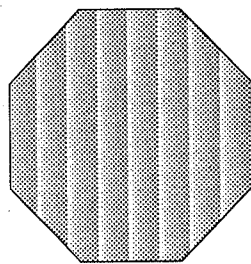


ANNUAL REPORT 2015-2016



Modern
THREADS (INDIA) LIMITED

BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER

Shri P.K. Nahar

COMPANY SECRETARY

Shri B.L. Saini

AUDITORS

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

SECRETARIAL AUDITOR

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

COST AUDITORS

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

REGISTERED OFFICE

A-4, Vijay Path, Tilak Nagar,
Jaipur-302 004 (Rajasthan)
Phone : 07823040996
Email : modernjaipuroffice@gmail.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-311 024
Distt. Bhilwara (Rajasthan)


NOTICE

Notice is hereby given that the 35th Annual General Meeting of the members of Modern Threads (India) Limited will be held on Saturday the 17th September, 2016 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 :

A. ORDINARY BUSINESS :

(1) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2016, 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.

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

"RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, as amended from time to time, and pursuant to the recommendations of the Audit Committee of the Board of Directors, and resolution passed by the members at the Annual General Meeting held on 22nd September, 2014, the re-appointment of M/s. S.S. Surana & Co., Chartered Accountants, Jaipur (Firm Registration No. 001079C), as the Auditors of the Company to hold office till the conclusion of 36th Annual General Meeting, be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors."

B. SPECIAL BUSINESS :

(4) To consider and, if thought fit, to pass with or without modification, 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 Brij Mohan Taparia (DIN : 07538954) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st July, 2016 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 Brij Mohan Taparia 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 1st July, 2016, not liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions if any, of the Companies Act, 2013 and the rules made thereunder, Shri Naresh Devpura (DIN: 07526062), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st July, 2016 and who holds office until the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

(6) 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 149, 152 and other applicable provisions if any, of the Companies Act, 2013 and the rules made thereunder, Shri Jagdish Narayan Sharma (DIN: 07552825), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st July, 2016 and who holds office until the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

(7) 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 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactments thereof, for the time being in force) read with Schedule V to the Companies Act, 2013 and subject to the requisite approval of Central Government, if necessary, the consent of the Company be and is hereby accorded to the re-appointment of Shri Rajesh Ranka (DIN : 03438721) as Chairman & Managing Director of the Company for a period of three years with effect from 01/07/2016 on the remuneration, terms and conditions as recommended by the nomination and remuneration committee and as set out in the explanatory statement annexed to the notice."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter or vary the scope of remuneration of Shri Rajesh Ranka, Chairman & Managing Director of the Company including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits specified by this resolution and the Companies Act, 2013."

"RESOLVED FURTHER THAT Shri H.L. Sharma, Director of the Company and Shri B.L. Saini, Company Secretary of the Company be and are hereby severally authorized to do all such necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution."

(8) 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, 2017, be paid the remuneration of ₹ 35,000/- per annum plus applicable service tax and reimbursement of expenses upto ₹ 15,000/- be and is hereby ratified and approved."

By order of the Board

Place : Mumbai
Date : 27th June, 2016

(B.L. SAINI)
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 Special Business are annexed hereto.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in the meeting instead of himself/herself and the proxy need not be a member of the Company.
3. The proxy form duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.
4. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send a certified copy of the relevant Board Resolution together with specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting.
5. Members/proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
6. The Share transfer books and Register of members shall remain closed from 14/09/2016 to 17/09/2016 (both days inclusive).

7. Members who have not registered their email addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.
8. The Statutory Registers maintained under the provisions of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
9. 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.
10. A route map showing directions to reach the venue of the Annual General Meeting is given with the Annual Report.
11. 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").

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.

The Board of Directors of the Company has appointed Shri R.K. Jain, Practicing Company Secretary as Scrutinizer for scrutinizing the voting and remote e-voting process in a fair and transparent manner.

