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,

29th Dec, 2018

The National Stock Exchange of India Limited
The Listing Department
Exchange Plaza, Plot No. C/1,
G-Block, Bandra Kurla Complex,
Bandra (East), MUMBAI – 400 051

Sub: Annual Report for financial year 2017-18

Dear Sir/Madam,

Pursuant to regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 please find enclosed herewith the 37th Annual Report of the Company for the financial year 2017-18 duly approved and adopted at 37th Annual General Meeting of the Company held on Saturday, 29th September, 2018.

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)

ANNUAL REPORT
2017-2018

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

Shri Ram Rai Kabra – Independent Director

CHIEF FINANCIAL OFFICER

Shri P.K. Nahar

COMPANY SECRETARY

Shri Kapil Kumar Kumawat

AUDITORS
Goyal D. Kumar & Co.,
Chartered Accountants,
Bhilwara -311001 (Raj.)

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
CIN : L17115RJ1980PLC002075

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 37th Annual General Meeting of the members of Modern Threads (India) Limitedwill be held on Saturday the 29th September, 2018 at 3:00 P.M. at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur - 302004 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, 2018, and the reports of the Board of Directors and Auditors thereon.

(2) To appoint a Director in place of Smt. Veena Jain (DIN: 07148606) who retires by rotation and being eligible, offers herself for re-appointment.

B. SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, 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 Ram Rai Kabra (DIN : 07985411) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 14th December, 2017 and who holds office until the date of the ensuing Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri Ram Rai Kabra as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period of three years from 14th December, 2017, not liable to retire by rotation."

(4) **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, 2019, be paid the remuneration of ₹ 50000/- per annum plus applicable taxes and reimbursement of expenses upto ₹ 25000/- be and is hereby ratified and approved.

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

"RESOLVED THAT pursuant to the provisions of section 180 (1) (c) of the companies Act, 2013 and other applicable provisions if any of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment (s) thereof for the time being in force) consent of the members be and is hereby accorded to the Board of Directors to borrow from time to time such sum or sums of money as they may deem necessary for the purpose of business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from cash credit arrangement, discounting of bills and other temporary loans obtained from company's bankers in the ordinary course of business) and remaining outstanding at any point of time will exceed the aggregate of the paid-up share capital, free reserves and securities premium, that is to say, reserves not set apart for any specific purpose, provided that the total amount up to which monies may be borrowed by the Board of Directors and which shall remain outstanding at any given point of time shall not exceed the sum of ₹ 250 crores (Rupees Two Hundred & Fifty Crores only) and the Board be and is hereby authorized, in its absolute discretion as it may think fit, to do all such acts, deeds and things which are necessary or incidental for the implementation of the said resolution.."

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

"RESOLVED THAT pursuant to the provisions of Section 180 (1) (a) and other applicable provisions if any of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) for mortgaging and/or charging on such applicable terms and conditions for borrowings upto an amount of ₹ 250 crores (Rupees Two Hundred & Fifty Crores only) at such time or times and from time to time and in such form or manner as the Board may in its absolute discretion deem fit, the whole or substantially the whole of the Company's any one or more of the undertakings including the present and/or future properties, whether movable or immovable comprised in any undertaking(s) of the Company, as the case may be, in favour of the banks, financial institutions, agent(s), trustee(s), Companies, government(s) / other agencies or any other person(s), entities located in India or abroad, for the purpose of securing the borrowings of the Company already availed / to be availed including by way of loan(s) and securities (including fully/partly convertible debentures / Foreign Currency Convertible Bonds and / or non-convertible debentures / Bonds with or without warrants or other debt instruments) issued / to be issued by the Company from time to time, together with interest at the respective agreed rates, additional interest, compounded interest, accumulated interest, commitment charges, liquidated damages, premia on prepayment, remuneration of the Agent(s) / Trustee(s), premium (if any) on redemption, all other costs, charges and expenses including any increase as a result of fluctuation in the rates of exchange and all other monies payable by the Company in terms of Loan Agreement(s) / Heads of Agreement(s), Debenture Trust Deed(s) or any other documents, entered into / to be entered into between the Company and the Lender(s) / Agent(s) and Trustee(s), in respect of the said loans/ borrowings/ debentures / Bonds and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the Lender(s) / Agent(s) / Trustee(s) and the Board be and is hereby authorized to finalize, settle and authorize execution of such documents / deeds / agreements / papers etc. in this respect as and when necessary.

RESOLVED FURTHER THAT the securities to be created by the Company as aforesaid may rank prior / paripassu / subservient with / to the mortgages and /or charges already created or to be created in future by the Company or in such other manner and ranking as may be thought expedient by the Board of Directors and as may be agreed to between the concerned parties

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to finalize, settle, and execute such documents / deeds / writings / papers / agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages / charges as aforesaid."

By order of the Board

Place : Mumbai
Date : 30th May, 2018

(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 & 6 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. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.
3. The proxy form duly completed and signed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.
4. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send a certified copy of the relevant Board Resolution together with specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.

7. The Share transfer books and Register of members shall remain closed from 24th September, 2018 to 29th September, 2018 (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 holding shares in physical form are advised to submit particulars of their bank account, viz. name and address of the branch of the bank, MICR code of the branch, type of account and account number to our Registrar and Share Transfer Agent, Beetal Financial & Computer Service Pvt. Ltd. Beetal House, 3rd Floor, 99 Madangir, Behind LSC, New Delhi-110062. 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. Members who are holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Company's Registrar and Share Transfer Agent the details of such folios together with the share certificates for consolidating their holding in one folio. The share certificates will be returned to the members after making requisite changes, thereon. Members are requested to use the share transfer form SH-4 for this purpose.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or our Registrar and Share Transfer Agent, Beetal Financial & Computer Service Pvt. Ltd.
12. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company for registration of transfer of securities.
13. Non-resident Indian shareholders are requested to inform about the following immediately to the Company or its Registrar and Share Transfer Agent or the concerned Depository Participant, as the case may be, immediately of:
    - a. The change in the residential status on return to India for permanent settlement.
    - b. The particulars of the NRE account with a Bank in India, if not furnished earlier.
14. Members holding shares in single name and in physical form are advised to make nomination in respect of their shareholding in the Company. The Nomination Form SH-13 prescribed by the Government can be obtained from the Registrar and Share Transfer Agent.
15. In terms of Section 101 and 136 of the Companies Act, 2013 read with the relevant Rules made thereunder, the copy of the Annual Report including Financial statements, Board's report etc. and this Notice are being sent by electronic mode, to those members who have registered their email 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.
16. Members may also note that the Notice of the 37th AGM, Attendance Slip, Proxy Form, Ballot Paper and the Annual Report for FY 2017-18 will also be available on the Company's website www.modernwoollens.comfor their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection without any fee during normal business hours (11:00 am to 5:00 pm) on working days, upto and including the date of AGM of the Company.
17. 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 5.00 p.m. upto the date of Annual General Meeting.
18. 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
19. 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.
20. A route map showing directions to reach the venue of the Annual General Meeting is given with the Notice/Annual Report.
21. **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, 2018 only shall be entitled to vote at the General Meeting by availing the facility of remote e-voting or by voting at the General Meeting.

(I) Voting through Electronic means

1. Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosures Requirements), Regulations, 2015, the Company is pleased to provide its members the facility of "remote e-voting" (e-voting from a place other than venue of the AGM) to exercise their right to vote at the AGM. The business may be transacted through e-voting services provided by National Securities Depository Limited ("NSDL").
2. The facility for voting through Ballot/Poll Paper shall also be made available at the AGM and the members attending the meeting who have not already cast their vote through remote e-voting shall be able to exercise their right at the AGM.
3. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
4. The Board of Directors of the Company has appointed Shri Rajendra Kumar 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 Wednesday, 26th September, 2018 (9:00 am) and ends on Friday, 28th September, 2018 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Saturday, 22nd September, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
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, 2018, 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 e-Voting: Active Voting Cycles.

7. Select "EVEN" of "Modern Threads (India) Limited". Members can cast their vote online 26th September2018 (9:00 am) and ends on 28th September, 2018 (5:00 pm). Note: e-Voting shall not be allowed beyond said time.
8. Now you are ready for "e-Voting" as "Cast Vote" page opens.
9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted. 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 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

Shri Ram Rai Kabra was appointed as an Additional Director of the Company with effect from 14th December, 2017 by the Board of Directors of the Company. Pursuant to the provisions of Section 161 of the Companies Act, 2013, he holds office as a Director only upto the date of the ensuing Annual General Meeting. 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 Ram Rai Kabrafor the office of an Independent Director. Shri Ram Rai Kabra is B.com from the University of Rajasthan and is having more than 40 years rich experience in various departments. He has a rich experience of working in budget & costing department. He has also engaged himself in production planning & dispatch planning.

The resolution seeks the approval of members for the appointment of Shri Ram Rai Kabra as an Independent Director of the Company for a period of three years from 14th December, 2017 pursuant to the applicable provisions of the Companies Act, 2013 and the Rules made thereunder. Shri Ram Rai Kabrais not liable to retire by rotation.

In the opinion of the Board of Directors, Shri Ram Rai Kabra fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder 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 Ram Rai Kabra 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.

None of the directors, key managerial personnel or their relatives, except Shri Ram Rai Kabra to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the ordinary resolution set forth in Item No. 3 for the approval of the members

Item No. 4

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. 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, 2019 at a remuneration of ₹ 50000/- per annum plus applicable taxes and reimbursement of expenses upto ₹ 25000/-.

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. 4 of the notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2019.

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. 4.

Item No. 5 & 6

Keeping in view of Company's existing and future financial requirements for furtherance of its business operations, Company may require additional funds for smooth functioning of its operations. For this purpose and as per section 180 (1) (c) of the Act, the Company is desirous of raising finance from various Banks and/or Financial Institutions and/or any other lending institutions and/or Bodies Corporate and/or such other persons/ individuals as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid -up share capital, free reserve and securities premium. Hence, it is proposed to increase the maximum borrowing limit up to ₹ 250 Crores or aggregate of its paid-up share capital, free reserve and securities premium, whichever is higher and for this approval of members is required. The requisite authorization is required to be given to the Board and its committee to avail funds from the Banks and/ or Financial / Lending Institutions and/or Body Corporate(s) or from any other sources up to the aforesaid limit of ₹ 250 Crores or aggregate of its paid-up share capital, free reserves and securities premium, whichever is higher.

In order to facilitate the borrowing made/to be made by the Company, it would be necessary to create charge on the assets or undertaking(s) of the Company in favour of the lenders upto the said amount of ₹ 250 crores (Rupees Two Hundred & Fifty Crores only) subject to the approval of members by special resolution.

None of the Directors or the Key Managerial Personnel or their relatives are interested or concerned financially or otherwise in the aforesaid resolutions.

The Board commends the Special Resolutions as set out in item numbers 5 & 6 of the Notice for the approval of the members of the Company.

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

Name	Smt. Veena Jain	Shri Ram Rai Kabra
Director Identification Number (DIN)	07148606	07985411
Date of Birth	06/09/1978	07/06/1957
Qualifications	M.A.	B.Com
Expertise in Specific Area	Business	Production planning & dispatch planning.
Date of first Appointment on the Board of the Company	June 18, 2015	December 14, 2017
Shareholding in the Company	Nil	Nil
Directorship held in other companies	Nil	Nil
Membership / Chairmanships of Audit and stake holders relationship committees	Nil	Nil

DIRECTORS' REPORT

The members,

Your Directors are pleased to present the 37th Annual Report on the business and operations of the Company together with Audited Financial Statements for the financial year ended 31st March, 2018.

FINANCIAL RESULTS

(₹ in Crores)

Particulars	Year ended 31/03/2018	Year ended 31/03/2017
Revenue from operations & other Income	168.78	150.29
Profit before exceptional items & tax	7.45	9.58
Exceptional items	-	0.53
Profit before tax	7.45	9.05
Less-Tax expenses	-	-
Profit for the year	7.45	9.05
Other Comprehensive Income	0.09	-0.09
Total Comprehensive Income	7.54	8.96

* Previous year figures have been regrouped and rearranged wherever necessary

Indian Accounting Standards ÷ The Ministry of Corporate Affairs (MCA), vide its notification in the official Gazette dated 16th February, 2015, notified the Indian Accounting Standards (Ind AS) which has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. Pursuant to the above said notification, the Indian Accounting Standards (Ind AS) is applicable on the Company for the accounting periods beginning on or after 1st April, 2017.

OPERATIONS

The performance of the 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 is ₹ 145 Crores as against ₹ 148 Crores in the previous year. The Yarn division of the Company has started its production during the year under review and has turnover of ₹ 20 Crores. Your company has been able to generate the profit of ₹ 7.45 Crores during the year under review as against ₹ 9.05 Crores in previous year.

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, Company achieved export turnover of ₹ 95 crores as against ₹ 104 crores in previous year. Consistent efforts are being made by the Company to ensure sustainable leadership for its products in global market. Woollen division has also initiated efforts to retain existing customers base and exploring new 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 fundamental strength of the textile industry in India is its strong production base of wide range of yarns made from natural fibres like silk and wool to synthetic / man-made fibres like polyester, viscose and nylon. India's textiles industry contributes 10 per cent to the manufacturing production of India. It contributes 2 per cent to the GDP of India and employs more than 45 million people. The sector contributes 13 per cent to the export earnings of India. Exports of textiles from India reached ₹ 1.2 trillion (US$ 18.57 billion) during April - September 2017. The size of India's textile market as of July 2017 was around US$ 150 billion, which is expected to touch US$ 250 billion market by 2019, growing at a CAGR of 13.58 per cent between 2009-2019.

In view of courrnt ongoing trade difference between two major economies of the world India could get better pace in export growth.

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 also hopeful to increase the operations of yarn Division situated at Raila in the next year.

FIXED DEPOSITS

Payment of public fixed deposits are being made on compassionate ground as per order dated 11.08.1999 of Hon'ble Company Law Board. The Hon'ble Company Law Board has passed an order on 30.04.2002 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". Consequent to the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) has been repealed w.e.f. 1st December 2016. As per legal opinion the due date of deposits within the meaning to provisio to section 125(2) of the companies Act , 2013 will be 01.12.2016 when the order of Company Law Board becomes non operational by divine of repeal of SICA Act. There are no unclaimed deposits within the meaning of section 125 of the companies Act 2013, as such no amounts are required to be transferred to the investor Education and Protection Fund. Further details regarding fixed deposits are provided in the Note No. 17 "Other financial liability" annexed with financial statements.

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.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors at its meeting held on 14th December, 2017 has appointed Shri Ram Rai Kabra as an Additional Director of the Company upto the ensuing Annual General Meeting of the Company

In accordance with the provisions of section 152 of the Companies Act, 2013, Smt. Veena Jain, Director of the Company retires by rotation and being eligible and offers herself 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.

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 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 2017-18, the Board met five times. The Meetings were held on 25th May, 2017, 14th September, 2017, 14th December, 2017, 14th February, 2018 and 17th March, 2018. 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, 2018 is given in corporate governance report attached as Annexure H to the Board's report.

There was no circular resolution passed by company in the financial year 2017-18.

