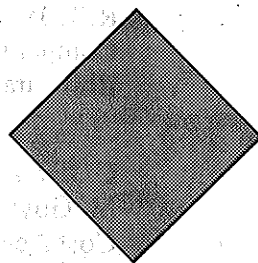


ANNUAL REPORT 2016-2017



Modern
THREADS (INDIA) LIMITED

BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER

Shri P.K. Nahar

COMPANY SECRETARY

Shri Kapil Kumar Kumawat

AUDITORS

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

SECRETARIAL AUDITOR

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

COST AUDITORS

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

REGISTERED OFFICE

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

CORPORATE HEADQUARTER

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

PLANTS**Woollens Division**

Hamirgarh Road,
Bhilwara-311 001 (Rajasthan)

Yarn Division

Village Raila,
Distt. Bhilwara (Rajasthan)



NOTICE

Notice is hereby given that the 36th Annual General Meeting of the members of Modern Threads (India) Limited will be held on Thursday the 28th September, 2017 at 3:00 P.M. at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur - 302 004 to transact the following business:

A. ORDINARY BUSINESS :

- (1) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2017, and the reports of the Board of Directors and Auditors thereon.
- (2) To appoint a Director in place of Shri Jagdish Narayan Sharma (DIN: 07552825) who retires by rotation and being eligible, offers himself for re-appointment.
- (3) To appoint Statutory Auditors of the Company and to fix their remuneration and to pass with or without modifications, the following resolution as an Ordinary Resolution:

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

B. SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provisions of section 149, 150 and 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with schedule IV of the Companies Act, 2013, Shri Naresh Devpura (DIN 07526062), Director of the Company in respect of whom Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 signifying his intention to propose Shri Naresh Devpura as a candidate for the office of director of the company, be and is hereby appointed as an Independent Director of the Company with effect from 01.04.2017 for a period of three years, whose office shall not be liable to retire by rotation."

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

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

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

By order of the Board

(Kapil Kumar Kumawat)
Company Secretary

Place : Bhilwara
Date : 25th May, 2017

NOTES :

1. The Explanatory Statement pursuant to Section 102 and/or any other applicable provisions of the Companies Act, 2013 in respect of Item No. 3, 4 & 5 set out in the Notice is annexed hereto and form part of this Notice.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in the meeting instead of himself/herself and the proxy need not be a member of the Company. In terms of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty members holding in the aggregate, not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as Proxy, who shall not act as a Proxy for any other Member.
3. The proxy form duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.
4. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send a certified copy of the relevant Board Resolution together with specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members/proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
7. The Share transfer books and Register of members shall remain closed from 22nd September, 2017 to 28th September, 2017 (both days inclusive).
8. Members holding shares in physical mode are requested to dematerialize their shares by surrendering their share certificates to their Depository Participants (DPs). Members are requested to quote ISIN: INE794W01014 of the Company for dematerialization of the shares.
9. Members who have not registered their email addresses so far are requested to register their e-mail ID's with M/s. Beetal Financial & Computer Services Pvt. Ltd, the Registrars & Share Transfer Agents of the Company and Members holding shares in demat mode are requested to register their e-mail ID's with their respective DPs in case the same is still not registered.
10. In terms of Section 101 and 136 of the Companies Act, 2013 read with the relevant Rules made thereunder, the copy of the Annual Report including Financial statements, Board's report etc. and this Notice are being sent by electronic mode, to those members who have registered their email ID's with their respective depository participants or with the share transfer agents of the Company, unless any member has requested for a physical copy of the same. In case you wish to get a physical copy of the Annual Report, you may send your request to cs@modernwoollens.com mentioning your Folio/DP ID & Client ID. Members may also note that the Notice of the Annual General Meeting and the Annual Report for the year 2016-17 will also be available on the Company's website www.modernwoollens.com.
11. All the documents referred to in accompanying Notice and other Statutory Registers are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. to 1.00 p.m. upto the date of Annual General Meeting.
12. Members are requested to send all communications relating to shares and change of address etc. to the Registrar and Share Transfer Agents at the following address: Beetal Financial & Computer Service Pvt. Ltd. Beetal House, 3rd Floor, 99 Madangir, Behind LSC, New Delhi-110062.
13. A Member desirous of getting any information on the accounts of the Company is requested to forward his request to the Company at least 10 days prior to the Meeting so that the required information can be made available at the Meeting.
14. A route map showing directions to reach the venue of the Annual General Meeting is given with the Annual Report.
15. Voting

