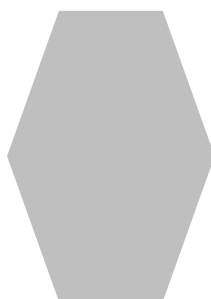


# **ANNUAL REPORT 2017-2018**



**Modern**  
**THREADS (INDIA) LIMITED**

Village Raila,  
Distt. Bhilwara (Rajasthan)



## NOTICE

Notice is hereby given that the 37<sup>th</sup> Annual General Meeting of the members of Modern Threads (India) Limited will be held on Saturday the 29<sup>th</sup> September, 2018 at 3:00 P.M. at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur - 302004 to transact the following business:

### A. ORDINARY BUSINESS :

- (1) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2018, and the reports of the Board of Directors and Auditors thereon.
- (2) To appoint a Director in place of Smt. Veena Jain (DIN: 07148606) who retires by rotation and being eligible, offers herself for re-appointment.

### B. SPECIAL BUSINESS :

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

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

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M. Goyal & Co., Cost Accountants (Firm Registration No. 000051), appointed as Cost Auditors of the Company by the Board of Directors to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2019, be paid the remuneration of ₹ 50000/- per annum plus applicable taxes and reimbursement of expenses upto ₹ 25000/- be and is hereby ratified and approved.

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

"RESOLVED THAT pursuant to the provisions of section 180 (1) (c) of the companies Act, 2013 and other applicable provisions if any of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment (s) thereof for the time being in force) consent of the members be and is hereby accorded to the Board of Directors to borrow from time to time such sum or sums of money as they may deem necessary for the purpose of business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from cash credit arrangement, discounting of bills and other temporary loans obtained from company's bankers in the ordinary course of business) and remaining outstanding at any point of time will exceed the aggregate of the paid-up share capital, free reserves and securities premium, that is to say, reserves not set apart for any specific purpose, provided that the total amount up to which monies may be borrowed by the Board of Directors and which shall

remain outstanding at any given point of time shall not exceed the sum of ₹ 250 crores (Rupees Two Hundred & Fifty Crores only) and the Board be and is hereby authorized, in its absolute discretion as it may think fit, to do all such acts, deeds and things which are necessary or incidental for the implementation of the said resolution."

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

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

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

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

By order of the Board

(Kapil Kumar Kumawat)  
 Company Secretary

Place : Mumbai  
 Date : 30<sup>th</sup> May, 2018

## NOTES :

1. The Explanatory Statement pursuant to Section 102 and/or any other applicable provisions of the Companies Act, 2013 in respect of Item No. 3, 4, 5 & 6 set out in the Notice is annexed hereto and form part of this Notice.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in the meeting instead of himself/herself and the proxy need not be a member of the Company. In terms of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty members holding in the aggregate, not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.
3. The proxy form duly completed and signed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.
4. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send a certified copy of the relevant Board Resolution together with specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.