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 Regulation. 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 2018 is as follows:

Sl. No	Name of Director	Position held in the Committee	Category of Director
1.	Shri B.M. Taparia	Chairman	Independent Director
2.	Shri Naresh Devpura	Member	Independent Director
3.	Shri J.N. Sharma	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 H 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 Obligations and Disclosure Requirements) Regulations, 2015, the company has in place a Nomination and Remuneration Committee and constitution of the Committee as on 31st March 2018 is as follows:

Sl. No	Name of Director	Position held in the Committee	Category of Director
1.	Shri B.M. Taparia	Chairman	Independent Director
2.	Shri Naresh Devpura	Member	Independent Director
3.	Shri J..N. Sharma	Member	Non-Executive Director

The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board or by the Nomination and Remuneration Committee.

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.

The objective of the policy is to lay down a frame work in relation to remuneration of Directors, Key Managerial Personnel, Senior Management Personnel & other employees.

To attain the objective of the policy, the Committee to deal following issues :-

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel (KMP) and Other Employees;
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation;
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel (KMP) and Other Employees;
- To recommend and provide reward to Key Managerial Personnel (KMP) and Other Employees for their effort, performance, dedication and achievement relating to the Company's operations;
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage;
- To devise a policy on Board diversity; and
- To develop a succession plan for the Board and to regularly review the plan.

This policy is available on the website of the company https://www.modernwoollens.com.

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or other employees and recommend to the Board for his/her appointment.

A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment.

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 asAnnexure H 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 Obligation and Disclosure Requirements) Regulations, 2015, the company has in place the Stakeholders' Relationship Committeeand constitution of the Committee as on 31st March 2018 is as follows:

Sl. No	Name of Director	Position held in the Committee	Category of Director
1.	Shri B.M. Taparia	Chairman	Independent Director
2.	Shri Naresh Devpura	Member	Independent Director
3.	Shri J..N. Sharma	Member	Non-Executive Director

Further details relating to the Stakeholders' Relationship Committee are provided in the Corporate Governance Report, attached as Annexure H 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 2018 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	Member	Independent Director
3.	Shri Naresh Devpura	Member	Independent Director

A meeting of the CSR Committee was held on 14th February , 2018 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 had been a Sick Industrial Company and the draft rehabilitation scheme was pending for approval by BIFR. 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, your directors would like to state and confirm 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

Goyal D. Kumar & Co., Chartered Accountants, Bhilwara appointed as a Statutory Auditors of the Company in the Annual General Meeting held on 28th September , 2017 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.

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 M/s R.K. Jain & Associates, Company Secretaries, Bhilwara to undertake the Secretarial Audit of the Company for the financial year ended 31st March, 2018. 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 regulations requirements, Stock Exchange compliances etc. Since company had been a sick industrial company for a long time and draft 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 had been in the process of making reference to NCLT under bankruptcy and insolvency code 2016. However the company has made application to NSE and BSE for revocation of suspension of trading of securites. The

other observations made in the Secretarial Audit Report are self-explanatory and hence, do not call for any further comments under Section 134 of the Companies Act, 2013.

Cost Auditors

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Board, at its meeting held on 30th May 2018, has on the recommendation of the Audit Committee, re-appointed M. Goyal & Co., Cost Accountants, Jaipur (Firm Registration No. 000051) to conduct the audit of the cost accounting records of the Company for FY 2018-19 on a remuneration of ₹ 50000/- plus applicable taxes and reimbursement of actual travel and out-of-pocket expensesupto ₹ 25000/-. The remuneration is subject to the ratification of the Members in terms of Section and 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.

INTERNAL AUDITORS

The Internal Auditor reports to the Audit Committee.

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.

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 2017-18, 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 and same is also available on the website of the company at https://www.modernwoollens.com.

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, 2018.

CODE OF CONDUCT

In compliance of SEBI (Listing Obligation 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 Companythat they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

The company believe that the board be continuously empowered with the knowledge of the latest developments in the company's business and the external environment affecting the industry as a whole. Familiarization Program 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 Obligation 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 .

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 is provided as Annexure F to the Board's Report.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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE REQUIREMENTS

The Company has adopted the policies in line with new 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 H together with a

Certificate from the Practicing Company Secretary regarding compliance with the 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 also there is no change in the nature of the business of the company.
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)

Place : Mumbai
Dated : 30th May, 2018

Chairman & Managing Director
DIN : 03438721

ANNEXURE "A" TO THE BOARD'S REPORT
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies(Appointment and Remuneration 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, 2018**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent,in the manner and subject to the reporting made hereinafter:-

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Modern Threads (India) Limited for the financial year ended on **31st March, 2018** according to the provisions of:-

(i) The Companies Act, 2013 (the Act) and the rules made 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).*

(vi) 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.

(vii) 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 BSE Limited, The Calcutta 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 but the same was not paid due to paucity of funds. 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 has not initiated any 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, 2018 was amounting to ₹ 605.03 Lakhs. In view of petition filed by the company in CLB, the Hon'ble Company Law Board has passed order dated 30.04.2002. 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 has not initiated any process of making reference to National Company Law Tribunal 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 vide its order dated 11.08.1999.
3. The company had an outstanding amount of share application money ₹ 1450.00 Lakhs 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 has not initiated any process of making reference to National Company Law Tribunal under Insolvency and Bankruptcy Code, 2016.

4. The company has started making compliances of the provisions of Listing Regulations with stock exchanges where the securities of the Company are listed except some documents has been submitted with inordinate delay. However company has made application to both NSE and BSE for revocation of suspension of trading of securities.
5. The Company has its website, but some disclosures as required by Listing Regulations were not disseminated on Website however the company is in the process of revocation of suspension of trading of its securities from stock exchanges.

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: Bhilwara
Date: 30.05.2018

'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: Bhilwara
Date: 30.05.2018

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	₹ 9582 Lakhs
	ii) Foreign Exchange outgo during the year in terms of actual outflows	₹ 6430 Lakhs

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. pewserving and promoting sports;
- 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;
- protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- Contributions to technology incubators located with academic institutions which are approved by the Central Government;
- 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 as and when required.

The detailed policy is available on the website http://www. modernwoollens.com/modern-woollens-policies.sap

2. The constitution of the Committee as on 31st March 2018 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 Naresh Devpura	Member	Independent Director

(3) Average net profit of the company for last three financial years: 8.20 Cr

(4) Two per cent. of the amount as in item 3 above)-16.40 Lakhs

(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 had been a Sick Industrial Company and the draft rehabilitation scheme was pending for approval by BIFR. 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 also has huge amount of accumulated losses for the past years as stated below:

S. No.	Financial Year	Accumulated Losses (₹ in Lakhs)
1.	2012-13	32204.72
2.	2013-14	31608.83
3.	2014-15	30861.03
4.	2015-16	30287.84
5.	2016-17	29391.94

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)

Place : Mumbai
Date : 30th May, 2018

ANNEXURE "D" TO THE BOARD'S REPORT
Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2018
[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/Synthetic Yarn	17123	96

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 01.04.2017				No. of Shares held at the end of the year 31.03.2018				% 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	15636901	15636901	44.97	Nil	15636901	15636901	44.97	Nil
e) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any Other (Trust)	Nil	7000000	7000000	20.12	7000000	Nil	7000000	20.12	Nil
Sub-total (A)(1):-	**Nil**	**22636901**	**22636901**	**65.09**	**7000000**	**15636901**	**22636901**	**65.09**	**Nil**
(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 shareholding of Promoters (A)=(A)(1)+(A)(2)	**Nil**	**22636901**	**22636901**	**65.09**	**7000000**	**15636901**	**22636901**	**65.09**	**Nil**
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	374900	374900	1.08	Nil	374900	374900	1.08	Nil
d) Venture Capital funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Insurance Companies	Nil	385270	385270	1.10	345270	40000	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 /FI	Nil	3335814	3335814	9.60	2171376	1164438	3335814	9.60	Nil
Sub-total(B)(1):-	**Nil**	**4549084**	**4549084**	**13.09**	**2516646**	**2032438**	**4549084**	**13.09**	**Nil**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	Nil	1508238	1508238	4.34	2971	1505120	1508091	4.34	Nil
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	Nil	5943977	5943977	17.09	26652	5904421	5931073	17.05	-0.04
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	Nil	Nil	Nil	Nil	13250	Nil	13250	0.04	0.04
c) Others Clearing Members	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) NRI's	Nil	136960	136960	0.39	88	136673	136761	0.39	Nil
Sub-total(B)(2):-	Nil	7589175	7589175	21.82	42961	7546214	7589175	21.82	Nil
Total Public Shareholding (B)=(B)(1)+ (B)(2)	Nil	12138259	12138259	34.91	2559607	9578652	12138259	34.91	Nil
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	9559607	25215553	34775160	100	Nil

(ii) Shareholding of Promoters(s) and Promoter Group

Sl. No.	Share holder's Name	Shareholding at the beginning of the year 01.04.2017			Shareholding at the end of the year 31.03.2018			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Shri Rajesh Ranka	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2	Arihant Beneficiary Trust (Lalitha Ranka)	7000000	20.12	Nil	7000000	20.12	Nil	Nil
3	Generotrade Exim LLP.	15636901	44.97	Nil	15636901	44.97	Nil	Nil
	Total	**22636901**	**65.09**	**Nil**	**22636901**	**65.09**	**Nil**	**Nil**

(iii) Change in Promoter(s) & Promoter Group Shareholdeing (please specify, if there is no change)

S. No.	Particulars	Shareholding at the beginning of the year		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
	No change				

(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		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	374900	1.08	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 & KMP	Shareholding at the beginning of the year 01.04.2017		Shareholding at the end of the year 31.03.2018	
		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	Shri Ram Rai Kabra - Independent Director	Nil	Nil	Nil	Nil
7	P.K. Nahar - CFO	10	Nil	10	Nil
8	Kapil Kumar Kumawat - Company Secretary	Nil	Nil	Nil	Nil

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	11144.80	-	620.91	11765.71
ii) Interest due but not paid	7805.05	-	1700.90	9505.95
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	18949.85	-	2321.81	21271.66
Change in Indebtedness during the financial year				
Addition	-	50	41.14	91.14
Reduction	75	-	15.88	90.88
Net Change in Indebtedness	(75)	50	25.26	0.26
At the end of the financial year				
i) Principal Amount	11069.80	50	605.03	11724.83
ii) Interest due but not paid	7805.05	-	1742.04	9547.09
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**18874.85**	**50**	**2347.07**	**21271.92**

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	2217600	2217600
	(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)	2217600	2217600
	Ceiling as per the Act		

B. Remuneration to other directors: (Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		B.M. Taparia	J.N. Sharma	Naresh Devpura	Veena Jain	Ram Rai Kabra	
1.	Independent Directors' Fee for attending board/ committee meetings	-	-	15000	-	2000	17000
	Commission	-	-	-	-	-	-
	Total (1)	-	-	15000	-	2000	17000
2.	Other Non-Executive Directors						
	Fee for attending board/committee meetings	-	15000	-	4000	-	19000
	Commission	-	-	-	-	-	-
	Total (2)	-	15000	-	4000	-	19000
	Total (B) = (1+2)		15000	15000	4000	2000	36000
	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	Kapil Kumar Kumawat Company Secretary	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-taxAct,1961	1548159	407057	1955216
	(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)	1548159	407057	1955216

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 Punishment Compounding	None				
B. DIRECTORS					
Penalty Punishment Compounding	None				
C. OTHER OFFICERS IN DEFAULT					
Penalty Punishment 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 — NIL

(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 — All contracts or arrangements or Transactions with related parties are at arm's length basis

(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

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

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any Company paid (in ₹)	Date(s) of approval by the Board, if any	Amount paid as advances, if any:
M/s. Shubham Corporate Advisory Services Pvt. Ltd	Use of fully furnished office space at Worli Mumbai, on Leave & Licence basis	01.04.2017 to 31.03.2018	10.80 Lakh/-per annum	22.03.2017	NIL
Modern Polytex Limited	Purchase of Raw Material	17.07.2017 to 28.11.2017	7.77 Crores	25.05.2017	NIL
Indian Woollen Mills Federation	Membership & Subscription for Chairman and Managing Director	29.04.2017	1.19 Lakhs	25.05.2017	NIL

For Modern Threads (India) Limited

Place:Mumbai
Date: 30.05.2018

Rajesh Ranka
Chairman & Managing Director
DIN : 03438721

ANNEXURE "F" TO THE BOARD'S REPORT

Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1) Ratio of the remuneration of each Director/KMP to the median remuneration of all the employees of the Company for the financial year:

Median remuneration of all the employees of the Company for the Financial Year 2017-18	8339
Percentage increase in the median remuneration of employees in the Financial Year 2017-18.	-
Number of permanent employees on the rolls of the Company as on 31st March, 2018	510

Name of Director and KMP	Ratio of remuneration to median remuneration of all employees	% increase in remuneration in the Financial Year 2017-18
Shri Rajesh Ranka	266	47%
Shri P.K. Nahar	186	9.6%
*Shri Kapil Kumar Kumawat	49	NA

*Shri Kapil Kumar Kumawat has joined the company in the financial year 2017-18.

(2) Top ten employee remuneration of the company

Name	Designation	Qualification & Experience	Date of Commencement of employment	Age	Remuneration (₹ PM)	Last Employment	% of shares held	Whether relative of Director or not
Rajesh Ranka	Chairman & Managing Director	MBA	22/09/2011	51Yrs	184800	NA	Nil	NA
S.K. Mehta	President	B.Tech.	01/08/2014	64 Yrs	183000	Keshar multi Yarn Ltd. Midnapur	Nil	NA
Sujeet Kumar	Vice-President Export Marketing	MMS (Mkt)	07/04/2012	48 Yrs	178930	R.S.W.M.	Nil	NA
Prabodh Kumar Nahar	Chief Financial Officer	Chartered Accountant	16/04/1992	53 Yrs	129013	Bhilwara Textile (P)Ltd	10 shares	NA
Dharmendra Kumar Shukla	Dy.G.M. (Mkt)	MBA	09/07/2013	41 Yrs	123495	Vikram Woollens	Nil	NA
Alok Srivastava	Sr.V.P. (Tech)	B.Tech.	06/09/2006	55 Yrs	125982	Sharman Woollen Mill	Nil	NA
Anil Kumar Patil	Dy.G.M. (Mkt)	B.Com.	18/07/2013	50 Yrs	119495	Alok Industries	Nil	NA
Ashok Somani	V.P. (Dyeing)	M.Sc.	16/07/1986	63 Yrs	105153	N.A.	Nil	NA
Mahendra Chopra	V.P. (IR)	DLL	27/11/1989	55 Yrs	75056	Hindusthan Motors Ltd	Nil	NA
Ramesh Chand Agrawal	Chief Engineer	Dip.in Instru. Engg.	17/05/2014	40 Yrs	69000	Star Cotspin Ltd.	Nil	NA

4) Name of the employee who was in receipt of remuneration not less than 1.02 Crore in the financial year ending 31st March 2018- Nil

5) Name of the employee who was in receipt of remuneration not less than 8.5 Lakhs per month for any part of the financial year ending 31st March 2018- Nil

6) Name of the employee if employed throughout the financial year or part thereof, was in receipt of remuneration in the financial year ending 31st March 2018 which is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company-Nil

(7) The remuneration is as per the remuneration policy of the company

ANNEXURE "G" 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. The yarn division situated at Raila has also started production during the financial year and expected to grow satisfactorily.

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 & Yarn divisions 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 as well as yarn division in the coming years.

The Company's yarn division situated at Village Raila, Dist. Bhilwara has started its production, 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 has started production at yarn division situated at village Railain district Bhilwara, which had been closed due to workers' strike and to maintain 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 thechallenge.