The Notice of the AGM of the Company inter alia indicating the process and manner of e-voting process along with printed Attendance Slip and Proxy Form can be downloaded from the link <https://www.evoting.nsdl.com>

The instructions to members for voting electronically are as under:-

1. Company will send the pdf file to members on their registered email address which contains "User Id" and "Password for e-voting". Members shall use their folio number as password to open the attached PDF file. The members who have not provided email Id to the Company may contact to the concerned person on following numbers to get the "User ID" and "Password for e-voting", who will provide you the same after due verification of information of members available with the Company :-
Mr. B. L. Saini/Mr. Nadeem Zaki
Phone: 07823040996/0141-4113645
Email Id: - modernjaipuroffice@gmail.com
2. The members should log on the e-voting website 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. After login, home page of remote "e-Voting" will open. Click on e-Voting: Active Voting Cycles.
7. Select "EVENT" of "Modern Threads (India) Limited". Members can cast their vote from 13th September, 2016 (9:00 am) and ends on 16th September, 2016 (5:00 pm).
8. Now member are ready for "e-Voting" as "Cast Vote" page opens.
9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted.
10. 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 rkjainbhlwara@gmail.com with a copy to evoting@nsdl.co.in.

Other information

- A member may participate in the AGM even after exercising his right to vote through remote e-voting but he shall not be allowed to vote again at the AGM.
- A person, whose name is recorded in the register of members maintained by the Company as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through Ballot Paper.
- 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. 4

Shri Brij Mohan Taparia was appointed as an Additional Director of the Company with effect from 1st July, 2016 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 Brij Mohan Taparia for the office of an Independent Director. Shri Brij Mohan Taparia is LLB from the University of Jodhpur. He is also fellow member of the Institute of Chartered Accountants of India. He has more than 41 years rich experience in the field of accounts, finance and management.

The resolution seeks the approval of members for the appointment of Shri Brij Mohan Taparia as an Independent Director of the Company for a period of three years from 1st July, 2016, pursuant to the applicable provisions of the Companies

Act, 2013 and the Rules made thereunder. Shri Brij Mohan Taparia is not liable to retire by rotation.

In the opinion of the Board of Directors, Shri Brij Mohan Taparia 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 Brij Mohan Taparia as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days.

No director, key managerial personnel or their relatives, except Shri Brij Mohan Taparia, to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the resolution set forth in Item No. 4 for the approval of the members.

Item No. 5

Shri Naresh Devpura (DIN: 07526062), was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st July, 2016 and who holds office upto the date of this Annual General Meeting under Section

161 of the Companies Act, 2013 but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director liable to retire by rotation. The Board considers it desirable that the Company should continue to avail of his services. Shri Naresh Devpura is B.COM from the University of Rajasthan. He has more than 36 years vast experience in the field of accounts, auditing and finance.

The resolution seeks the approval of the members for the appointment of Shri Naresh Devpura as a Director of the Company.

No director, key managerial personnel or their relatives, except Shri Naresh Devpura, to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the resolution set out in Item No. 5 for the approval of the members.

Item No. 6

Shri Jagdish Narayan Sharma (DIN: 07552825), was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st July, 2016 and who holds office upto the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director liable to retire by rotation. The Board considers it desirable that the Company should continue to avail of his services. Shri Jagdish Narayan Sharma is Higher Secondary from the Secondary Education Board, Rajasthan. He has more than 33 years experience in the field of accounts, finance, Human Resources and Industrial Relations.

The resolution seeks the approval of the members for the appointment of Shri Jagdish Narayan Sharma as a Director of the Company.

No director, key managerial personnel or their relatives, except Shri Jagdish Narayan Sharma, to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the resolution set out in Item No. 6 for the approval of the members.

Item No. 7

Shri Rajesh Ranka was re-appointed as Chairman & Managing Director of the Company for a period of three years with effect from 01/02/2014. As term of his re-appointment will expire on 31/01/2017. The Board of Directors considered his contribution to the overall progress of the Company, therefore, the Board is of the opinion that his services should continue to be available to the Company by re-appointing him as Chairman & Managing Director of the Company for a period of three years with effect from 1st July, 2016. The Nomination and Remuneration Committee of the Board of Directors of the Company at their meeting held on 27/6/2016 has also approved the terms and conditions of re-appointment and remuneration of Shri Rajesh Ranka as Chairman & Managing Director of the Company with effect from 1st July, 2016.