7. The Share transfer books and Register of members shall remain closed from 24<sup>th</sup> September, 2018 to 29<sup>th</sup> September, 2018 (both days inclusive).
8. Members holding shares in physical mode are requested to dematerialize their shares by surrendering their share certificates to their Depository Participants (DPs). Members are requested to quote ISIN: INE794W01014 of the Company for dematerialization of the shares.
9. Members holding shares in physical form are advised to submit particulars of their bank account, viz. name and address of the branch of the bank, MICR code of the branch, type of account and account number to our Registrar and Share Transfer Agent, Beetal Financial & Computer Service Pvt. Ltd. Beetal House, 3rd Floor, 99 Madangir, Behind LSC, New Delhi-110062. Members who have not registered their email addresses so far are requested to register their e-mail ID's with M/s. Beetal Financial & Computer Services Pvt. Ltd, the Registrars & Share Transfer Agents of the Company and Members holding shares in demat mode are requested to register their e-mail ID's with their respective DPs in case the same is still not registered.
10. Members who are holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Company's Registrar and Share Transfer Agent the details of such folios together with the share certificates for consolidating their holding in one folio. The share certificates will be returned to the members after making requisite changes, thereon. Members are requested to use the share transfer form SH-4 for this purpose.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or our Registrar and Share Transfer Agent, Beetal Financial & Computer Service Pvt. Ltd.
12. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company for registration of transfer of securities.
13. Non-resident Indian shareholders are requested to inform about the following immediately to the Company or its Registrar and Share Transfer Agent or the concerned Depository Participant, as the case may be, immediately of:
  - a. The change in the residential status on return to India for permanent settlement.
  - b. The particulars of the NRE account with a Bank in India, if not furnished earlier.
14. Members holding shares in single name and in physical form are advised to make nomination in respect of their shareholding in the Company. The Nomination Form SH-13 prescribed by the Government can be obtained from the Registrar and Share Transfer Agent.
15. In terms of Section 101 and 136 of the Companies Act, 2013 read with the relevant Rules made thereunder, the copy of the Annual Report including Financial statements, Board's report etc. and this Notice are being sent by electronic mode, to those members who have registered their email ID's with their respective depository participants or with the share transfer agents of the Company, unless any member has requested for a physical copy of the same. In case you wish to get a physical copy of the Annual Report, you may send your request to [cs@modernwoollens.com](mailto:cs@modernwoollens.com) mentioning your Folio/DP ID & Client ID.
16. Members may also note that the Notice of the 37<sup>th</sup> AGM, Attendance Slip, Proxy Form, Ballot Paper and the Annual Report for FY 2017-18 will also be available on the Company's website [www.modernwoollens.com](http://www.modernwoollens.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection without any fee during normal business hours (11:00 am to 5:00 pm) on working days, upto and including the date of AGM of the Company.
17. All the documents referred to in accompanying Notice and other Statutory Registers are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. to 5.00 p.m. upto the date of Annual General Meeting.
18. Members are requested to send all communications relating to shares and change of address etc. to the Registrar and Share Transfer Agents at the following address: Beetal Financial & Computer Service Pvt. Ltd. Beetal House, 3<sup>rd</sup> Floor, 99 Madangir, Behind LSC, New Delhi-110062
19. A Member desirous of getting any information on the accounts of the Company is requested to forward his request to the Company at least 10 days prior to the Meeting so that the required information can be made available at the Meeting.
20. A route map showing directions to reach the venue of the Annual General Meeting is given with the Notice/Annual Report.
21. **Voting**

All persons whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. 22<sup>nd</sup> September, 2018 only shall be entitled to vote at the General Meeting by availing the facility of remote e-voting or by voting at the General Meeting.

**(I) Voting through Electronic means**

1. Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosures Requirements), Regulations, 2015, the Company is pleased to provide its members the facility of "remote e-voting" (e-voting from a place other than venue of the AGM) to exercise their right to vote at the AGM. The business may be transacted through e-voting services provided by National Securities Depository Limited ("NSDL").
2. The facility for voting through Ballot/Poll Paper shall also be made available at the AGM and the members attending the meeting who have not already cast their vote through remote e-voting shall be able to exercise their right at the AGM.
3. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
4. The Board of Directors of the Company has appointed Shri Rajendra Kumar Jain, Practicing Company Secretary, Bhilwara as Scrutinizer for scrutinizing the voting and remote e-voting process in a fair and transparent manner.
5. The remote e-voting period commences on Wednesday, 26<sup>th</sup> September, 2018 (9:00 am) and ends on Friday, 28<sup>th</sup> September, 2018 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Saturday, 22<sup>nd</sup> September, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
6. The Results shall be declared within 48 hours after the Annual General Meeting of the Company. The results declared along with the Scrutinizer's Report shall be placed on the company's website [www.modernwoollens.com](http://www.modernwoollens.com) and on the website of NSDL [www.evoting.nsdl.com](http://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. 22<sup>nd</sup> September, 2018, may obtain the login ID and password by sending a request to [modernjaipuroffice@gmail.com](mailto:modernjaipuroffice@gmail.com) or [cs@modernwoollens.com](mailto: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 Participant(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](http://www.evoting.nsdl.com)
5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
6. Home page of remote "e-Voting" opens. Click on e-Voting: Active Voting Cycles.

7. Select "EVEN" of "Modern Threads (India) Limited". Members can cast their vote online 26<sup>th</sup> September 2018 (9:00 am) and ends on 28<sup>th</sup> September, 2018 (5:00 pm).  
Note: e-Voting shall not be allowed beyond said time.
8. Now you are ready for "e-Voting" as "Cast Vote" page opens.
9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted. Upon confirmation, the message Vote cast successfully will be displayed. Once you have voted on the resolution, you will not be allowed to modify your vote.
10. The members who have not provided email IDs to the Depository Participants/Company, may contact to the concerned person on following numbers to get the "User ID" and "Password for e-voting", who will provide you the same after due verification of information of members available with the Company:-  
Mr. Nadeem Zaki/ Kapil Kumar Kumawat  
Phone: 0141-4113645  
Email Id: - modernjaipuroffice@gmail.com / cs@modernwoollens.com
11. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer's e-mail rkjainbhlwara@gmail.com with a copy to evoting@nsdl.co.in.
  - In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990.