All persons whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. 22nd September, 2017 only shall be entitled to vote at the General Meeting by availing the facility of remote e-voting or by voting at the General Meeting.

(i) Voting through Electronic means

1. Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide its members the facility of "remote e-voting" (e-voting from a place other than venue of the AGM) to exercise their right to vote at the AGM. The business may be transacted through e-voting services provided by National Securities Depository Limited ("NSDL").
2. The facility for voting through Ballot/Poll Paper shall also be made available at the AGM and the members attending the meeting who have not already cast their vote through remote e-voting shall be able to exercise their right at the AGM.
3. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
4. The Board of Directors of the Company has appointed Shri R. K. Jain, Practicing Company Secretary, Bhilwara as Scrutinizer for scrutinizing the voting and remote e-voting process in a fair and transparent manner.
5. The remote e-voting period commences on Monday, 25th September, 2017 (9:00 am) and ends on Wednesday, 27th September, 2017 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 22nd September, 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
6. The Results shall be declared within 48 hours after the Annual General Meeting of the Company. The results declared along with the Scrutinizer's Report shall be placed on the company's website www.modernwoollens.com and on the website of NSDL www.evoting.nsdl.com and the same shall also be communicated to BSE & NSE.

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

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

- In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company / Depository Participants(s)]:
1. Open the attached PDF file "MTIL remote e-voting.pdf" giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your "User ID" and "Password for e-voting". Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting.
 2. Launch internet browser by typing the URL <https://www.evoting.nsdl.com>
 3. Click on "Shareholder - Login".
 4. Put User ID and password as initial password noted in step (1) above and Click Login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com
 5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
 6. Home page of remote "e-Voting" opens. Click on remote e-Voting: Active Voting Cycles.
 7. Select "EVEN" of "Modern Threads (India) Limited". Members can cast their vote online 25th September 2017 (9:00 am) and ends on 27th September, 2017 (5:00 pm). Note: e-Voting shall not be allowed beyond said time.
 8. Now you are ready for "remote e-Voting" as "Cast Vote" page opens.
 9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted. Upon confirmation, the message Vote cast successfully will be displayed. Once you have voted on the resolution, you will not be allowed to modify your vote.
 10. The members who have not provided email IDs to the Depository Participants/Company, may contact to the concerned person on following numbers to get the "User ID" and "Password for remote e-voting", who will provide you the same after due verification of information of members available with the Company:-
Mr. Nadeem Zaki/ Kapil Kumar Kumawat
Phone: 0141-4113645
Email Id: - modernjaipuroffice@gmail.com or 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 rjainbhlwara@gmail.com with a copy to evoting@nsdl.co.in.
"In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990.

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

Item No. 3

Though not mandatory, this statement is provided for reference.

As per the provisions of the Section 139(2) of the Act read with Rule 6 of the Companies (Audit and Auditors) Rules 2014, no listed company can appoint or reappoint an Audit Firm as Auditor for more than two terms of five consecutive years. As per second proviso to Section 139(2) of the Companies Act, 2013 ('the Act'), a transition period of three years from the commencement of the Act is provided to appoint a new auditor when the existing auditor's firm has completed two terms of five consecutive years. S.S. Surana & Co., Chartered Accountants, Jaipur had completed more than two terms of five consecutive years and in terms of their appointment made at the 33rd Annual General Meeting held on 22nd September 2014, they are holding office of the auditors upto the conclusion of the 36th Annual General Meeting and hence, would retire at the conclusion of the forthcoming 36th Annual General Meeting of the Company. Accordingly, as per the said requirements of the Act, Goyal D. Kumar & Co, Chartered Accountants are proposed to be appointed as auditors for a period of 5 years, commencing from the conclusion of 36th Annual General Meeting till the conclusion of the 41st Annual General Meeting, subject to ratification of the appointment by Members at every Annual General Meeting, as may be applicable. Goyal D. Kumar & Co Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014. None of the Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at item No. 3 of the notice.