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

Name	Smt. Veena Jain	Shri Brij Mohan Taparia	Shri Naresh Devpura	Shri Jagdish Narayan Sharma	Shri Rajesh Ranka
Director Identification Number (DIN)	07148606	07538954	07526062	07552825	03438721
Date of Birth	06/09/1978	22/02/1950	01/10/1959	10/05/1968	07/10/1966
Qualifications	M.A.	C.A.	B.COM.	Higher Secondary	MBA
Expertise in Specific Area	Business	Accounts, Finance & Management	Accounts & Finance	Accounts, Finance, HR, Industrial Relations	Business & Industrialist
Date of first Appointment on the Board of the Company	June 18, 2015	July 1, 2016	July 1, 2016	July 1, 2016	February 1, 2011
Shareholding in the Company	Nil	Nil	Nil	Nil	Nil
Directorship held in other companies	Nil	Nil	Nil	Nil	Nil
Membership / Chairmanships of Audit and stake holders relationship committees	Nil	Nil	Nil	Nil	Nil

(A) Basic Salary :-

₹ 1,50,000/- (Rupees One Lac Fifty Thousand only) per month for the first year and thereafter increase of ₹ 20,000/- per month every year for next two years.

(B) Perquisites and allowances :-

- Company's contribution towards provident fund as per the rules of the Company but not exceeding 12% of the salary.
- Gratuity not exceeding half month's salary for each completed year of service, as provided in Gratuity Act.
- Free use of car with driver, for Company's business.
- Free telephone facility at residence for Company's business.
- Encashment of leaves as per Company's Rules.

(C) He shall not be paid any sitting fees for attending the meetings of Board of Directors or Committee thereof.

The resolution seeks the approval of members in terms of section 196 and 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder for the re-appointment of Shri Rajesh Ranka as Chairman & Managing Director of the Company for a period of three years with effect from 01/07/2016.

Except Shri Rajesh Ranka, none of the Directors and key managerial personnel of the Company and their relatives is concerned or interested in the said resolution set out at item No. 7. The Board recommends the resolution for the approval of the members. The details set out herein above may be treated as an abstract under section 190 of the Companies Act, 2013.

Item No. 8

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M. Goyal & Co., Cost Accountants, Jaipur as the Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2017 at a remuneration of ₹ 35,000/- per annum plus applicable service tax and reimbursement of expenses upto ₹. 15,000/-.

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item No. 8 of the notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2017.

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. 8.

DIRECTORS' REPORT

The Members,

Your Directors are pleased to present the 35th Annual Report on the business and operations of the Company together with Audited Financial Statements for the financial year ended 31st March, 2016.

FINANCIAL RESULTS

(₹ in Crores)

Particulars	Year ended 31.3.2016	Year ended 31.3.2015
Revenue from operations & other Income	153.84	144.57
Profit before exceptional items & tax	8.93	7.48
Exceptional items	5.00	-
Profit before tax	13.93	7.48
Less-Tax expenses	-	-
Profit for the year	13.93	7.48
Balance brought forward from previous year	(308.61)	(316.09)
Balance carried to Balance Sheet	(294.68)	(308.61)

OPERATIONS

The performance of Woollen division of the Company has been satisfactory over past few years inspite of stiff competitions in the domestic and International markets. During the year under review, the turnover of the Woollen Division of the Company was ₹ 151 crores as against ₹ 143 crores in the previous year. Your company has been able to generate net profit of ₹ 8.93 crores during the year under review as against ₹ 7.48 crores in previous year. The Yarn division of the Company situated at Raila 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.

TRANSFER TO RESERVES

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

EXPORTS

The company is one of the largest exporter of worsted and blended woollen yarn from India. During the year under review, Woollen Division of the Company achieved export turnover of ₹ 112 crores as against ₹ 95 crores in previous year showing 18% growth. Consistent efforts are being made by the Woollens Division of the Company to ensure sustainable leadership for its products in global market. Woollen division has also initiated efforts to retain existing customers base and contacting newer customers in overseas market with different product range in worsted yarn so as to achieve improved performance and profitability in the ensuing period.

FUTURE PROSPECTS

The worsted yarn segment of Textile Industry is moving ahead and likely to grow fast in coming years. The turn of woollens as a fashion fabric in global as well as domestic markets, coupled with renewed attention on speciality and high value added yarns will be growth drivers for woollen division of the Company. In spite 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.

