Ranka | – | Chairman & Managing Director |
| Smt. Veena Jain | – | Non-Executive Director |
| Shri B.M. Taparia | – | Independent Director |
| Shri Naresh Devpura | – | Independent Director |
| Shri J.N. Sharma | – | Non-Executive Director |

## CHIEF FINANCIAL OFFICER

Shri P.K. Nahar

## COMPANY SECRETARY

Shri Kapil Kumar Kumawat

**AUDITORS**
S.S. Surana & Co.,
Chartered Accountants,
Jaipur-302 015

**SECRETARIAL AUDITOR**
R.K. Jain & Associates,
Company Secretaries,
Bhilwara-311 001

**COST AUDITORS**
M. Goyal & Co.
Cost Accountants,
Jaipur-302 015

**REGISTERED OFFICE**
A-4, Vijay Path, Tilak Nagar,
Jaipur-302 004 (Rajasthan)
Phone : 0141-4113645
Email : modernjaipuroffice@gmail.com/
cs@modernwoollens.com
Website : www.modernwoollens.com

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

**PLANTS**
**Woollens Division**
Hamirgarh Road,
Bhilwara-311 001 (Rajasthan)
**Yarn Division**
Village Raila,
Distt. Bhilwara (Rajasthan)

**Modern** Threads (India) Limited
Reg. office : A-4, Vijay Path, Tilak Nagar, Jaipur-302 004
Phone: 0141-4113645 E-mail: modernjaipuroffice@gmail.com
cs@modernwoollens.com CIN : L17115RJ1980PLC002075

# NOTICE

Notice is hereby given that the 36th Annual General Meeting of the members of Modern Threads (India) Limited will be held on Thursday the 28th September , 2017 at 3:00 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 March 31, 2017, and the reports of the Board of Directors and Auditors thereon.

(2) To appoint a Director in place of Shri Jagdish Narayan Sharma (DIN: 07552825) who retires by rotation and being eligible, offers himself for re-appointment.

(3) To appoint Statutory Auditors of the Company and to fix their remuneration and to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to the recommendations of the Audit Committee, Goyal D. Kumar & Co,Chartered Accountants (Firm Registration No.007817C), be appointed as statutory auditors of the Company in place of retiring auditors, S.S. Surana & Co., Chartered Accountants, Jaipur (Firm Registration No. 001079C) whose tenure expires at the ensuing Annual General Meeting, to hold office for a period of five years, from the conclusion of this 36th Annual General Meeting until the conclusion of the 41st Annual General Meeting of the company subject to ratification of the appointment by Members at every Annual General Meeting, as applicable, at such remuneration as may be determined by the Audit Committee in consultation with the Auditors."

**B. SPECIAL BUSINESS :**

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

"RESOLVED THAT pursuant to the provisions of section 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, Shri Naresh Devpura (DIN 07526062), Director of the Company in respect of whom Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 signifying his intention to propose Shri Naresh Devpura as a candidate for the office of director of the company, be and is hereby appointed as an Independent Director of the Company with effect from 01.04.2017 for a period of three years, whose office shall not be liable to retire by rotation."

"RESOLVED FURTHER THAT Shri Rajesh Ranka Chairman & Managing Director of the Company and Shri Kapil Kumar Kumawat, Company Secretary of the Company be and are hereby severally authorized to do all such necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M. Goyal & Co., Cost Accountants (Firm Registration No. 000051), appointed as Cost Auditors of the Company by the Board of Directors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018, be paid the remuneration of ₹ 35,000/- per annum plus applicable taxes and reimbursement of expenses upto ₹15,000/- be and is hereby ratified and approved.

By order of the Board

Place : Bhilwara
Date : 25th May, 2017

(Kapil Kumar Kumawat)
Company Secretary

## NOTES :

1. The Explanatory Statement pursuant to Section 102 and/or any other applicable provisions of the Companies Act, 2013 in respect of Item No. 3, 4 & 5 set out in the Notice is annexed hereto and form part of this Notice.
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. Members holding more than ten percent of the total share capital of the Company may appoint a single person as Proxy, who shall not act as a Proxy for any other 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. Members/proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting
7. The Share transfer books and Register of members shall remain closed from 22nd September,2017 to 28th September, 2017 (both days inclusive).
8. Members holding shares in physical mode are requested to dematerialize their shares by surrendering their share certificates to their Depository Participants (DPs). Members are requested to quote ISIN: INE794W01014 of the Company for dematerialization of the shares.
9. Members who have not registered their email addresses so far are requested to register their e-mail ID's with M/s. Beetal Financial & Computer Services Pvt. Ltd, the Registrars & Share Transfer Agents of the Company and Members holding shares in demat mode are requested to register their e-mail ID's with their respective DPs in case the same is still not registered.
10. 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 ID's with their respective depository participants or with the share transfer agents of the Company, 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 cs@modernwoollens.com mentioning your Folio/DP ID & Client ID. Members may also note that the Notice of the Annual General Meeting and the Annual Report for the year 2016-17 will also be available on the Company's website www.modernwoollens.com.
11. All the documents referred to in accompanying Notice and other Statutory Registers are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. to 1.00 p.m. upto the date of Annual General Meeting.
12. Members are requested to send all communications relating to shares and change of address etc. to the Registrar and Share Transfer Agents at the following address: Beetal Financial & Computer Service Pvt. Ltd. Beetal House, 3rd Floor, 99 Madangir, Behind LSC, New Delhi-110062
13. 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.
14. A route map showing directions to reach the venue of the Annual General Meeting is given with the Annual Report.
15. **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. 22nd September, 2017 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 Disclosure 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 Board of Directors of the Company has appointed Shri R. K. Jain, Practicing Company Secretary, Bhilwara as Scrutinizer for scrutinizing the voting and remote e-voting process in a fair and transparent manner.
5. The remote e-voting period commences on Monday, 25th September, 2017 (9:00 am) and ends on Wednesday, 27th September, 2017 (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, 22nd September, 2017, 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.
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.modernwoollens.com and on the website of NSDL www.evoting.nsdl.com and the same shall also be communicated to BSE & NSE.

7. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e.22nd September, 2017, may obtain the login ID and password by sending a request to Company at modernjaipuroffice@gmail.com/cs@modernwoollens.com. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote.

**The process and manner for remote e-voting are as under:-**

In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company / Depository Participants(s)]:

1. Open the attached PDF file "MTIL 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 remote e-Voting: Active Voting Cycles.
7. Select "EVEN" of "Modern Threads (India) Limited". Members can cast their vote online 25th September 2017 (9:00 am) and ends on 27th September, 2017 (5:00 pm). Note: e-Voting shall not be allowed beyond said time.
8. Now you are ready for "remote e-Voting" as "Cast Vote" page opens.
9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted. Upon confirmation, the message Vote cast successfully will be displayed. Once you have voted on the resolution, you will not be allowed to modify your vote.
10. The members who have not provided email IDs to the Depository Participants/Company, may contact to the concerned person on following numbers to get the "User ID" and "Password for "remote e-voting", who will provide you the same after due verification of information of members available with the Company:-
    Mr. Nadeem Zaki/ Kapil Kumar Kumawat
    Phone: 0141-4113645
    Email Id: - modernjaipuroffice@gmail.com/cs@modernwoollens.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 rkjainbhilwara@gmail.com with a copy to evoting@nsdl.co.in.

"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.

## ANNEXURE TO NOTICE
## EXPLANATORY STATEMENT
### (Pursuant to Section 102 of the Companies Act, 2013)

**Item No. 3**

Though not mandatory, this statement is provided for reference.

As per the provisions of the Section 139(2) of the Act read with Rule 6 of the Companies (Audit and Auditors) Rules 2014, no listed company can appoint or reappoint an Audit Firm as Auditor for more than two terms of five consecutive years. As per second proviso to Section 139(2) of the Companies Act, 2013 ('the Act'), a transition period of three years from the commencement of the Act is provided to appoint a new auditor when the existing auditor's firm has completed two terms of five consecutive years.

S.S. Surana & Co., Chartered Accountants, Jaipur had completed more than two terms of five consecutive years and in terms of their appointment made at the 33rdAnnual General Meeting held on 22nd September 2014, they are holding office of the auditors upto the conclusion of the 36thAnnual General Meeting and hence, would retire at the conclusion of the forthcoming 36thAnnual General Meeting of the Company.

Accordingly, as per the said requirements of the Act, Goyal D.Kumar & Co, Chartered Accountants are proposed to be appointed as auditors for a period of 5 years, commencing from the conclusion of 36thAnnual General Meeting till the conclusion of the 41stAnnual General Meeting, subject to ratification of the appointment by Members at every Annual General Meeting, as may be applicable. Goyal D. Kumar & Co Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

None of the Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at item No. 3 of the notice.

The Board recommends the ordinary resolution set forth in item No. 3 of the notice for approval of the members.

**Item No. 4**

Shri Naresh Devpura (DIN: 07526062) was appointed as an Additional Director (Non-Executive) of the Company with effect from 1st July, 2016 by the Board of Directors of the Company and subsequently was regularized through shareholders' resolution in 35th Annual General Meeting of the Company. The Board of directors at their meeting held on 22nd March 2017 have appointed him as an Independent Director of the Company subject to approval of the shareholders in the ensuing Annual General Meeting of the Company. The Company has received a notice in writing from a member under the provisions of Section 160 of the Companies Act, 2013 proposing the candidature of Shri Naresh Devpura for the office of an Independent Director. The Board considers it desirable that the Company should continue to avail of his services. Shri Naresh Devpura is B.COM from the University of Rajasthan. He has more than 36 years vast experience in the field of accounts, auditing and finance.

The resolution seeks the approval of members for the appointment of Shri Naresh Devpura as an Independent Director of the Company for a period of three years from 1st April, 2017, pursuant to the applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. Shri Naresh Devpura is not liable to retire by rotation.

In the opinion of the Board of Directors, Shri Naresh Devpura fulfills the conditions specified in the Companies Act, 2013 & the Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended for his appointment as an Independent Director of the Company and he is independent of the Management. A copy of draft letter for the appointment of Shri Naresh Devpura as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days

No director, key managerial personnel or their relatives, except Shri Naresh Devpura, to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the special resolution set out in Item No. 4 for the approval of the members.

**Item No. 5**

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M. Goyal & Co., Cost Accountants, Jaipur as the Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018 at a remuneration of ₹ 35,000/- per annum plus applicable taxes and reimbursement of expenses upto ₹ 15,000/-.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item No. 5 of the notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2018.

None of the Directors, key managerial personnel or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution set out at item No. 5.

Details of Directors Seeking Appointment / Re-appointment at the Annual General Meeting:

| Name | Shri Naresh Devpura | Shri Jagdish Narayan Sharma |
|---|---|---|
| Director Identification Number (DIN) | 07526062 | 07552825 |
| Date of Birth | 01/10/1959 | 10/05/1968 |
| Qualifications | B.COM. | Higher Secondary |
| Expertise in Specific Area | Accounts & Finance | Industrial Relations and Human Resources |
| Date of first Appointment on the Board of the Company | July 1, 2016 | July 1, 2016 |
| Shareholding in the Company | Nil | Nil |
| Directorship held in other companies | Nil | Nil |
| Membership/Chairmanships of Audit and stake holders relationship committees | 2 | 2 |

# DIRECTORS' REPORT

The Members,

Your Directors are pleased to present the 36th Annual Report on the business and operations of the Company together with Audited Financial Statements for the financial year ended 31st March, 2017.

## FINANCIAL RESULTS

(₹ in Crores)

| Particulars | Year ended 31/03/2017 | Year ended 31/03/2016 |
|---|---|---|
| Revenue from operations & other Income | 149.98 | 153.84 |
| Profit before exceptional & extraordinary items & tax | 10.39 | 8.93 |
| Exceptional items (Income) | 0.51 | 5.00 |
| Profit before extraordinary items and tax | 10.89 | 13.93 |
| Extraordinary items (Expense) | 1.23 | - |
| Profit before tax | 9.66 | 13.93 |
| Less-Tax expenses | - | - |
| Profit for the year | 9.66 | 13.93 |
| Balance brought forward from previous year | (294.68) | (308.61) |
| Balance carried to Balance Sheet | (285.02) | (294.68) |

## OPERATIONS

The performance of Woollen division of the Company has been satisfactory over past few years inspite of stiff competitions in the domestic and International markets. During the year under review the turnover of the Woollen Division of the Company was ₹ 148 crores as against ₹ 151 crores in the previous year. Your company has been able to generate net profit of ₹ 10.39 crores during the year under review as against ₹ 8.93 crores in previous year. The Yarn division of the Company situated at Raila remained sealed upto 19.12.2016 on account of sealing of the entire plant and machinery and office block by Ajmer Vidyut Vitran Nigam Limited.

## TRANSFER TO RESERVES

The Company has not transferred any amount to reserves during the year under review.

## DIVIDEND

In view of accumulated losses, your directors are unable to declare any dividend for the year under review.

## EXPORTS

The company is one of the largest exporter of worsted and blended woollen yarn from India. During the year under review Woollen Division of the Company achieved export turnover of₹ 102 crores as against ₹ 112 crores in previous year. Consistent efforts are being made by the Woollens Division of the Company to ensure sustainable leadership for its products in global market. Woollen division has also initiated efforts to retain existing customers base and contacting newer customers in overseas market with different product range in worsted yarn so as to achieve improved performance and profitability in the ensuing period.

## FUTURE PROSPECTS

The worsted yarn segment of Textile Industry is moving ahead and likely to grow fast in coming years. The turn of woollens as a fashion fabric in global as well as domestic markets, coupled with renewed attention on speciality and high value added yarns will be growth drivers for woollen division of the Company. Inspite of various challenges including rising input costs, restrictive labour laws and intensified competition from other low cost countries, the growth prospects of the Woollen division of the Company are bright due to ongoing efforts of management for improving operational efficiency, cost reduction and better management of available financial resources .Your company is expecting improved performance of woollen division in coming years. The company is also hopeful to restart the operations of yarn Division situated at Raila from the forthcoming year. Hence the same has been reopened and is in the process of refurbishment

## FIXED DEPOSITS

The Company has an unpaid amount of fixed deposits & interest thereon outstanding as on 31st March, 2017, the detail of which have been given in the Note No. 4 annexed with financial statements. In view of petition filed by the Company, the Hon'ble Company Law Board has passed an order on 17/04/2002 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". Since the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) has been repealed w.e.f. 01st December 2016 and The Insolvency and Bankruptcy Code, 2016 has come into force, the company is planning to make a reference before National Company Law Tribunal under this code. However, payments on compassionate ground are continued to be made as per the decision of the Committee formed by Hon'ble Company Law Board for this purpose.

The Company has neither accepted nor renewed any fixed 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.

## STATUS OF PROCEEDINGS AT NCLT

Since the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) has been repealed w.e.f. 01st December 2016 and the Insolvency and Bankruptcy Code, 2016 has come into force, the company is planning to make a reference before National Company Law Tribunal under this code.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors at its meeting held on 27th June, 2016, has re-appointed Shri Rajesh Ranka as Chairman & Managing Director of the Company with remuneration for a further period of three years with effect from 1st July, 2016, and subsequent approval of shareholders has been received in the Annual General Meeting of the Company held on 17th September 2016 by passing special resolution. Shri Brij Mohan Taparia, Shri Naresh Devpura & Shri Jagdish Narayan Sharma have been appointed as additional directors of the Company by the Board of Directors at its meeting held on 27th June, 2016 with effect from 1st July, 2016 & were also regularized at the aforementioned AGM.

During the year under review, Shri Pushp Kumar Jain, has resigned from the Directorship of the Company with effect from 1st July, 2016 and Shri H.L Sharma director of the Company has also resigned from the directorship of the company with effect from 01st Oct 2016.

Shri SBL Jain has also ceased to be associated with the company as an Independent director w.e.f. 01st April, 2017 due to the expiration of the term of his office.

The Board places on record its sincere thanks and gratitude for the valuable contributions made by Shri Pushp Kumar Jain, Shri H.L. Sharma and Shri S.B.L. Jain towards the growth and development of the company during their tenure as Director of the Company.

The board of directors at its meeting held on 22nd March, 2017 changed the designation of Shri Naresh Devpura as an Independent director of the company subject to approval of shareholders in the ensuing Annual General Meeting of the company. In accordance with the provisions of section 152 of the Companies Act, 2013, Shri Jagdish Narayan Sharma, Director of the Company retires by rotation and being eligible offers himself for re-appointment.

Appropriate resolutions for the appointment /reappointment of the aforesaid directors are being moved at the ensuing Annual General Meeting of the company, which the board recommends for your approval.

During the financial year Shri Banwari Lal Saini resigned from the post of company secretary of the company w.e.f. 1st April, 2017 and Shri Kapil Kumar Kumawat was appointed as the company secretary & compliance officer of the company w.e.f. 01st April, 2017.

## BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. Standard parameters was prepared after taking into consideration various aspects of the Board functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

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

## NUMBER OF BOARD MEETINGS

The Board meets regular intervals to discuss and decide on business strategies and policies and to review the financial performance of the Company. The notice and detailed agenda alongwith other material information are sent in advance separately to each Directors.

In the Financial Year 2016-17, the Board met four times. The Meetings were held on 27th June, 2016, 17th September, 2016, 29th December, 2016 and 22nd March, 2017. The intervening gap between the meetings was within the period prescribed under section 173 of the Companies Act, 2013 and regulation 17(2) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The attendance of directors in board meetings held during the financial year ending 31st March, 2017 was given in corporate governance report attached as Annexure G to the Board's report.