ANNEXURE "H" TO THE BOARD'S REPORT
REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OFCORPORATE 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 OFDIRECTORS

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

• Composition

The Company has a balanced mix of executive and non-executive Directors. As at the end of financial year the Board of Directors comprises of 6 Directors and out of which 5 are non-executive directors including one woman director.The Chairman is executive and Promoter of the Company and the number of Independent Directors is 3 which is in compliance with the stipulated one half of the total number of Directors as per the requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All Independent Directors meet with the criteria of independence as prescribed both under sub-section(6) of Section 149 of the Act and under Regulation 16 (1) (b) of the SEBI (LODR) Regulations.

None of the Directors on the Board are Independent Directors of more than seven listed companies.

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.

The information stipulated under Part A of Schedule II of SEBI (LODR) Regulations is being made available to the Board. All the Directors have made the requisite disclosures regarding committee positions held by them in other companies.

Details of meetings held

The Board met 5 times on the following dates during the financial year 2017-18:

QUARTERS	Date of Meeting
1st QUARTER	25.05.2017
2nd QUARTER	14.09.2017
3rd QUARTER	14.12.2017
4th QUARTER	14.02.2018 17.03.2018

Category and Attendance ofDirectors

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the financial year 2017-18 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, 2018 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
		25.05.2017	14.09.2017	14.12.2017	14.02.2018	17.03.2018			
Shri Rajesh Ranka	Chairman & Managing Director	Yes	Yes	Yes	Yes	Yes	Yes	1	1
Shri B.M. Taparia	Independent Director	Yes	Yes	Yes	Yes	Yes	Yes	Nil	Nil
Smt. Veena Jain	Non-Executive Director	Leave of Absence	Leave of Absence	Yes	Yes	Leave of Absence	No	Nil	Nil
Shri J.N. Sharma	Non-Executive Director	Yes	Yes	Yes	Yes	Yes	No	Nil	Nil
Shri Naresh Devpura	Independent Director	Yes	Yes	Yes	Yes	Yes	No	Nil	Nil
*Shri Ram Rai Kabra (w.e.f. 14.12.2017)	Independent Director	NA	NA	NA	Yes	Yes	NA	Nil	Nil

* Shri Ram Rai Kabra was appointed as an additional director (Independent) w.e.f. 14.12.2017 and attended meetings dated 14th February, 2018& 17th March , 2018 during the year.

Shareholding of Non-Executive Directors as on March 31, 2018 is as under:

Sr. No.	Name of Directors	No. of shares held	% of Paid-up Capital
1.	Smt. Veena Jain	Nil	–
2.	Shri Ram Rai Kabra	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 compliance with the provision of Part C of Schedule II of SEBI (LODR) Regulations, 2015 and Companies Act, 2013. The composition of committee as at 31.03.2018 is given below:

S. No	.Name	Designation	Category	Attendance at Committee Meetings Held				
				25.05.2017	14.09.2017	14.12.2017	14.02.2018	17.03.2018
1.	Shri B.M. Taparia	Chairman	Independent Director	Yes	Yes	Yes	Yes	Yes
2.	Shri J.N. Sharma	Member	Non-Executive Director	Yes	Yes	Yes	Yes	Yes
3.	Shri Naresh Devpura	Member	Independent Director	Yes	Yes	Yes	Yes	Yes

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 compliance 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 31.03.2018 is given below:

S. No.	Name	Designation	Category	Attendance at Committee Meetings Held	
				25.05.2017	14.12.2017
1.	Shri B.M. Taparia	Chairman	Independent Director	Yes	Yes
2.	Shri J.N. Sharma	Member	Non-Executive Director	Yes	Yes
3.	Shri Naresh Devpura	Member	Independent Director	Yes	Yes

The details of the remuneration payable to the Executive Director(s) for the financial year 2017-18 are:

Name of Director	Gross Salary (₹)	Sitting Fee (₹)
Mr. Rajesh Ranka (Chairman & Managing Director)	2217600/-	-

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. Non-Executive directors are provided with sitting fee for attending the meeting of the Board of directors and Committees. The committee carries out evaluation of every Director's performance. 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.

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 31.03.2018 is given below:

S. No.	Name	Designation	Category	Attendance at Committee Meetings Held			
				25.05.2017	14.09.2017	14.12.2017	14.02.2018
1.	Shri B.M. Taparia	Chairman	Independent Director	Yes	Yes	Yes	Yes
2.	Shri J.N. Sharma	Member	Non-Executive Director	Yes	Yes	Yes	Yes
3.	Shri Naresh Devpura	Member	Independent Director	Yes	Yes	Yes	Yes

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-30204 (Rajasthan)

Phone: 0141-411365, E-mail-cs@modernwoollens.com

Status of Investor Complaints

Number of complaints received and resolved to the satisfaction of Shareholders/Investors during the FY 2017-18 and their break-up is as under:

No. of shareholders' Complaints received during the year ended 31. 03. 2018: 31

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

No. of pending complaints as on 31.03.2018: 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 February 14, 2018, 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	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
AGM	28.09.2017	3.00 pm	A-4 , Vijay path Tilak , Nagar Jaipur 302004	Appointment of Shri Naresh Devpura as an Independent Director of the Company for a period of three years w.e.f. 01/04/2017

(B) Extra Ordinary General Meeting during the year

No Extra-Ordinary General Meeting was conducted during the financial year 2017-18.

(C) Special Resolution passed through postal ballot during FY 2017-18

No special resolution was passed through postal ballot during the FY 2017-18 and no special resolution is proposed to be passed through postal ballot in the ensuing Annual General Meeting of the company.

8. CODE OFCONDUCT

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 (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 web link http://www.modernwoollens.com/modern-woollens-policies.asp.

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.

The Company has adopted policy for determining material subsidiaries in compliance of the provisions of Regulation 16 (1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "LODR Regulations, 2015) and is available on the weblink http://www.modernwoollens.com/modern-woollens-policies.asp.

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. Company is in the process of revocation of suspension of its securities from NSE & BSE and complied with the majority of the 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. 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 had been a sick industrial company and has huge accumulated losses but it has been trying to comply with the respective requirement however the Company published notice of AGM and book closure in Kanchan Kesari (Hindi) and Financial Chronicle (English) newspapers.

The quarterly, half yearly, nine monthly and Annual results are intimated to the stock exchanges.

Website : The company's website www.modernwoollens.com contains a separate dedicated section "Investors" where information for shareholders is available. The quarterly/annual financial results, annual report, shareholding pattern, corporate governance report , policies , investors' contact details are posted on the website in addition to the information stipulated under regulation 46 of the SEBI (LODR) Regulations, 2015.

Filing with BSE listing Centre : Pursuant to regulation 10(1) of the SEBI (LODR) Regulations, 2015 , BSE has mandated the Listing Centre as the electronic platform for filing all mandatory filings and any other information to be filed with the stock exchange by Listed entities.

NSE Electronic Application processing system (NEAPS): NEAPS is a web-based application designed by NSE for corporates. The financial results, shareholding pattern, corporate governance report, various submissions/disclosure documents are filed electronically on NEAPS.

11. GENERAL SHAREHOLDER INFORMATION

a. Annual General Meeting for the Financial Year 2017-18:

Date: Saturday, 29th September,2018

Venue: A-4 , Vijay path Tilak, Nagar Jaipur 302 004

Time: 3:00 PM

Last Date for receipt of ProxyForms : 27th September, 2018 before 3:00 PM

b. Book ClosureDate

The Share Transfer Register of the Company shall remain closed from 24th September, 2018 to 29th September, 2018 (both days inclusive).

c. Dividend

No dividend being recommended by the Board during the year.

d. Listing of Equity Shares in Stock Exchange

The share of the Company are Listed at National Stock Exchange, Bombay Stock Exchange and Calcutta Stock Exchange. Trading of the equity shares of the company are suspended at the trading platform of stock exchanges. Listing fee has not been paid during the financial year because the company is in the process of revocation of suspension from BSE & NSE and fee will be paid as and when demand is raised by the stock exchanges and will comply with the respective requirement.

e. Demat ISIN exchange number in NSDL & CDSL for equityshares

INE794W01014

StockCode

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: 0141-2365888

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, 2018

Particulars	As on March 31st 2018		As on March 31st 2017	
	No. of shares held	% of shareholding	No. of shares held	% of shareholding
Promotor & Promotor Group	22636901	65.09	22636901	65.09
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	374900	1.08
Insurance companies	385270	1.10	385270	1.10
NRI's	136761	0.39	136960	0.39
Individuals including HUF	5944323	17.09	5943977	17.09
Bodies Corporates	1508091	4.34	1508238	4.34
Total	34775160	100	34775160	100

j. Distribution of shareholding as on 31st march,2018

Shareholding of Nominal value	Number of Shareholders	% of Total	No. of Shares	Amount in ₹	% of Total
Up to 5000	134435	99.55	5441107	54411070	15.6465
5001 to 10000	407	0.30	304732	3047320	0.8763
10001 to 20000	129	0.09	186633	1866330	0.5367
20001 to 30000	17	0.01	42403	424030	0.1219
30001 to 40000	11	0.00	39312	393120	0.1130
40001 to 50000	7	0.00	32114	321140	0.0923
50001 to 100000	12	0.00	81667	816670	0.2348
100001 & Above	24	0.01	28647192	286471920	82.3783
Total	**135042**	**100.00**	**34775160**	**347751600**	**100**

k. Dematerialization of shares

The company has arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for demat facility. 9559607Equity Shares aggregating to 27.49% of the total equity capital held in dematerialized form as on 31.03.2018 of which 7.30% (2540279 Equity shares) of total equity capital held is held in NSDL and 20.18% (7019328 Equity Shares) of total equity capital is held in CDSL, however, currently the shares of the company are not traded on stock exchanges platform but company is in the process of revocation of suspension from BSE & NSE.

l. Liquidity of shares

Currently, the Equity Shares of the Company have not been traded at respective stock exchanges but the company is in the process of revocation of suspension of trading of securities from NSE and BSE.

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 non-compliance of any requirement of Corporate Governance Report as mentioned in Sub paras (2) to (10) of Para (C) of schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. The Company has been regularly submitting the quarterly compliance report to the stock exchanges as required under regulation 27 of SEBI (LODR) Regulations 2015.

o. Compliance with accounting standards

The Ministry of Corporate Affairs (MCA), vide its notification in the official Gazette dated 16th February, 2015, notified the Indian Accounting Standards (IND AS) which has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. Pursuant to the above said notification, the Indian Accounting Standards (IND AS) is applicable on the Company for the accounting periods beginning on or after 1st April, 2017.

p. Compliance certificate of the practicing company secretary

Certificate from practicing Company secretary M/s.R. K. Jain & Associates, (Company Secretaries) regarding compliance with the conditions of Corporate Governance has been obtained as stipulated under schedule V (E)of the SEBI (LODR) Regulations, which 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. In addition, the Company has also adopted the following non-mandatory requirements to the extent mentionedbelow:

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

Reconciliation of share capital audit report in terms of SEBI circular No. CIR/MRD/DP/30/2010 dated 06.09.2010 and SEBI Directive no. D&CC /FITTC/CIR-16/2002 dated 31.12.2002, confirming that the total issued capital of the company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), is placed before the board on a quarterly basis and is also submitted to the stock exchanges where the securities of the company are listed.

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: 0141-2365888

Shareholders may also contact to:

The Compliance officer:
A-4 Vijay Path, Tilak Nagar, Jaipur-302 004, Rajasthan.

For and on behalf of the Board of Directors

Date : 30.05.2018
Place : Mumbai

Rajesh Ranka
Chairman & Managing Director
DIN: 03438721

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 conditions of corporate governance by Modern Threads (India) Limited ('the Company') for the year ended 31st March, 2018, as stipulated in regulations 17 to 27 and 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 2017-18.

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.

R K Jain & Associates
Company Secretaries

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

Place : Bhilwara
Date : 30.05.2018

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, 2018.

For Modern Threads (India) Limited

Rajesh Ranka
(Chairman & Managing Director)
DIN: 03438721

Place : Mumbai
Date : 30.05.2018

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, 2018 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.

	RAJESH RANKA	P.K.NAHAR
Date: 30.05.2018	Chairman & Managing Director	Chief Financial Officer
Place: Mumbai	DIN: 03438721	

INDEPENDENT AUDITORS' REPORT

To

The Members of

Modern Threads (India) Limited

Report on the Ind AS 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, 2018, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement, and the Statement of Changes in Equity for the year then ended and a summary of 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 the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with relevant Rules framed there under 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 Ind AS 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 of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS Financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 Ind AS Financial Statements.

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

Basis for Qualified Opinion

(i) The company has not provided for Dividend on cumulative redeemable preference shares amounting to ₹ 140.38 lakhs for the year (₹ 3,088.25 lakhs up to 31.03.2018). (Note No.17.3b)

(ii) Balances of trade payables and trade receivables are subject to confirmation and consequential adjustments, if any. (Note No. 16.1 & 9.2)

The total impact of above para (i) without considering para (ii) for which impact could not be determined, the profit for the year would have been ₹ 604.22 lakhs (as against reported profit of ₹ 744.60 lakhs) and other equity would have been (₹ 22312.61) Lakhs (as against the reported figure of (₹ 19224.36) Lakhs) and Other Current financial liabilities would have been ₹ 8631.09 lakhs (as against reported figure of ₹ 5542.84 lakhs.)

Emphasis of Matters

We draw attention to Note 28 that the company had made a reference to the Board of Industrial and Financial Reconstruction (BIFR) based on audited accounts for the financial year ended 31st March, 2004 and BIFR in the hearing held on 12th December, 2005 had declared the company as sick industrial company u/s 3(1)(o) of the SICA Act. Consequent to abatement of Sick Industrial Companies (Special Provision) Act, 1985, the company has not filed rehabilitation/ revival scheme to NCLT under Insolvency and Bankruptcy Code. The company has accumulated losses with its net worth continuing to stand fully eroded and the financial statements of the company have been prepared on going concern as the Debentures, term loan and accrued interest has been settled and only balance ₹ 75 Lakhs is payable in FY 2018-19. The company is expecting compliance of term of settlement and liability will be written back on discharge of full payment.

Our opinion is not qualified in respect of this matter.

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 Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, its Profit including other comprehensive income, its cash flows and changes in equity 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 possible 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 (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   (d) Except for possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
   (e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may not 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, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31st, 2018, 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 Ind AS 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2018. (Refer Note No. 17).

For Goyal D. Kumar & Co.
Chartered Accountants
(FRN. 007817C)

(D.K. Goyal)
Proprietor
Membership No. 076713

Place : Bhilwara
Date : 30.05.2018

ANNEXURE - A FORMING PART OF THE INDEPENDENT AUDITORS' 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 Ind AS financial statement for the year ended March 31st 2018;

(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 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 lakhs for which title documents were not available for our verification.

(ii) As explained to us, physical verification 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. The discrepancies noticed on verification between physical stocks and the books records were not material and the same have been properly dealt with in the books of account.

(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. However, the deposits accepted in earlier years were repayable upto FY 2000-01. The company has been declared sick by the BIFR in the hearing held on 12th December, 2005. As per order of Company Law Board Dated 30.04.2002, "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' 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 public fixed deposit became due from that date. However the Company is making payment on compassionate grounds as per decision of committee formed by the Company Law Board vide its order dated 11.8.1999. 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 yet to be done.

(vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been 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, goods and service tax, cess and any other statutory dues with appropriate authorities except the dues pertaining 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 Lakhs
- Rajasthan Sales Tax ₹ 79.44 Lakhs
- Textiles Committee Cess ₹ 7.32 Lakhs
- Excise Duty ₹ 12.17 Lakhs

(b) According to the information and explanation given to us, the dues in respect of Income Tax, Sales Tax, Service Tax, Custom duty, Excise duty, Value added Tax, Goods and Service Tax that have not been deposited on account of dispute and amount involved and forum where dispute is are as under:

Name of statute	Nature of Dues	Amount (₹ in Lakhs)	Dispute Pending with Appropriate authorities
Central Sales Tax Act	Sales Tax	154.72	DC (A) Jaipur
	Sales Tax	2.23	CTO, Jaipur
State Sales Tax Act	Sales Tax (RST)	79.95	DC (A) Jaipur
	Sales Tax (RST)	3.12	CTO, Jaipur
Central Excise Act	Excise Duty	89.26	Comm. (A) Jaipur
	Excise Duty	16.05	CESTAT, Delhi
Textile Committee Cess	TC Cess	19.08	Textile Comm. Delhi
The Raj. Land	Land Tax	1.83	DJ, Bhilwara
Revenue Act	Land Tax	14.50	High Court, Jaipur
Employee State	ESI	24.55	High Court, Jodhpur
Insurance Act	ESI	7.07	Labour Tribunal, Delhi
Provident Fund Act	PF	4.67	Comm., Jaipur
The Rajasthan Agriculture Product Market Act	Mandi Tax	455.20	High Court, Jaipur
The Rajasthan Tax on Entry for goods in to Local area Act	Entry Tax	7.53	High Court, Jodhpur

(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 sections177 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 Goyal D. Kumar & Co.
Chartered Accountants
(FRN. 007817C)

(D.K. Goyal)
Proprietor
Membership No. 076713

Place : Bhilwara
Date : 30.05.2018

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 2018 in conjunction with our audit of the Ind AS 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 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Goyal D. Kumar & Co.
Chartered Accountants
(FRN. 007817C)

(D.K. Goyal)
Proprietor
Membership No. 076713

Place : Bhilwara
Date : 30.05.2018

STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2018

(₹ in lakhs)

	Note No	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
ASSETS				
1 Non-Current Assets				
a Property,Plant and Equipment	3A	4,189.41	3,531.82	3,189.14
b Capital Work-in-progress	3B	24.50	24.50	-
c Financial Assets				
i Investments	4	1.03	1.01	0.71
ii Other Financial assets	5	100.30	79.52	107.42
d Non-Current Tax Assets	6	7.78	8.75	-
e Other non-current assets	7	346.94	132.53	186.14
Total Non-current Assets (A)		**4,669.96**	**3,778.13**	**3,483.41**
2 Current Assets				
a Inventories	8	3,715.55	2,459.68	2,541.59
b Financial Assets				
i Investments	4	296.99	-	-
ii Trade Receivables	9	2,224.15	1,901.17	1,865.57
iii Cash and Cash Equivalents	10	225.40	1,391.54	789.29
iv Bank Balances other than iii above	11	10.43	87.73	52.08
v Other Financial Assets	5	23.53	17.42	14.43
c Current Tax Assets	6	10.44	6.88	8.75
d Other Current Assets	7	529.62	169.98	186.60
Total Current Assets (B)		**7,036.11**	**6,034.40**	**5,458.31**
Total Assets (A+B)		**11,706.07**	**9,812.53**	**8,941.72**
EQUITY AND LIABILITIES				
Equity				
a Equity Share Capital	12	3,477.52	3,477.52	3,477.52
b Other Equity	13	(19,224.36)	(19,978.55)	(20,874.45)
Total Equity (A)		**(15,746.84)**	**(16,501.03)**	**(17,396.93)**
LIABILITIES				
1 Non Current Liabilities				
a Financial Liabilities				
i Borrowings	14	18,924.85	18,949.85	18,949.85
b Provisions	15	246.89	224.10	210.18
Total Non Current Liabilities (B)		**19,171.74**	**19,173.95**	**19,160.03**
2 Current Liabilities				
a Financial Liabilities				
i Borrowings	14	-	-	-
ii Trade Payables	16	2,041.40	999.87	939.59
iii Other Financial Liabilities	17	5,542.84	5,433.60	5,547.11
b Other Current Liabilities	18	669.06	677.34	668.95
c Provisions	15	27.87	28.80	22.97
Total Current Liabilities (C)		**8,281.17**	**7,139.61**	**7,178.62**
Total Equity and Liabilities (A+B+C)		**11,706.07**	**9,812.53**	**8,941.72**
Notes forming part of financial statements	1 to 40			

As per our report of even date attached
For **Goyal D. Kumar & CO.**
Chartered Accountants
Firm Registration No. 007817C

(D.K. Goyal)
Proprietor
Membership No. 076713

Place : Bhilwara
Date : 30.05.2018

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)
Ram Rai Kabra	– Independent Director	(DIN : 07985411)
J.N. Sharma	– Non-Executive Director	(DIN : 07552825)
P.K. Nahar	– Chief Financial Officer	–
Kapil Kumar Kumawat	– Company Secretary	–

Place : Mumbai

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

(₹ in lakhs)

		Note	For the year ended March 31, 2018	For the year ended March 31, 2017
INCOME				
I	Revenue from Operations	19	16,467.15	14,869.37
II	Other Income	20	410.42	159.16
III	Total Income (I+II)		**16,877.57**	**15,028.53**
IV	EXPENSES			
	Cost of Materials Consumed	21	11,553.14	9,767.72
	Changes in Inventories of Finished Goods and Work-in-process	22	(1,075.16)	209.89
	Excise Duty		1.82	7.42
	Employee Benefits Expense	23	1,650.13	1,129.41
	Finance Costs	24	98.06	96.85
	Depreciation and Amortisation Expense	3	213.30	154.44
	Other Expenses	25	3,691.68	2,705.01
	Total Expenses		**16,132.97**	**14,070.74**
V	**Profit before Tax and exceptional items (III-IV)**		**744.60**	**957.79**
VI	Exceptional items	26	-	52.52
VII	**Profit/(Loss) before tax (V-VI)**		**744.60**	**905.27**
VIII	Tax Expenses			
	a Current Tax	30	-	-
	b Deferred Tax			
IX	**Profit/(Loss) for the year (VII-VIII)**		**744.60**	**905.27**
X	**Other Comprehensive Income**			
	A (i) Items that will not be reclassified to profit or loss			
	a. Remeasurement of defined benefit plans		9.59	(9.37)
	(ii) Income Tax relating to items that will not be re-classified to P&L			
	B (i) Items that will be reclassified to profit or loss			
	(ii) Income Tax relating to items that will be re-classified to P&L			
	Total Other Comprehensive Income (XA+XB)		**9.59**	**(9.37)**
	Total Comprehensive Income (IX+X)		**754.19**	**895.90**
	Earning per equity share of Face Value of ₹ 10/- each	**27**		
	Basic		2.14	2.60
	Diluted		2.14	2.60
	Notes forming part of financial statements	1 to 40		

As per our report of even date attached
For **Goyal D. Kumar & CO.**
Chartered Accountants
Firm Registration No. 007817C

(D.K. Goyal)
Proprietor
Membership No. 076713

Place : Bhilwara
Date : 30.05.2018

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)
Ram Rai Kabra	– Independent Director	(DIN : 07985411)
J.N. Sharma	– Non-Executive Director	(DIN : 07552825)
P.K. Nahar	– Chief Financial Officer	–
Kapil Kumar Kumawat	– Company Secretary	–

Place : Mumbai

Standalone Cash Flow Statement for the year ended 31st March, 2018

(₹ in lakhs)

Particulars	For the year ended 31st March, 2018		For the year ended 31st March, 2017	
A. Cash flow from operating activities				
Net Profit / (Loss) before tax & Exceptional items	744.60		957.79	
Adjustments for:				
Depreciation and amortisation	213.30		154.44	
Finance cost	98.06		96.85	
Provision of Doubtful Receivables	(1.12)		(10.80)	
Profit/loss on sale of Property, Plant and Equipments	(0.11)		(0.57)	
Gain on Sale of Investment	(9.26)		(72.80)	
Interest income on financial asset recognised at amortised cost	(0.01)		-	
Fair Value Gain on investment	(7.73)		-	
Provision for Gratuity	9.59		(9.37)	
		1,047.32		1,115.54
Operating profit / (loss) before working capital changes		1,047.32		1,115.54
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	(1,255.87)		81.91	
Trade receivables	(321.86)		(24.80)	
Other non-current financial assets	(20.78)		27.90	
Other current financial assets	(6.11)		(2.99)	
Other current assets	(359.64)		16.62	
Other non-current assets	(214.40)		53.61	
Tax Assets	(2.59)		(6.88)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	1,041.53		60.28	
Other Financial Liabilities	34.24	(1,091.90)	(113.51)	120.28
Other current liabilities	(8.28)		8.39	
Other long-term liabilities	22.79		13.92	
Short-term provisions	(0.93)		5.83	
		(44.58)		1,235.82
Cash flow from exceptional items		-		(52.52)
Cash generated from operations		(44.58)		1,183.30
Net income tax (paid) / refunds		-		-
Net cash flow from / (used in) operating activities (A)		**(44.58)**		**1,183.30**
B. Cash flow from investing activities				
Capital expenditure on fixed assets (including capital work in progress)	(880.04)		(526.05)	
Interest income on financial asset recognised at amortised cost	0.01			
Fair Value Gain on investment	7.73			
Sale/ Transfer of fixed assets	9.26		5.00	
		(863.04)		(521.05)
		(863.04)		(521.05)
Cash flow from exceptional items		-	-	
Net cash flow from / (used in) investing activities (B)		**(863.04)**		**(521.05)**
C. Cash flow from financing activities				
Proceeds from long-term borrowings	50.00		-	
Current Investments Purchase	(927.01)		(1,991.60)	
Current Investments Sold	639.26		2,064.40	
Non-Current Investments	(0.02)		(0.30)	
Proceeds from Short Term Borrowings	-			
Finance cost	(98.06)	(335.83)	(96.85)	(24.35)
Cash flow from exceptional items			-	
Net cash flow from / (used in) financing activities (C)		**(335.83)**		**(24.35)**
Net increase / (decrease) in Cash and cash equivalents **(A+B+C)**		**(1,243.44)**		**637.90**
Cash and cash equivalents at the beginning of the year		1,479.27		841.37
Cash and cash equivalents at the end of the year		235.83		1,479.27
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet		235.83		1,479.27

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

1) The Statement of cash flows has been prepared under the Indirect method as set out in Ind AS 7 on Statement of Cash Flows notified under Section 133 of The Companies Act 2013, read together with Companies (Indian Accounting Standard) Rules 2015 (as amended).

2) Reconciliation between closing cash and cash equivalents and cash and bank balances

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
Cash and cash equivalents as per cash flow statement	235.83	1,479.27
Add : Margin money deposits not considered as cash and cash equivalents as per IND AS-7		
Cash and bank balances (refer note no 10 & 11)	235.83	1,479.27

3) Changes in liabilities arising from financing activities

Particulars	As at April 1, 2017	Cash movement	Other movement	As at March 31, 2018
Non - current Borrowings	18,949.85	50.00	(75.00)	18,924.85
Current Borrowings	-	-	-	-

As per our report of even date attached

For **Goyal D. Kumar & CO.**
Chartered Accountants
Firm Registration No. 007817C

(D.K. Goyal)
Proprietor
Membership No. 076713

Place : Bhilwara
Date : 30.05.2018

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)
Ram Rai Kabra	_ Independent Director	(DIN : 07985411)
J.N. Sharma	– Non-Executive Director	(DIN : 07552825)
P.K. Nahar	– Chief Financial Officer	–
Kapil Kumar Kumawat	– Company Secretary	–

Place : Mumbai

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A. Equity Share Capital (₹ in Lakhs)

Balance as at April 01, 2016	3,477.52
Changes in equity share capital during the year	-
Balance as at March 31,2017	3,477.52
Changes in equity share capital during the year	-
Balance as at March 31,2018	3,477.52

B. Other Equity

Particulars	Capital Reserve	Capital redemption Reserve	Security Premium Reserve	Debenture Redemption reserve	Retained Earnings	Total Other Equity
Opening balance as at April 01, 2017	**35.90**	**421.72**	**7,985.77**	**970.00**	**(29,391.94)**	**(19,978.55)**
Profit/ (Loss) for the year	-	-	-	-	744.60	744.60
Other Comprehensive Income	-	-	-	-	9.59	9.59
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**754.19**	**754.19**
Transfer to retained earnings	-	-	-	-	-	-
Closing balance as at March 31, 2018	**35.90**	**421.72**	**7,985.77**	**970.00**	**(28,637.75)**	**(19,224.36)**

Particulars	Capital Reserve	Capital redemption Reserve	Security Premium Reserve	Debenture Redemption reserve	Retained Earnings	Total Other Equity
Opening balance as at April 01, 2016	**35.90**	**421.72**	**7,985.77**	**970.00**	**(30,287.84)**	**(20,874.45)**
Profit/ (Loss) for the year	-	-	-	-	905.27	905.27
Other Comprehensive Income	-	-	-	-	(9.37)	(9.37)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**895.90**	**895.90**
Transfer to retained earnings	-	-	-	-	-	-
Closing balance as at March 31, 2017	**35.90**	**421.72**	**7,985.77**	**970.00**	**(29,391.94)**	**(19,978.55)**

As per our report of even date attached

For **Goyal D. Kumar & CO.**
Chartered Accountants
Firm Registration No. 007817C

(D.K. Goyal)
Proprietor
Membership No. 076713

Place : Bhilwara
Date : 30.05.2018

For and on behalf of the Board

Rajesh Ranka	– Chairman & Managing Director	(DIN : 03438721)
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P.K. Nahar	– Chief Financial Officer	–
Kapil Kumar Kumawat	– Company Secretary	–

Place : Mumbai

SIGNIFICANT ACCOUNTING POLICIES

NOTE-1

COMPANY OVERVIEW

Modern Threads (India) Limited is a Public limited company incorporated on 28th August, 1980 having its registered office at A-4, Vijay Path,Tilak Nagar, Jaipur , Rajasthan, India .The Company corporate identification No. is L17115RJ1980PLC002075. The company manufactures and sells mainly Worsted and Synthetic Yarn and Wool Tops.

Standards issued but not yet effective and have not been adopted early by the Company

Ind AS 115 'Revenue from Contracts with Customers' (Effective for annual periods beginning on or after 1 April 2018):

Ind AS 115 provides a single, principles based five-step model to be applied to all contracts with customers.The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts;
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced."The Company is in the process of assessing Ind AS 115's full impact and intends to adopt Ind AS 115 no earlier than the accounting period beginning on or after 1 April 2018

Ind AS 21 – 'The effect of changes in Foreign Exchange rates'(Effective for annual periods beginning on or after 1 April 2018):

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

The Company is in the process of assessing Ind AS 21's full impact and intends to adopt Ind AS 21 no earlier than the accounting period beginning on or after 1 April 2018.

NOTE-2

SIGNIFICANT ACCOUNTING POLICIES

A) Statement of compliances

Upto the year ended March 31, 2017, the Company has prepared its financial statements in accordance with the requirments of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016.

Refer Note: 38 for the details of first-time adoption exemptions availed by the Company.