FIXED DEPOSITS

The Company has an unpaid amount of fixed deposits & interest thereon outstanding as on 31st March, 2016, the detail of which have been given in the Note No. 4 annexed with financial statements. In view of petition filed by the Company, the Hon'ble Company Law Board has passed an order on 17/04/2002 that "The repayment of fixed deposits shall be made by the Company in accordance with the "revival scheme" as and when approved by BIFR under the provisions of "SICA". However, payments on compassionate ground are continued to be made as per the decision of

the Committee formed by Hon'ble Company Law Board for this purpose.

The Company has neither accepted nor renewed any fixed deposits during the year under review within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

STATUS OF PROCEEDINGS AT BIFR

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 which is under examination and consideration. All hearing listed from October, 2015 onwards have been postponed till further order as per notification of BIFR.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors at its meeting held on 27th June, 2016, has re-appointed Shri Rajesh Ranka as Chairman & Managing Director of the Company with remuneration for a further period of three years with effect from 1st July, 2016, subject to the approval of the members. Shri Brij Mohan Taparia, Shri Naresh Devpura and Shri Jagdish Narayan Sharma have been appointed as an additional directors of the Company by the Board of Directors with effect from 1st July, 2016. 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 offers herself for re-appointment. Appropriate resolutions for the appointment/re-appointment of the aforesaid Directors is being moved at the ensuing Annual General Meeting, which the Board recommends for your approval.

During the year under review, Shri Pushp Kumar Jain, has resigned from the Directorship of the Company with effect from 1/7/2016 and Shri Pradeep Kumar has ceased to be Special Director of the Company by Board For Industrial Financial Reconstruction (BIFR) with effect from 3/2/2016. The Board places on record its sincere thanks and gratitude for the valuable contribution made by Shri Pushp Kumar Jain and Shri Pradeep Kumar towards the growth and development of the company during their tenure as Director of the Company. There was no change in the Key Managerial Personnel during the year.

Declaration of Independent Directors

The Company has received declarations from all the Independent Directors of the Company that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

NOMINATION AND REMUNERATION POLICY

As per the provisions of section 178 of the Companies Act, 2013 and the rules made thereunder, the Board has constituted a 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 Non-Executive/Whole-time/Managing Director, Key Managerial Personnel (KMP) and other employees shall be of requisite qualification, high integrity and should have relevant expertise and experience.

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

Sl. No.	Name of Director	Position held in the Committee	Category of Director
1	Shri S.B.L. Jain	Chairman	Independent Director
2	Shri H.L. Sharma	Member	Independent Director
3	Shri Pradeep Kumar	Member	Special Director, BIFR (upto 3/2/2016)
4	Shri P.K. Jain	Member	Non-Executive Director (w.e.f. 28/3/2016)

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 were 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 2015-16, the Board met four times. The Meetings were held on 18th June, 2015, 24th September, 2015, 28th December, 2015 and 28th March, 2016. The intervening gap between the meetings was within the period prescribed under section 173 of the Companies Act, 2013.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

S.S. Surana & Co., (Firm Registration No. 001079C), Chartered Accountants, Jaipur were appointed as Statutory Auditors of the Company at the Annual General Meeting held on 22nd September, 2014 for a period of three years subject to ratification by members at every consequent Annual General Meeting. Accordingly, the re-appointment of S.S. Surana & Co., Chartered Accountants, as statutory auditors of the Company, is placed for ratifications by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

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

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed R.K. Jain & Associates, Company Secretaries, Bhilwara to undertake the Secretarial Audit of the Company for the financial year ended 31st March, 2016. The Secretarial Audit report is annexed as **Annexure-A** to the Board's report.

The observations in Secretarial Audit Report which pertains mainly to listing agreement requirements, Stock Exchange compliances etc. It is clarified that the Company will take necessary action on implementation of rehabilitation scheme pending for examination and approval of BIFR.

Cost Auditors

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

INDUSTRIAL RELATIONS AND PARTICULARS OF EMPLOYEES

The Company has enjoyed healthy and cordial industrial relations throughout the period except that the workers of 'Yarn Division' are still on strike. The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered office of the company during business hours on working days of the Company up to the date of ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the Company Secretary in advance.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The directors have prepared the annual accounts on a going concern basis;
- The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

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.

