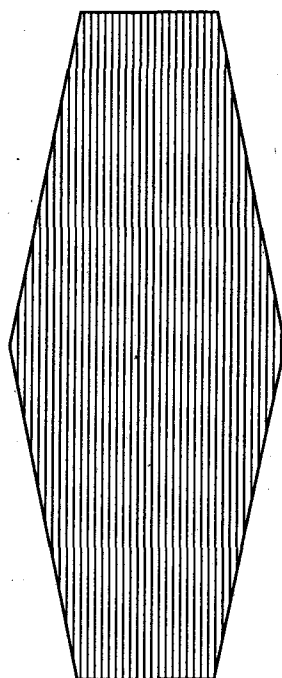


ANNUAL REPORT

2012-2013



Modern
THREADS (INDIA) LIMITED

BOARD OF DIRECTORS

- Shri Rajesh Ranka - Chairman & Managing Director
Shri Pradeep Kumar - Special Director (BIFR)
Shri H.L. Sharma - Director
Shri S.B.L. Jain - Director
Shri J.P. Agarwal - Director & Senior President

COMPANY SECRETARY

Shri B.L. Saini

AUDITORS

M/s S.S. Surana & Co.,
Chartered Accountants,
Jaipur-302 015

REGISTERED OFFICE

A-4, Vijay Path,
Tilak Nagar,
Jaipur-302 004
(Rajasthan)

CORPORATE HEADQUARTER

68/69, Godavari,
Poachkhanwala Road,
Worli, Mumbai-400 030

PLANTS

Yarn Division

Village Raila,
Distt. Bhilwara (Rajasthan)

Woollens Division

Hamirgarh Road,
Bhilwara-311 001 (Rajasthan)

NOTICE

Notice is hereby given that the 32nd Annual General Meeting of **Modern Threads (India) Limited** will be held on Thursday the 26th September, 2013 at 4.00 P.M. at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur-302 004 to transact the following business :

ORDINARY BUSINESS :

- (1) To consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the statement of Audited Profit & Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
- (2) To appoint a Director in place of Shri H.L. Sharma who retires by rotation and being eligible, offers himself for re-appointment.
- (3) To appoint Auditors and to fix their

remuneration and in connection therewith to pass the following resolution with or without modifications, as an Ordinary Resolution :

“RESOLVED THAT pursuant to the provisions of Section 224(1) of the Companies Act, 1956, M/s. S.S. Surana & Co., Chartered Accountants, Jaipur, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company.”

By order of the Board

Place : Mumbai (B.L. SAINI)
Date : 22nd June, 2013 Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
2. The proxy should be deposited at the Registered Office of the Company not less than FORTYEIGHT hours before the commencement of the meeting.
3. The Ministry of Corporate affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the Companies and has issued circulars stating that services of notices/documents including Annual Report can be sent by e-mail to its members. To support this objective of the Government, members are requested to register their e-mail addresses with the registered office of the Company.
4. The Share transfer books and Register of members shall remain closed from 23/09/2013 to 26/09/2013 (both days inclusive).

DIRECTORS' REPORT

The Members,

Your Directors present Annual Report and Audited Statement of Accounts for the year ended 31st March, 2013.

1. FINANCIAL RESULTS

(₹ in Crores)

	2012-13	2011-12
Net Profit for the year	4.77	8.72
Exceptional items	20.40	10.76
Net Profit for the year after exceptional items	25.17	19.48

2. OPERATIONS

The Woollen division of the Company is continuing its operations and has maintained the turnover of ₹ 78 crores as against ₹ 101 crores in previous year inspite of overall global economy in recession and lack of demand from most of the European countries. Your company has been able to generate net profit of ₹ 4.77 crores during the year under review as against net profit of ₹ 8.72 crores in previous year inspite of depressed market condition. The Yarn division of the Company at Railla continued to remain closed during the year under review on account of continuing strike by the workers and sealing of the entire plant and machinery by Ajmer Vidyut Vitran Nigam Limited. In view of accumulated losses, your directors are unable to declare any dividend for the year under review.

3. EXPORTS

The exports of the Woollen division during the year under review has suffered set back mainly due to adverse market condition and financial crises in Europe and middle east. The exports of Woollen division was of ₹ 45 crores as against the exports of ₹ 65 crores in previous year. The decline in exports have also affected adversely the performance of the Company. Woollen division has also initiated the efforts to retain existing customers base and contacting newer customers in overseas market with different product range in worsted yarn so that we can achieve improved performance and profitability in next year.

4. FUTURE PROSPECTS

In view of Company's inherent strengths in the field of manufacturing and market capabilities, future of 'Woollen division' looks optimistic. The Company is hopeful that the woollen division of the Company may be able to provide better contribution towards operating margins once the current recessionary trend prevailing in textile industry is over. The ongoing efforts of management for improving operational efficiency, cost reduction and better management of available financial resources is expected to bring in improved performance of woollen division in future.