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

Item No. 4

Shri Naresh Devpura (DIN: 07526062) was appointed as an Additional Director (Non-Executive) of the Company with effect from 1st July, 2016 by the Board of Directors of the Company and subsequently was regularized through shareholders' resolution in 35th Annual General Meeting of the Company. The Board of directors at their meeting held on 22nd March 2017 have appointed him as an Independent Director of the Company subject to approval of the shareholders in the ensuing Annual General Meeting of the Company. The Company has received a notice in writing from a member under the provisions of Section 160 of the Companies Act, 2013 proposing the candidature of Shri Naresh Devpura for the office of an Independent Director. The Board considers it desirable that the Company should continue to avail of his services. Shri Naresh Devpura is B.COM from the University of Rajasthan. He has more than 36 years vast experience in the field of accounts, auditing and finance. The resolution seeks the approval of members for the appointment of Shri Naresh Devpura as an Independent Director of the Company for a period of three years from 1st April, 2017, pursuant to the applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. Shri Naresh Devpura is not liable to retire by rotation.

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

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

Item No. 5

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

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

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

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

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

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

DIRECTORS' REPORT

The Members,

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

FINANCIAL RESULTS

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

OPERATIONS

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

TRANSFER TO RESERVES

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

DIVIDEND

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

EXPORTS

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

FUTURE PROSPECTS

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

FIXED DEPOSITS

The Company has an unpaid amount of fixed deposits & interest thereon outstanding as on 31st March, 2017, the detail of which have been given in the Note No. 4 annexed with financial statements. In view of petition filed by the Company, the Hon'ble Company Law Board has passed an order on 17/04/2002 that "The repayment of fixed deposits shall be made by the Company in accordance with the "revival scheme" as and when approved by BIFR under the provisions of "SICA". Since the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) has been repealed w.e.f. 01st December 2016 and The Insolvency and Bankruptcy Code, 2016 has come into force, the company is planning to make a reference before National Company Law Tribunal under this code. However, payments on compassionate ground are continued to be made as per the decision of the Committee formed by Hon'ble Company Law Board for this purpose. The Company has neither accepted nor renewed any fixed deposits during the year under review within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

STATUS OF PROCEEDINGS AT NCLT

Since the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) has been repealed w.e.f. 01st December 2016 and the Insolvency and Bankruptcy Code, 2016

has come into force, the company is planning to make a reference before National Company Law Tribunal under this code.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

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

The Board places on record its sincere thanks and gratitude for the valuable contributions made by Shri Pushp Kumar Jain, Shri H.L. Sharma and Shri S.B.L. Jain towards the growth and development of the company during their tenure as Director of the Company. The board of directors at its meeting held on 22nd March, 2017 changed the designation of Shri Naresh Devpura as an Independent director of the company subject to approval of shareholders in the ensuing Annual General Meeting of the company. In accordance with the provisions of section 152 of the Companies Act, 2013, Shri Jagdish Narayan Sharma, Director of the Company retires by rotation and being eligible offers himself for re-appointment.