As per section 175 of the Companies Act, 2013 a Circular resolution was passed by board of directors of the Company on 25.08.2016 regarding authority for dealing with matters relating to Pollution Control to be filed before the National Green Tribunal, Bhopal and was noted at a subsequent meeting of the board of directors and made part of the minutes of such meeting.

## COMMITTEES OF THE BOARD

### AUDIT COMMITTEE

Audit Committee of the Board of Directors is entrusted with the responsibility to supervise

the Company's internal controls and financial reporting process. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of the Listing Regulations. All members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, and Economics etc. The constitution of the committee as on 31st March 2017 is as follows:

| Sl. No | Name of Director | Position held in the Committee | Category of Director |
|---|---|---|---|
| 1. | Shri S.B.L. Jain | Chairman | Independent Director |
| 2. | Shri B.M. Taparia (w.e.f. 01.07.2016) | Member | Independent Director |
| 3. | Shri J..N. Sharma (w.e.f.01.10.2016) | Member | Non-Executive Director |

All the recommendations made by the Audit Committee, during the year, were accepted by the board of directors of the Company.Further details relating to the Audit Committee are provided in the Corporate Governance Report, attached as Annexure G to the Board's report.

## NOMINATION AND REMUNERATION COMMITTEE

As per the provisions of section 178 of the Companies Act, 2013 and the rules made thereunder and as per the criteria laid down under regulation 19 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the company has in place a Nomination and Remuneration Committee and constitution of the Committee as on 31st March 2017 is as follows:

| Sl. No | Name of Director | Position held in the Committee | Category of Director |
|---|---|---|---|
| 1. | Shri S.B.L. Jain | Chairman | Independent Director |
| 2. | Shri B.M. Taparia (w.e.f. 01.07.2016) | Member | Independent Director |
| 3. | Shri J..N. Sharma (w.e.f.01.10.2016) | Member | Non-Executive Director |

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed and adopted a policy i.e. Nomination & Remuneration Policy for selection and appointment of Directors, Senior managerial personnel and their remuneration. This policy is available on the website of the company https://www.modernwoollens.com.

The Non-Executive/ Whole-time/Managing Director, Key Managerial Personnel (KMP) and other employees shall be of requisite qualification, high integrity and should have relevant expertise and experience.

In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the independent nature of the Directors and also ensure that the candidate identified for appointment as an Independent Director is not disqualified for appointment under Section 149 and 164 of the Companies Act, 2013.

Further details relating to the Nomination and Remuneration Committee and policy are provided in the Corporate Governance Report, attached as Annexure G to the Board's report.

## STAKEHOLDERS' RELATIONSHIP COMMITTEE

As per the requirement of sec. 178 of the Companies Act, 2013 and the rules made thereunder and also as per the criteria laid down under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has in place the Stakeholders' Relationship Committee and the constitution of the Committee as on 31st March 2017 is as follows:

| Sl. No | Name of Director | Position held in the Committee | Category of Director |
|---|---|---|---|
| 1. | Shri S.B.L. Jain | Chairman | Independent Director |
| 2. | Shri B.M. Taparia (w.e.f. 01.07.2016) | Member | Independent Director |
| 3. | Shri J..N. Sharma (w.e.f. 01.10.2016) | Member | Non-Executive Director |

Further details relating to the Stakeholders' Relationship Committee are provided in the Corporate Governance Report, attached as Annexure G to the Board's report

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As per the provisions of section 135(1) of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility Committee. The constitution of the Committee as on 31st March 2017 is as follows:

| Sl. No | Name of Director | Position held in the Committee | Category of Director |
|---|---|---|---|
| 1. | Shri Rajesh Ranka | Chairman | Managing Director |
| 2. | Shri B.M. Taparia (w.e.f. 01.10.2016) | Member | Independent Director |
| 3. | Shri S.B.L. Jain | Member | Independent Director |

Shri H.L. Sharma ceased to be a member of the committee w.e.f. 01.10.2016.

A meeting of the CSR Committee was held on 22nd March 2017 with all three directors as mentioned above were present.

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 https://www.modernwoollens.com.Company is a Sick Industrial Company and the draft rehabilitation scheme was pending for approval by BIFR. Since the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) has been repealed w.e.f. 01st December 2016 and Insolvency and Bankruptcy Code, 2016 has come into force, the Company is planning to make a reference before National Company Law Tribunal under this code. The Company also has huge amount of accumulated losses for the past years which eroded the company's Net Worth.In view of the above mentioned reasons company is not in the 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 C as a part of Board's Report.

## DIRECTOR'S RESPONSIBILITY STATEMENT

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

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
(b) 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;
(c) 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;
(d) The directors have prepared the annual accounts on a going concern basis;
(e) 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;
(f) 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.

## AUDITORS AND AUDITORS' REPORT

### Statutory Auditors

S.S. Surana & Co., Chartered Accountants, Jaipur have completed the period of ten years including the additional transition period of three years at the conclusion of the ensuing Annual General Meeting of the Company. Therefore it is required to appoint Statutory Auditors to conduct the audit of the accounts of the company.

Goyal D. Kumar & Co., Chartered Accountants, Bhilwara, meet the criteria of eligibility in accordance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Company has received a certificate from the auditors to the effect that if they are appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013 so it is proposed for the appointment of Goyal D. Kumar & Co. Chartered Accountants, Bhilwara as a Statutory Auditors of the Company for a period of 5 (five) years, form the conclusion of 36th Annual General Meeting upto the conclusion of 41st Annual General Meeting of the company subject to ratification by members at every consequent Annual General Meeting.

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

### Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed R.K. Jain & Associates, Company Secretaries, Bhilwara to undertake the Secretarial Audit of the Company for the financial year ended 31st March, 2017. The Secretarial Audit report is annexed as **Annexure -A** to the Board's report.

The observations in Secretarial Audit Report, which pertains mainly to listing agreement requirements, Stock Exchange compliances etc. Since company is a sick industrial company for a long time and rehabilitation scheme pending for examination and approval of BIFR but pursuant to Sick Industrial Companies (Special Provision) Repeal Act, 2003 (SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 01/12/2016 and the company is planning to make a reference to NCLT under bankruptcy and insolvency code 2016 and will take necessary action on receipt of instructions from NCLT.

### Cost Auditors

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and The Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Company has appointed M. Goyal & Co., Cost Accountants, Jaipur (Firm Registration No. 000051) to undertake the Cost Audit of the Company.

As required under the Companies Act, 2013, a resolution seeking members Approval for the remuneration payable to the Cost Auditors forms part of the Notice convening Annual General Meeting for their Ratification.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

## INDUSTRIAL RELATIONS AND PARTICULARS OF EMPLOYEES

The Company has enjoyed healthy and cordial industrial relations throughout the period. 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.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption, Foreign exchange earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed as Annexure-B to the Board's Report.

## VIGIL MECHANISM

Pursuant to the provision of Section 177(9) and (10) of the Companies Act, 2013, read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 the Company has formulated and implemented the Whistle Blower Policy/Vigil Mechanism. This has provided a mechanism for Directors and employees of the Company and other persons dealing with the Company to report genuine concerns about unethical behavior, actual or suspected fraud and violation of the Company's code of conduct and ethics. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. This policy is available on the website of the company at https:// www.modernwoollens.com.

## ENVIRONMENT AND SAFTY

The Company is conscious of the importance of environmentally clean and safe operations to ensure about safety of all concerned, compliances of environmental regulations and prevention of natural resources.

The Company has zero tolerance towards sexual harassment at the workplace and has a proper management system to prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal ) Act, 2013 and the Rules made thereunder. During the financial year 2016-17, the Company has not received any complaints of sexual harassment.

## EXTRACT OF ANNUAL RETURN

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

## CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

In accordance with the provisions of section 188 of the Companies Act, 2013 and rules made thereunder, all related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business, the details of which are included in the notes forming part of the financial statements. There were no materially significant related party transactions which may have a potential conflict with the interests of the Company at large. Accordingly, information in form AOC-2 is provided as Annexure E to the Board's Report.

## SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company as on 31st March, 2017.

## CODE OF CONDUCT

In compliance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 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. This code is available on the website of the company at https://www.modernwoollens.com.

## DECLARATION OF INDEPENDENT DIRECTORS

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 Obligations and Disclosure Requirements) Regulations, 2015.

Familiarization Programme for Independent Directors has been adopted by the Company, pursuant to the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and is available on the website of the company at https://www.modernwoollens.com.

## BUSINESS RISK MANAGEMENT

In compliance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, the Board of Directors of the Company formally adopted a Risk Management Policy for framing, implementing and monitoring the risk management plan for the Company. The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. The policy establishes a structured and disciplined approach to Risk Management. In the challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks of the Company inter alia are 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. This policy is available on the website of the company https://www.modernwoollens.com .

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The report on Management Discussion and Analysis as required under the Listing Regulations, 2015, is set out as 'Annexure F' to the Director's Report.

## CORPORATE GOVERNANCE REQUIREMENTS

The Company has adopted the policies in line with new corporate governance requirements including the Policy on Related Party Transactions, Whistle Blower Policy, Policy guidelines on orderly succession for appointments to the board and senior management, Remuneration Policy, Risk Management Policy, Policy on preservation of documents etc. These policies are available on the website of the Company at https:// www.modernwoollens.com

A separate report on Corporate Governance is provided as Annexure G together with a Certificate from the Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under Listing Regulations.

## 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:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. 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.
3. No significant or material orders were passed by the regulators or Courts or Tribunals which impact the going concern status and Company's Operations in future.

## ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the Banks, Government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**(RAJESH RANKA)**
Chairman & Managing Director
DIN : 03438721

Place : Bhilwara
Dated : 25th May, 2017

## ANNEXURE "A" TO THE BOARD'S REPORT
## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017
**[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,
The Members,
Modern Threads (India) Limited
A-4, Vijay Path, Tilak Nagar,
Jaipur-302004

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Modern Threads (India) 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 Company's 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, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:-

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Modern Threads (India) Limited for the financial year ended on 31st March, 2017 according to the provisions of:-

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment.There is no transaction relating FDI and ODI during the year under review.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;(Not applicable to the Company during the Period under review);

(d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the Period under review);

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. (Not applicable to the Company during the Period under review);

(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 Period under review); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. (Not applicable to the Company during the Audit Period).

(vii) Other applicable Laws like Factories Act, 1948; The Payment of Gratuity Act, 1972; Industrial Disputes Act,1947;The Payment of wages Act, 1936; Employees State Insurance Act, 1948; The Employees' Provident Fund and Misc. Provisions Act, 1952;The Payment of Bonus Act, 1985; The Contract Labour (Regulation & Abolition) Act, 1970, Environment Laws.

(viii) The Sick Industrials Companies (Special Provisions) Act, 1985 has been repealed w.e.f. 1st December, 2016. 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. The Company is in the process of filing of reference to National Company Law Tribunal under Insolvency and Bankruptcy Code, 2016

(ix) As informed and certified by the management, there are no other laws that are specifically applicable to the company based on their sector/industry.

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

(i) Secretarial Standards issued by the Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange, The Calcutta Stock Exchange Ltd., Ahmedabad Stock Exchange Ltd. and National Stock Exchange of India Ltd. The Trading in Securities of the Company has been suspended by BSE since January 2002 and by NSE since 11 November, 2002.

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 preference shares were redeemable in four equal installments commencing from the year 2003-04,the preference shares were expected to be redeemed as per Rehabilitation Scheme to be approved by BIFR. The Dividend on Cumulative redeemable Preference Shares has not been provided for earlier years. The company was expected waiver/ relief under Draft Rehabilitation Scheme pending for approval with BIFR. But pursuant to Sick Industrial Companies (Special Provision) Repeal Act, 2003 ( SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 1/12/2016 and the company is in process of making reference to National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code 2016.
2. The company had unpaid Fixed Deposits accepted from Public. The outstanding amount of Public Fixed Deposit as on 31st March, 2017was amounting to Rs. 620.91 Lacs. In view of petition filed by the company in CLB, the Hon'ble Company Law Board has passed order dated 17.04.2002. According to which the repayment of Fixed Deposit shall be made by the Company as per Rehabilitation Scheme to be approved by BIFR. After repealing of the Sick Industrials Companies (Special Provisions) Act, 1985 the Rehabilitation Scheme is not under consideration w.e.f. 1st December, 2016 but company is in the process of making reference to National Company Law Tribunal under Insolvency and Bankruptcy Code, 2016. However, Payment on compassionate grounds are being made as per decision of the committee formed by Hon'ble Company Law Board vide its order dated 11.08.1999 for this purpose.
3. The company had an outstanding amount of share application money Rs.1450.00 lacs received from promoters and associates pursuant to the Draft rehabilitation scheme to be approved by BIFR. After repealing of the Sick Industrials Companies (Special Provisions) Act, 1985 the Rehabilitation Scheme is not under consideration w.e.f. 1st December, 2016, but company is in the process of making reference to National Company Law Tribunal under Insolvency and Bankruptcy Code, 2016
4. The company has not complied with the provisions of Listing Agreement with stock exchanges where the securities of the Company are listed.
5. The Company has its website, but the disclosure as required by Companies Act, 2013 and Listing Agreement were not disseminated on Website.
6. The Company has not complied with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
7. The Company has not framed the Code of Internal Procedures and code of conduct for prevention of Insider trading as required by the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015,

**We further report that-**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors except the observations made in the Report. 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, 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.

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

This Report is to be read with our letter of even date which is annexed as "Annexure A" and forms as an integral part of this report.

**R K Jain & Associates**
Company Secretaries

**R K Jain**
Proprietor
COP No. 5866
FCS No. 4584

Place: Jaipur
Date: 25th May, 2017

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### 'Annexure A'

To,
The Members
Modern Threads (India) Limited
A-4, Vijay Path, Tilak Nagar,
Jaipur-302004

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 the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide reasonable basis of our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company. We have relied upon the Report of Statutory Auditors regarding compliance of Companies Act, 2013 and Rules made thereunder relating to maintenance of Books of Accounts, papers and financial statements of the relevant Financial Year, which give a true and fair view of the state of the affairs of the company.
4. We have relied upon the Report of Statutory Auditors regarding compliance of Fiscal Laws, like the Income Tax Act, 1961 & Finance Acts, the Customs Act, 1962, the Central Excise Act, 1944 and Service Tax except some dues as mentioned in Independent Auditors' Report. There are some disputed statutory dues, which have not been deposited on account of matter pending before appropriate authorities as mentioned in Independent Auditors' Report.
5. Wherever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.
6. The compliances of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination is 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 efficacy or effectiveness with which the management has conducted the affairs of the company.

**R K Jain & Associates**
Company Secretaries

**R K Jain**
Proprietor
COP No. 5866
FCS No. 4584

Place: Jaipur
Date: 25th May, 2017

## ANNEXURE "B" TO THE BOARD'S REPORT

**Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earning and Outgo required under the Companies (Accounts) Rules, 2014**

**(A) Conservation of energy-**

| Particulars | | Compliance /Action |
|---|---|---|
| (i) | Steps taken or impact on conservation of energy | We are planning for energy audit so that areas where we can concentrate be identified and planned for implementation to save energy. |
| (ii) | Steps taken by the company for utilising alternate sources of energy | Being explored. |
| (iii) | The capital investment on energy conservation equipments | Will be known only after getting audit report and viability study done. |

**(B) Technology absorption-**

| | Particulars | Compliance /Action |
|---|---|---|
| (i) | The efforts made towards technology absorption | In process. |
| (ii) | The benefits derived like product improvement, cost reduction, product development or import substitution | N.A. |
| (iii) | In case of imported technology (imported during last three years reckoned from the beginning of the financial year) | N.A. |
| (a) | The details of technology imported | N.A. |
| (b) | Technology import from | N.A. |
| (c) | The year of import | N.A. |
| (d) | Whether the technology been fully absorbed | N.A. |
| (e) | If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and | N.A. |
| (iv) | The expenditure incurred on Research and Development | N.A. |

**(C) Foreign exchange earnings and Outgo-**

| Particulars | Details |
|---|---|
| 1. Activities relating to exports, initiatives to increase exports, Developmentsof New export markets for products and services and export plan | We are sending our marketing team to various part of the world for development of yarn market and attending exibitions on regular basis . |
| 2. Total Foreign Exchange Earned and Used | |
| i) The Foreign Exchange earned in terms of actual inflows during the year | ₹ 10241.87 Lacs |
| ii) Foreign Exchange outgo during the year in terms of actual outflows | ₹ 7378.08 Lacs |

## ANNEXURE "C" TO THE BOARD'S REPORT

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

(Pursuant to rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014

(1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programmes.

The CSR Policy of the company can include the below mentioned activities which are within the purview of the Schedule VII of the Companies Act, 2013 to attain its CSR objectives in a professional and integrated manner, a brief outline is as below:

- Enhancing environmental and natural capital; supporting rural development; promoting education; providing preventive healthcare, providing sanitation and drinking water.
- Promoting education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- Ensuring environmental sustainability, ecological balance, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
- Rural development projects.