In accordance with Ind As 101, the company has presented the reconciliation from previous GAAP to Ind AS for the year ended March 31, 2017. (Refer Note 39)

B) Basis of preparation of Accounts

The financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair values by Ind AS. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value: Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurement that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition for financial reporting purposes, fair value measurement are categorized into level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirely, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly, and
- Level 3 inputs are unobservable inputs for the asset or liability.

C) Functional and Presentation Currency

The financial statements are prepared in Indian Rupees ("INR") which is the Company's presentation currency and the functional currency for all its operations. All financial information presented in INR has been rounded to the nearest lakhs with two decimal places unless stated otherwise.

D) Classification of Assets and Liabilities as Current and Non Current

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of product & activities of the Company and their realization in cash and cash equivalent, the Company has determined its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

E) Use of estimates and critical accounting judgements

In preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. Significant judgements and estimates relating to the carrying values of assets and liabilities include useful lives of property,plant and equipment and intangible assets, impairment of property, plant and equipment, intangible assets and investments, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies.

F) Property, plant and equipment

i Recognition and measurement

Freehold land is carried out at historcial cost. All other items of PPE are measured at cost less accumulated depreciation and any accumulated impairment losses, if any the cost of an item of PPE comprises:

a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

b) any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Income and expences related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management are recognised in profit or loss. The company has elected to continue with the carrying value of all its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101. Any gain or loss on disposal of an item of PPE is recognised in profit and loss.

ii Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits asscociated with the expenditure will flow to the Company.

G) Depreciation and amortisation of property, plant and equipment and intangible assets

Depreciable amount for assets is the cost of an asset, or other amount substitued for cost, less its estimated residual value. Depreciation on PPE (other than leasehold land) has been provided based on useful life of the assets in accordance with Schedule II to the Companies Act, 2013, on Straight Line Method except in respect of Plant and Equipment where the useful life is considered differently based on an independent technical evaluation as 10 to 15 years. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Profit and loss on disposals are determined by comparing proceeds with carrying amount. These are included in statement of profit and loss.

H) Leases

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the lease agreement explicitly states that increase is on account of inflation.

I) Impairment of Assets

At each balance sheet date, the Company reviews the carrying values of its property, plant and equipment and intangible assets to determine whether there is any indication that the carrying value of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in

order to determine the extent of impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the statement of profit and loss as and when the carrying value of an asset exceeds its recoverable amount. Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of profit and loss immediately

J) Employee benefits

Defined contribution plans Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Defined benefit plans

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability/(asset) are recognised immediately in other comprehensive income. The service cost and net interest on the net defined benefit liability/(asset) is treated as a net expense within employment costs. Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined-benefit obligation as reduced by the fair value plan assets. Compensated absences Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised based on actuarial valuation at the present value of the obligation as on the reporting date.

K) Inventories

Raw materials, packing materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net reliasable value, cost is calculated on moving weighted average basis. In respect of finished goods, cost includes materials, appropriate share of utilities, other overheads and applicable excise duty. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net relisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

L) Provisions

Provisions are recognised in the balance sheet when the Company has a present obligation (legal or constructive) as a result of a past event , which is expected to result in an outflow of resources embodying economic benefits which can be reliably estimated. Each provision is based on the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Where the time value of money is material, provisions are measured on a discounted basis.

M) Taxation

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

The carrying value of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no 'longer probable that sufficient taxable profits will be available 'to allow all or part of the asset to be recovered. 'Deferred tax is calculated at the tax rates that are expected to 'apply in the period when the liability is settled or the asset is 'realised based on the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting 'period. The measurement of deferred tax liabilities and assets 'reflects the tax consequences that would follow from the 'manner in which the Company expects, at the end of the 'reporting period, to cover or settle the carrying value of its 'assets and liabilities.

Deferred tax assets and liabilities are offset to the extent that 'they relate to taxes levied by the same tax authority and there 'are legally enforceable rights to set off current tax assets and 'current tax liabilities within that jurisdiction. Current and deferred tax are recognised as an expense or 'income in the statement of profit and loss, except when 'they relate to items credited or debited either in other 'comprehensive income or directly in equity, in which case 'the tax is also recognised in other comprehensive income or 'directly in equity. 'Deferred tax assets include Minimum Alternate Tax (MAT) 'paid in accordance with the tax laws in India, which is likely 'to give future economic benefits in the form of availability of 'set off against future income tax liability. MAT is recognised as 'deferred tax assets in the Balance Sheet when the asset can be 'measured reliably and it is probable that the future economic 'benefit associated with the asset will be realised

N) Revenue Recognition

Revenue is recognised to the extent that it is probable that the 'economic benefits will flow to the Company and the revenue 'can be

reliably measured, regardless of when the payment 'is being made. Revenue is measured at the fair value of the 'consideration received or

receivable net of discounts, taking 'into account contractually defined terms and excluding taxes 'or duties collected on behalf of the government.

Sale of goods

Revenue from the sale of goods is recognised when the 'significant risks and rewards of ownership have been 'transferred to the buyer. No revenue is recognised if there are 'significant uncertainties regarding recovery of the amount 'due, associated costs or the possible return of goods.

Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective 'interest rate applicable.

O) Foreign currency transactions and translations

The financial statements of the Company are presented in 'Indian rupees (₹), which is the functional currency of the 'Company and the presentation currency for the financial 'statements. In preparing the financial statements, transactions in 'currencies other than the Company's functional currency are 'recorded at the rates of exchange prevailing on the date of the 'transaction. At the end of each reporting period, monetary 'items denominated in foreign currencies are re-translated at 'the rates prevailing at the end of the reporting period. Nonmonetary 'items carried at fair value that are denominated in the date when the fair value was determined. Non-monetary 'items that are measured in terms of historical cost in a foreign 'currency are not translated.

Exchange differences arising on translation of long term 'foreign currency monetary items recognised in the financial 'statements before the beginning of the first Ind AS financial 'reporting period in respect of which the Company has elected 'to recognise such exchange differences in equity or as part of 'cost of assets as allowed under Ind AS 101-"First time adoption 'of Indian Accounting Standard" are recognised directly in equity or added/deducted to/ from the cost of assets as the 'case may be. Such exchange differences recognised in equity 'or as part of cost of assets is recognised in the statement of 'profit and loss on a systematic basis. 'Exchange differences arising on the retranslation or settlement 'of other monetary items are included in the statement of 'profit and loss for the period.

P) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asets is deducted from the borrowing costs eligible for capatalisation. Other borrowing costs are expensed in the period in which they are incurred.

Q) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker regularly monitors and reviews the operating result of the Company as "Woollen", "Yarn" and "Others".

R) Financial Assets

A Financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired, if objective ' evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Notes on Financial statements for the year ended 31st March, 2018

₹ in Lakhs

Note No. 3 : (A) PROPERTY, PLANT AND EQUIPMENT

Particulars	Lease Hold Land	Free Hold Land	Building	Plant & Machinery	Fuirniture & Fixtures	Office Equipments	Vehicles	Total
GROSS BLOCK								
As at 01.04.2016	**457.77**	**759.05**	**1,663.15**	**18,859.64**	**78.48**	**66.15**	**90.48**	**21,974.72**
Addition	-	351.90	-	115.96	8.74	5.58	19.37	501.55
Deduction	-	-	-	68.95	1.41	4.34	-	74.70
As at 31.03.2017	**457.77**	**1,110.95**	**1,663.15**	**18,906.65**	**85.81**	**67.39**	**109.85**	**22,401.57**
Addition	-	9.42	-	780.94	25.81	21.47	42.40	880.04
Deduction	-	-	-	169.61	8.66	-	7.09	185.36
As at 31.03.2018	**457.77**	**1,120.37**	**1,663.15**	**19,517.98**	**102.96**	**88.86**	**145.16**	**23,096.25**
DEPRECIATION								
As at 01.04.2016	**7.07**	**-**	**1,261.38**	**17,350.69**	**60.63**	**57.83**	**47.98**	**18,785.58**
Charge for the year	7.07	-	34.02	96.75	3.28	3.17	10.15	154.44
Deduction	-	-	-	65.50	0.64	4.13	-	70.27
As at 31.03.2017	**14.14**	**-**	**1,295.40**	**17,381.94**	**63.27**	**56.87**	**58.13**	**18,869.75**
Charge for the year	7.07	-	34.02	145.57	5.36	6.81	14.47	213.30
Deduction	-	-	-	161.13	8.49	-	6.59	176.21
As at 31.03.2018	**21.21**	**-**	**1,329.42**	**17,366.38**	**60.14**	**63.68**	**66.01**	**18,906.84**
NET BLOCK								
As at 01.04.2016	**450.70**	**759.05**	**401.77**	**1,508.95**	**17.85**	**8.32**	**42.50**	**3,189.14**
As at 31.03.2017	**443.63**	**1,110.95**	**367.75**	**1,524.71**	**22.54**	**10.52**	**51.72**	**3,531.82**
As at 31.03.2018	**436.56**	**1,120.37**	**333.73**	**2,151.60**	**42.82**	**25.18**	**79.15**	**4,189.41**

3.1 Addition to land is on account of taxes.

3.2 Deduction under the head plant & machinery represents discarded assets

3.3 Property , Plant and Equipment existing as on 01.04.2016 i.e. date of transition to Ind AS, the company has elected to use previous GAAP carrying value as deemed cost under Ind AS.

3.4 Leasehold land classified as finance lease is recognised under PPE as substantially all the significant risk and rewards incidental to the ownership of the land under lease have been transferred to the company.

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

3 (B) : CAPITAL WORK IN PROGRESS

₹ in Lakhs

PARTICULARS	GROSS BLOCK				DEPRECIATION					
	As at 01.04.2017	Addition	Deductions	As at 31.03.2018	As at 01.04.2017	For the Year	Deductions	As at 31.03.2018	As at 31.03.2018	As at 01.04.2017
License fee for ERP Implementation	24.50	-	-	24.50	-	-	-	-	24.50	24.50
Total :	24.50	-	-	24.50	-	-	-	-	24.50	24.50

₹ in Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
4 INVESTMENTS			
Non-current			
At Amortised Cost			
Investment in Govt. Securities	1.03	1.01	0.71
	1.03	1.01	0.71
Current			
At Fair Value through profit and loss			
Investment in mutual funds fair valued through Profit & Loss			
Unquoted	296.99	-	-
(Units 139591.301 in ABSL Floating Rate Fund)			
	296.99	**-**	**-**
Aggregate value of unquoted investments	296.99	-	-

₹ in Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
5 OTHER FINANCIAL ASSETS			
Non Current			
Deposit with Government / Other Authorities	100.30	79.52	107.42
	100.30	**79.52**	**107.42**
Security deposits includes balances with electricity board and telephone department and have been given for business purpose.			
Current			
Interest Receivable	4.82	11.60	9.67
Employees advances	18.71	5.82	4.76
	23.53	**17.42**	**14.43**
6 Tax Assets			
Non Current			
TDS receivable	7.78	8.75	-
	7.78	**8.75**	**-**
Current			
TDS receivable	10.44	6.88	8.75
	10.44	**6.88**	**8.75**
7 OTHER ASSETS			
Non-current			
Inventories	-	57.45	57.45
(It includes Raw Material ₹ 0.12 Lakhs. Process stock ₹ 53.90 Lakhs Stores and Spares ₹ 2.25 Lakhs and Waste ₹ 1.18 Lakhs related to previous years)			
Capital Advance	-	12.75	-
Deposits under Protest	108.19	11.41	11.41
Export Benefits	230.60	48.29	114.67
Other Recevables	8.15	2.63	2.61
	346.94	**132.53**	**186.14**
Current			
Prepaid expenses	18.23	18.89	8.69
Advances for supply of goods & Services	199.95	95.44	130.88
Balance with Revenue Authorities	311.44	55.65	47.03
	529.62	**169.98**	**186.60**

7.1 Advances to suppliers for goods & services include advances against purchases & services which are receivable in kind in next 12 Months & are for business purpose.

8 INVENTORIES			
Raw Material	884.62	804.07	674.91
Stores & Spares (including Capital Stores)	108.75	63.67	64.85
Work in Process	831.59	407.82	476.38
Finished Goods	1,890.59	1,184.12	1,325.45
	3,715.55	2,459.68	2,541.59

Inventory of Raw Material includes Stock in transit in F.Y. 2017-18 ₹ 38.24 lakhs, F.Y. 2016-17 ₹ 396.42 lakhs and as on 01.04.2016 ₹ 114.91 lakhs. Refer accoutning policy for valuation of the stock

9 TRADE RECEIVABLES			
Unsecured, Considered good	2,224.15	1,901.17	1,865.57
Unsecured, Doubtful	57.61	58.73	69.53
	2,281.76	**1,959.90**	**1,935.10**
Less: Allowance for bad and doubtful debts	57.61	58.73	69.53
	2,224.15	**1,901.17**	**1,865.57**

9.1 Doubtful trade receivables includes ₹ 12 Lakhs under litigation (Previous year ₹ 12 Lakhs) for which adequate provision has been made.
9.2 Balance of trade receivables are subject to reconciliations, confirmation and consequential adjustment, if any.

10 Cash and Cash equivalents			
Cash on hand	3.36	2.62	1.06
Balances with Banks			
In Current Accounts	222.04	1,388.92	788.23
	225.40	**1,391.54**	**789.29**
11 Other Balances with Bank			
In Fixed Deposits	10.43	87.73	52.08
(Pledge against Bank Guarantee ₹ 8.75 as at 31.3.18 (₹ 86.90 lakhs as at 31.3.17 and ₹ 37.58 lakhs as at 1.4.16 and all deposits are having maturity between 3 to 12 months.			
	10.43	**87.73**	**52.08**

₹ in Lakhs

	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
12 EQUITY SHARE CAPITAL			
Authorised :			
Equity Share Capital			
18,50,00,000 (18,50,00,000 as at 31.03.2017 and 18,50,00,000 as at 01.04.2016) Equity Shares of ₹ 10/- each	18,500.00	18,500.00	18,500.00
	18,500.00	**18,500.00**	**18,500.00**
Preference Share Capital			
20,00,000 (20,00,000 as at 31.03.2017 and 20,00,000 as at 01.04.2016) Preference Shares of ₹ 100/- each (Refer Note No. 17)	2,000.00	2,000.00	2,000.00
	2,000.00	**2,000.00**	**2,000.00**
Issued, subscribed and paid-up Equity			
Equity Shares:			
3,47,75,160 (3,47,75,160 as at 31.03.2017 and 3,47,75,160 as at 01.04.2016) Equity Shares of ₹ 10/- each	3,477.52	3,477.52	3,477.52
	3,477.52	**3,477.52**	**3,477.52**

12.1 The Reconciliation of number of equity share outstanding at the beginning and at the end of the reporting period

Particulars	As at 31.03.2018 Equity Shares		As at 31.03.2017 Equity Shares		As at 01.04.2016 Equity Shares	
	Nos	Amount	Nos	Amount	Nos	Amount
Outstanding at the beginning of the year	34,775,160	3,477.52	34,775,160	3,477.52	34,775,160	3,477.52
Add: Shares issued	-	-	-			
Less: Shares cancelled on buy back of equity shares	-	-	-			
Outstanding at the end of the year	34,775,160	3,477.52	34,775,160	3,477.52	34,775,160	3,477.52

12.2 The details of shareholders holding more than 5% of the aggregate shares in the company

Name of the Share holders	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	No. of shares	% Held	No. of shares	% Held	No. of shares	% Held
1) Generotrade Exim LLP	15,636,901	44.97	15,636,901	44.97	15,636,901	44.97
2) Vishwa Vyapar Trading Pvt Ltd	-	-	7,000,000	20.13	7,000,000	20.13
3) Arihant Beneficiary Trust	7,000,000	20.13	-	-	-	-
4) Unit Trust of India	3,077,732	8.85	3,077,732	8.85	3,077,732	8.85

12.3 Terms/rights attached to equity shares

The company has only one class of equity shares having par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(₹ in lakhs)

Particulars	**As at 31.03.2018**	**As at 31.03.2017**	**As at 01.04.2016**
13 Other Equity			
a Capital Reserve	35.90	35.90	35.90
b Capital Redemption Reserve	421.72	421.72	421.72
c Securities Premium Account	7,985.77	7,985.77	7,985.77
d Debenture Redemption Reserve	970.00	970.00	970.00
e Retained Earning	(28,637.75)	(29,391.94)	(30,287.84)
	(19,224.36)	**(19,978.55)**	**(20,874.45)**
13.1 Movement in Other Equity			
a Capital Reserve			
Balance at the beginning of the year	35.90	35.90	
Balance at the end of the year	**35.90**	**35.90**	
b Capital Redemption Reserve			
Balance at the beginning of the year	421.72	421.72	
Balance at the end of the year	**421.72**	**421.72**	
c Securities Premium Account			
Balance at the beginning of the year	7,985.77	7,985.77	
Balance at the end of the year	**7,985.77**	**7,985.77**	
d Debenture Redemption Reserve			
Balance at the beginning of the year	970.00	970.00	
Balance at the end of the year	**970.00**	**970.00**	

(₹ in lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017
e Retained Earnings		
Balance at the beginning of the year	(29,391.94)	(30,287.84)
Add: Profit/(Loss) for the year	744.60	905.27
Add: Other comprehensive income		
Arising from remeasuement of defined benefit plans (net of tax)	9.59	(9.37)
Less: Expenses related to previous years	-	-
Less: Prior period differential Depreciation and Amortisation Expense	-	-
Balance at the end of the year	**(28,637.75)**	**(29,391.94)**
Total Other Equity	**(19,224.36)**	**(19,978.55)**

13.2 Nature and purpose of each reserve within equity is as follows:

A) Capital Reserve
Capital Reserve is mainly the reserve created by transferring the Subsidy received from Government.