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

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

BOARD EVALUATION

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

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

NUMBER OF BOARD MEETINGS

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

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

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

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

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

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

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

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

NOMINATION AND REMUNERATION COMMITTEE

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

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

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

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

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

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

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

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

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

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

The Board has, on the recommendation of the Corporate Social Responsibility Committee, framed and adopted a policy for CSR available on the website of the company <https://www.modernwoollens.com>. Company is a Sick Industrial Company and the draft rehabilitation scheme was pending for approval by BIFR. Since the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) has been repealed w.e.f. 01st December 2016 and Insolvency and Bankruptcy Code, 2016 has come into force, the Company is planning to make a reference before National Company Law Tribunal under this code. The Company also has huge amount of accumulated losses for the past years which eroded the company's Net Worth. In view of the above mentioned reasons company is not in the position to spend any amount on CSR activities. The disclosures as per rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 are disclosed in Annexure C as a part of Board's Report.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

- 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.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

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

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

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

Secretarial Auditors

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

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

Cost Auditors

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

INDUSTRIAL RELATIONS AND PARTICULARS OF EMPLOYEES

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

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

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

VIGIL MECHANISM

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

ENVIRONMENT AND 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 2016-17, the Company has not received any complaints of sexual harassment.

EXTRACT OF ANNUAL RETURN

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

CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

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

CODE OF CONDUCT

In compliance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct and Ethics. The code is applicable to the Board of Directors, Key Managerial Personnel and all other employees in the course of day to day business operations of the Company. The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors, Key Managerial Personnel and all other designated employees of the Company in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. This code is available on the website of the company at <https://www.modernwoollens.com>.

DECLARATION OF INDEPENDENT DIRECTORS

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

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

BUSINESS RISK MANAGEMENT

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE REQUIREMENTS

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

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

GENERAL

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

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

ACKNOWLEDGEMENTS

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

(RAJESH RANKA)

Chairman & Managing Director

DIN : 03438721

Place : Bhitwara

Dated : 25th May, 2017

**ANNEXURE "A" TO THE BOARD'S REPORT
SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Modern Threads (India) Limited (hereinafter called the company).

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:-

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

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. There is no transaction relating FDI and ODI during the year under review.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the Period under review);
 - (d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the Period under review);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. (Not applicable to the Company during the Period under review);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Period under review); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. (Not applicable to the Company during the Audit Period).
- (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) The Sick Industrial Companies (Special Provisions) Act, 1985 has been repealed w.e.f. 1st December, 2016. The Company has been declared as Sick Company by the Board for Industrial and Financial Reconstruction (BIFR) and the company has submitted rehabilitation scheme to BIFR. The Company is in the process of filing of reference to National Company Law Tribunal under Insolvency and Bankruptcy Code, 2016
- (ix) As informed and certified by the management, there are no other laws that are specifically applicable to the company based on their sector/industry.

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange,

The Calcutta Stock Exchange Ltd., Ahmedabad Stock Exchange Ltd. and National Stock Exchange of India Ltd. The Trading in Securities of the Company has been suspended by BSE since January 2002 and by NSE since 11 November, 2002.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:-

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

We further report that-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors except the observations made in the Report. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

R K Jain & Associates
Company Secretaries

R K Jain
Proprietor

COP No. 5866
FCS No. 4584

Place: Jaipur
Date: 25th May, 2017

'Annexure A'

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

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide reasonable basis of our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company. We have relied upon the Report of Statutory Auditors regarding compliance of Companies Act, 2013 and Rules made thereunder relating to maintenance of Books of Accounts, papers and financial statements of the relevant Financial Year, which give a true and fair view of the state of the affairs of the company.
4. We have relied upon the Report of Statutory Auditors regarding compliance of Fiscal

Laws, like the Income Tax Act, 1961 & Finance Acts, the Customs Act, 1962, the Central Excise Act, 1944 and Service Tax except some dues as mentioned in Independent Auditors' Report. There are some disputed statutory dues, which have not been deposited on account of matter pending before appropriate authorities as mentioned in Independent Auditors' Report.