To ensure effective implementation of the CSR programs proposed to be undertaken by the Company, a monitoring mechanism has been in place by the Company. The detailed policy is available on the website of the company (http://www.modernwoollens.com)

2. The constitution of the Committee as on 31st March 2017 is as follows:

| Sl. No | Name of Director | Position held in the Committee | Category of the Director |
|---|---|---|---|
| 1 | Shri Rajesh Ranka | Chairman | Managing Director |
| 2 | Shri B.M. Taparia | Member | Independent Director |
| 3 | Shri S.B.L. Jain | Member | Independent Director |

(3) Average net profit of the company for last three financial years: 7.24 Cr

(4) Two per cent. of the amount as in item 3 above)-14.48 Lacs

(5) Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year-NA

(b) Amount unspent, if any-NA

(c) Manner in which the amount spent during the financial year

| 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 | Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads: | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency * |
|---|---|---|---|---|---|---|---|
| NA | NA | NA | NA | NA | NA | NA | NA |

6. Reasons for not spending the amount- Company is a Sick Industrial Company and the draft rehabilitation scheme was pending for approval by BIFR .Since the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) has been repealed w.e.f. 01st December 2016 and Insolvency and Bankruptcy Code, 2016 has come into force, the Company is planning to make a reference before National Company Law Tribunal under this code. The Company also has huge amount of accumulated losses for the past years as stated below:

| S. No. | Financial Year | Accumulated Losses ( In Lacs ) |
|---|---|---|
| 1. | 2012-13 | 32204.72 |
| 2. | 2013-14 | 31608.83 |
| 3. | 2014-15 | 30861.03 |
| 4. | 2015-16 | 29468.48 |
| 5. | 2016-17 | 28502.16 |

The Company's Net Worth is eroded by abovementioned accumulated losses of the past years & in view of the above mentioned reasons, company is not in the position to spend any amount on CSR activities.

7. A responsibility statement of the CSR Committee:

We hereby confirm that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

B.M. Taparia
(Director)

Rajesh Ranka
(Chairman CSR Committee)

Modern Threads (India) Limited

## ANNEXURE "D" TO THE BOARD'S REPORT
### Form No. MGT-9
### EXTRACT OF ANNUAL RETURN
### as on the financial year ended on 31st March, 2017

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

**I. REGISTRATIONANDOTHERDETAILS:**

| | | |
|---|---|---|
| i) | CIN | L17115RJ1980PLC002075 |
| ii) | Registration Date | 28/08/1980 |
| iii) | Name of the Company | Modern Threads (India) Limited |
| iv) | Category/Sub-Category of the Company | Limited by Shares |
| v) | Address of the Registered office and contact details | A-4, Vijay Path, Tilak Nagar, Jaipur - 302004. Phone No. : 0141-4113645 |
| vi) | Whether listed company | Yes |
| vii | Name, Address and Contact details of Registrar and Transfer Agent | Beetal Financial & Computer Services Pvt. Ltd. Beetal house, 3rd floor, 99, Madangir Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi-62 Tele-011 2996 1281/82 Fax: 011-29961284 |

**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 and Description of main products/services | NIC Code of the Product/service | % to total turnover of the company |
|---|---|---|---|
| 1 | Worsted Yarn | 17123 | 82 |

**III. PARTICULARS OF HOLDING , SUBSIDIARY AND ASSOCIATE COMPANIES:**

| S. No. | Name and Address of the Company | CIN/GLN | Holding/Subsidiary/Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | N.A. | N.A. | N.A. | N.A. | N.A. |

**IV. SHAREHOLDING 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 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Central Govt. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) State Govt.(s) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d) Bodies Corp. | Nil | 23011801 | 23011801 | 66.17 | Nil | 15636901 | 15636901 | 44.97 | -21.20 |
| e) Banks/FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| f) Any Other (Trust) | Nil | Nil | Nil | Nil | Nil | 7000000 | 7000000 | 20.12 | 20.12 |
| Sub-total (A)(1):- | Nil | 23011801 | 23011801 | 66.17 | Nil | 22636901 | 22636901 | 65.09 | -1.08 |
| (2) Foreign | | | | | | | | | |
| a) NRIs-Individuals | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Other-Individuals | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) Bodies Corp. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d) Banks / FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| e) Any Other.... | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-total (A)(2):- | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Total share holding of Promoters (A)=(A)(1)+(A)(2) | Nil | 23011801 | 23011801 | 66.17 | Nil | 22636901 | 22636901 | 65.09 | -1.08 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | Nil | 16200 | 16200 | 0.05 | Nil | 16200 | 16200 | 0.05 | Nil |
| b) Central Govt. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) State Govt.(s) | Nil | Nil | Nil | Nil | Nil | 374900 | 374900 | 1.08 | 1.08 |
| d) Venture Capital funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| e) Insurance Companies | Nil | 385270 | 385270 | 1.10 | Nil | 385270 | 385270 | 1.10 | Nil |
| g) FIIs | Nil | 436900 | 436900 | 1.26 | Nil | 436900 | 436900 | 1.26 | Nil |
| h) Foreign Venture Capital Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| i) Banks | Nil | 2907 | 2907 | 0.01 | Nil | 2907 | 2907 | 0.01 | Nil |
| ii) FI | Nil | 3332907 | 3332907 | 9.59 | Nil | 3332907 | 3332907 | 9.59 | Nil |
| Sub-total(B)(1):- | Nil | 4174184 | 4174184 | 12.01 | Nil | 4549084 | 4549084 | 13.09 | 1.08 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | Nil | 1509836 | 1509836 | 4.34 | Nil | 1508238 | 1508238 | 4.34 | Nil |
| ii) Overseas | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Individuals | | | | | | | | | |
| i) Individual share holders holding nominal share capital upto ₹ 1 lakh | Nil | 5942587 | 5942587 | 17.09 | Nil | 5943977 | 5943977 | 17.09 | Nil |
| ii) Individual share holders holding nominal share capital in excess of ₹ 1 lakh | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) Others Clearing Members | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d) NRI's | Nil | 136752 | 136752 | 0.39 | Nil | 136960 | 136960 | 0.39 | Nil |
| **Sub-total(B)(2):-** | Nil | 7589175 | 7589175 | 21.82 | Nil | 7589175 | 7589175 | 21.82 | Nil |
| Total Public Share holding (B)=(B)(1)+ (B)(2) | Nil | 11763359 | 11763359 | 33.83 | Nil | 12138259 | 12138259 | 34.91 | 1.08 |
| C. Shares held by Custodian for GDRs & ADRs | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Grand Total (A+B+C) | Nil | 34775160 | 34775160 | 100 | Nil | 34775160 | 34775160 | 100 | Nil |

**(ii) Shareholding of Promoters**

| Sl. No. | Share holder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year to total shares |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered | |
| 1 | Shri Rajesh Ranka | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| 2 | Vishwa Vyapar Trading Pvt. Ltd. | 7000000 | 20.12 | Nil | Nil | Nil | Nil | -20.12 |
| 3 | Shrine Trading Co. Pvt. Ltd. (Pledged with GSFC) | 374900 | 1.08 | 1.63 | Nil | Nil | Nil | -1.08 |
| 4 | Arihant Beneficiary Trust | Nil | Nil | Nil | 7000000 | 20.12 | Nil | 20.12 |
| 5 | Generotrade Exim LLP. | 15636901 | 44.97 | Nil | 15636901 | 44.97 | Nil | Nil |
| | **Total** | **23011801** | **66.17** | **1.63** | **22636901** | **65.09** | **Nil** | **-1.08** |

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

| S. No. | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1. | Vishwa Vyapar Trading Pvt. Ltd., | | | | |
| | At the beginning of the year | 7000000 | 20.12 | 7000000 | 20.12 |
| | Interse transfer on 30.03.2017 | (7000000) | (20.12) | - | - |
| | At the end of the Year | - | - | - | - |
| 2. | Arihant Beneficiary Trust | | | | |
| | At the beginning of the year | - | - | - | - |
| | Interse transfer on 30.03.2017 | - | - | 7000000 | 20.12 |
| | At the end of the Year | 7000000 | 20.12 | 7000000 | 20.12 |
| 3. | Shrine Trading Company Pvt. Ltd. (Pledged with GSFC) | | | | |
| | At the beginning of the year | 374900 | 1.08 | 374900 | 1.08 |
| | Transfer on 30.03.2017 | (374900) | ( 1.08) | - | - |
| | At the end of the Year | - | - | - | - |
| 4. | Generotrade Exim LLP. | | | | |
| | At the beginning of the year | 15636901 | 44.97 | 15636901 | 44.97 |
| | At the end of the Year | 15636901 | 44.97 | 15636901 | 44.97 |
| | (No change during the year) | | | | |

**(iv) Share holding Pattern of top ten Share holders (other than Directors, Promoters and Holders of GDRs and ADRs)**

| Sl. No. | For each of the Top 10 shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding at the end of the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Unit Trust of India | 3077732 | 8.85 | 3077732 | 8.85 |
| 2 | Amrex Marketing Pvt. Ltd. | 1024400 | 2.95 | 1024400 | 2.95 |
| 3 | TAIB A/c TSML | 415839 | 1.20 | 415839 | 1.20 |
| 4 | Gujarat State Financial Corporation | Nil | Nil | 374900 | 1.08 |
| 5 | Life Insurance Corporation of India | 265374 | 0.76 | 265374 | 0.76 |
| 6 | Raj. State Ind. Dev. & Invest. Corp. Ltd. | 248850 | 0.72 | 248850 | 0.72 |
| 7 | 3A Capital Services Ltd. | 241506 | 0.69 | 241506 | 0.69 |
| 8 | Paridhi Shareshoppe Pvt. Ltd. | 67648 | 0.20 | 67648 | 0.20 |
| 9 | MSV Securities Limited | 63600 | 0.18 | 63600 | 0.18 |
| 10 | The Oriental Insurance Company Ltd. | 58915 | 0.17 | 58915 | 0.17 |

**(v) Shareholding of Directors and Key Managerial Personnel**

| Sl. No. | For each of the Directors & Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1 | Rajesh Ranka - Chairman & Managing Director | Nil | Nil | Nil | Nil |
| 2 | Veena Jain-Non-Executive Director | Nil | Nil | Nil | Nil |
| 3 | Shri Jagdish Narayan Sharma-Non-Executive Director | Nil | Nil | Nil | Nil |
| 4 | Shri Naresh Devpura-Independent Director | Nil | Nil | Nil | Nil |
| 5 | Shri Brij Mohan Taparia-Independent Director | Nil | Nil | Nil | Nil |
| 6 | S.B.L. Jain - Independent Director | Nil | Nil | Nil | Nil |
| 7 | Shri P.K Jain-Non-Executive Director | | | | |
| | At the beginning of the year | Nil | Nil | Nil | Nil |
| | Datewise Increase/Decrease in Shareholding (Ceased to be director w.e.f. 01.07.2016) | NA | NA | NA | NA |
| | At the End of the year | NA | NA | NA | NA |
| 8 | H.L. Sharma - Independent Director | | | | |
| | At the beginning of the year | 100 | - | 100 | - |
| | Datewise Increase/Decrease in Shareholding (Ceased to be director w.e.f. 01.10.2016) | NA | NA | NA | NA |
| | At the End of the year | NA | NA | NA | NA |
| 9 | P.K. Nahar-CFO | 10 | - | 10 | - |
| 10 | B. L. Saini-Company Secretary | Nil | Nil | Nil | Nil |

**V. INDEBTEDNESS**

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

(₹ in Lakhs)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i) Principal Amount | 11144.80 | 23.49 | 630.19 | 11798.48 |
| ii) Interest due but not paid | 7805.05 | - | 846.81 | 8651.86 |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 18949.85 | 23.49 | 1477.00 | 20450.34 |
| **Change in Indebtedness during the financial year** | | | | |
| Addition | - | - | - | - |
| Reduction | - | 23.49 | 9.28 | 32.77 |
| Net Change in Indebtedness | - | 23.49 | 9.28 | 32.77 |
| At the end of the financial year | | | | |
| i) Principal Amount | 11144.80 | - | 620.91 | 11765.71 |
| ii) Interest due but not paid | 7805.05 | - | 846.81 | 8651.86 |
| iii) Interest accrued but not due | - | - | - | - |
| **Total (i+ii+iii)** | **18949.85** | - | **1467.72** | **20417.57** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

**A. Remuneration to Managing Director, Whole-time Directors and/ or Manager:**

(Amount in ₹)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager Rajesh Ranka - Chairman & Managing Director | Total Amount |
|---|---|---|---|
| 1 | Gross salary | | |
| | (a) Salary as per provisions contained in section17(1) of the Income-tax Act,1961 | 1512000 | 1512000 |
| | (b) Value of perquisites u/s17(2) Income-tax Act,1961 | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-taxAct,1961 | - | - |
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission | - | - |
| | - as % of profit | - | - |
| | - others, specify... | - | - |
| 5 | Other - Please Specify | - | - |
| | Total (A) | 1512000 | 1512000 |
| | Ceiling as per the Act | | |

**B. Remuneration to other directors:**

(Amount in ₹)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | | | | Total Amount |
|---|---|---|---|---|---|---|---|---|---|
| | | H.L. Sharma | Shri P. K Jain | S.B.L. Jain | B.M. Taparia | J.N. Sharma | Naresh Devpura | Veena Jain | |
| 1. | Independent Directors' Fee for attending board/ committee meetings | - | - | 13500 | - | - | - | - | 13500 |
| | Commission | - | - | - | - | - | - | - | - |
| | Service Tax on Directors' Fee (2016-17) | - | - | 2027 | - | - | - | - | 2027 |
| | Total (1) | - | - | 15527 | - | - | - | - | 15527 |
| 2. | Other Non-Executive Directors' | | | | | | | | |
| | Fee for attending board/committee meetings | - | - | - | - | 7000 | 1500 | - | 8500 |
| | Commission | - | - | - | - | - | - | - | - |
| | Service Tax on Directors' Fee (2016-17) | - | - | - | - | 1051 | 226 | - | 1277 |
| | Total (2) | - | - | - | - | 8051 | 1726 | - | 9777 |
| | Total (B)=(1+2) | - | - | 15527 | - | 8051 | 1726 | - | 25304 |
| | Total Managerial Remuneration | | | | | | | | |
| | Overall Ceiling as per the Act | | | | | | | | |

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

(Amount in ₹)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | Total Amount |
|---|---|---|---|---|
| | | P.K. Nahar CFO | B. L. Saini Company Secretary | |
| 1. | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-taxAct,1961 | 1412111 | 564545 | 1976656 |
| | (b) Value of perquisites u/s17(2) Income-tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act,1961 | - | - | - |
| 2. | Stock Option | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission | - | - | - |
| | - as % of profit | - | - | - |
| | - others, specify | - | - | - |
| 5. | Others, please specify | - | - | - |
| | Total (C) | 1412111 | 564545 | 1976656 |

## VII. PENALTIES/PUNISHMENT/COMPPOUNDING 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<br>Punishment<br>Compounding | None | | | | |
| **B. DIRECTORS** | | | | | |
| Penalty<br>Punishment<br>Compounding | None | | | | |
| **C. OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty<br>Punishment<br>Compounding | None | | | | |

## ANNEXURE "E" TO THE BOARD'S 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 arm 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
   - (a) Name(s) of the related party and nature of relationship
   - (b) Nature of contracts/arrangements/transactions
   - (c) Duration of the contracts/arrangements/transactions
   - (d) Salient terms of the contracts or arrangements or Transactions including the value, if any
   - (e) Justification for entering into such contracts or arrangements or transactions
   - (f) date(s) of approval by the Board
   - (g) Amount paid as advances, if any:
   - (h) Date on which the special resolution was passedin general meeting as required under first proviso to section 188

   NIL

   All contracts or arrangements or Transactions with related parties are at arm's length basis
2. Details of material contracts or arrangement or transactions at arm's length basis
   - (a) Name(s) of the related party and nature of relationship- M/s. Shubham Corporate Advisory Services Pvt. Ltd
   - (b) Nature of contracts/arrangements/transactions- Use of fully furnished office space at Worli Mumbai, on Leave & Licence basis
   - (c) Duration of the contracts/arrangements/transactions- 01.04.2015 to 31.03.2017
   - (d) Salient terms of the contracts or arrangements or transactions including the value, if any Company paid Rs. 10.80 Lakh/- per annum
   - (e) Date(s) of approval by the Board, if any: Approved at board meeting dated 20.03.2015
   - (f) Amount paid as advances, if any: NIL

For Modern Threads (India) Limited

Place: Bhilwara
Date: 25th May, 2017

**Rajesh Ranka**
Chairman & Managing Director

## ANNEXURE "F" TO THE BOARD'S REPORT
## MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Company is one of the biggest manufacturers and exporters of wool and blended worsted yarn from India. Modern Woollens ( A unit of Modern Threads (India) Limited) , having its plant at Bhilwara, Rajasthan, is a highly acclaimed name, as manufacturers and exporters of wool and blended worsted yarn from India. The Company has achieved an international pre-eminence in the field of processing wool during the course of time. Enforcing strict quality control in a well-equipped laboratory with 'Inter-Wool Lab' accredited measuring instruments.

### I) INDUSTRY STRUCTURE AND DEVELOPMENTS

The worsted yarn segment of Textile Industry is moving ahead and likely to grow fast in coming years. The turn of woollens as a fashion fabric in global as well as domestic markets, coupled with renewed attention on speciality and high value added yarns will be growth drivers for woollen division of the Company. The Company is proposed to capture the growth potential through its wide range of products of wrosted yarn by entering in foreign markets.

### II) OUTLOOK

Consistent efforts are being made by the Woollens Division of the Company to ensure sustainable leadership for its products in global market. Woollen division has also initiated efforts to retain existing customers base and contacting newer customers in overseas market with different product range in worsted yarn so as to achieve improved performance and profitability in the ensuing period.

### III) OPPORTUNITIES, THREATS, RISK AND CONCERNS

In the current age of liberation and globalization your board considers it appropriate to explore new business areas / opportunities to broad base investment and industry presence, to attain its main purpose of delivering long term value to the shareholders of new improved means as etc.

Growth prospects of the Woollen division of the Company are bright due to ongoing efforts of management for improving operational efficiency, cost reduction and better management of available financial resources .Your company is expecting improved performance of woollen division in the coming years.