B) Capital Redemption Reserve
Capital Redemption Reserve was created for redemption of Preference Share Capital.

C) Securities Premium Account
Securities premium reserve is credited when shares are issued at premium. The reserve is utilised in accordance with the provisions of the Companies Act, 2013

D) Debenture Redemption Reserve
Debenture Redemption Reserve was created for redemption of Debentures.

E) Other Comprehensive Income
Under Ind AS all items of Income and expences recognised in a period should be included in profit or loss for the period, unless a standard requires or permit otherwise. Items of Income and expence that are not recognised in profit or loss but are shown in the statament of profit and loss include remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

14 BORROWINGS

A Non Current			
Debentures - Secured			
Optionally fully Convertible Debentures	1,666.34	1,666.34	1,666.34
Non Convertible Debentures	3,359.33	3,434.33	3,434.33
Accrued interest	3,438.76	3,438.76	3,438.76
Term Loans - Secured			
From others	6,044.13	6,044.13	6,044.13
Accrued interest	4,366.29	4,366.29	4,366.29
Loans - Unsecured			
From Corporates	50.00	-	-
	18,924.85	18,949.85	18,949.85

Terms of Debentures and Term Loan

1 Security

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

2 Repayment and Interest

Debentures, term loan and accrued interest are settled at ₹ 1855 Lakhs, amount paid their against ₹ 1780 Lakhs up to 31.03.2018 and balance ₹ 75 Lakhs payable in FY 2018-19. The remaining amount will be written back on discharge of full payment and it carries no interest from the date of settlement

(₹ in lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
15 PROVISIONS			
Non-current			
For Employees benefit			
Gratuity	200.01	187.63	169.14
Un-availed leave	46.88	36.47	41.04
	246.89	**224.10**	**210.18**
Current			
For Employees benefit			
Gratuity	19.13	20.39	16.45
Un-availed leave	8.74	7.88	5.93
Other provisions			
Provision for excise duty on goods lying in bonded warehouse at the year end	-	0.53	0.59
	27.87	**28.80**	**22.97**
16 TRADE PAYABLES			
Total outstanding dues of micro and small enterprises	-	-	-
Total outstanding dues of creditors other than micro and small enterprises	2,041.40	999.87	939.59
	2,041.40	**999.87**	**939.59**

16.1 Balances of trade payables are subject to reconciliation, confirmation and consequential adjustments, if any.

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

(₹ in lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
17 OTHER FINANCIAL LIABILITY			
Current maturity of secured long term borrowings	75.00	-	-
Current maturity of deferred sales tax	-	-	23.49
Share Application Money refundable (Refer note 17.1)	1,450.00	1,450.00	1,450.00
Interest Accrued	0.91	-	-
Sundry deposits	42.09	42.28	33.45
Other payable	752.77	744.51	897.43
Public Fixed deposit	605.03	620.91	630.19
Interest accrued on Public Fixed deposit	1,742.04	1,700.90	1,637.55
Preference Share Capital			
- 16.50% Cumulative Redeemable Preference Share of ₹ 100/- each fully paid up.	75.00	75.00	75.00
-16% Cumulative Redeemable Preference Share of ₹ 100/- each fully paid up.	800.00	800.00	800.00
	5,542.84	**5,433.60**	**5,547.11**

17.1 Share Application Money ₹ 1450 Lakhs has been raised pursuant to restructuring / settelment scheme submitted to BIFR. Consequent to abatement of Sick Industrial Companies (Specail Provision) Act, 1985, it became refudable.

17.2 Public Fixed deposit

a. Public deposits was repayble in F.Y. 1997-98 ₹ 265.25/- lakhs, F.Y. 1998-99 ₹ 300.05/- lakhs, F.Y. 1999-00 ₹ 31.68/- lakhs, F.Y. 2000-01 ₹ 8.05/- lakhs. Public deposits carry interest @ 14% P.A.

b. Payment of public fixed deposits are being made on compassionate ground as per order dated 11.08.1999 of Hon'ble Company Law Board. Furthur Company Law Board has passed an order on 30.04.2002 that The Repayment of Fixed Deposits of Modern Threads (India) Limited shall be made by the Company in accordance with the revival scheme as and when approved by BIFR under the provisions of "SICA". Consequent to enactment of Sick Industrial Companies (Special Provision) Repeal Act, 2003(SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 1/12/2016. As per legal opinion the due date of deposits within the meaning to provisio to section 125(2) of the companies Act , 2013 will be 01.12.2016 when the order of Company Law Board becomes non operational by divine of repeal of SICA Act. All the deposits have been claimed by the respective depositors ,there are no unclaimed deposits within the meaning of section 125 of the companies Act 2013, and the liabilities relating threto being "Current " and as such no amounts are required to be transferred to the investor Education and Protection Fund .

17.3 Preference Share Capital

a 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.

b Interest on cumulative redeemable preference shares amounting to ₹ 140.38 Lakhs for the year (₹ 3088.25 Lakhs cumulative upto 31-03-2018) 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 taking consent of the Preference shareholders for waiver of unpaid interest.

c The Cumulative Redeemable Preference Share holders are entitled to cumulative interest 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 interest 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.

d 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 interest and re-payment of capital.

e Details of preference shareholders holding more than 5% shares

Name of Shareholders	No. of preference shares	% held	No. of preference shares	% held	No. of preference shares	% held
16.50% Preference share holders						
1) National Insurance Company Limited	75,000	100.00	75,000	100.00	75,000	100.00
	75,000	100.00	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	150,000	18.75
2) The New India Assurance Company Limited	150,000	18.75	150,000	18.75	150,000	18.75
3) United India Insurance Company Limited	100,000	12.50	100,000	12.50	100,000	12.50
4) Oriental Insurance Company Limited	100,000	12.50	100,000	12.50	100,000	12.50
5) GIC Housing Finance Limited	100,000	12.50	100,000	12.50	100,000	12.50
6) LIC Housing Finance Limited	200,000	25.00	200,000	25.00	200,000	25.00
	800,000	100.00	800,000	100.00	800,000	100.00

f The Reconciliation of number of Preference share outstanding at the beginning and at the end of the reporting period

Particulars	Preference Shares		Preference Shares		Preference Shares	
	Nos	Amount	Nos	Amount	Nos	Amount
		Rs in Lakhs		Rs in Lakhs		Rs in Lakhs
Outstanding at the beginning of the year	875,000	875.00	875,000	875.00	875,000	875.00
Add: Shares issued	-	-	-			
Less: Shares cancelled on buy back of equity shares	-	-	-			
Outstanding at the end of the year	**875,000**	**875.00**	**875,000**	**875.00**	**875,000**	**875.00**

(₹ in lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
18 OTHER CURRENT LIABILITIES			
Advance from customers	53.45	65.83	56.01
Statutory Dues	133.80	129.50	131.00
Statutory Dues-Disputed	481.81	482.01	481.94
	669.06	**677.34**	**668.95**

(₹ in lakhs)

Particulars			Year Ended 31st March, 2018	Year Ended 31st March, 2017
19 REVENUE FROM OPERATIONS				
Sale of Products			15,128.96	13,783.88
Sale of services			645.72	359.31
Other operating revenue			692.47	726.18
			16,467.15	**14,869.37**
19.1 Particulars of sale of products				
Yarn			13,771.32	11,867.07
Wool Tops			551.13	756.00
Others			806.51	1,160.81
			15,128.96	**13,783.88**
19.2 Particulars of sale of services				
Job work income			645.72	359.31
			645.72	359.31
19.3 Particulars of other operating revenue				
Export Incentives			668.95	700.75
Scrap Sales			23.52	25.43
			692.47	726.18
20 OTHER INCOME				
Interest on FDR			9.74	11.79
Interest on I.Tax Refund			0.81	-
Interst on Trade recievables			2.39	-
Interest on Deposits and Securities			3.58	5.21
Interest income on financial asset recognised at amortised cost			0.01	-
Fair Value Gain on investment			7.73	-
Sundry Balances written back			162.25	25.50
Gain on Sale of Investment			9.26	72.80
Net gain on foreign currency transaction and translation			209.93	40.54
Profit/(Loss) on Disposal of discarded Assets (Net)			0.11	0.57
Miscellaneous Income			4.61	2.75
			410.42	**159.16**
21 COST OF MATERIALS CONSUMED				
Raw materials at the beginning of the year			804.19	674.91
Add: Purchases			11633.57	9896.88
Less: Raw material at the end of the year			884.62	804.07
COST OF MATERIALS CONSUMED			**11553.14**	**9767.72**
20.1 GEOGRAPHICAL DETAILS OF MATERIALS CONSUMED		%age		%age
Imported	6,178.46	53.48	7,629.61	78.11
Indigenous	5,374.68	46.52	2,138.11	21.89
	11,553.14	**100.00**	**9,767.72**	**100.00**
20.2 Details of Materials consumed				
Wool			7,355.53	8,234.60
Wool Tops			1,414.65	482.78
Polyester / Other Tops			789.27	693.27
Dyes and Chemicals			351.40	357.07
Polyster/Viscose Fibre			1,642.29	
			11,553.14	**9,767.72**
22 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS				
Inventories at the beginning of the year				
Finished Goods			1,185.30	1,326.63
Work in Process			461.72	530.28
			1,647.02	**1,856.91**
Inventories at the end of the year				
Finished Goods			1,890.59	1,185.30
Work in Process			831.59	461.72
			2,722.18	**1,647.02**
			(1,075.16)	**209.89**

(As at 31.03.2017 and 01.04.2016, inventories includes inventory classified as other non current assets)

(₹ in lakhs)

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
23 EMPLOYEE BENEFITS EXPENSES		
Salaries and Wages	1,492.70	1,019.22
Contribution to Provident Fund & Other Funds	137.34	98.06
Employees Welfare Expenses	20.09	12.13
	1,650.13	**1,129.41**
24 FINANCE COSTS		
Interest Expenses	85.71	86.92
Other borrowing cost	12.35	9.93
	98.06	**96.85**
25 OTHER EXPENSES		
Manufacturing Expenses		
Packing Material	157.91	125.19
Stores & Spares	607.54	500.66
Power and fuel	1,707.41	1,013.38
Job charges	11.70	58.58
Excise duty on Increase / (Decrease) in finished goods	(0.53)	(0.06)
Repairs & Maintenance to:	-	
Plant & Machinery	195.18	57.89
Building	134.92	47.44
Others	20.33	5.53
	2,834.46	**1,808.61**
Administrative Expenses		
Rent	28.19	29.42
Insurance (Net)	5.68	4.91
Rates & Taxes	6.42	3.33
Travelling and Conveyance	83.16	90.75
Legal and Professional expenses	48.34	38.25
Bank Charges	50.94	69.52
Directors Fees	0.36	0.25
Payment to Auditors		
For Audit Fee	1.50	1.73
For Tax Audit Fee	0.50	0.58
For Expenses	0.93	0.40
Miscellaneous expenses	109.78	106.56
Selling Expenses		
Commission and Brokerage	215.26	202.83
Carriage outward (net)	271.75	273.61
Rebate, Claims and Discounts	11.22	52.57
Others Selling expenses	24.31	32.49
Provision for Doubtful Receivables	(1.12)	(10.80)
	3,691.68	**2,705.01**
26 EXCEPTIONAL ITEM		
Income		
Amount written back on account of settlement of some of the Creditors	-	50.55
		50.55
Expense		
Electricity Demand	-	103.07
		103.07
Exceptional item (Net)	-	**52.52**

27 EARNINGS PER SHARE

(₹ in lakhs)

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Profit / (Loss) after exceptional items	744.60	905.27
Weighted Avg. No. of Equity Shares outstanding during the year for Basic Earning Per Shares	34,775,160	34775160
Weighted Avg. No. of Equity Shares outstanding during the year for Diluted Earning Per Shares:	34,775,160	34775160
Nominal Value of Shares (in ₹)	10	10
Basic Earning per Share (in ₹)	2.14	2.60
Diluted earning per share (in ₹)	2.14	2.60

28 The company had made a reference to The Board of Industrial and Financial Reconstruction (BIFR) based on audited accounts for the financial year ended 31st March, 2004 and BIFR in the hearing held on 12th December, 2005 declared the company as sick industrial Companies (Special Provision) Act, 1985, the company has not filed rehabilitation/ revival scheme to NCLT under Insolvency and Bankruptcy Code. The company has accumulated losses with its net worth continuing to stand fully eroded and the financial statements of the company have been prepared on going concern basis as the Debentures, term loan and accrued interest has been settled and only balance ₹ 75 Lakhs is payable in FY 2018-19. The company is expecting compliance of term of settlement and liability will be written back on discharge of full payment.