CORPORATE SOCIAL RESPONSIBILITY

As per the provisions of section 135(1) of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility Committee. The Board has, on the recommendation of the Corporate Social Responsibility Committee, framed and adopted a policy for CSR. The company does not meet the criteria of Section 135 (5) of Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, so there is no requirement to spend any amount on CSR activities during the financial year 2015-16.

The detail of Committee members are 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 S.B.L. Jain	Member	Independent Director
3	Shri H.L. Sharma	Member	Independent Director

VIGIL MECHANISM

Pursuant to the provision of Section 177 (9) and (10) of the Companies Act, 2013, 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.

ENVIRONMENT AND SAFETY

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 2015-16, the Company has not received any complaints of sexual harassment.

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 not required.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company as on 31st March, 2016.

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-C** to the Board's Report.

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.

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.

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 detail of Committee members are as follows :

Sl. No.	Name of Director	Position held in the Committee	Category of Director
1	Shri S.B.L. Jain	Chairman	Independent Director
2	Shri H.L. Sharma	Member	Independent Director
3	Shri Pradeep Kumar	Member	Special Director, BIFR (upto 3/2/2016)
4	Shri P.K. Jain	Member	Non-Executive Director (w.e.f. 28/3/2016)

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relate and the date of this report.
3. No significant or material orders were passed by the regulators or Courts or Tribunals which impact the going concern status and Company's Operations in future.

ACKNOWLEDGEMENTS

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

(RAJESH RANKA)

Chairman & Managing Director

DIN : 03438721

Place : Mumbai

Dated : 27th June, 2016

Annexure-A to the Board's Report
SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016
[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, 2016, 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, 2016 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, 1992 and 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. (viii) The Sick Industrials Companies (Special Provisions) Act, 1985. The Company has been declared as Sick Company by the Board for Industrial and Financial Reconstruction (BIFR) and the company has submitted rehabilitation scheme to BIFR which is under examination /approval.

(ix) As informed and certified by the management, there are no other laws that are specifically applicable to the company based on their sector/industry. We have also examined compliance with the applicable clauses of the following:-

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange, The Calcutta Stock Exchange Ltd., Ahmedabad Stock Exchange Ltd. and National Stock Exchange of India Ltd. The Trading in Securities of the Company has been suspended by BSE since January 2002 and by NSE since 11th 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, now the preference shares will be redeemed as per Rehabilitation Scheme to be approved by BIFR. The Dividend on Cumulative redeemable Preference Shares has not been provided for last years. The company expects waiver/ relief under Draft Rehabilitation Scheme pending for approval with BIFR.
2. The company had unpaid Fixed Deposits accepted from Public. The outstanding amount of Public Fixed Deposit as on 31st March, 2016 was amounting to Rs. 630.19 Lacs. In view of petition filed by the company in CLB, The Hon'ble Company Law Board has passed order dated 17.04.2002. According to which the repayment of Fixed Deposit shall be made by the Company as per Rehabilitation Scheme to be approved by BIFR.
3. The Company has an outstanding amount of share application money Rs.1450.00 lacs received from promoters and associates pursuant to the Draft rehabilitation scheme. The instrument will be issued on sanction of the scheme by BIFR. In view of pending approval of rehabilitation scheme by BIFR, no application money is due for refund. Allotment of Equity Shares has not been made so far.
4. There was no director retiring by rotation at the beginning of the financial year. However, the company has appointed two additional Directors on 18th June, 2015 who were regularize in AGM as Directors retiring by rotation in compliance of Section 152 (6) of the Companies Act, 2013.
5. The Securities of the Company has not yet been in dematerialized form as such the company has not comply the provisions of the Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
6. The company has not complied with the provisions of Listing Agreement and SEBI Rules and Regulations, wherever applicable.
7. The Company has its website, but the disclosure as required by Companies Act, 2013 and Listing Agreement were not disseminated of Website.
8. The Company has not provided the E-voting facility to the Shareholder in the Annual General Meeting dated 24th September, 2015. However, as per the explanation, the company has taken steps for providing e-voting facility in ensuing Annual General Meeting.

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