The company is planning to restart its unit at village Raila , Dist. Bhilwara, which had been closed due to workers' strike and it is a major concern for the management.

Significant presence of small suppliers which has reduced the bargaining power, threat from unorganized sector & Low cost substitute products from other countries are also factors of concern for management.

### IV) CHALLENGES

The company is expected to encounter various challenges including rising input costs, restrictive labour laws and intensified competition from other low cost countries. The company is planning to restart its unit at village Riala in district Bhilwara, which had been closed due to workers' strike and to start of operations at abovementioned unit is big challenge towards company.

### V) INTERNAL CONTROL SYSTEM

The company remains committed to ensure an effective internal control that provides assurance on the efficiency of operations and security of assets. Your company's well established and robust internal audit processes, both at business and corporate levels, continuously monitor the effectiveness of the internal control environment across the company and the status of compliance with operating systems, internal policies and regulatory requirements. The company has also undertaken steps to implement new control measures in line with best global practices.

### VI) HUMAN RESOURCE DEVELOPMENT

Human Resource is the only asset that appreciates with time and in its continued efforts to nurture the best human talent, during the year the management continued with its strategy of imparting professional training to the executives and staff at various levels with a view to upgrade their competency and remove all levels of inefficiency in order to make the Company more competitive. This is not a luxury, but a necessity, if the Company has to survive in a globally competitive market, providing better product at better cost requires additional efforts to develop skills and efficiency in the new appointees to face the challenge.

## ANNEXURE "G" TO THE BOARD'S REPORT
## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is about promoting corporate fairness, transparency, accountability and integrity of the management. It also aims to align, as nearly as possible, the interests of individuals, corporations and society and thereby enhancing the stakeholders' value. The commitment to good corporate governance practices predates the laws and mandates of the Securities and Exchange Board of India (SEBI) and the stock exchanges regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. Given below are the Company's corporate governance policies and practices:

### 2. BOARD OF DIRECTORS

The Board of Directors provides strategic direction and thrust to the operations of the Company, thereby enhancing the value of the stakeholders.

• Composition

The Board has a combination of Executive and Non-Executive Directors, and company has been trying to be in conformity with the respective regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. The composition of the Board as on March 31, 2017 was as under:

1. Promoter & Executive Chairman - 1
2. Non-Executive & Independent Directors - 5

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding committee positions held by them in other companies.

**Details of meeting held**

The Board met 4 times on the following dates during the financial year 2016-17:

| QUARTERS | Date of Meeting |
|---|---|
| 1st QUARTER | 27.06.2016 |
| 2nd QUARTER | 17.09.2016 |
| 3rd QUARTER | 29.12.2016 |
| 4th QUARTER | 22.03.2017 |

**Category and Attendance of Directors**

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the financial year 2016-17 and at the last Annual General Meeting (AGM), as also the number of Directorships and Committee positions held by them in other Public Limited Companies as on March 31, 2017 are as follows:

| Name of Directors | Designation | Attendance at Board Meetings | | | | Attendance at last AGM | Number of Directorship Held in other Public companies | Board Committee Membership/ Chairmanship held in other Public companies |
|---|---|---|---|---|---|---|---|---|
| | | 27.06.2016 | 17.09.2016 | 29.12.2016 | 22.03.2017 | | | |
| Shri Rajesh Ranka | Chairman & Managing Director | Yes | Yes | Yes | Yes | Yes | 1 | Nil |
| Shri S.B.L. Jain | Independent Director | Yes | Yes | Leave of Absence | Yes | Yes | 2 | 6 |
| Smt. Veena Jain | Non-Executive Director | Yes | Leave of Absence | Leave of Absence | Yes | No | Nil | Nil |
| Shri B.M. Taparia (w.e.f. 01.07.2016) | Independent Director | - | Leave of Absence | Yes | Yes | No | Nil | Nil |
| Shri J.N. Sharma (w.e.f. 01.07.2016) | Non-Executive Director | - | Leave of Absence | Yes | Yes | No. | Nil | Nil |
| Shri Naresh Devpura (w.e.f. 01.07.2016) | Non-Executive Director | - | Leave of Absence | Yes | Leave of Absence | No | Nil | Nil |

Shri H.L. Sharma was ceased to be a director w.e.f. 01.10.2016 and attended meetings dated 27th June, 2016 & 17th September, 2016 during the year.
Shri Pushp Kumar Jain was ceased to be a director w.e.f. 01.07. 2016 and did not attend any meeting during financial year.
Shareholding of Non-Executive Directors as on March 31, 2017 is as under:

| Sr. No. | Name of Directors | No. of shares held | % of Paid-up Capital |
|---|---|---|---|
| 1. | Smt. Veena Jain | Nil | - |
| 2. | Shri S.B.L. Jain | Nil | - |
| 3. | Shri B.M. Taparia | Nil | - |
| 4. | Shri J.N. Sharma | Nil | - |
| 5. | Shri Naresh Devpura | Nil | - |

**3. AUDIT COMMITTEE**

The Audit Committee has been constituted as per Section 177(8) of the Companies Act, 2013 and the guidelines set out in the regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. The terms of reference of audit committee are in accordance with the provision of Part C of Schedule II of SEBI (LODR) Regulations, 2015 and Companies Act, 2013. The composition of committee as at 31.03.2017 is given below:

**Composition**

| S.No. | Name | Designation | Category | Attendance at Committee Meetings Held | | | |
|---|---|---|---|---|---|---|---|
| | | | | 27.06.2016 | 17.09.2016 | 29.12.2016 | 22.03.2017 |
| 1. | Shri S.B.L. Jain | Chairman | Independent Director | Yes | Yes | Leave of Absence | Yes |
| 2. | Shri B.M. Taparia (w.e.f. 01.07.2016) | Member | Independent Director | - | Leave of Absence | Yes | Yes |
| 3. | Shri J.N. Sharma (w.e.f.01.10.2016) | Member | Non-Executive Director | - | - | Yes | Yes |

Shri H.L. Sharma was ceased to be a member of audit committee w.e.f. 01.10.2016 and attended meetings dated 27thJune, 2016, 17thSeptember, 2016 during the year.
Shri Pushp Kumar Jain was ceased to be a member w.e.f. 01.07.2016 and did not attend any meeting during financial year.

**4. NOMINATION AND REMUNERATION COMMITTEE**

The Company has constituted the Nomination and Remuneration Committee in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 and in pursuant to the provisions of Companies Act, 2013. The terms of reference of Nomination and Remuneration Committee are in accordance with the part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and Companies Act, 2013. The composition of committee as at 31.03.2017 is given below:

| S.No. | Name | Designation | Category | Attendance at Committee Meetings Held | |
|---|---|---|---|---|---|
| | | | | 27.06.2016 | 22.03.2017 |
| 1. | Shri S.B.L. Jain | Chairman | Independent Director | Yes | Leave of Absence |
| 2. | Shri B.M. Taparia (w.e.f. 01.07.2016) | Member | Independent Director | - | Yes |
| 3. | Shri J.N. Sharma (w.e.f.01.10.2016) | Member | Non-Executive Director | - | Yes |

Shri H.L. Sharma was ceased to be a member of Nomination and Remuneration Committee w.e.f. 01.10.2016 and attended a meeting dated 27th June, 2016 during the year.
Shri Pushp Kumar Jain was ceased to be a member w.e.f. 01.07.2016 and did not attend any meeting during financial year.
The details of the remuneration payable to the Executive Director(s) for the financial year 2016-17are:

| Name of Director | Gross Salary (Rs.) | Sitting Fee (Rs.) |
|---|---|---|
| Shri Rajesh Ranka (Chairman & Managing Director) | 1512000/- | - |

The company has adopted the criteria of making payments to non-executive directors and the same has been disseminated on the website of the company (www.modernwoollens.com). Non-Executive directors are provided with sitting fee for attending the meeting of the Board of directors and Committees. The committee shall carry out evaluation of every Director's performance. In addition, performance evaluation of the Independent directors shall be done by the entire board, excluding the director being evaluated. Disclosures with respect to remuneration of directors and key managerial personnel are separately mentioned in extract of annual return MGT-9 attached as Annexure D to the Board's Report.

## 5. STAKEHOLDERS' RELATIONSHIP/ INVESTORS' GRIEVANCE COMMITTEE

The Board of Directors constituted the Stakeholders' relationship/investors' grievance committee to look into the redressal of investors' complaints like share transfers, non-receipt of annual reports, issue of duplicate share certificate, transfer and transmission of shares and other allied transactions. The Stakeholders' Relationship Committee's constitution and terms of reference are in compliance with provisions of the Companies Act, 2013, regulation 20 and part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. The composition of committee as at 31.03.2017 is given below:

| S.No | Name | Designation | Category | Attendance at Committee Meetings Held | | | |
|---|---|---|---|---|---|---|---|
| | | | | 27.06.2016 | 17.09.2016 | 29.12.2016 | 22.03.2017 |
| 1 | Shri S.B.L. Jain | Chairman | Independent Director | Yes | Yes | Leave of Absence | Yes |
| 2 | Shri B.M. Taparia (w.e.f. 01.07.2016) | Member | Independent Director | - | Leave of Absence | Yes | Yes |
| 3 | Shri J.N. Sharma (w.e.f.01.10.2016) | Member | Non-Executive Director | - | - | Yes | Yes |

Shree H.L. Sharma was ceased to be a member of Stakeholders' Relationship Committee w.e.f. 01.10.2016 and attended meetings dated 27th June, 2016 & 17th September, 2016 during the year.

Shri Pushp Kumar Jain was ceased to be a member w.e.f. 01.07.2016 and did not attend any meeting during financial year.

**Name & Designation of Compliance Officer**

Kapil Kumar Kumawat , Company Secretary is the compliance officer of the company . His contact details are as below:

Address: A4, Vijay Path ,Tilak Nagar Jaipur-302004 (Rajasthan )

Phone: 0141-4113645, E-mail-cs@modernwoollens.com

**Status of Investor Complaints**

Number of complaints received and resolved to the satisfaction of Shareholders/Investors during the FY 2016-17 and their break-up is as under:

No. of shareholders' Complaints received during the year ended 31. 03. 2017: 49

No. of Complaints not solved to the satisfaction of shareholders: Nil

No. of pending complaints as on 31.03.2017: Nil

**SCORES (SEBI Complaints Redressal System):**

SEBI processes investor complaints in a centralized web based complaints redressal system i.e. SCORES. Through this system a shareholder can lodge complaint against a company for his grievance. The Company uploads the action taken on the complaint which can be viewed by the shareholder. The Company and shareholder can seek and provide clarifications online through SEBI.

## 6 . Independent Directors' Meeting

During the year under review, the Independent Directors met on March 22, 2017, inter alia, to discuss and review:

- Evaluation of the performance of Non-independent Directors and the Board of Directors as a whole.
- The performance of the Chairman of the Company
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

## 7. GENERAL BODY MEETINGS

**(A) Annual General Meeting**

The details of Annual General Meetings held in the last three years are given below:

| AGM/EGM | Date | Time | Venue | Special Resolutions passed |
|---|---|---|---|---|
| AGM | 22.09.2014 | 2.30 pm | A-4 , Vijay Path, Tilak Nagar, Jaipur 302004 | Re-appointment of Shri Rajesh Ranka as Chairman & Managing Director of the Company for the further period of three years w.e.f. 01/02/2014<br>Re-appointment of Shri Jagdish Prasad Agarwal as a director & senior president of the company for a further period of two years w.e.f. 01/07/2014. |
| AGM | 24.09.2015 | 3.00 pm | A-4 , Vijay Path, Tilak Nagar, Jaipur 302004 | No special resolution was passed. |
| AGM | 17.09.2016 | 4.00 pm | A-4 , Vijay Path, Tilak Nagar, Jaipur 302004 | Re-appointment of Shri Rajesh Ranka as Chairman & Managing Director of the Company for a period of three years w.e.f. 01/07/2016 |

**(B) Extra Ordinary General Meeting during the year**

No Extra-Ordinary General Meeting was conducted during the financial year 2016-17.

**(C) Special Resolution passed through postal ballot during 2016-17**

No special resolution was passed through postal ballot during the FY 2016-17 and no special resolution is proposed to be passed through postal ballot in the ensuing Annual General Meeting of the company.

## 8. CODE OF CONDUCT

The Company has in place a comprehensive Code of Conduct (the Code) applicable to all board of directors and senior management personnel of the Company. The Code is applicable to Non-executive Directors including Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities.

A copy of the Code of conduct has been put on the Company's website (http://www.modernwoollens.com). The Code has been circulated to Directors and Management Personnel, and its compliance is affirmed by them annually. A declaration signed by the Company's Chairman and Managing Director is published in this Report.

## 9. DISCLOSURES

There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their relatives etc. that may have potential conflict with the interests of the Company at large. Board approved policy for related party transaction is available on the Company's website http://www.modernwoollens.com.

There were no instances of penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. Since the company has been a sick industrial company and has huge accumulated losses but company will try to comply with the requirement of some clauses of listing regulations.

In accordance with requirement of Companies Act as well as Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, a vigil mechanism has been adopted by the board of directors and accordingly a whistle blower policy has been formulated with a view to provide a mechanism for employees of the company to approach Internal Auditor or Chairman of the Audit Committee of the Company to report any grievance. The policy is available on the website of the company at http://www.modernwoollens.com. Compliances, rules & regulations as laid down by various statutory authorities has always been observed by the company since such change over both in letter as well as inspirit and no personnel has been denied access to the audit committee.

## 10. MEANS OF COMMUNICATION

In compliance with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure 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 Jansatta Hindi Daily and Financial Express English Daily newspapers.

## 11. GENERAL SHAREHOLDER INFORMATION

**a. Annual General Meeting for the Financial Year 2016-17:**

Date: Thursday, 28th September, 2017
Venue: A-4, Vijay path Tilak, Nagar Jaipur 302004
Time: 3:00 P.M.
Last Date for receipt of Proxy Forms: 26th September, 2017 before 3:00 P.M.

**b. Book Closure Date**

The Share Transfer Register of the Company shall remain closed from 22nd September, 2017 to 28th September, 2017 (both days inclusive).

**c. Dividend**

No dividend being recommended by the Board during the year.

**d. Listing of Equity Shares in Stock Exchange**

The shares of the Company are Listed at National Stock Exchange, Bombay Stock Exchange, Calcutta Stock Exchange and Ahmedabad Stock Exchange. Trading of the equity shares of the company are suspended at the trading platform of stock exchanges. The payment of listing fee has not been possible because the company has been a sick industrial company and has huge accumulated losses but company will try to comply with the respective requirement.

**e. Demat ISIN exchange number in NSDL & CDSL for equity shares**

INE794W01014

**Stock Code**

Bombay Stock Exchange Limited, Mumbai - 500282.
National Stock Exchange of India Limited, Mumbai -MODTHREAD

**f. Market Price data**

The company's shares are not traded at the stock exchanges so market price data is not available.

**g. Registrar & share transfer agent**

All the share transfer work whether physical or electronic mode is done through M/S Beetal Financial & Computer Services (P) Ltd the Company's Registrar and Share Transfer Agent.

**Address & Correspondence:**

M/S Beetal Financial & Computer Services (P) Ltd Beetal house, 3rd floor, 99, Madangir Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi-62 Telephone no. 011-2996 1281/82, Fax: 011-29961284

**h. Share transfer system**

With a view to expedite the process of share transfers, the Board of Directors of the Company has delegated the power of share transfer to Share Transfer Committee. As on date all the work related to the shares both held in physical and electronic form is handled by RTA. All correspondences are to be directed to the RTA at the address mentioned above. The correspondences may also be sent at the Company's address which will be sent by the Company to RTA. The requests are normally processed within 15 days of receipt of documents, if documents are found to be in order.

**i. Shareholding pattern by ownership as on March 31, 2017**

| Particulars | As on March 31st 2017 | | As on March 31st 2016 | |
|---|---|---|---|---|
| | No. of shares held | % of share holding | No. of shares held | % of share holding |
| Promotor & Promotor Group | 22636901 | 65.09 | 23011801 | 66.17 |
| Foreign Portfolio Investors | 436900 | 1.26 | 436900 | 1.26 |
| Mutual Funds | 16200 | 0.05 | 16200 | 0.05 |
| Financial institutions/Banks | 3335814 | 9.60 | 3335814 | 9.60 |
| Central Govt /State Govt | 374900 | 1.08 | - | - |
| Insurance companies | 385270 | 1.10 | 385270 | 1.10 |
| NRI's | 136960 | 0.39 | 136752 | 0.39 |
| Individuals including HUF | 5943977 | 17.09 | 5942587 | 17.09 |
| Bodies Corporates | 1508238 | 4.34 | 1509836 | 4.34 |
| **Total** | **34775160** | **100** | **34775160** | **100** |

**j. Distribution of shareholding as on 31st march,2017**

| Shareholding of Nominal value | Number of Shareholders | % of Total | No. of Shares | Amount in Rs. | % of Total |
|---|---|---|---|---|---|
| Up to 5000 | 134542 | 99.53 | 5449068 | 54490680 | 15.6694 |
| 5001 to 10000 | 408 | 0.30 | 305790 | 3057900 | 0.8793 |
| 10001 to 20000 | 132 | 0.09 | 190476 | 1904760 | 0.5477 |
| 20001 to 30000 | 19 | 0.01 | 48388 | 483880 | 0.1391 |
| 30001 to 40000 | 15 | 0.01 | 52631 | 526310 | 0.1513 |
| 40001 to 50000 | 10 | 0.00 | 45785 | 457850 | 0.1317 |
| 50001 to 100000 | 18 | 0.01 | 124052 | 1240520 | 0.3567 |
| 100001 & Above | 27 | 0.02 | 28558970 | 285589700 | 82.1246 |
| **Total** | **135171** | **100.00** | **34775160** | **347751600** | **100** |

**k. Dematerialization of shares**

The company has signed agreement with RTA and both the depositories (NSDL, CDSL) and being allotted ISIN as abovementioned and the shareholders can demat their shares, however, currently the shares of the company are not traded on stock exchanges platform but company is in process of making an application for revocation of suspension to BSE and NSE.