29 EMPLOYEE BENEFITS

i) Defined benefits plan

a) Gratuity

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

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

Particulars	**2017-18 Gratuity**	**2016-17 Gratuity**
Present Value of obligation as at the beginning of the year	208.02	185.59
Current service cost	24.68	24.57
Interest cost	13.49	11.88
Past Service Cost	3.14	-
Actuarial (gain)/loss	(9.59)	9.37
Benefit paid	(20.60)	(23.39)
Present value of obligation as at the end of the year	**219.14**	**208.02**

Amount recognized in the balance sheet:

Particulars	**2017-18 Gratuity**	**2016-17 Gratuity**
Present value of defined benefit obligation	219.14	208.02
Fair value of plan assets	-	-
Net liability	219.14	208.02
Amounts shown in the balance sheet		
Current Liabilities	19.13	20.39
Non–current liabilities	200.01	187.63
Net liability	**219.14**	**208.02**

Amount recognized in Profit and Loss:

Particulars	**2017-18 Gratuity**	**2016-17 Gratuity**
Current service cost	24.68	24.57
Past service cost	3.14	-
Interest cost	13.49	11.88
Total amount recognized in Profit and Loss:	**41.31**	**36.45**

Amount recognized in other comprehensive income:

Particulars	**2017-18 Gratuity**	**2016-17 Gratuity**
Acturial (Gain)/Loss on Obligation	(9.59)	9.37
Return on plan assets less interest on plan assets	-	-
Total Acturial (Gain)/Loss recognised in other comprehensive income	**(9.59)**	**9.37**

Acturial (Gain)/Loss on obligation consists:

Particulars	**2017-18 Gratuity**	**2016-17 Gratuity**
Actuarial (gain)/loss arising from change in demographic assumption	-	-
Actuarial (gain)/loss arising from change in financial assumption	-	-
Actuarial (gain)/loss arising from change in experience adjustment on plan liabilities	-	-
Total Acturial (Gain)/Loss on obligation	-	-

Information for funded plans with a defined benefit obligation less than plan assets:

Particulars	**2017-18 Gratuity**	**2016-17 Gratuity**
Defined benefit obligation	219.14	208.02
Fair value of plan assets	-	-
Net Liability/(Assets)	**219.14**	**208.02**

Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:

Particulars	**2017-18 Gratuity**	**2016-17 Gratuity**
Present value of obligation at year end	219.14	208.02
Fair value of plan assets at year end	-	-
Funded status excess of actual over estimated.	(219.14)	(208.02)
Assets/(Liabilities) recognized in the Balance Sheet	**(219.14)**	**(208.02)**

(₹ in lakhs)

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Actuarial assumption		
Particulars	**Gratuity**	**Gratuity**
Discount rate*	7.71%	7.55%
Expected return on plan assets		
Gratuity		NA
Leave encashment	7.50%	7.50%
Salary escalation rate**		-
Mortaility rate inclusive of provision for disability	100% of IALM (2006-08)	

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

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

Sensitivity analysis

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

Particulars	31st March 2018 Gratuity Increase	Gratuity Decrease
Discount rate (0.5% movement)	(8.51)	9.25
Salary escalation rate (0.5% movement)	8.86	(8.21)

Expected Maturity analysis of the defined benefits plan in future years ₹ in Lakhs

Particulars	First Year	Second year	Third to fifth year	More than 5 Years
Gratuity	19.13	6.50	24.69	141.41

Risk exposure

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

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

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

b Leave encashment

The company has a policy to pay leave encashment. Every employee is entitled to claim leave encashment after his/her retirement/termination which is calculated based upon no. of leaves earned.

30 Income Taxes

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

30.2 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 Indian Accounting Standard (Ind AS) 12. The major components of deferred tax assets and liabilities on account of temporary difference are as given below:

a) Current Tax (₹ in lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Recognised in statement of profit and loss		
Current tax		
In respect of the current year	-	-
In respect of prior years	-	-
	-	-

b Deferred tax

Significant components of deferred tax liabilities / (assets) recognised in the financial statements are as follows : (₹ in lakhs)

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Property, plant and equipment	10.14	(36.66)
Carried forward losses / depreciation	2,799.00	2,996.46
Provision	30.93	30.87
Remeasurement of defined benefit plans (Loss)/Gain	3.17	(3.10)
Net Deferred Tax Assets	**2,843.25**	**2,987.57**

The Net Deferred Tax Assets of ₹ 2843.25 Lakhs have not been recognized in accounts due to the reasons as mentioned above.

A reconciliation of income tax expense applicable to accounting profit / (loss) before tax at the statutory income tax rate to recognise income tax expense for the year indicated are as follows :

(₹ in lakhs)

Particulars	**Year Ended 31st March, 2018**	**Year Ended 31st March, 2017**
Loss before taxes	744.60	905.27
Enacted tax rate in India	33.06%	33.06%
Income tax at statutory tax rate		
Effect of:		
Effect of non deductible expenses	76.27	64.75
Depreciation as per Income Tax Act	(163.05)	(150.76)
Short term gain	(16.99)	(72.80)
Adjusted against brought forward losses	(103.77)	(158.81)
Income taxes recognised in the statement of income	-	-

31 CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in lakhs)

(A) CONTINGENT LIABILITIES	**Year Ended 31st March, 2018**	**Year Ended 31st March, 2017**
i. Bank Guarantees (amount paid them against by way of FDR ₹ 8.75, Previous year ₹ 86.90)	7.55	86.90
ii. Disputed demands of Sales Tax Cases under appeal (amount paid ₹ 1.34 Previous year ₹ 1.34)	241.36	241.36
iii. Disputed demands of Excise cases under appeal (amount paid ₹ 98.40 Previous year ₹ 5.16)	203.71	80.30
iv. Other disputed demands by Government department (amount paid ₹ 8.27 Previous year ₹ 4.73)	60.89	60.89
v. Disputed liabilities and claim not acknowledged as debts	227.27	227.27

(₹ in lakhs)

(B) COMMITTMENT	**Year Ended 31st March, 2018**	**Year Ended 31st March, 2017**
(A) Estimated amount of Contracts remaining to be executed on capital account and not provided for.		40.35
Advance paid their against		12.75

32 SEGMENT INFORMATION

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

The composition of business segments are :

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

₹ in Lakhs

Particulars	**2017-18**			
	Woollens	**Yarn**	**Others**	**Total**
Segment Revenue				
Revenue from Operations	14,506.05	1,961.10	-	**16,467.15**
Segment Results				
Profit / (Loss) before Interest, Exceptional items & Tax	1,587.49	(744.83)	-	**842.66**
Less : Finance cost	98.05	0.01		**98.06**
Profit / (Loss) before Exceptional Items & Tax	1,489.44	(744.84)		**744.60**
Add Exceptional items	-	-		**-**
Profit / (Loss) before Tax	1,489.44	(744.84)		**744.60**
Tax Expenses	-	-		
Total Profit After Tax	1,489.44	(744.84)		**744.60**
Other Comprehensive Income	9.59	-		**9.59**
Total Comprehensive Income	1,499.03	(744.84)		**754.19**
Capital Employed				
Segment Assets	8,084.52	2,541.79	1,079.76	**11,706.07**
Segment Liabilities	(7,222.65)	20,836.93	13,838.63	**27,452.91**

₹ in Lakhs

Particulars	2016-17			
	Woollens	Yarn	Others	Total
Segment Revenue				
Revenue from Operations	14,869.37	-	-	14,869.37
Segment Results				
Profit / (Loss) before Interest, Exceptional items & Tax	1,111.25	(56.61)	-	1,054.64
Less : Finance cost	96.85	-		96.85
Profit / (Loss) before Exceptional Items & Tax	1014.40	-		957.79
Add Exceptional items	27.30	(79.82)	-	(52.52)
Profit / (Loss) before Tax	1,041.70	(136.43)	-	905.27
Tax Expenses	-			
Total Profit After Tax	1,041.70	(136.43)	-	905.27
Other Comprehensive Income	(9.37)	-	-	9.37
Total Comprehensive Income	1,032.33	(136.43)	-	895.90
Capital Employed				
Segment Assets	7,647.46	1,094.73	1,070.34	9,812.53
Segment Liabilities	(6,160.68)	18,645.03	13,829.21	26,313.56

b) Geographical Segment: -

₹ in Lakhs

	2017-18	2016-17
Revenue by Geographical Market		
In India	6947.54	4496.37
Other than India	9519.61	10373.00
Carrying Amounts of Segment Assets		
In India	9809.03	8391.56
Other than India	1897.04	1420.97

33 RELATED PARTY DISCLOSURE

i) Names and Relationship of related parties

a) Where Control exists:
NIL

b) Key Managerial personnel
Shri Rajesh Ranka (Chairman and Managing Director)
Shri Kapil Kumawat (Company Secretary)

c) Relative of Key Management Personnel and their Enterprises:-
Shubham Corporate advisory Services Pvt. Ltd.
Indian Woollen mills Federation (Director)
Modern Polytex Limited (Director from 19.12.2017)

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

₹ in Lakhs

Types of related Parties	Description of the nature of the transactions	Name of Party	Volume of transactions 2017-18	2016-17
Key Managerial Personnel	Remuneration etc	Shri Rajesh Ranka	22.18	15.12
		Shri Kapil Kumawat	4.07	5.65
Relative of Key Management Personnel and their Enterprises	Rent	Shubham Corporate Advisory Services Pvt. Ltd	10.80	10.80
	Raw Material	Modern Polytex Limited	777.36	-
	Membership & Subscription	Indian Woollen mills Federation	1.19	1.18
Sitting fees paid to Independent Directors		Smt. Veena Jain	0.04	-
		Shri Naresh Devpura	0.15	0.02
		Shri J.N. Sharma	0.15	0.07
		Shri Ram Rai Kabra	0.02	-
		Shri S.B.L Jain	-	0.13

Balance with related parties at the year end

Amount in Rupees (₹)

Nature of balances	Other related parties			Total		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Creditor for Purchase						
Modern Polytex Limited	67,638,278	431,194	480,804	67,638,278	431,194	480,804
Total	**67,638,278**	**431,194**	**480,804**	**67,638,278**	**431,194**	**480,804**

Terms and conditions :

All the transactions with related parties were made on normal commercial terms and conditions and at market rates. The above transactions are as per the approval of audit committee. Decision relating to remuneration to key management personnel were taken based on the recommendation of Nomination and Remuneration committee Expenses towards gratuity and leave encashment are determined acturially on overall company basis at the end of each year and accordingly have not been considered in remuneration.

34 Financial Instruments

34.1 Capital Management

For the purpose of Company's Capital Management, capital includes issued equity share capital and other equity reserves attributable to equity holders. The primary objective of Company's Capital Management is to maximize shareholder's wealth. The company manages it's capital structure and makes adjustments in the light of changes in economic environment and the requirements of financial covenants. The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholder. The capital structure of the Company is based on management's judgement of its strategic and day- to-day needs with a focus on total equity so as to maintain investors, creditors and market confidence. The management and the Board of Directors monitors the return on capital. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

34.2 Categories of financial instruments

(₹ in lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Carrying amount	Fair values	Carrying amount	Fair values	Carrying amount	Fair values
Financial assets						
Measured at amortised cost						
Other financial assets	23.53	23.53	17.42	17.42	14.43	14.43
Trade receivables	2,224.15	2,224.15	1,901.17	1,901.17	1,865.57	1,865.57
Cash and cash equivalents	225.40	225.40	1,391.54	1,391.54	789.29	789.29
Bank balances other than above cash and cash equivalents	10.43	10.43	87.73	87.73	52.08	52.08
Loans						
Total financial assets carried at amortised cost	**2,483.51**	**2,483.51**	**3,397.86**	**3,380.44**	**2,721.37**	**2,721.37**
Financial liabilities						
Measured at amortised cost						
Long-term borrowings #	18,999.85	18,999.85	18,949.85	18,949.85	18,949.85	18,949.85
Short-term borrowings	-	-	-	-	-	-
Other financial liabilities##	5,467.84	5,467.84	5,433.60	5,433.60	5,547.11	5,547.11
Trade payables	2,041.40	2,041.40	999.87	999.87	939.59	939.59
Financial liabilities measured at amortised cost	**26,509.09**	**26,509.09**	**25,383.32**	**25,383.32**	**25,436.55**	**25,436.55**

including current maturities of long-term borrowings

excluding current maturities of long-term borrowings

34.3 Fair Value Hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are whether observable or unobservable and consists of the following three levels:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Inputs are not based on observable market data unobservable inputs. Fair value are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The investment included in Level 3 of fair value hierarchy has been valued using the cost approach to arrive at their fair value. The cost of unquoted investment approximate the fair value because there is a wide range of possible fair value measurements and the cost represents estimate of fair value within that range.

The following table summarizes financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured on fair value on recurring basis (but fair value disclosure are required)

(₹ In Lakhs)

As at March 31,2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets :				
A) Non Current:-				
Investments			1.03	1.03
			1.03	1.03
B) Current:-				
Investments			296.99	296.99
			296.99	296.99
Total (A+B)	**-**	**-**	**298.02**	**298.02**

As at March 31,2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets :				
A) Non Current:-				
Investments			1.01	1.01
			1.01	1.01
B) Current:-				
Investments			-	-
			-	-
Total (A+B)	-	-	1.01	1.01

As at March 31,2016	Level 1	Level 2	Level 3	Total
Financial Assets :				
A) Non Current:-				
Investments			0.71	0.71
			0.71	0.71
B) Current				
Investments			-	-
			-	-
Total (A+B)	**-**	**-**	**0.71**	**0.71**

35 Financial Risk Management

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

i) Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers and other courter parties, taking into account financial conditions, current economic trends and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information. Financial assets are wrtitten off when there is no reasonable expectations of revcovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the statement of profit and loss.

ii) Liquidity Risk

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

	Amount payable during below period				
Particulars	**As at 31st March 2018**	**Within 1 year**	**1-2 years**	**2-5 years**	**more than 5 years**
Financial Liability					
Borrowings	50.00	-	-	-	50.00
Trade Payables	2,041.40	2,041.40	-	-	-
Other Financial Liabilities	5,542.84	5,542.84	-	-	-
Total	**7,634.24**	**7,584.24**	**-**	**-**	**50.00**

	Amount payable during below period				
Particulars	**As at 31st March 2017**	**Within 1 year**	**1-2 years**	**2-5 years**	**more than 5 years**
Financial Liability					
Borrowings*	-	-	-	-	-
Trade Payables	999.87	999.87	-	-	-
Other Financial Liabilities	5,433.60	5,433.60	-	-	-
Total	6,433.47	6,433.47	-	-	-

	Amount payable during below period				
Particulars	**As at 31st March 2016**	**Within 1 year**	**1-2 years**	**2-5 years**	**more than 5 years**
Financial Liability					
Borrowings*	-	-	-	-	-
Trade Payables	939.59	939.59	-	-	-
Other Financial Liabilities	5,547.11	5,547.11	-	-	-
Total	6,486.70	6,486.70	-	-	-

* Debentures, term loan and accrued interest are settled at ₹ 1855 Lakhs, amount paid there against ₹ 1780 Lakhs up to 31.03.2018 and balance ₹ 75 Lakhs payable in FY 2018-19. The remaining amount will be written back on discharge of full payment and carry no interest from the date of settlement

iii) Foreign currency risk

The company operates internationally and portion of the business is transacted in several currencies and consequently the company is exposed to foreign exchange risk through its sales in overseas and purchase from overseas suppliers in various foreign currencies viz. Euro, GBP, USD, AUD etc.

The company evaluate exchange rate exposure arising from foreign currency transsaction and the company follow established risk management policies.