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

**Item No. 3**

Shri Ram Rai Kabra was appointed as an Additional Director of the Company with effect from 14<sup>th</sup> December, 2017 by the Board of Directors of the Company. Pursuant to the provisions of Section 161 of the Companies Act, 2013, he holds office as a Director only upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member under the provisions of Section 160 of the Companies Act, 2013 proposing the candidature of Shri Ram Rai Kabra for the office of an Independent Director. Shri Ram Rai Kabra is B.com from the University of Rajasthan and is having more than 40 years rich experience in various departments. He has a rich experience of working in budget & costing department. He has also engaged himself in production planning & dispatch planning.

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

In the opinion of the Board of Directors, Shri Ram Rai Kabra fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder for his appointment as an Independent Director of the Company and he is independent of the Management. A copy of draft letter for the appointment of Shri Ram Rai Kabra as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days.

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

**Item No. 4**

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. M. Goyal & Co., Cost Accountants, Jaipur as the Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2019 at a remuneration of ₹ 50000/- per annum plus applicable taxes and reimbursement of expenses upto ₹ 25000/-.

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item No. 4 of the notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2019.

None of the Directors, key managerial personnel or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution set out at item No. 4.

**Item No. 5 & 6**

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

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

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

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

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

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

## DIRECTORS' REPORT

The members,

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

### FINANCIAL RESULTS

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

\* Previous year figures have been regrouped and rearranged wherever necessary

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

### OPERATIONS

The performance of the Woollen division of the Company has been satisfactory over past few years inspite of stiff competitions in the domestic and International markets. During the year under review the turnover of the Woollen Division of the Company is ₹ 145 Crores as against ₹ 148 Crores in the previous year. The Yarn division of the Company has started its production during the year under review and has turnover of ₹ 20 Crores. Your company has been able to generate the profit of ₹ 7.45 Crores during the year under review as against ₹ 9.05 Crores in previous year.

### TRANSFER TO RESERVES

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

### DIVIDEND

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

### EXPORTS

The company is one of the largest exporter of worsted and blended woollen yarn from India. During the year under review, Company achieved export turnover of ₹ 95 crores as against ₹ 104 crores in previous year. Consistent efforts are being made by the Company to ensure sustainable leadership for its products in global market. Woollen division has also initiated efforts to retain existing customers base and exploring new customers in overseas market with different product range in worsted yarn so as to achieve improved performance and profitability in the ensuing period.

### FUTURE PROSPECTS

The fundamental strength of the textile industry in India is its strong production base of wide range of yarns made from natural fibres like silk and wool to synthetic / man-made fibres like polyester, viscose and nylon. India's textiles industry contributes 10 per cent to the manufacturing production of India. It contributes 2 per cent to the GDP of India and employs more than 45 million people. The sector contributes 13 per cent to the export earnings of India. Exports of textiles from India reached ₹ 1.2 trillion (US\$ 18.57 billion) during April - September 2017. The size of India's textile market as of July 2017 was around US\$ 150 billion, which is expected to touch US\$ 250 billion market by 2019, growing at a CAGR of 13.58 per cent between 2009-2019.

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

The worsted yarn segment of Textile Industry is moving ahead and likely to grow fast in coming years. The turn of woollens as a fashion fabric in global as well as domestic markets, coupled with renewed attention on speciality and high value added yarns will be growth drivers for woollen division of the Company. 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. The company also hopeful to increase the operations of yarn Division situated at Raila in the next year.

### FIXED DEPOSITS

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

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

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

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

### Board Evaluation

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

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

### Number of Board Meetings

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

In the Financial Year 2017-18, the Board met five times. The Meetings were held on 25<sup>th</sup> May, 2017, 14<sup>th</sup> September, 2017, 14<sup>th</sup> December, 2017, 14<sup>th</sup> February, 2018 and 17<sup>th</sup> March, 2018. The intervening gap between the meetings was within the period prescribed under section 173 of the Companies Act, 2013 and regulation 17(2) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The attendance of directors in board meetings held during the financial year ending 31<sup>st</sup> March, 2018 is given in corporate governance report attached as Annexure H to the Board's report.