**l. Liquidity of shares**

Currently the Equity Shares of the Company have not been traded at respective stock exchanges but your board of directors are in the process to make an application for revocation of suspension at BSE and NSE .

**m. CIN**

The Corporate Identification Number (CIN) of the Company as allotted by Ministry of Company Affairs is: L17115RJ1980PLC002075.

**n. Non-Compliance of any requirement of corporate governance**

There were no instances of penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the capital market during the last three years. Since the company has been a sick industrial company and has huge accumulated losses but company will try to comply with the respective requirements as mentioned in Sub-Para (2) to (10) of Para (C) of schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

o. **Compliance with accounting standards**
In the preparation of the financial statements, the Company has followed the Accounting Standards notified pursuant to Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provision of the Companies Act read with General Circular 8/2014 dated April 04, 2014, issued by the Ministry of Corporate Affairs. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

p. **Compliance certificate of the practicing company secretary**
A certificate from R. K. Jain, Bhilwara, practicing Company secretary regarding compliance with the conditions of Corporate Governance as stipulated under Regulation 34 of the Listing Regulations, is attached to this Report.

q. **Affirmation**
The provisions of regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (LODR), Regulations, 2015 are complied to the extent as mentioned in this report on corporate governance.

r. **Compliance with the discretionary requirements under listing regulations**
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 is in compliance with all mandatory requirements of Listing Regulations to the extent as mentioned in this report. In addition, the Company has also adopted the following non-mandatory requirements to the extent mentioned below:

**The Board**
No separate office was maintained by the Chairman & Managing director of the Company.

**Shareholders Rights**
Quarterly or half yearly financial results including summary of the significant events are presently not being sent to shareholders of the Company.

**Audit Qualification**
The Company has modified opinion in the audit report.

**Reporting of Internal Auditor**
The Internal Auditor directly reports to the Audit Committee on functional matters.

s. **CEO/CFO certificate**
The Chairman and Managing Director and the Chief Financial Officer of the company give annual certification on financial reporting and internal controls on the Board in terms of Regulation 17(8) of the Listing Regulations. The Annual Certificate given by the Chairman and Managing Director and the Chief Financial Officer is published in this report.

t. **Reconciliation of share capital audit**
A practicing company secretary carried out share capital audits to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The audit report confirmed that the total issued/ paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares if any held with NSDL and CDSL.

u. **Plant locations**
1. Woollens Division, Hamirgarh Road Bhilwara-311001 (Rajasthan)
2. Yarn Division, Village Raila, Bhilwara-311024 (Rajasthan)

v. **Address for correspondence**
M/S Beetal Financial & Computer Services (P) Ltd.
Beetal house, 3rd floor, 99, Madangir Behind Local Shopping Centre
Near Dada Harsukhdas Mandir,
New Delhi-62 Tele- 011 2996 1281/82
Fax: 011-29961284

**Shareholders may also contact to:**
The Compliance officer:
A-4 Vijay Path, Tilak Nagar, Jaipur-302004, Rajasthan.

Place: Bhilwara
Date : 25th May, 2017

For and on behalf of the Board of Directors
**Rajesh Ranka**
Chairman & Managing Director

## CERTIFICATE ON CORPORATE GOVERNANCE
**(Requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To,
The Members,
Modern Threads (India) Limited

We have examined the compliance of the conditions of the corporate governance by Modern Threads (India) Limited ('the Company') for the year ended 31st March, 2017, as stipulated in regulations 17 to 27 & regulation 46 including schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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, we certify that the Company has complied with the conditions of Corporate Governance to the extent as mentioned in the Corporate Governance Report forming part of Annual Report for the financial year 2016-17.

We further 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.

Place: Jaipur
Date : 25th May, 2017

R K Jain & Associates
Company Secretaries

**R K Jain**
Proprietor
COP No. 5866
FCS No. 4584

## CODE OF CONDUCT DECLARATION

I hereby confirm that all the members of the Board and Senior Management Personnel have affirmed Compliance of the Code of Conduct for the financial year ended on March 31, 2017.

Place: Bhilwara
Date : 25th May, 2017

For Modern Threads (India) Limited
**Rajesh Ranka**
(Chairman & Managing Director)
DIN: 03438721

## CERTIFICATE BY CHIEF EXECUTIVE OFFICER (CEO) / CHIEF FINANCIAL OFFICER (CFO)

A. We have reviewed financial statements and the cash flow statement for the financial year ending 31st March, 2017 and that to the best of our knowledge and belief:
   (1) these statements do not contain any materially untrue statement or omit any material factor contain statements that might be misleading;
   (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief,no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity'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 internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls,if any,of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee
   (1) significant changes in internal control over financial reporting during the year;
   (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

| | | |
|---|---|---|
| Place: Bhilwara<br>Date: 25th May, 2017 | RAJESH RANKA<br>Chairman & Managing Director<br>DIN: 03438721 | P.K.NAHAR<br>Chief Financial Officer |

## INDEPENDENT AUDITOR'S REPORT

To The Members of
**Modern Threads (India) Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Modern Threads (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31st, 2017, the Statement of Profit and Loss and Cash Flow Statement, for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the 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 preparation of these financial statements that give a true and fair view of financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into the 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 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 financial statements.

**Basis for Qualified Opinion**

*(i) Dividend on cumulative redeemable preference shares amounting to ₹140.37 lacs for the year (₹2,947.87 lacs up to 31.03.2017) has not been provided in view of accumulated losses. (Note No. 1.5)*

*(ii) Provision of interest on certain unsecured loans/deposits amounting to ₹63.35 lacs for the year (₹872.38 lacs up to 31.03.2017) has not been made as company expects waiver/ relief under rehabilitation scheme pending before BIFR. Pursuant to Sick Industrial Companies (Special Provision) Repeal Act, 2003 (SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 1.12.2016 and the company is in process of making reference to National Company Law Tribunal (NCLT) under Insolvency And Bankruptcy Code, 2016. (Note No. 20.1 & 20.2)*

*(iii) Balances of trade payables amounting to ₹500.08 lacs pertaining to Thread Division of the company which was laying closed upto 19.12.2016 due to seizure of entire plant and office block by Ajmer Vidyut Vitaran Nigam Limited, are subject to confirmation and consequential adjustments, if any. (Note No. 6.2)*

*(iv) Impairment loss on fixed assets and impact of depletion in inventories pertaining to Thread Division of the company which was laying closed upto 19.12.2016 due to seizure of entire plant and office block by Ajmer VidyutVitaran Nigam Limited, if any, not ascertained. (Note No. 8.4 & 11)*

*(v) The accounts of the company have been prepared on going concern basis though the board of industrial and financial reconstruction (BIFR) has declared the company as a sick company. Pursuant to Sick Industrial Companies (Special Provision) Repeal Act, 2003 (SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 1.12.2016 and the company is in process of making reference to National Company Law Tribunal (NCLT) under Insolvency And Bankruptcy Code, 2016. (Note No. 28)*

*We further report that without considering items mentioned at para (iii), (iv) & (v) above, the effect of which could not be determined, had the observation made by us in para (i) & (ii) above been considered, the profit for the year would have been ₹902.97 Lacs (as against the reported figure of ₹966.32 Lacs), Reserve & Surplus would have been ₹(22,909.02 Lacs) (as against the reported figure of ₹(19,088.77 Lacs) and Other Current Liabilities would have been ₹6,730.55 Lacs (as against reported figure of ₹2,910.30 Lacs).*

**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,

the aforesaid 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,

(a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31st, 2017;

(b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and

(c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

(b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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.

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) The matter 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 written representations received from the directors as on 31st March, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31st , 2017, from being appointed as a director in terms of Section 164(2) of the Act.

(g) The qualification and other matters connected there with are 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"; and

(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) Rule, 2014 in our opinion and to the best of our information and according to the explanation given to us:

i. The Company has disclosed the impact of pending litigation on its financial position in its financial statements.

ii. The Company does 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 31 March 2017. (Refer Note No. 3.1).

iv. The company has provided requisite disclosures in its financial statements as to holding as well as dealing in Specified Bank Notes during the period from 8.11.2016 to 30.12.2016 and these are in accordance with the books of accounts maintained by the Company. (Refer Note No. 33)

For **S.S. SURANA & CO.**
Chartered Accountants
(FRN. 001079C)

(Prahalad Gupta)
Partner
**Membership No. 074458**

Place : Bhilwara
Date : 25th May, 2017

## ANNEXURE - A FORMING PART OF THE INDEPENDENT AUDITOR'S REPORT OF MODERN THREADS (INDIA) LIMITED

Referred to in paragraph under the heading of "Report on other Legal & Regulatory Requirements" of our report of even date to the Members of Modern Threads (India) Limited on the financial statement for the year ended March 31st 2017;

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed Assets other than furniture & fixtures for which detailed records are not maintained.

(b) According to the information and explanations given to us, the fixed assets were physically verified by the management except pertaining to Thread Division of the company which was lying closed upto 19.12.2016 due to seizure of entire plant and office block by Ajmer Vidyut Vitaran Nigam Limited, at reasonable intervals during the year in accordance with a program of physical verification and no material discrepancies were noticed on such verification as compared to the available records.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for two cases of free hold land amounting to ₹10.73 lacs for which proper documents were not available for our verification.

(ii) As explained to us, physical verification, except pertaining to Thread Division of the company which was lying closed upto 19.12.2016 due to seizure of entire plant and office block by Ajmer Vidyut Vitaran Nigam Limited, has been conducted by management at reasonable intervals in respect of inventories except stocks in transit and lying with third parties which have generally been confirmed. There were no material discrepancies noticed on physical verification of stocks as compared to book records.

(iii) The company has not granted any loans, secured and unsecured to companies, firms, Limited Liability Partnerships) or other parties covered in the register maintained under Section 189 of the Companies Act 2013, hence clauses (iii) (a), (iii) (b) and (iii) (c) of the order are not applicable.

iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013, with respect to the loans and investments made.

(v) As per information and explanations given to us, the company has not accepted any fresh deposits during the year. In respect of deposits accepted in earlier years, the compliance with the provisions of Sections 73 to 76 or any other relevant provisions of Companies Act, 2013 and the rules framed thereunder are subject to order of Company Law Board Dated 17.04.2002, "that the repayment of fixed deposits shall be made by the company in accordance with the revival scheme as and when approved by the BIFR under the Provisions of 'SICA'. Pursuant to Sick Industrial Companies (Special Provision) Repeal Act, 2003 ( SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 1.12.2016 and the company is in process of making reference to National Company Law Tribunal (NCLT) under Insolvency And Bankruptcy Code, 2016. However the Company is making payment on compassionate grounds as per decision of committee formed by the Company Law Board.

(vi) We have broadly reviewed the books of accounts maintained by the company pursuant to sub-section (1) of section 148 of the Companies Act, 2013, and are of the opinion that prima facie, the prescribed accounts and records have been so made and maintained.

(vii) (a) According to the records of the company produced for our verification, the company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and any other statutory dues with appropriate authorities except the dues pertains to Thread Division of the company which was lying closed upto 19.12.2016 and the dues are outstanding for more than 6 months from the date of becoming payable :

- Central Sales Tax ₹*13.05 Lacs*
- *Rajasthan Sales Tax* ₹*79.44 Lacs*
- *Textiles Committee Cess* ₹ *7.32 Lacs*
- *Excise Duty* ₹*12.17 Lacs*

According to information and explanations given to us and the records of the company, the details of dues of Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax which have not been deposited on account of dispute along with amount involved and forum where the dispute is pending are as under:

| Name of statute | Nature of Dues | Amount (₹) | Dispute Pending with Appropriate authorities |
|---|---|---|---|
| Central Sales Tax Act | Sales Tax | 154.72 Lacs | DC (A) Jaipur |
| | Sales Tax | 2.23 Lacs | CTO, Jaipur |
| State Sales Tax Act | Sales Tax (RST) | 79.95 Lacs | DC (A) Jaipur |
| | Sales Tax (RST) | 3.12 Lacs | CTO, Jaipur |
| Central Excise Act | Excise Duty | 59.09 Lacs | Comm. (A) Jaipur |
| | Excise Duty | 16.05 Lacs | CESTAT, Delhi |
| Textile Committee Cess | TC Cess | 19.08 Lacs | Textile Comm. Delhi |
| The Raj. Land Revenue Act | Land Tax | 1.83 Lacs | DJ, Bhilwara |
| | Land Tax | 14.50 Lacs | High Court, Jaipur |
| Employee State Insurance Act | ESI | 28.09 Lacs | High Court, Jodhpur |
| | ESI | 7.07 Lacs | Labour Tribunal, Delhi |
| Provident Fund Act | PF | 4.67 Lacs | Comm., Jaipur |
| The Rajasthan Agriculture Product Market Act | Mandi Tax | 455.20 Lacs | Pending with Govt. of Rajasthan |
| The Rajasthan Tax on Entry for goods in to Local area Act | Entry Tax | 7.48 Lacs | Supreme Court |

(viii) According to the records of the Company and information given to us, the company is now regular in repayment of its settled loans or borrowings and dues to debenture holder.

(ix) The company has not raised any money by way of public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of records of the company, the company has paid managerial remuneration in accordance with, requisite approvals mandated by the provisions of section 197 read with schedule V of the Companies Act 2013.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanation given to us and based on our examination of records of the company, the company has not entered into any non cash transaction with the directors or person connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The company is not required to be registered under Section 45IA of the Reserve Bank of India Act, 1934.

For **S.S. SURANA & CO.**
Chartered Accountants
(FRN. 001079C)

(Prahalad Gupta)
Partner
**Membership No. 074458**

Place : Bhilwara
Date : 25th May, 2017

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## Annexure - B to the Independent Auditors' Report on Financial Statements of Modern Threads (India) 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 Threads (India) Limited ("the Company") as of 31st March 2017 in conjunction with our audit of the 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 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 31 March 2017, 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 **S.S. SURANA & CO.**
Chartered Accountants
(FRN. 001079C)

(Prahalad Gupta)
Partner
**Membership No. 074458**

Place : Bhilwara
Date : 25th May, 2017

Modern Threads (India) Limited

# BALANCE SHEET AS AT 31ST MARCH, 2017

(₹ in lacs)

| Particulars | Note No. | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **1. Shareholders' Funds** | | | |
| Share Capital | 1 | 4,352.52 | 4,352.52 |
| Reserves & Surplus | 2 | (19,088.77) | (20,055.09) |
| | | (14,736.25) | (15,702.57) |
| **2. Share Application Money Pending Allotment** | 3 | 1,450.00 | 1,450.00 |
| **3. Non Current Liabilities** | | | |
| Long-term Borrowings | 4 | 18,949.85 | 18,949.85 |
| Long term Provisions | 5 | 224.10 | 210.18 |
| | | 19,173.95 | 19,160.03 |
| **4. Current Liabilities** | | | |
| Trade payables | 6 | | |
| Total outstanding dues of micro and small enterprises | | - | - |
| Total outstanding dues of creditors other than micro and small enterprises | | 999.87 | 939.59 |
| Other Current Liabilities | 7 | 2,910.30 | 3,078.77 |
| Short-term Provisions | 5 | 28.80 | 22.97 |
| | | 3,938.97 | 4,041.33 |
| **TOTAL** | | 9,826.67 | 8,948.79 |
| **ASSETS** | | | |
| **1. Non-Current Assets** | | | |
| Tangible Assets( Property,Plant and Equipment) | 8A | 3,545.96 | 3,196.21 |
| Capital Work-in-progress | 8B | 24.50 | - |
| Non-current investments | 9 | 0.76 | 0.46 |
| Long-term loans and advances | 10 | 107.90 | 116.16 |
| Other non-current assets | 11 | 57.45 | 57.45 |
| | | 3,736.57 | 3,370.28 |
| **2. Current Assets** | | | |
| Inventories | 12 | 2,459.68 | 2,541.59 |
| Trade Receivables | 13 | 1,901.17 | 1,865.57 |
| Cash and Bank balances | 14 | 1,479.26 | 841.36 |
| Short-term loans and advances | 10 | 249.99 | 329.99 |
| | | 6,090.10 | 5,578.51 |
| **TOTAL** | | 9,826.67 | 8,948.79 |
| Significant Accounting Policies<br>Notes on Financial Statements | 1 to 33 | | |

As per our report of even date attached

**For S.S. SURANA & CO.**
Chartered Accountants
Firm Registration No. 001079C

**(Prahalad Gupta)**
Partner
Membership No. 74458

Place : Bhilwara
Date : 25th May, 2017

For and on behalf of the Board

| | | |
|---|---|---|
| Rajesh Ranka | – Chairman & Managing Director | (DIN : 03438721) |
| B.M. Taparia | – Independent Director | (DIN : 07538954) |
| Naresh Devpura | – Independent Director | (DIN : 07526062) |
| J.N. Sharma | – Non-Executive Director | (DIN : 07552825) |
| P.K. Nahar | – Chief Financial Officer | – |
| Kapil Kumar Kumawat | – Company Secretary | – |

# STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ in lacs)

| Particulars | Note No. | 2016-17 | 2015-16 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from Operations | 15 | **14,836.52** | 15,148.78 |
| Other Income | 16 | **161.02** | 234.77 |
| **Total Revenue** | | **14,997.54** | 15,383.55 |
| **EXPENSES** | | | |
| Cost of Materials Consumed | 17 | **9,767.72** | 10,239.87 |
| Changes in Inventories of Finished Goods and Work-in-Process | 18 | **209.89** | 80.83 |
| Employee Benefits Expenses | 19 | **1,138.78** | 1,090.88 |
| Finance Costs | 20 | **79.45** | 107.52 |
| Depreciation and Amortization Expenses | 8 | **147.37** | 153.71 |
| Other Expenses | 21 | **2,615.50** | 2,817.72 |
| **Total Expenses** | | **13,958.71** | 14,490.53 |
| **Profit before exceptional and extraordinary items and tax** | | **1,038.83** | 893.02 |
| Exceptional Items (Income) | 22 | **50.55** | 499.53 |
| **Profit before extraordinary items and tax** | | **1,089.38** | 1,392.55 |
| Extraordinary Items (Expense) | 23 | **123.06** | – |
| Profit before tax | | **966.32** | 1,392.55 |
| Tax Expenses | 24 | – | – |
| **Profit for the year** | | **966.32** | 1,392.55 |
| **Basic earning per equity share of Face Value of ₹ 10/- each** | 25 | | |
| – Before Exceptional and Extraordinary items (₹) | | **2.99** | 2.57 |
| – After Exceptional and Extraordinary items (₹) | | **2.78** | 4.00 |
| **Diluted earning per equity share of Face Value of ₹ 10/- each** | 25 | | |
| – Before Exceptional and Extraordinary items (₹) | | **2.11** | 1.81 |
| – After Exceptional and Extraordinary items (₹) | | **1.96** | 2.83 |
| Significant Accounting Policies | | | |
| Notes on Financial Statements | 1 to 33 | | |

As per our report of even date attached

For **S.S. SURANA & CO.**
Chartered Accountants
Firm Registration No. 001079C

**(Prahalad Gupta)**
Partner
Membership No. 74458

Place : Bhilwara
Date : 25th May, 2017

For and on behalf of the Board

| | | |
|---|---|---|
| Rajesh Ranka | – Chairman & Managing Director | (DIN : 03438721) |
| B.M. Taparia | – Independent Director | (DIN : 07538954) |
| Naresh Devpura | – Independent Director | (DIN : 07526062) |
| J.N. Sharma | – Non-Executive Director | (DIN : 07552825) |
| P.K. Nahar | – Chief Financial Officer | – |
| Kapil Kumar Kumawat | – Company Secretary | – |

## SIGNIFICANT ACCOUNTING POLICIES

**A) Basis of Preparation of Financial Statements:**

The Financial statements of the company have been prepared in accordance with generally accepted accounting principles in India including accounting standards and the relevant provisions of Companies Act 2013. The financial statements have been prepared on an accrual basis and under historical cost convention. The accounting policies are consistent with those used in previous year.

**B) Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost net of recoverable taxes less accumulated depreciation. Impairment loss has been deducted from respective assets.

Project and pre-operative expenses incurred prior to date of commencement of commercial production are being allocated to Fixed Assets.

Project under which assets are not ready for their intended use are disclosed under Capital work in Progress.

No amount is written off against leasehold land of the company and the same is charged to the Statement of Profit and Loss only in the year in which the respective lease period expires.

**C) Depreciation :**

Depreciation on fixed assets is provided on straight line method based on useful life of the assets prescribed in Scheduled II of the Companies Act, 2013.

**D) Investments :**

Current investments are stated at lower of cost & Quoted / Fair value. Long term investment (non current) are stated at cost.

**E) Inventories :**

Raw Material is valued at cost determined on FIFO basis and Stores & Spares are valued at cost on weighted average basis.

Finished goods and Work-in-process are valued at the lower of cost or 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. Finished goods and process stock includes cost of conversion, applicable overheads 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 after providing for obsoletion if any.

**F) Excise Duty/Cenvat :**

Excise duty is accounted for on the basis of payments made in respect of goods cleared and provision made for goods lying in bonded warehouse for domestic sales wherever applicable.

The Cenvat credit in respect of Excise Duty and Service Tax are utilized for payment of Excise Duty on goods dispatched. The unutilized Cenvat credit is carried forward in the books.

**G) Revenue Recognition:**

Revenue is recognised only when risk and rewards incidental to ownership are transferred to customer. It can be readily measured and it is reasonable to expect ultimate collection.

Interest income is recognised on time proportion basis taking in to account the amount outstanding and the rate applicable.

**H) Borrowing Cost :**

Borrowing cost which are attributable to acquisition or construction of qualifying assets are capitalised as part of cost of such assets. A qualifying asset is one which necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**I) Retirement Benefits:**

The Employee and Company make monthly fixed Contribution to Government of India Employee's Provident Fund equal to a specified percentage of the Covered employee's salary. The company 's contribution is recognised as an expenses in the statement of profit & loss.

The Liability for Gratuity to employees, which is a defined benefit plan is determined on the basis of actuarial Valuation based on Projected Unit Credit method. Actuarial gain / loss in respect of the same is charged to the statement of profit and loss .

Leave encashment benefits to eligible employees has been ascertained on actuarial basis and provided for. Actuarial gain/loss in respect of the same is charged to the statement of profit and loss.

**J) Foreign Currency Transactions:**

i) Transactions denominated in Foreign Currency are accounted for at equivalent rupee value converted at the rates prevailing at the time of transactions.

ii) Monetary items denominated in foreign currency are converted at exchange rate prevailing on the date of Balance Sheet.

iii) Foreign exchange difference arising at the time of transaction or settlement are recognized as income or expense in the Statement of Profit and Loss.

**K) Taxation**

i) Current Tax is determined in accordance with the provisions of Income Tax Act, 1961 after considering Braught forward losses and other deductions.

ii) The Deferred tax assets and deferred tax liabilitiy are calculated by appling tax rates and tax laws that have been enacted as on Balance Sheet date.The deferred tax assets arising mainly on account of braught forwards losses / unabsorbed depreciation / other timing differences under tax laws are recognised only if there is virtual certanity of its realisation supported by convincing evidence. Deferred tax liability on account of timing differences are recognised only at each Balance Sheet date.

**L) Impairment of Assets**

An asset is treated as impaired when carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an assets is identified as impaired.

**M) Provisions, Contingent Liabilities and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes on financial statements. Contingent Assets are neither recognized nor disclosed in the financial statements.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ in Lacs)

| | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| **1. SHARE CAPITAL** | | |
| **Authorised :** | | |
| 18,50,00,000 (Previous year 18,50,00,000) Equity Shares of ₹ 10/- each | 18,500.00 | 18,500.00 |
| 20,00,000 (Previous year 20,00,000) Preference Shares of ₹ 100/- each | 2,000.00 | 2,000.00 |
| | 20,500.00 | 20,500.00 |
| **Issued, Subscribed and Paid-up** | | |
| **Equity** | | |
| 3,47,75,160 (Previous year 3,47,75,160) Equity Shares of ₹ 10/- each fully paid up | 3,477.52 | 3,477.52 |
| **Preference** | | |
| 75,000 (Previous year 75,000) 16.5% Cumulative Redeemable preference share of ₹ 100/- each fully paid up | 75.00 | 75.00 |
| 8,00,000 (Previous year 8,00,000) 16% Cumulative Redeemable Preference Share of of ₹ 100/- each fully paid up | 800.00 | 800.00 |
| | 875.00 | 875.00 |
| | 4,352.52 | 4,352.52 |

1.1 Each Equity share holder is entitled to one vote per share.

**1.2 The details of shareholders holding more than 5% shares**

| Name of the Share holders | As at 31.03.2017 | | As at 31.03.2016 | |
|---|---|---|---|---|
| | No. of shares | % held | No. of shares | % held |
| **Equity shareholders** | | | | |
| 1) Generotrade Exim LLP | **1,56,36,901** | **44.97** | 1,56,36,901 | 44.97 |
| 2) Vishwa Vyapar Trading Pvt Ltd | **-** | **-** | 70,00,000 | 20.13 |
| 3) Arihant Beneficiary Trust | **70,00,000** | **20.13** | - | - |
| 4) Unit Trust of India | **30,77,732** | **8.85** | 30,77,732 | 8.85 |
| **16.50% Preference share holders** | | | | |
| 1) National Insurance Company Limited | **75,000** | **100.00** | 75,000 | 100.00 |
| **16% Preference share holders** | | | | |
| 1) General Insurance Corporation of India | **150,000** | **18.75** | 150,000 | 18.75 |
| 2) The New India Assurance Company Limited | **150,000** | **18.75** | 150,000 | 18.75 |
| 3) United India Insurance Company Limited | **100,000** | **12.50** | 100,000 | 12.50 |
| 4) Oreintal Insurance Company Limited | **100,000** | **12.50** | 100,000 | 12.50 |
| 5) GIC Housing Finance Limited | **100,000** | **12.50** | 100,000 | 12.50 |
| 6) LIC Housing Finance Limited | **200,000** | **25.00** | 200,000 | 25.00 |

**1.3 The Reconciliation of the number of shares outstanding is set out below :**

| | As at 31.03.2017 | | As at 31.03.2016 | |
|---|---|---|---|---|
| | Equity Share Nos. | Preference Share Nos. | Equity Shares Nos. | Preference Share Nos. |
| Equity Shares at the beginning of the year | **3,47,75,160** | **8,75,000** | 3,47,75,160 | 8,75,000 |
| Add : Shares issued | – | – | – | – |
| Less : Shares cancelled on buy back of equity shares | – | – | – | – |
| Equity Shares at the end of the year | **3,47,75,160** | **8,75,000** | 3,47,75,160 | 8,75,000 |

1.4 Preference Shares were redeemable in 4 equal annual installments commencing from the year 2003-04 but the same was not paid due to paucity of funds. And same will is payble as per rehabilitation scheme.
Pursuent to Sick Industrial Companies (Special Provision) Repeal Act, 2003 ( SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 1/12/2016 and the company is in process of making reference to National Company Law Tribunal (NCLT) under Insolvency And Bankruptcy Code, 2016.

1.5 Dividend on cumulative redeemable preference shares amounting to ₹ 140.37 lacs for the year (₹ 2947.87 lacs cumulative upto 31-03-2017) has not been provided in view of accumulated losses. Pursuent to Sick Industrial Companies (Special Provision) Repeal Act, 2003 ( SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 01.12.2016 and the company is in process of making reference to National Company Law Tribunal (NCLT) under Insolvency And Bankruptcy Code, 2016.

1.6 The Cumulative Redeemable Preference Share holders are entitled to cumulative dividend at the rate specified. Each share holder of Cumulative Redeemable Preference Shares is entitled to one vote per share only on resolution placed before the company, which directly affects the right attached to cumulative redeemable preference share. Since the dividend in respect of cumulative preference share holders has not been paid for more than two years, cumulative redeemable preference share holder have right to 10 votes per share on every resolution placed before the company in a meeting.

1.7 In the event of liquidation of the company the holder of cumulative redeemable preference share will have priority over equity share holders in the payment of dividend and re-payment of capital.

**2. RESERVES AND SURPLUS** **(₹ in Lacs)**

| | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| **Capital Reserve** | | |
| As per last Balance Sheet | **35.90** | 35.90 |
| **Capital Redemption Reserve** | | |
| As per last Balance Sheet | **421.72** | 421.72 |
| **Securities Premium Account** | | |
| As per last Balance Sheet | **7,985.77** | 7,985.77 |
| **Debentures Redemption Reserve** | | |
| As per last Balance Sheet | **970.00** | 970.00 |
| **Surplus / (Deficit) in Statement of Profit and Loss** | | |
| Net Surplus / (Deficit) as per last Balance Sheet | **(29,468.48)** | (30,861.03) |
| Add : Profit / (Loss) for the year | **966.32** | 1,392.55 |
| Net Surplus / (Deficit) | **(28,502.16)** | (29,468.48) |
| | **(19,088.77)** | (20,055.09) |

**3. SHARE APPLICATION MONEY PENDING ALLOTMENT** **(₹ in Lacs)**

| | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Share application money pending allotment | **1,450.00** | 1,450.00 |
| | **1,450.00** | 1,450.00 |

3.1 Equity share application money has been raised pursuant to the restructuring / settlement scheme pending before BIFR. Pursuant to Sick Industrial Companies (Special Provision) Repeal Act, 2003 ( SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 01.12.2016 and the company is in process of making reference to National Company Law Tribunal (NCLT) under Insolvency And Bankruptcy Code, 2016 and instruments will be issued on sanction of scheme by the NCLT.

## 4. LONG TERM BORROWINGS

(₹ In Lacs)

| | As at 31.03.2017 | | As at 31.03.2016 | |
|---|---|---|---|---|
| | Non Current | Current | Non Current | Current |
| **Debentures - Secured** | | | | |
| Optionally fully Convertible debentures | 1,666.34 | – | 1,666.34 | – |
| Non convertible Debentures | 3,434.33 | – | 3,434.33 | – |
| Accrued interest | 3,438.76 | – | 3,438.76 | – |
| **Term Loans – Secured** | | | | |
| From others | 6,044.13 | – | 6,044.13 | – |
| Accrued Interest | 4,366.29 | – | 4,366.29 | – |
| **Loans – Unsecured** | | | | |
| Deferred Sales Tax | – | – | – | 23.49 |
| **Deposits - Unsecured** | | | | |
| Public Fixed Deposit | – | 620.91 | – | 630.19 |
| Interest accured on Public Fixed deposit | – | 846.81 | – | 846.81 |
| **Total** | 18,949.85 | 1,467.72 | 18,949.85 | 1,500.49 |
| Less : Amount disclosed under head other current Liabilities (Refer Note No. 7) | – | 1,467.72 | – | 1,500.49 |
| **Total** | 18,949.85 | – | 18,949.85 | – |

4.1 Debentures, term loan and accrued interest are secured by way of first charge and equitable mortgage of respective immovable properties both present & future consisting of land, building and plant & machinery and hypothecation of all movable assets of the Company which have been assigned/reassigned and settled at ₹ 1855 lacs, amount paid there against ₹ 1780 lacs up to 31.03.2016 and balance ₹ 75 lacs payable in FY 2018-19. The remaining amount will be written back on discharge of full payment.

4.2 Company law Board has passed the order on 17.04.2002 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".
Repayment of the matured fixed deposits including interest thereon were payble as per the Rehabilitation Scheme pending for approval before BIFR.
Pursuent to Sick Industrial Companies (Special Provision) Repeal Act, 2003 ( SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 01.12.2016 and the company is in process of making reference to National Company Law Tribunal (NCLT) under Insolvency And Bankruptcy Code, 2016 and instruments will be issued on sanction of scheme by the NCLT, hence the same have not remained unclaimed and unpaid within the meaning of Section 125 of the Companies Act, 2013 as such no amounts are required to be transferred to the investors Education and Protection Fund. However, Payment on compassionate grounds are being made as per decision of the committee formed by Hon'ble Company Law Board vide its order dated 11.08.1999 for this purpose.

4.3 Public fixed deposit carries interest rate of 14% p.a.

## 5. PROVISIONS

(₹ in Lacs)

| | As at 31.03.2017 | | As at 31.03.2016 | |
|---|---|---|---|---|
| | Long Term | Short Term | Long Term | Short Term |
| **For Employees benefit** | | | | |
| Gratuity | 187.63 | 20.39 | 169.14 | 16.45 |
| Un-availed leave | 36.47 | 7.88 | 41.04 | 5.93 |
| **Other provisions** | | | | |
| Provision for excise duty on goods lying in bonded warehouse at the year end | – | 0.53 | – | 0.59 |
| | 224.10 | 28.80 | 210.18 | 22.97 |

## 6. TRADE PAYABLES

(₹ in Lacs)

| | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Total outstanding dues of micro and small enterprises | – | – |
| Total outstanding dues of creditors other than micro and small enterprises | 999.87 | 939.59 |
| | 999.87 | 939.59 |

6.1 The Company has not received information from vendors regarding their status under the Micro and Small Enterprises Development Act 2006 hence dues of Micro and Small enterprises have been considered as dues of trade payables other than Micro and small enterprises and disclosure relating to amounts unpaid as at the year end together with interest payable under this Act have not been given.

6.2 Balances of trade payables amounting to ₹ 500.08 Lacs pertaining to Thread Division of the company which was closed due to seizure of entire plant and office block by Ajmer Vidyut Vitaran Nigam Limited upto 19.12.2016 are subject to confirmation and consequential adjustments, if any.