5. PUBLIC FIXED DEPOSITS

In view of petition filed by the Company, the Hon'ble Company Law Board has passed an order on 17/04/2002 that "The repayment of fixed deposits shall be made by the Company in accordance with the "revival scheme" as and when approved by BIFR under the provisions of "SICA". However, payments on compassionate ground are continued to be made as per the decision of the Committee formed by Hon'ble Company Law Board for this purpose.

6. RESTRUCTURING OF DEBTS AND REFERENCE TO BIFR

As reported in the previous year the 100% of the secured lenders have approved the settlement of their dues. Pursuant to the direction of Hon'ble BIFR and discussions with Operating Agency, the Company has filed revised Draft Rehabilitation Scheme with the Hon'ble BIFR and same is now under examination with Operating Agency.

7. DIRECTORS

During the year under review Shri J.P. Agarwal has been appointed as an Additional Director w.e.f. 28/06/2012 and Board has also appointed him as Director and Senior President of the Company w.e.f. 01/07/2012. Shri R.R. Maheshwari has resigned from the directorship of the Company. The Board places on record its appreciation for the

valuable contribution given by Shri R.R. Maheshwari during his tenure as Director of the Company. Shri H.L. Sharma is liable to retire by rotation and being eligible, offers himself for reappointment. Appropriate resolution for the reappointment of the aforesaid Director is being moved at the ensuing Annual General Meeting, which the Board recommends for your approval.

8. AUDITORS

M/s. S.S. Surana & Co., Chartered Accountants, Jaipur retire at the forthcoming Annual General Meeting. Your Directors recommend their reappointment as Auditors of the Company for the year 2013-2014. The observations made by the Auditors are self explanatory and have been dealt with in the notes forming part of the financial statements and hence need no further clarifications.

9. INDUSTRIAL RELATIONS & PARTICULARS OF EMPLOYEES

The Company has enjoyed healthy and cordial industrial relations throughout the period except that the workers of 'Yarn Division' are still on strike. There is no employee getting remuneration as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

10. DIRECTOR'S RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, the Directors would like to state that :-

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgements 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 or loss of the Company for the year under review;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and ;
- the Directors have prepared the annual accounts on a going concern basis except Yarn Division of the Company which is not in operation for last few years on account of labour and other problems.

11. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

The statement of particulars relating to energy conservation, technology absorption and foreign exchange earnings and outgo as required in accordance with Section 217(1)(e) of the Companies Act, 1956 read with Rule 2(A), 2(B) and 2(C) of the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is annexed hereto and forms part of this report.

12. CONSTITUTION OF AUDIT COMMITTEE

The Board of Directors has constituted the Audit Committee of Directors to exercise powers and discharge functions as stipulated in section 292A of the Companies Act, 1956. The present Audit Committee consists of member directors as follows :-

Shri S.B.L. Jain, Chairman

Shri H.L. Sharma

Shri Pradeep Kumar

13. ACKNOWLEDGEMENTS

The Board places on record its sincere thanks and gratitude for the assistance and continued co-operation that the Company has been receiving from the shareholders, executives, staff, workers, financial institutions and Central as well as State Government.

ON BEHALF OF THE BOARD

(RAJESH RANKA)

Chairman & Managing Director

Place : Mumbai

Dated : 22nd June, 2013

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217 (1)(e) read with the Companies

(Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

1. ENERGY CONSERVATION :

The company is making all efforts for the conservation of energy. To reduce the energy cost, periodical reviews and studies are undertaken from time to time.

	Current Year 2012-2013	Previous Year 2011-12
(A) Power & Fuel Consumption :		
1. Electricity :		
a) Purchased Units (in lacs)	118.71	129.34
Total Amount (₹ in lacs)	686.23	696.49
Rate/Unit (₹)	5.78	5.38
b) Own Generation Units (in lacs)	1.26	1.90
Total Amount (₹ in lacs)	20.05	26.65
Units/Liters of Diesel oil	2.72	2.72
Cost/Unit (₹)	15.93	14.02
2. Coal :		
Quantity (MT)	1245	1166
Total Cost (₹ in lacs)	99.13	95.60
Average Rate / MT (₹)	7963	8197
(B) Consumption per unit of Production :		
Units	kgs.	kgs.
Electricity	4.13 (*)	3.98
Coal	0.43 (*)	0.34
(*) Consumption per unit of production increased in comparison to previous year on account of change in product mix.		

2. TECHNOLOGY ABSORPTION :

Your Company is having research and development cell, headed by a senior and experienced textile technologist. Continuous watch on the quality of the product at various stages is being kept by the section. This section also keeps a regular track on the latest advancement on the spinning technology in order to keep pace with the demand of the new products.

3. The Company has earned during the year foreign exchange of ₹ 4504.09 lacs at FOB price against an outgo of ₹ 3191.28 lacs.