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

### COMMITTEES OF THE BOARD

#### AUDIT COMMITTEE

Audit Committee of the Board of Directors is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of the Listing Regulation. All members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, and Economics etc. The constitution of the committee as on 31<sup>st</sup> March 2018 is as follows:

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

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

#### **NOMINATION AND REMUNERATION COMMITTEE**

As per the provisions of section 178 of the Companies Act, 2013 and the rules made thereunder and as per the criteria laid down under regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has in place a Nomination and Remuneration Committee and constitution of the Committee as on 31st March 2018 is as follows:

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

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

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed and adopted a policy i.e. Nomination & remuneration Policy for selection and appointment of Directors, Senior managerial personnel and their remuneration.

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

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

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

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

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

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

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

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

#### **STAKEHOLDERS' RELATIONSHIP COMMITTEE**

As per the requirement of sec. 178 of the Companies Act, 2013 and the rules made thereunder and also as per the criteria laid down under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the company has in place the Stakeholders' Relationship Committee and constitution of the Committee as on 31st March 2018 is as follows:

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

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

#### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

As per the provisions of section 135(1) of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility Committee. The constitution of the Committee as on 31st March 2018 is as follows:

Sl. No	Name of Director	Position held in the Committee	Category of Director
1.	Shri Rajesh Ranka	Chairman	Managing Director
2.	Shri B.M. Taparia	Member	Independent Director
3.	Shri Naresh Devpura	Member	Independent Director

A meeting of the CSR Committee was held on 14<sup>th</sup> February, 2018 with all three directors as mentioned above were present.

The Board has, on the recommendation of the Corporate Social Responsibility Committee, framed and adopted a policy for CSR available on the website of the company <https://www.modernwoollens.com>. Company had been a Sick Industrial Company and the draft rehabilitation scheme was pending for approval by BIFR. The Company also has huge amount of accumulated losses for the past years which eroded the company's Net Worth. In view of the above mentioned reasons company is not in the position to spend any amount on CSR activities. The disclosures as per rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 are disclosed in Annexure C as a part of Board's Report.

#### **DIRECTOR'S RESPONSIBILITY STATEMENT**

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

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

#### **AUDITORS AND AUDITORS' REPORT**

##### **Statutory Auditors**

Goyal D. Kumar & Co., Chartered Accountants, Bhilwara appointed as a Statutory Auditors of the Company in the Annual General Meeting held on 28<sup>th</sup> September, 2017 for a period of 5(five) years, from the conclusion of 36<sup>th</sup> Annual General Meeting upto the conclusion of 41<sup>st</sup> Annual General Meeting of the company.

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

##### **Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s R.K. Jain & Associates, Company Secretaries, Bhilwara to undertake the Secretarial Audit of the Company for the financial year ended 31st March, 2018. The Secretarial Audit report is annexed as Annexure -A to the Board's report.

The observations in Secretarial Audit Report, which pertains mainly to listing regulations requirements, Stock Exchange compliances etc. Since company had been a sick industrial company for a long time and draft rehabilitation scheme pending for examination and approval of BIFR but pursuant to Sick Industrial Companies (Special Provision) Repeal Act, 2003 (SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 01/12/2016 and the company had been in the process of making reference to NCLT under bankruptcy and insolvency code 2016. However the company has made application to NSE and BSE for revocation of suspension of trading of securities. The

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

#### **Cost Auditors**

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Board, at its meeting held on 30<sup>th</sup> May 2018, has on the recommendation of the Audit Committee, re-appointed M. Goyal & Co., Cost Accountants, Jaipur (Firm Registration No. 000051) to conduct the audit of the cost accounting records of the Company for FY 2018-19 on a remuneration of ₹ 50000/- plus applicable taxes and reimbursement of actual travel and out-of-pocket expenses upto ₹ 25000/-. The remuneration is subject to the ratification of the Members in terms of Section and a resolution seeking members approval for the remuneration payable to the Cost Auditors forms part of the Notice convening Annual General Meeting for their Ratification.

#### **INTERNAL AUDITORS**

The Internal Auditor reports to the Audit Committee.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

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

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

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

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

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

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

#### **VIGIL MECHANISM**

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

#### **ENVIRONMENT AND 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 2017-18, the Company has not received any complaints of sexual harassment.

#### **EXTRACT OF ANNUAL RETURN**

In accordance with Section 134 (3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format (MGT-9) is annexed as Annexure - D to the Board's Report and same is also available on the website of the company at <https://www.modernwoollens.com>.

#### **CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

In accordance with the provisions of section 188 of the Companies Act, 2013 and rules

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

#### **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company does not have any Subsidiary, Joint venture or Associate Company as on 31st March, 2018.

#### **CODE OF CONDUCT**

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

#### **DECLARATION OF INDEPENDENT DIRECTORS**

The Company has received declarations from all the Independent Directors of the 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.