## 7. OTHER CURRENT LIABILITIES

(₹ in Lacs)

| | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Current maturity of secured long term borrowings | – | – |
| Current maturity of deferred sales tax | – | 23.49 |
| Public Fixed Deposits | 620.91 | 630.19 |
| Interest Accrued on public fixed deposits | 846.81 | 846.81 |
| Sub Total (Refer Note no. 4) | 1,467.72 | 1,500.49 |
| Advance from customers | 74.26 | 64.44 |
| Sundry deposits | 42.48 | 33.82 |
| Other payables | 1,325.84 | 1,480.02 |
| | 2,910.30 | 3,078.77 |

7.1 Other payables includes statutory dues and liabilities for expenses etc.

**8 (A) FIXED ASSETS**

(₹ In Lacs)

| Particulars | TANGIBLE ASSETS (PROPERTY, PLANT AND EQUIPMENT) | | | | | | |
|---|---|---|---|---|---|---|---|
| | Lease Hold Land | Free Hold Land | Building | Plant & Machinery | Furniture Fixtures & Office Equipments | Vehicles | Total |
| **GROSS BLOCK** | | | | | | | |
| As at 01.04.2016 | 457.77 | 759.05 | 1,663.15 | 18,859.64 | 144.63 | 90.48 | 21,974.72 |
| Addition | – | 351.90 | – | 115.96 | 14.32 | 19.37 | 501.55 |
| Deduction | – | – | – | 68.95 | 5.75 | – | 74.70 |
| **As at 31.03.2017** | **457.77** | **1,110.95** | **1,663.15** | **18,906.65** | **153.20** | **109.85** | **22,401.57** |
| As at 01.04.2015 | 457.77 | 753.11 | 1,663.15 | 18,802.48 | 147.04 | 81.44 | 21,904.99 |
| Addition | – | 5.94 | – | 67.00 | 8.63 | 9.52 | 91.09 |
| Deduction | – | – | – | 9.84 | 11.04 | 0.48 | 21.36 |
| As at 31.03.2016 | 457.77 | 759.05 | 1,663.15 | 18,859.64 | 144.63 | 90.48 | 21,974.72 |
| **DEPRECIATION** | | | | | | | |
| As at 01.04.2016 | – | – | 1,261.38 | 17,350.69 | 118.46 | 47.98 | 18,778.51 |
| Charge for the year | – | – | 34.02 | 96.75 | 6.45 | 10.15 | 147.37 |
| Deduction | – | – | – | 65.50 | 4.77 | – | 70.27 |
| **As at 31.03.2017** | – | – | **1,295.40** | **17,381.94** | **120.14** | **58.13** | **18,855.61** |
| As at 01.04.2015 | – | – | 1,227.36 | 17,257.75 | 120.82 | 38.16 | 18,644.09 |
| Charge for the year | – | – | 34.02 | 102.29 | 7.44 | 9.96 | 153.71 |
| Deduction | – | – | – | 9.35 | 9.80 | 0.14 | 19.29 |
| **As at 31.03.2016** | – | – | **1,261.38** | **17,350.69** | **118.46** | **47.98** | **18,778.51** |
| **NET BLOCK** | | | | | | | |
| **As at 31.03.2017** | **457.77** | **1,110.95** | **367.75** | **1,524.71** | **33.06** | **51.72** | **3,545.96** |
| **As at 31.03.2016** | **457.77** | **759.05** | **401.77** | **1,508.95** | **26.17** | **42.50** | **3,196.21** |

8.1 Addition to land is on account of taxes.
8.2 Deduction under the head plant & machinery represents discarded assets
8.3 Deprecation includes Rs. 14.49 lacs (Previous year Rs. 14.49 lacs) provided on the assets of Threads Division which is not in operation.
8.4 In Pursuance to Accounting Standard 28 issued by The Institute of Chartered Accountants of India, the fixed assets of the company pertaining to the Thread Division and PTA project have been valued as at 01.04.2004 and necessary provision made for the impairment loss amounting to Rs. 22303.48 lacs during the financial year 2004-2005, based on valuation report by an expert. Further Impact of impairment if any in respect of assets of Thread Division of the company which was lying closed due to seizure of entire plant and office block by Ajmer Vidyut Vitaran Nigam Limited upto 19.12.2016 are subject to confirmation and consequential adjustments, if any.

**8 (B) CAPITAL WORK IN PROGRESS**

(₹ in Lacs)

| Particulars | Gross Block | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2016 | Additions | Deductions | As at 31.03.2017 | As at 01.04.2016 | For the year | Deductions | As at 31.03.2017 | As at 31.03.2017 | As at 01.04.2016 |
| Furniture & Fixtures and Office Equipments | - | 24.50 | - | 24.50 | - | - | - | - | 24.50 | - |
| Total | - | 24.50 | - | 24.50 | - | - | - | - | 24.50 | - |

**9. NON CURRENT INVESTMENTS**

(₹ in Lacs)

| | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| (Long term investment at cost) | | |
| **Investment in Government Securities (Unquoted)** | | |
| National Saving Certificate (Deposited with government department.) | 0.76 | 0.46 |
| | 0.76 | 0.46 |

**10. LOANS & ADVANCES**

**(Unsecured and Considered Good)**

(₹ in Lacs)

| | As at 31.03.2017 | | As at 31.03.2016 | |
|---|---|---|---|---|
| | Long Term | Short Term | Long Term | Short Term |
| Capital Advance | 12.75 | – | – | – |
| Interest accrued on Investment | – | 0.25 | – | 0.25 |
| Advances for supply of goods & Services | – | 95.44 | – | 130.88 |
| Balance with Revenue Authorities | – | 55.65 | – | 47.03 |
| TDS receivable | 15.63 | – | 8.75 | – |
| Prepaid expenses | – | 18.89 | – | 8.69 |
| Employees advances | – | 5.82 | – | 4.76 |
| Deposit with Government / Other Authorities | 79.52 | – | 107.41 | – |
| Other receivables (Includes Export benefits ) | - | 73.94 | – | 138.38 |
| | 107.90 | 249.99 | 116.16 | 329.99 |

**11. OTHER NON-CURRENT ASSETS**

(₹ in Lacs)

| | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| **Inventories** | | |
| It includes Raw Material ₹ 0.12 lacs. Process stock ₹ 53.90 lacs. Stores and Spares ₹ 2.25 lacs and Waste ₹ 1.18 lacs. (Pertaining to Threads Division of the company which was lying closed Upto 19.12.2016. Impact of depletion if any is not ascertained) | 57.45 | 57.45 |
| | 57.45 | 57.45 |

## 12 INVENTORIES

(₹ in Lacs)

| | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Raw Material | 804.07 | 674.91 |
| Stores & Spares (including Capital Stores) | 63.67 | 64.85 |
| Work in Process | 407.82 | 476.38 |
| Finished Goods | 1,055.97 | 1,197.44 |
| Waste | 128.15 | 128.01 |
| | 2,459.68 | 2,541.59 |

## 13 TRADE RECEIVABLES (Unsecured)

(₹ in Lacs)

| | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Outstanding for the period exceeding six months from due date considered good | 84.26 | 80.91 |
| Doubtful | 58.73 | 69.53 |
| | 142.99 | 150.44 |
| Less : Provision for doubtful receivables | 58.73 | 69.53 |
| | 84.26 | 80.91 |
| Other considered good | 1,816.91 | 1,784.66 |
| | 1,901.17 | 1,865.57 |

13.1 Doubtful trade receivables includes ₹ 12 lacs under litigation (Previous year ₹ 12 Lacs) for which adequate provision has been made.

## 14. CASH AND BANK BALANCES

(₹ in Lacs)

| | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| Cash and Cash equivalents | | |
| Cash on hand | 2.61 | 1.05 |
| Balances with Banks | | |
| In Current Accounts | 1,388.92 | 788.23 |
| In Fixed Deposit* | 87.73 | 52.08 |
| (Pledge against Bank Guarantee ₹ 86.90 Lacs) (Previous Year ₹ 37.58 Lacs) and includes deposits of 53.51 lacs (Previous year 28.28 lacs) with maturity more than 12 months | 1,479.26 | 841.36 |

## 15. REVENUE FROM OPERATIONS

(₹ in Lacs)

| | 2016-17 | 2015-16 |
|---|---|---|
| Sale of Products | 13,783.88 | 14,128.09 |
| Export Incentive | 700.75 | 651.93 |
| Job work Income | 359.31 | 378.62 |
| | 14,843.94 | 15,158.64 |
| Less : Excise Duty | 7.42 | 9.86 |
| Total | 14,836.52 | 15,148.78 |
| **15.1 Particulars of sale of products** | | |
| Yarn | 11,867.07 | 12,245.98 |
| Wool Tops | 756.00 | 670.71 |
| Others | 1,160.81 | 1,211.40 |
| | 13,783.88 | 14,128.09 |

## 16. OTHER INCOME

(₹ in Lacs)

| | 2016-17 | 2015-16 |
|---|---|---|
| Interest Income | 17.00 | 11.38 |
| Sundry Balances written back | 1.93 | 23.79 |
| Gain on Sale of Investment | 72.80 | 57.81 |
| Foreign exchange fluctuation | 40.54 | 102.45 |
| Profit on Disposal of discarded Assets (net) | 0.57 | 0.38 |
| Miscellaneous Income | 28.18 | 38.96 |
| | 161.02 | 234.77 |

## 17. COST OF MATERIALS CONSUMED

(₹ in Lacs)

| | 2016-17 | | 2015-16 | |
|---|---|---|---|---|
| | ₹ in Lacs | % age | ₹ in Lacs | % age |
| Imported | 7,629.61 | 78.11 | 7,291.34 | 71.21 |
| Indigenous | 2,138.11 | 21.89 | 2,948.53 | 28.79 |
| | 9,767.72 | 100.00 | 10,239.87 | 100.00 |

**17.1 Details of Materials consumed**

| | | |
|---|---|---|
| – Wool | 8,234.60 | 8,739.14 |
| – Wool Tops | 482.78 | 486.84 |
| – Polyester / Other Tops | 693.27 | 653.96 |
| – Dyes and Chemicals | 357.07 | 359.93 |
| | 9,767.72 | 10,239.87 |

## 18. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROCESS

(₹ in Lacs)

| | 2016-17 | 2015-16 |
|---|---|---|
| Inventory at the beginning of the year (including inventories shown as other non-current assets) | | |
| Finished Goods | 1,197.44 | 1,243.28 |
| Work in Process | 530.28 | 601.49 |
| Waste | 129.19 | 92.97 |
| | 1,856.91 | 1,937.74 |
| Inventory at the end of the year (including inventories shown as other non-current assets) | | |
| Finished Goods | 1,055.97 | 1,197.44 |
| Work in Process | 461.72 | 530.28 |
| Waste | 129.33 | 129.19 |
| | 1,647.02 | 1,856.91 |
| | 209.89 | 80.83 |

## 19. EMPLOYEE BENEFITS EXPENSES

(₹ in Lacs)

| | 2016-17 | 2015-16 |
|---|---|---|
| Salaries and Wages | 959.68 | 923.12 |
| Contribution to Provident Fund & Other Fund | 98.06 | 90.61 |
| Gratuity and Leave encashment | 68.91 | 62.75 |
| Employees Welfare Expenses | 12.13 | 14.40 |
| | 1,138.78 | 1,090.88 |

19.1 The disclosure of Employee benefit as defined in the Accounting standard 15

| | | |
|---|---|---|
| Principal assumptions | | |
| – Discounting Rate | 8.50% | 8.50% |
| – Expected rate of return on plan assets | – | – |
| – Expected rate of future salary increase | 7.50% | 7.50% |

**Change in present value of obligations**

| | 2016-17 | | 2015-16 | |
|---|---|---|---|---|
| | Gratuity unfunded | Leave Encashment Unfunded | Gratuity unfunded | Leave Encashment Unfunded |
| – Present value of obligations as at beginning of the year | 185.59 | 46.97 | 189.85 | 44.15 |
| – Interest Cost | 11.88 | 3.45 | 11.13 | 3.42 |
| – Current Service Cost | 24.57 | 6.07 | 20.74 | 8.48 |
| – Benefits Paid | (23.39) | (25.71) | (42.71) | (21.48) |
| – Past Service Cost | – | – | – | – |
| – Actuarial (Gain) / Loss on Obligations | 9.37 | 13.57 | 6.58 | 12.40 |
| – **Present value of Obligations as at close of the year** | 208.02 | 44.35 | 185.59 | 46.97 |
| **Change in fair value of plan assets** | N.A. | N.A. | N.A. | N.A. |
| **Liability recognized in the Balance Sheet** | | | | |
| – Present value of obligations as at close of the year | 208.02 | 44.35 | 185.59 | 46.97 |
| – Fair value of plan assets as at the end of the year | – | – | – | – |
| – Unrecognized Actuarial (Gain) / Loss | – | – | – | – |
| – Net (Assets) / Liability recognized in Balance Sheet | 208.02 | 44.35 | 185.59 | 46.97 |
| **Expenses recognized in Statements of Profit and Loss Account** | | | | |
| – Current service cost | 24.57 | 6.07 | 20.74 | 8.48 |
| – Past Service Cost | – | – | – | – |
| – Interest Cost | 11.88 | 3.45 | 11.13 | 3.42 |
| – Expected Return on plan assets | – | – | – | – |
| – Net Actuarial (Gain)/Loss recognized during the year | 9.37 | 13.57 | 6.58 | 12.40 |
| **Total Expenses recognized** | 45.82 | 23.09 | 38.45 | 24.30 |

## 20. FINANCE COSTS

(₹ in Lacs)

| | 2016-17 | 2015-16 |
|---|---|---|
| Interest expenses | 9.93 | 16.29 |
| Bank Charges | 69.52 | 91.23 |
| | 79.45 | 107.52 |

20.1 Interest provision have not been made on Public fixed deposit amounting to ₹ 63.35 Lacs (Previous Year ₹ 7.63 Lacs), Net of reversal of interest on amount repaid. (Cumulative ₹ 854.09 Lacs) as the company expects waiver/relief under rehabilitation scheme pending before BIFR. Pursuent to Sick Industrial Companies (Special Provision) Repeal Act, 2003 ( SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 01.12.2016 and the company is in process of making reference to National Company Law Tribunal (NCLT) under Insolvency And Bankruptcy Code, 2016 and instruments will be issued on sanction of scheme by the NCLT.

20.2 The Company had taken Sales Tax loan from Rajasthan State Industrial Development & Investment Corporation Limited under interest free sales-tax loan scheme of the Government of Rajasthan which is guaranteed by the Ex-Director of the Company which is the same has been paid during the financial year 2014-15 interest ₹ 18.29 Lacs has not been provided from due date of loan repayment to till the date of actual payment of Loan as the Company has filed an application with RIICO for waiver of interest.

## 21. OTHER EXPENSES

(₹ in Lacs)

| | 2016-17 | 2015-16 |
|---|---|---|
| **Manufacturing Expenses** | | |
| Packing Material | 125.19 | 125.61 |
| Stores & Spares | 495.10 | 617.27 |
| Power and fuel | 1,013.38 | 908.13 |
| Job charges | 58.58 | 84.65 |
| Excise duty on Increase / (Decrease) in finished goods | (0.06) | 0.38 |
| **Repairs & Maintenance to:** | | |
| Plant & Machinery | 55.86 | 60.67 |
| Building | 36.13 | 43.50 |
| Others | 5.53 | 3.52 |
| **Administrative Expenses** | | |
| Rent | 29.42 | 27.76 |
| Insurance (Net) | 4.91 | 6.56 |
| Rates & Taxes | 3.33 | 5.82 |
| Travelling and Conveyance | 90.75 | 98.43 |
| Legal and Professional expenses | 37.15 | 22.74 |
| Directors Fees | 0.25 | 0.34 |
| Payment to Auditors | | |
| For Audit Fee | 1.73 | 1.74 |
| For Tax Audit Fee | 0.58 | 0.58 |
| For Expenses | 0.40 | 0.99 |
| Miscellaneous expenses | 106.57 | 103.15 |
| **Selling Expenses** | | |
| Commission and Brokerage | 202.83 | 250.10 |
| Carriage outward (Net) | 273.61 | 236.69 |
| Rebate, Claims and Discounts | 52.57 | 148.13 |
| Others Selling expenses | 32.49 | 29.73 |
| Provision for Doubtful Receivables | (10.80) | 41.23 |
| | 2,615.50 | 2,817.72 |

## 21.1 DETAILS OF STORES & SPARES CONSUMED

| | ₹ in Lacs | % age | ₹ in Lacs | % age |
|---|---|---|---|---|
| Imported | 136.71 | 27.61 | 209.45 | 33.94 |
| Indigenous | 358.39 | 72.39 | 407.68 | 66.06 |
| | 495.10 | 100.00 | 617.13 | 100.00 |

## 22. EXCEPTIONAL ITEMS

(₹ in Lacs)

| | 2016-17 | 2015-16 |
|---|---|---|
| Amount written back on account of settlement of some of the Creditors | 50.55 | 499.53 |
| | 50.55 | 499.53 |

## 23 EXTRAORDINARY ITEMS

| | | |
|---|---|---|
| Electricity Demand | 103.07 | - |
| Repair and maintenance (Building) | 11.31 | - |
| Repair and maintenance (Plant and machinery) | 2.03 | - |
| Stores and spares consumption | 5.55 | - |
| Consultancy Fees | 1.10 | - |
| | 123.06 | - |

The above expenses pertains to Thread Division of the company to make it operational which was lying closed due to seizure of entire plant and office block by Ajmer Vidyut Vitaran Nigam Limited upto 19.12.2016.

## 24. TAX EXPENSES

(₹ in Lacs)

| | 2016-17 | 2015-16 |
|---|---|---|
| Current Tax | – | – |
| Deferred Tax | – | – |
| | – | – |

24.1 Provisions for income tax for the current year has not been made in view of accumulated losses.

24.2 The Company is entitled for set off of carried forward losses and unabsorbed depreciation against the future income under the Income Tax Act. However, based on present scenario, the company is not confident of earning sufficient profits to utilize these carried forward losses and unabsorbed depreciation in future and accordingly the Company has recognized deferred tax assets only to the extent there is deferred tax liability in compliance with Accounting Standard 22 issued by The Institute of Chartered Accountants of India. The major components of deferred tax assets and liabilities on account of timing difference are as given below:

(₹ in Lacs)

| Particulars | As on 31.03.2017 | As on 31.03.2016 |
|---|---|---|
| Depreciation | 8.47 | 59.64 |
| Carried forward losses / depreciation | 3,054.53 | 3,443.85 |
| Provision for doubtful debts | 18.15 | 21.48 |
| Others | 2,681.63 | 2,676.54 |
| Net Deferred Tax Assets | 5,762.78 | 6,201.51 |

The Net Deferred Tax Assets of ₹ 5762.78 lacs have not been recognized in accounts due to the reasons as mentioned above.