(₹ in lakhs)

Particulars	As at March 31, 2018					
	Foreign Currency				INR	Total
	USD	Euro	GBP	AUD		
Financial assets						
Investments	-	-	-	-	298.02	298.02
Bank Balance	-	-	-	-	235.83	235.83
Other financial assets	-	-	-	-	23.53	23.53
Trade Receivable	641.48	959.19	203.77	-	419.71	2,224.15
Total financial assets	641.48	959.19	203.77	-	977.10	2,781.53
Financial liabilities						
Long-term borrowings #	-	-	-	-	18,924.85	18,924.85
Other financial liabilities	-	-	-	-	5,542.84	5,542.84
Trade Payable	-	-	-		2,041.40	2,041.40
Total financial liabilities	-	-	-	-	26,509.09	26,509.09
Net financial liabilities / (financial assets)	**(641.48)**	**(959.19)**	**(203.77)**	**-**	**25,531.99**	**23,727.56**
Hedge for foreign currency risk	-	-	-	-	-	-
Net exposure of foreign currency risk	(641.48)	(959.19)	(203.77)	-	25,531.99	23,727.56
Sensitivity impact on Net liabilities/(assets) exposure at 10% on statement of profit and loss	(64.15)	(95.92)	(20.38)	-	NA	(64.15)

(₹ in lakhs)

Particulars	As at March 31, 2017					
	Foreign Currency				INR	Total
	USD	Euro	GBP	AUD		
Financial assets						
Investments	-	-	-	-	1.01	1.01
Bank Balance	-	-	-	-	1,479.27	1,479.27
Other financial assets	-	-	-	-	17.42	17.42
Trade Receivable	649.33	583.17	164.01	-	504.66	1,901.17
Total financial assets	649.33	583.17	164.01	-	2,002.37	3,398.87
Financial liabilities						
Long-term borrowings #	-	-	-	-	18,949.85	18,949.85
Other financial liabilities	-	-	-	-	5,433.60	5,433.60
Trade Payable	-	24.46	-		975.41	999.87
Total financial liabilities	-	24.46	-	-	25,358.86	25,383.32
Net financial liabilities / (financial assets)	(649.33)	(558.70)	(164.01)	-	23,356.49	21,984.45
Hedge for foreign currency risk	-	-	-	-	-	-
Net exposure of foreign currency risk	(649.33)	(558.70)	(164.01)	-	23,356.49	21,984.45
Sensitivity impact on Net liabilities/(assets) exposure at **10% on statement of profit and loss**	(64.93)	(55.87)	(16.40)	-	NA	(64.93)

(₹ in lakhs)

Particulars	As at March 31, 2016					
	Foreign Currency				INR	Total
	USD	Euro	GBP	AUD		
Financial assets						
Investments	-	-	-	-	0.71	0.71
Bank Balance	-	-	-	-	841.37	841.37
Other financial assets	-	-	-	-	14.43	14.43
Trade Receivable	648.33	710.51	309.44	-	197.29	1,865.57
Total financial assets	648.33	710.51	309.44	-	1,053.80	2,722.08
Financial liabilities						
Long-term borrowings #	-	-	-	-	18,949.85	18,949.85
Other financial liabilities	-	-	-	-	5,547.11	5,547.11
Trade Payable	12.74	29.34	2.44	0.41	894.66	939.59

Total financial liabilities	12.74	29.34	2.44	0.41	25,391.62	25,436.55
Net financial liabilities / (financial assets)	(635.59)	(681.17)	(307.00)	0.41	24,337.82	22,714.47
Hedge for foreign currency risk	-	-	-	-	-	-
Net exposure of foreign currency risk	(635.59)	(681.17)	(307.00)	0.41	24,337.82	22,714.47
Sensitivity impact on Net liabilities/(assets) exposure at **10% on statement of profit and loss**	(63.56)	(68.12)	(30.70)	0.04	NA	(63.56)

36 Goods and Service Tax

Effective from 1st July, 2017, sales are recorded net of GST whereas earlier sales were recorded gross of excise duty which formed part of expenses. Hence, revenue from operations for the year ended 31st March, 2018 are not comparable with the previous year corresponding figures.

37 Figures for previous years have been regrouped/rearranged/restated whereever considered necessary to make tham comparable with the figures for the current year and for compliance of Ind AS.

38 First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. The Company has adopted Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs with effect from 1st April, 2017, with a transition date of 1st April, 2016. Ind AS 101-First-time Adoption of Indian Accounting Standards requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements which is for the year ended 31st March, 2018 for the company, be applied retrospectively and consistently for all financial years presented. Consequently, in preparing these Ind AS financial statements, the Company has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as explained below. The resulting difference in the carrying values of the assets and liabilities as at the transition date between the Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity)."

38.1 **Exemptions availed on first time adoption of Ind-AS 101**

The company in applying IND AS principle for measurment of recognised assets and liabilities is subject to certain optional exemptions apart from mandatory exceptions , availed by the company as detailed below -

a Deemed cost of property, plant and equipment :

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to IND AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for decommissioning liabilities.

Accordingly, the company has elected to measure all of its property, plant and equipment at their previous GAAP value.

b Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Impairment of financial assets based on expected credit loss model

- Determination of the discounted value for financial instruments carried at amortised cost.

c Classification and Measurement of financial assets

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

39 Reconciliations between previous GAAP and Ind AS

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

a) Reconciliation of equity as at 31st March, 2017 and 1st April, 2016

Particulars	**As at 31.03.17**	**As at 01.04.16**
Equity as reported under previous Indian GAAP	**(14,736.25)**	**(15,702.57)**
Adjustment Consequent to Ind AS adoption :-		
Interest (earlier not provided for)	(899.21)	(812.29)
Amortisation of lease hold land	(14.14)	(7.07)
Re-classification of Reedmable Preferenc Shares	(875.00)	(875.00)
Liabilities Written Back	23.57	
Equity as reported under Ind AS	**(16,501.03)**	**(17,396.93)**
Equity Attributable to :-		
Paid Up Equity Share Capital	3,477.52	3,477.52
Other Equity	(19,978.55)	(20,874.45)
Total	**(16,501.03)**	**(17,396.93)**

b) Profit and loss reconciliation

S. No.	Particulars	Note No.	Year ended March 31, 2017		
			As per Indian GAAP	Ind AS Adj.	As per IND AS
	INCOME				
I	Revenue from Operations	1	14861.95	7.42	14869.37
II	Other Income		135.59	23.57	159.16
III	**Total Income (I+II)**		**14997.54**	**30.99**	**15028.53**
IV	**EXPENSES**				
	Cost of Materials Consumed		9767.72	-	9767.72
	Changes in Inventories of Finished Goods and Work-in-process		209.89	-	209.89
	Excise Duty	1	-	7.42	7.42
	Employee Benefits Expense		1138.78	(9.37)	1129.41
	Finance Costs		9.93	86.92	96.85
	Depreciation and Amortisation Expense		147.37	7.07	154.44
	Other Expenses		2705.01	-	2705.01
	Total Expenses		**13978.70**	**92.04**	**14070.74**
V	**Profit before Tax and exceptional items (III-IV)**		1018.84	(61.05)	957.79
VI	Exceptional items (Net)		(52.52)	-	(52.52)
VII	**Profit/(Loss) before tax (V-VI)**		**966.32**	**(61.05)**	**905.27**
VIII	Tax Expenses				
	Current Tax		-	-	
	Deferred Tax		-	-	
IX	Profit/(Loss) for the year (VII-VIII)		966.32	(61.05)	905.27
X	**Other Comprehensive Income**				
A	(i) Items that will not be reclassified to profit or loss				
	a. Remeasurement of defined benefit plans		-	(9.37)	(9.37)
	(ii) Income Tax relating to items that will not be re-classified to P&L				
B	(i) Items that will be reclassified to profit or loss				
	(ii) Income Tax relating to items that will be re-classified to P&L				
	Total Other Comprehensive Income (XA+XB)			**(70.42)**	
	Total Comprehensive Income (IX+X)		**966.32**	**(70.42)**	**895.90**

The previous GAAP figures have been reclassified as per to conform to ind AS presentation for the purpose of this note.

c) Reconciliation of Total Comprenhsive Income for the year ended 31st march 2017

Description	Year Ended on 31.03.2017
Net Profit as Previous GAAP (Indian GAAP)	**966.32**
Adjustment Consequent to Ind AS adoption :-	
Actuarial Gain/(Loss)recognised in OCI (Net)	9.37
Interest (earlier not provided for)	(86.93)
Amortisation of lease hold land	(7.07)
Liabilities Written Back	23.57
Net Profit as per IND AS	**905.27**
Other Comprehensive Income	
Adjustment due to Actuarial Gain/(Loss)recognised in OCI (Net)	(9.37)
Total Other Comprehensive Income	**(9.37)**
Total Comprehensive Income as reported under IND AS	**895.90**

d) Effect of Ind AS adoption on statement of Cash Flow for the year ended 31 March 2017

Particulars	Previous GAAP	Adj.	Ind AS
Net Cash flow from operating activities	1211.42	(28.12)	1183.30
Net Cash flow from investing activities	(461.30)	(59.75)	(521.05)
Net Cash flow from financing activities	(112.22)	87.87	(24.35)
Net increase/(decrease) in cash and cash equivalents	637.90	-	637.90
Cash and Cash equivalents as at 1st April 2016	**841.37**	**-**	**841.37**
Cash and Cash equivalents as at 31st March 2017	**1479.27**	**-**	**1479.27**

40 Notes to reconciliation of equity and total comprehensive income

1 **Excise duty**

As per Ind AS 18 Revenue should include excise duty hence the same is added back in revenue and shown separately on face of P&L.

2 **Employee Benefits**

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

3 **Other Equity**

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

4 **Other Comprehensive Income**

Under Indian GAAP the concept of Other Comprehensive Income was not exist. Hence Indian GAAP profit or loss is reconciled to total comprehensive income.

5 **Sale of goods**

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of Statement of Profit and Loss

6 **Reclassification of assets and liabilities as per schedule III division II of the Companies Act, 2013**

Fixed deposits with banks with maturity between 3 to 12 months have been reclaissified from cash and cash equivalent to other balances with Bank.

7 **Statement of Cash Flows**

The impact of transition from Indian GAAP to Ind AS on the Statement of cash flow is mainly due to various reclassification adjustments recorded under Ind AS in balance Sheet, Statement of Profit and Loss and differences in the definition of cash and cash equivalents in Ind AS and Indian GAAP.

As per our report of even date attached
For **Goyal D. Kumar & CO.**
Chartered Accountants
Firm Registration No. 007817C

(D.K. Goyal)
Proprietor
Membership No. 076713

Place : Bhilwara
Date : 30.05.2018

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)
Ram Rai Kabra	_ Independent Director	(DIN : 07985411)
J.N. Sharma	– Non-Executive Director	(DIN : 07552825)
P.K. Nahar	– Chief Financial Officer	–
Kapil Kumar Kumawat	– Company Secretary	–

Place : Mumbai

Modern Threads (India) Limited

To
The Member (s)
Modern Threads (India) Limited

Re.: Seeking copy of PAN CARD and Bank Details

Dear Sir/Madam,

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

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

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

Thanking you,
Yours faithfully,

For Modern Threads (India) Limited

Rajesh Ranka
Chairman and Managing Director
DIN: 03438721
Encl. : As above.

TEAR HEAR

Annexure-A

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

(----------)
Signature of Shareholder (s)

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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)
37h Annual General Meeting - 29th September, 2018

I hereby record my presence at the THIRTY SEVENTH ANNUAL GENERAL MEETING of the Company held at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur-302 004 on Saturday the 29th September, 2018 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.

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

PROXY FORM

Name of the member(s) : .....
Registered Address : .....
E-mail ID : ....Folio No./Client ID : .....
DP ID : .....
I/We, being the members(s) of ..... Shares of the Modern Threads (India) Limited, hereby appoint.
1. Name : .... Address ..... : .....
E-mail ID : ..... Signature : ....., or failing him
2. Name : ..... Address : .....
E-mail ID : ..... Signature : ....., or failing him
3. Name : ..... Address : .....
E-mail ID : ..... Signature : .....
as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 37th Annual General Meeting of the Company, to be held on Saturday, the 29th September, 2018 at 3:00 P.M. at A-4, Vijay Path, Tilak Nagar, Jaipur - 302 004 and at any adjournment thereof in respect of such resolutions as are indicated below:
Resolution No.

1 ..... 2 ..... 3 ..... 4 ..... 5 ..... 6 .....

Signed this ..... day of ..... 2018.

Signature of Shareholder : .....

Signature of Proxy Holder(s) : .....

Affix Re 1/- Revenue Stamp

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

Route Map to the venue of AGM

Book Post
(Printed Matter)

If undelivered please return to :

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

Modern Threads (India) Limited

Registered Office :
A-4, Vijay Path, Tilak Nagar, Jaipur-302 004
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Statement on Impact of Audit Qualifications for the Financial Year ended March 31,2018

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

(₹ in Lakhs)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	16877.57	16877.57
	2.	Total Expenditure	16132.97	16273.35
	3.	Net Profit/(Loss)	744.60	604.22
	4.	Earnings Per Share	2.14	1.74
	5.	Total Assets	11706.07	11706.07
	6.	Total Liabilities*	27452.91	30541.16
	7.	Net Worth*	(15746.84)	((18835.09)
	8.	Any other financial item(s) (as felt appropriate by the management)	Nil	Nil

I Audit Qualification (each audit qualification separately):

a. Details of Audit Qualification :

(i) Interest(Dividend) on cumulative redeemable preference shares amounting to ₹ 140.38 lakhs for the year (₹ 3088.25 lakhs up to 31.03.2018) has not been provided in view of accumulated losses.

(ii) Balances of trade payables and trade receivables are subject to confirmation and consequential adjustments, if any.

Emphasis of Matters

The company had made a reference to The Board of Industrial and Financial Reconstruction (BIFR) based on audited accounts for the financial ended 31st March, 2004 and BIFR in the hearing held on 12th December, 2005 had declared the company as sick industrial company u/s 3(1)(o) of the SICA Act. Consequent to abatement of Sick Industrial Companies (Special Provision) Act, 1985, the company has not filed rehabilitation/ revival scheme to NCLT under Insolvency and Bankruptcy Code. The company has accumulated losses with its net worth continuing to stand fully eroded and the financial statements of the company have been prepared on going concern as the Debentures, term loan and accrued interest has been settled and only balance ₹ 75 Lakhs is payable in FY 2018-19. The company is expecting compliance of term of settlement and liability will be written back on discharge of full payment.

b. Type of Audit Qualification: Qualified Opinion

c. Frequency of qualification: Repetitive

GOYAL D. KUMAR & CO. BHILWARA CHARTERED ACCOUNTANTS

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)

Modern Threads (India) Limited

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	d. For Audit Qualification(i) where the impact is quantified by the auditor, Management's Views: For the Audit Qualifications, The company had been declared sick industrial undertaking by the BIFR and expecting waiver/relief under draft rehabilitation scheme. Pursuant to Sick Industrial Companies (Special Provision) Repeal Act, 2003 the proceedings pending before BIFR stands abated with effect from 01.12.2016 and now, the company is in process of taking consent of the Preference Shareholder for waiver of unpaid (Dividend) Interest.
	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 (ii) the company is in process of getting confirmations of trade Payables and trade receivables.
	(iii) Auditors' Comments on (i) or (ii) above:- Managements Comments are self explanatory, therefore, 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: Mumbai** **Date: 30/05/2018** **Refer Our Audit Report dated May 30, 2018 on Financial results of the Company** **For Goyal D. Kumar & Co.** *Chartered Accountants* (FRN. 007817C) (D.K. Goyal) Proprietor Membership No. 076713 Place: BHILWARA Date: 30/05/2018

GOYAL D. KUMAR & CO. BHILWARA CHARTERED ACCOUNTANTS