#### **FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS**

The company believe that the board be continuously empowered with the knowledge of the latest developments in the company's business and the external environment affecting the industry as a whole. Familiarization Program for Independent Directors has been adopted by the Company, pursuant to the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and is available on the website of the company at <https://www.modernwoollens.com>.

#### **BUSINESS RISK MANAGEMENT**

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

#### **INDUSTRIAL RELATIONS AND PARTICULARS OF EMPLOYEES**

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

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

#### **CORPORATE GOVERNANCE REQUIREMENTS**

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

A separate report on Corporate Governance is provided as Annexure H together with a



Certificate from the Practicing Company Secretary regarding compliance with the conditions of Corporate Governance as stipulated under Listing Regulations.

#### GENERAL

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

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

#### ACKNOWLEDGEMENTS

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

(RAJESH RANKA)

Chairman & Managing Director

DIN : 03438721

Place : Mumbai

Dated : 30<sup>th</sup> May, 2018

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

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

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2018**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:-

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

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. *There is no transaction relating FDI and ODI during the year under review.*
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; *(Not applicable to the Company during the Period under review);*
  - (d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 *(Not applicable to the Company during the Period under review);*
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. *(Not applicable to the Company during the Period under review);*
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 *(Not applicable to the Company during the Period under review);* and

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

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

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

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited, The Calcutta Stock Exchange Ltd., and National Stock Exchange of India Ltd. The Trading in Securities of the Company has been **suspended by BSE since January 2002 and by NSE since 11 November, 2002.**

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

1. The preference shares were redeemable in four equal installments commencing from the year 2003-04 but the same was not paid due to paucity of funds. The preference shares were expected to be redeemed as per Rehabilitation Scheme to be approved by BIFR. The Dividend on Cumulative redeemable Preference Shares has not been provided for earlier years. The company was expected waiver/ relief under Draft Rehabilitation Scheme pending for approval with BIFR but pursuant to Sick Industrial Companies (Special Provision) Repeal Act, 2003 (SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 1/12/2016 and the company has not initiated any reference to National Company Law Tribunal (NCLT) under Insolvency And Bankruptcy Code 2016.
2. The company had unpaid Fixed Deposits accepted from Public. The outstanding amount of Public Fixed Deposit as on 31<sup>st</sup> March, 2018 was amounting to ₹ 605.03 Lakhs. In view of petition filed by the company in CLB, the Hon'ble Company Law Board has passed order dated 30.04.2002. According to which the repayment of Fixed Deposit shall be made by the Company as per Rehabilitation Scheme to be approved by BIFR. After repealing of the Sick Industrials Companies (Special Provisions) Act, 1985 the Rehabilitation Scheme is not under consideration w.e.f. 1<sup>st</sup> December, 2016 but company has not initiated any process of making reference to National Company Law Tribunal under Insolvency and Bankruptcy Code, 2016. However the Company is making payment on compassionate grounds as per decision of committee formed by the Company Law Board vide its order dated 11.08.1999.
3. The company had an outstanding amount of share application money ₹ 1450.00 Lakhs received from promoters and associates pursuant to the Draft rehabilitation scheme to be approved by BIFR. After repealing of the Sick Industrials Companies (Special Provisions) Act, 1985 the Rehabilitation Scheme is not under consideration w.e.f. 1<sup>st</sup> December, 2016, but company has not initiated any process of making reference to National Company Law Tribunal under Insolvency and Bankruptcy Code, 2016.

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

We further report that-

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and

detailed notes on agenda, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

**R K Jain & Associates**  
Company Secretaries

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

Place: Bhilwara  
Date: 30.05.2018

#### 'Annexure A'

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

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

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

4. We have relied upon the Report of Statutory Auditors regarding compliance of Fiscal Laws, like the Income Tax Act, 1961 & Finance Acts, the Customs Act, 1962, the Central Excise Act, 1944 and Service Tax except some dues as mentioned in Independent Auditors' Report. There are some disputed statutory dues, which have not been deposited on account of matter pending before appropriate authorities as mentioned in Independent Auditors' Report.
5. Wherever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.
6. The compliances of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination is limited to the verification of procedures on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**R K Jain & Associates**  
Company Secretaries

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

Place: Bhilwara  
Date: 30.05.2018

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

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

##### (A) Conservation of energy-

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

##### (B) Technology absorption-

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

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

Particulars	Details
1. Activities relating to exports, initiatives to increase exports, 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	₹ 9582 Lakhs
ii) Foreign Exchange outgo during the year in terms of actual outflows	₹ 6430 Lakhs