**25. EARNING PER SHARE (as per Accounting Standard 20, As issued by ICAI)**

| Particulars | | 2016-17 | 2015-16 |
|---|---|---|---|
| Profit / (Loss) for the year before exceptional and Extraordinary items | | 1,038.83 | 893.02 |
| Profit / (Loss) after exceptional and Extraordinary items | | 966.32 | 1,392.55 |
| Weighted Avg. No. of Equity Shares used as Denominator for Calculating **Basic Earning Per Shares** | | 34775160 | 34775160 |
| Weighted Avg. No. of Equity Shares used as Denominator for Calculating **Diluted Earning Per Shares** | | 49275160 | 49275160 |
| Nominal Value of Shares (in ₹) | | 10 | 10 |
| Basic Earning per Share (in ₹) | – Before exceptional and Extraordinary items | 2.99 | 2.57 |
| | – After exceptional and Extraordinary items | 2.78 | 4.00 |
| Diluted Earning per share (in ₹) | – Before exceptional and Extraordinary items | 2.11 | 1.81 |
| | – After exceptional and Extraordinary items | 1.96 | 2.83 |

**26. SEGMENT INFORMATION AS PER ACCOUNTING STANDARD 17, AS ISSUED BY ICAI:**

**a) Primary Segment reporting (By Business Segment): -**

The composition of business segments are :

Woollen — Worsted Yarn, Carpet Yarn and Wool Tops
Yarn — Synthetic Yarn
Others — PTA Project (Shelved)

| | 2016-17 | | | | 2015-16 | | | |
|---|---|---|---|---|---|---|---|---|
| | Woollens | Yarn | Others | Total | Woollens | Yarn | Others | Total |
| **Segment Revenue** | | | | | | | | |
| Net Sales | 14836.52 | - | - | 14836.52 | 15148.78 | - | - | 15148.78 |
| Segment Results | | | | | | | | |
| Profit / (Loss) before Interest, Exceptional items & Tax | 1152.00 | (33.72) | - | 1118.28 | 1028.63 | (28.09) | - | 1000.54 |
| Less : Finance cost | | | | 79.45 | | | | 107.52 |
| Profit / (Loss) before Exceptional and Extraordinary items & Tax | | | | 1038.83 | | | | 893.02 |
| Add Exceptional items | | | | 50.55 | | | | 499.53 |
| Less Extraordinary items | | | | 123.06 | | | | |
| Profit / (Loss) before Tax | | | | 966.32 | | | | 1392.55 |
| Tax Expenses | | | | - | | | | - |
| Total Profit After Tax | | | | 966.32 | | | | 1392.55 |
| Capital Employed | | | | | | | | |
| Segment Assets | 7655.81 | 1100.52 | 1070.34 | 9826.67 | 7207.35 | 1023.00 | 718.44 | 8948.79 |
| Segment Liabilities | (7239.76) | 16523.47 | 13829.21 | 23112.92 | (6588.37) | 16312.42 | 13477.31 | 23201.36 |
| Capital Employed | 14895.57 | (15422.95) | (12758.87) | (13286.25) | 13795.72 | (15289.42) | (12758.87) | (14252.57) |

**b) Geographical Segment: -**

| | 2016-17 | 2015-16 |
|---|---|---|
| **Revenue by Geographical Market** | | |
| In India | 4,463.52 | 3,960.92 |
| Other than India | 10,373.00 | 11,187.86 |
| **Carrying Amounts of Segment Assets** | | |
| In India | 8,405.70 | 7,035.58 |
| Other than India | 1,420.97 | 1,913.21 |

**27. RELATED PARTY DISCLOSURE**

**(as per Accounting Standard 18 as issued by ICAI)**

**Names and Relationship of related parties**

Where Control exists: NIL

Key Management personnel:

Shri Rajesh Ranka (Chairman and Managing Director)
Shri B.L. Saini, (Company Secretary)

Relative of Key Management Personnel and their enterprises:

Shubham Corporate advisory Services Pvt.Ltd.

Transactions with related parties and outstanding at the end of the year:

**(₹ in Lacs)**

| Types of related Parties | Description of the nature of the transactions | Name of Party | Volume of transactions | |
|---|---|---|---|---|
| | | | 2016-17 | 2015-16 |
| Key Managerial Personnel | Remuneration etc | Shri Rajesh Ranka | 15.12 | – |
| | | Shri B.L. Saini | 5.65 | 5.26 |
| Relative of Key Management Personnel and their Enterprises | Rent | Shubham Corporate Advisory Services Pvt. Ltd | 10.80 | 10.80 |

28 The net worth of the company has been eroded fully as on 31st March,2001 as per provisions of Sick Industrial Companies (Special provisions) Act 1985. The Company has also filed reference based on audited accounts for the financial year ended 31st March, 2004.The Board for Industrial and Financial Reconstruction (BIFR) has declared the company as "Sick Company "pending approval of rehabilitation scheme. Pursuent to Sick Industrial Companies (Special Provision) Repeal Act, 2003 ( SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 1/12/2016 and the company is in process of making reference to National Company Law Tribunal (NCLT) under Insolvency And Bankruptcy Code, 2016 and instruments will be issued on sanction of scheme by the NCLT. The accounts of the company has been prepared on going concern basis.

| | | (₹ in Lacs) |
|---|---|---|
| | As at 31.03.2017 | As at 31.03.2016 |
| **29. CONTINGENT LIABILITIES AND COMMITMENT** | | |
| **(A) CONTINGENT LIABILITIES** | | |
| i. Bank Guarantees (Amount paid them against by way of FDR ₹ 87.72 Lacs Previous year ₹ 37.58 Lacs) | **86.90** | 36.75 |
| ii. Disputed demands of Sales Tax Cases under appeal. (Amount paid ₹1.34 Lacs Previous year ₹ 1.34 Lacs) | **241.36** | 248.25 |
| iii. Disputed demand of Excise cases under appeal. (Amount paid ₹ 5.16 Lacs Previous year ₹ 5.16 Lacs) | **80.30** | 80.30 |
| iv. Other disputed demands by Government departments (Amount paid ₹ 4.73 Lacs Previous year ₹ 4.73 Lacs) | **60.89** | 65.00 |
| v. Disputed liabilities and claims not acknowledged as debts | **227.27** | 229.60 |
| **(B) COMMITTMENT** | | |
| (A) Estimated amount of Contracts remaining to be executed on capital account and not provided for | **40.35** | |
| Advance paid their against | **12.75** | |

| | | (₹ in Lacs) |
|---|---|---|
| | 2016-17 | 2015-16 |
| **30. VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF** | | |
| Raw Material | **6,986.20** | 7,008.02 |
| Stores & Spares | **115.82** | 241.55 |
| Capital Goods | **17.07** | 35.29 |

| | | (₹ in Lacs) |
|---|---|---|
| | 2016-17 | 2015-16 |
| **31. EXPENSES IN FOREIGN CURRENCY** | | |
| Commission on Sales | **170.82** | 209.59 |
| Travelling | **31.68** | 38.68 |
| Others | **56.49** | 71.62 |
| **32. EARNINGS IN FOREIGN EXCHANGE** | | |
| F.O.B. Value of Exports | **10241.87** | 11170.18 |

**33 DISCLOSURE ON SPECIFIED BANK NOTES**

During the year, the Company had specified Bank Notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30,2017 on the details of Specified Bank Notes held and transacated during the period from November 8,2016 to December30, 2016, the denomination wise SBN's and other notes as per notification is given below :-

(Amount in ₹)

| Particulars | SBNs | Other denomination notes | Total |
|---|---|---|---|
| Closing cash in hand as on 08.11.2016 | 6,04,000 | 1,15,030 | 7,19,030 |
| (+) Permitted receipts | - | 19,80,036 | 19,80,036 |
| (–) Permitted payments | - | 14,46,310 | 14,46,310 |
| (–) Amount deposited in Banks | 6,04,000 | - | 6,04,000 |
| Closing cash in hand as on 30.12.2016 | - | 6,48,756 | 6,48,756 |

As per our report of even date attached

For **S.S. SURANA & CO.**
Chartered Accountants
Firm Registration No. 001079C

**(Prahalad Gupta)**
Partner
Membership No. 74458

Place : Bhilwara
Date : 25th May, 2017

For and on behalf of the Board

| | | |
|---|---|---|
| Rajesh Ranka | – Chairman & Managing Director | (DIN : 03438721) |
| B.M. Taparia | – Independent Director | (DIN : 07538954) |
| Naresh Devpura | – Independent Director | (DIN : 07526062) |
| J.N. Sharma | – Non-Executive Director | (DIN : 07552825) |
| P.K. Nahar | – Chief Financial Officer | – |
| Kapil Kumar Kumawat | – Company Secretary | – |

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ in lacs)

| Particulars | | 2016-17 | | 2015-16 |
|---|---|---|---|---|
| **(A) CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| Net profit before tax, exceptional and extraordinary items | | **1,038.83** | | 893.02 |
| ADJUSTMENTS FOR | | | | |
| – Depreciation | **147.37** | | 153.71 | |
| – Loss / (Profit) on Disposal of discarded Assets | **(0.57)** | | (0.38) | |
| – Sundry balances (written back) / Written off | **(1.93)** | | (23.79) | |
| – Gain on Sale of Investment | **(72.80)** | | (57.81) | |
| – Provision of Doubtful Receivables | **(10.80)** | | 41.23 | |
| – Interest and Bank Charges | **79.45** | | 107.52 | |
| – Extaordinary Items | **(123.06)** | **17.66** | – | 220.48 |
| Operating profit before working capital changes | | **1,056.49** | | 1,113.50 |
| ADJUSTMENTS FOR | | | | |
| – Trade and other receivables | **76.21** | | (617.09) | |
| – Inventories | **81.91** | | 257.29 | |
| – Trade and other payable | **(3.19)** | **154.93** | (65.53) | (425.33) |
| Cash Generation from Operations | | **1,211.42** | | 688.17 |
| **(B) CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| – Fixed Assets (Including Capital Work in Progress/Advances) | **(538.80)** | | (91.09) | |
| – Disposal of discarded Assets | **5.00** | | 2.45 | |
| – Purchase of Investment | **(1,991.60)** | | (2,363.87) | |
| – Sale of Investments | **2,064.40** | | 2,421.68 | |
| – Non current Investement (NSC) | **(0.30)** | | – | |
| **Net cash used in investing activities** | | **(461.30)** | | (30.83) |
| **(C) CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| – Proceeds from Borrowings | | | | |
| Repayment of long term borrowing | | | – | |
| Including public fixed deposits | **(32.77)** | | (186.58) | |
| Interest and bank charges paid | **(79.45)** | | (107.52) | |
| **Net Cash from financing activities** | | **(112.22)** | | (294.10) |
| NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)* | | **637.90** | | 363.24 |
| Cash & Cash Equivalents - Opening Balance* | | **841.36** | | 478.12 |
| Cash & Cash Equivalents - Closing Balance* | | **1,479.26** | | 841.36 |

*Including Bank Balances

**Note :**

1. The figures of the previous year have been regrouped and rearranged wherever necessary.
2. The above cash flow statement has been prepared under the indirect method set out in Accounting Standard 3 issued by the Institute of Chartered Accountants of India.

As per our report of even date attached

**ForS.S. SURANA & CO.**
Chartered Accountants
Firm Registration No. 001079C

**(Prahalad Gupta)**
Partner
Membership No. 74458

Place : Bhilwara
Date : 25th May, 2017

For and on behalf of the Board

| | | |
|---|---|---|
| Rajesh Ranka | – Chairman & Managing Director | (DIN : 03438721) |
| B.M. Taparia | – Independent Director | (DIN : 07538954) |
| Naresh Devpura | – Independent Director | (DIN : 07526062) |
| J.N. Sharma | – Non-Executive Director | (DIN : 07552825) |
| P.K. Nahar | – Chief Financial Officer | – |
| Kapil Kumar Kumawat | – Company Secretary | – |

Modern
Threads (India) Limited

# MODERN THREADS (INDIA) LIMITED

Registered Office : A-4, Vijay Path, Tilak Nagar, Jaipur-302 004 Phone : 0141-4113645
E-mail : modernjaipuroffice@gmail.com/cs@modernwoollens.com
Website : www.modernwoollens.com CIN : L17115RJ1980PLC002075

## ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting hall)
**36th Annual General Meeting - 28th September, 2017**

I hereby record my presence at the THIRTYSIXTH ANNUAL GENERAL MEETING of the Company held at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur-302 004 on Thursday the 28th September, 2017 at 3:00 P.M.

Full Name of Member (IN BLOCK LETTERS) .....

Reg. Folio No./CLIENT ID ..... DP ID ..... 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.**

- - - -

## Route Map to the venue of AGM




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

**Modern Threads (India) Limited**
**CIN: L17115RJ1980PLC002075**
**Reg. Office: A-4, Vijay Path, Tilak Nagar, Jaipur – 302004.**
**E-mail cs@modernwoollens.comPhone No. : 0141-4113645**

## Statement on Impact of Audit Qualifications for the Financial Year ended March 31,2017

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

(Rs. in Lacs)

| I. | Sl. No. | Particulars | Audited Figures (as reported before adjusting for qualifications) | Adjusted Figures (audited figures after adjusting for qualifications) |
|---|---|---|---|---|
| | 1. | Turnover / Total income | 14,997.54 | 14,997.54 |
| | 2. | Total Expenditure | 14,031.22 | 14,094.57 |
| | 3. | Net Profit/(Loss) | 966.32 | 902.97 |
| | 4. | Earnings Per Share | 2.78 | 2.60 |
| | 5. | Total Assets | 9,826.67 | 9,826.67 |
| | 6. | Total Liabilities* | 24,562.92 | 28,383.17 |
| | 7. | Net Worth* | (14,736.25) | (18,556.50) |
| | 8. | Any other financial item(s) (as felt appropriate by the management) | Nil | Nil |

**II. Audit Qualification (each audit qualification separately):**

**a. Details of Audit Qualification :**

(i) Dividend on cumulative redeemable preference shares amounting to Rs. 140.37 lacs for the year (Rs. 2,947.87 lacs up to 31.03.2017) has not been provided in view of accumulated losses.

(ii) Provision of interest on certain unsecured loans/deposits amounting to Rs. 63.35 lacs for the year (Rs. 872.38 lacs up to 31.03.2017) has not been made as company expects waiver/ relief under rehabilitation scheme pending before BIFR. Pursuant to Sick Industrial Companies (Special Provision) Repeal Act, 2003 (SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 1.12.2016 and the company is in process of making reference to National Company Law Tribunal (NCLT) under Insolvency And Bankruptcy Code, 2016.

(iii) Balances of trade payables amounting to Rs. 500.08 lacs pertaining to Thread Division of the company which was laying closed upto 19.12.2016 due to seizure of entire plant and office block by Ajmer Vidyut Vitaran Nigam Limited, are subject to confirmation and consequential adjustments, if any.

(iv) Impairment loss on fixed assets and impact of depletion in inventories pertaining to Thread Division of the company which was laying closed upto 19.12.2016 due to seizure of entire plant and office block by Ajmer Vidyut Vitaran Nigam Limited, if any, not ascertained.

(v) The accounts of the company have been prepared on going concern basis though the board of industrial and financial reconstruction (BIFR) has declared the company as a sick company. Pursuant to Sick Industrial Companies (Special Provision) Repeal Act, 2003 (SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 1.12.2016 and the company is in process of making reference to National Company Law Tribunal (NCLT) under Insolvency And Bankruptcy Code, 2016.

**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:**
**Following comments are given by the management while adopting annual accounts on the aforesaid audit qualifications:**

For the Audit Qualifications (i) & ( ii ) Company expects waiver/ relief under draft rehabilitation scheme pending before BIFR. Pursuant to Sick Industrial Companies (Special Provision) Repeal Act, 2003 (SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 1.12.2016 and the company is in process of making reference to National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code, 2016.

**e. For Audit Qualification(s) where the impact is not quantified by the auditor:**

**(i)** **Management's estimation on the impact of audit qualification:** Unable to estimate.

**(ii)** **If management is unable to estimate the impact, reasons for the same:**

For qualification (iii) & (iv) the company is in process of identifying liability of trade payables, impairment loss on fixed assets & impact of depletion in inventory which could not be completed upto Balance Sheet date, hence the management is unable to estimate the impact.

For qualification (v) the company is in process of making reference to NCLT consequent to abatement of BIFR w.e.f. 01.12.2016 & the impact shall be provided after outcome of the reference.

**(iii)** **Auditor's Comments on (i) or (ii) above:** Management's Comments are self-explanatory, so no separate comments are required.

**III.** **Signatories:**

For Modern Threads (India) Limited

Rajesh Ranka
Chairman & Managing Director

For Modern Threads (India) Limited

B.M. Taparia
Chairman of Audit Committee

For Modern Threads (India) Limited

P.K. Nahar
Chief Financial Officer

Place: Bhilwara
Date:25.05.2017

Refer our Audit Report dated May 25, 2017 on Financial results of the Company

For S.S. Surana & Co.
Chartered Accountants
(FRN. 001079C)

S.S. SURANA & CO. CA JAIPUR CHARTERED ACCOUNTANTS

(Prahalad Gupta)
Partner
M. No. 074458

Place: Bhilwara
Date:25.05.2017