5. Wherever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.
6. The compliances of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination is limited to the verification of procedures on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

R K Jain & Associates
Company Secretaries

R K Jain
Proprietor

COP No. 5866
FCS No. 4584

Place: Jaipur
Date: 25th May, 2017

ANNEXURE "B" TO THE BOARD'S REPORT
Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earning and Outgo required under the Companies (Accounts) Rules, 2014
(A) Conservation of energy-

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

(B) Technology absorption-

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

(C) Foreign exchange earnings and Outgo-

| Particulars | Details |
|--|---|
| 1. Activities relating to exports, initiatives to increase exports, Developments of 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 exhibitions on regular basis. |
| 2. Total Foreign Exchange Earned and Used | |
| i) The Foreign Exchange earned in terms of actual inflows during the year | ₹ 10241.87 Lacs |
| ii) Foreign Exchange outgo during the year in terms of actual outflows | ₹ 7378.08 Lacs |

ANNEXURE "C" TO THE BOARD'S REPORT
ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES
(Pursuant to rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014)

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

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

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

- Rural development projects.

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

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

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

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

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

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

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

- (b) Amount unspent, if any-NA

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

| S. No. | CSR project or activity Identified | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads: | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency * |
|--------|------------------------------------|--|---|---|---|--|---|
| NA | NA | NA | NA | NA | NA | NA | NA |

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

| S. No. | Financial Year | Accumulated Losses (In Lacs) |
|--------|----------------|--------------------------------|
| 1. | 2012-13 | 32204.72 |
| 2. | 2013-14 | 31608.83 |
| 3. | 2014-15 | 30861.03 |

| | | |
|----|---------|----------|
| 4. | 2015-16 | 29468.48 |
| 5. | 2016-17 | 28502.16 |

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

7. A responsibility statement of the CSR Committee:

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

B.M. Tapania
(Director)

Rajesh Ranka
(Chairman CSR Committee)

ANNEXURE "D" TO THE BOARD'S REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products/services | NIC Code of the Product/service | % to total turnover of the company |
|---------|--|---------------------------------|------------------------------------|
| 1 | Worsted Yarn | 17123 | 82 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

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

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--|---|----------|----------|-------------------|---|----------|----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Central Govt. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) State Govt.(s) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d) Bodies Corp. | Nil | 23011801 | 23011801 | 66.17 | Nil | 15636901 | 15636901 | 44.97 | -21.20 |
| e) Banks/FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| f) Any Other (Trust) | Nil | Nil | Nil | Nil | Nil | 7000000 | 7000000 | 20.12 | 20.12 |
| Sub-total (A)(1):- | Nil | 23011801 | 23011801 | 66.17 | Nil | 22636901 | 22636901 | 65.09 | -1.08 |
| (2) Foreign | | | | | | | | | |
| a) NRIs-Individuals | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Other-Individuals | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) Bodies Corp. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d) Banks / FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| e) Any Other.... | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-total (A)(2):- | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Total share holding of Promoters (A)=(A)(1)+(A)(2) | Nil | 23011801 | 23011801 | 66.17 | Nil | 22636901 | 22636901 | 65.09 | -1.08 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | Nil | 16200 | 16200 | 0.05 | Nil | 16200 | 16200 | 0.05 | Nil |
| b) Central Govt. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) State Govt.(s) | Nil | Nil | Nil | Nil | Nil | 374900 | 374900 | 1.08 | 1.08 |
| d) Venture Capital funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| e) Insurance Companies | Nil | 385270 | 385270 | 1.10 | Nil | 385270 | 385270 | 1.10 | Nil |
| g) FIs | Nil | 436900 | 436900 | 1.26 | Nil | 436900 | 436900 | 1.26 | Nil |
| h) Foreign Venture Capital Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| i) Banks | Nil | 2907 | 2907 | 0.01 | Nil | 2907 | 2907 | 0.01 | Nil |
| ii) FI | Nil | 3332907 | 3332907 | 9.59 | Nil | 3332907 | 3332907 | 9.59 | Nil |
| Sub-total (B)(1):- | Nil | 4174184 | 4174184 | 12.01 | Nil | 4549084 | 4549084 | 13.09 | 1.08 |