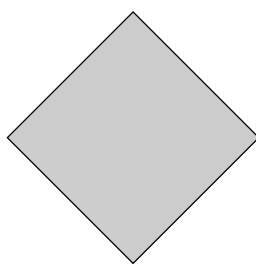


# **ANNUAL REPORT 2018-2019**



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



## BOARD OF DIRECTORS

**Shri Rajesh Ranka – Chairman & Managing Director**

Smt. Veena Jain – Non-Executive Director

Shri B.M. Taparia – Independent Director

**Shri Naresh Devpura – Independent Director**

Shri J.N. Sharma – Non-Executive Director

Shri Ram Rai Kabra – Independent Director

**CHIEF FINANCIAL OFFICER**

Shri P.K. Nahar

**COMPANY SECRETARY**

Shri Kapil Kumar Kumawat

## AUDITORS

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

## SECRETARIAL AUDITOR

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

## COST AUDITORS

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

**REGISTERED OFFICE**

A-4, Vijay Path, Tilak Nagar,  
Jaipur-302 004 (Rajasthan)  
Phone : 0141-4113645  
Email : modernjaipuroffice@gmail.com/  
cs@modernwoollens.com  
Website : www.modernwoollens.com  
CIN : L17115RJ1980PLC002075

## CORPORATE HEADQUARTER

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

## PLANTS

## Woollens Division

Hamirgarh Road,  
Bhilwara-311 001 (Rajasthan)

## Yarn Division

Village Raila-311 024  
Distt. Bhilwara (Rajasthan)



## NOTICE

Notice is hereby given that the 38<sup>th</sup> Annual General Meeting of the members of Modern Threads (India) Limited will be held on Saturday the 28<sup>th</sup> September, 2019 at 2:00 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, 2019, 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) **Appointment of Shri Manish Kumar Jain as an Independent Director of the Company**

**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 Manish Kumar Jain (DIN: 08465203) who on the recommendation of the Nomination and Remuneration Committee, was appointed as an Additional Director of the Company, by the Board of Directors with effect from 01st June, 2019 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 Manish Kumar Jain 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 Five years from 01st June, 2019, not liable to retire by rotation.”

- (4) **Appointment of Shri Laleet Kumar as a Non-Executive Director of the Company**

**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), Shri Laleet Kumar (DIN: 08465100) who on the recommendation of the Nomination and Remuneration Committee, was appointed as an Additional Director of the Company by the Board of Directors with effect from 01st June, 2019 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 Laleet Kumar as a candidate for the office of Director of the Company, be and is hereby appointed as a Non-Executive Non-Independent Director of the Company from 01<sup>st</sup> June, 2019, liable to retire by rotation.”

- (5) **Re-appointment of Shri Rajesh Ranka as a Chairman and Managing Director of the Company**

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

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactments thereof, for the time being in force) read with Schedule V to the Companies Act, 2013 and subject to the requisite approval of Central Government, if required, the consent of the Company be and is hereby accorded to the re-appointment of Shri Rajesh Ranka (DIN : 03438721) as Chairman & Managing Director of the Company for a further period of three years with effect from 01/07/2019 on the remuneration, terms and conditions as recommended by the nomination and remuneration committee and as set out in the explanatory statement annexed to the notice.”

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

“RESOLVED FURTHER THAT Shri Kapil Kumar Kumawat, Company Secretary and any of the directors 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.”

- (6) **Ratification of the Payment of Remuneration to Cost Auditor of the Company**

**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, 2020, be paid the remuneration of ₹ 50,000/- per annum plus applicable taxes and reimbursement of expenses upto ₹ 25,000/- be and is hereby ratified and approved.”

- (7) **To make loan(s) or give guarantee(s) or make investment(s) in excess of the prescribed limit under section 186 of the Companies Act, 2013:**

**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 186 read with the Rules framed there under and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof), the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called ‘the Board’ which term shall be deemed to include any Committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution) to give any loans / any other form of debt to any person or other body corporate(s) and / or to give guarantee in connection with a loan / any other form of debt to any other body corporate(s) or person and to acquire, invest and/or deploy the funds of the Company from time to time in inter-corporate investments, debt / equity / quasi-equity securities or instruments, derivatives, bonds / debentures (whether fully, partially or optionally convertible or non-convertible) and / or in other financial / money market instruments of one or more bodies corporate, banks and other financial institutions, units of mutual funds or by contribution to the capital of Limited Liability Partnership (“LLPs”) in one or more tranches, whether in India or overseas, upto maximum amount of ₹ 50 Crore (Rupees Fifty Crore only) outstanding at any point of time in addition to the limits prescribed under section 186 of the Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to take from time to time all decisions and steps in respect of the above loans, guarantees, securities and investment(s), including the timing, amount and other terms and conditions of such loans, guarantees, securities and investment(s) and varying the same either in part or in full as it may deem appropriate and to do and perform all such acts, deeds, matters and things as may be necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard including power to sub-delegate in order to give effect to the aforesaid resolution.”

By order of the Board

Place : Jaipur  
 Date : 14<sup>th</sup> August, 2019

(Kapil Kumar Kumawat)  
 Company Secretary

## NOTES :

1. The Explanatory Statement pursuant to Section 102 and/or any other applicable provisions of the Companies Act, 2013 in respect of Item No. 3, 4, 5, 6 & 7 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 23<sup>rd</sup> September, 2019 to 28<sup>th</sup> September, 2019 (both days inclusive).
8. In terms of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20<sup>th</sup> April, 2018 read with SEBI press release PRNo.: 51/2018 dated 3<sup>rd</sup> December, 2018, effective from 1<sup>st</sup> April, 2019, Company's shares can be transferred in dematerialized form only. Hence members, who hold shares in physical form, are requested to dematerialize their shares, so they can transfer their shares in future, if so desire. However, members can continue to hold shares in physical form.  
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, 3<sup>rd</sup> 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. 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.
13. 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.
14. 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 any member wish to get a physical copy of the Annual Report, he may send his request to cs@modernwoollens.com mentioning his/her Folio/DP ID & Client ID.
15. Members may also note that the Notice of the 38<sup>th</sup> AGM, Attendance Slip, Proxy Form, Ballot Paper and the Annual Report for FY 2018-19 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.
16. 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.

17. 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
18. 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.
19. A route map showing directions to reach the venue of the Annual General Meeting is given with the Notice/Annual Report.

## 20. 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. 21<sup>st</sup> September, 2019 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 and revised Secretarial Standards on General Meetings (SS-2) issued by the ICSI, 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 Polling 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 through polling paper and remote e-voting process in a fair and transparent manner.
5. The remote e-voting period commences on Wednesday, 25<sup>th</sup> September, 2019 (9:00 am) and ends on Friday, 27<sup>th</sup> September, 2019 (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, 21<sup>st</sup> September, 2019, 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. 21<sup>st</sup> September, 2019, may obtain the login ID and password by sending a request to Company at [modernjaipuroffice@gmail.com](mailto:modernjaipuroffice@gmail.com)/cs@modernwoollens.com. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote.

### The instructions for e-voting are as under:

#### How do I vote electronically using NSDL e-Voting system?

*The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:*

**Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2 : Cast your vote electronically on NSDL e-Voting system.**

#### Details on Step 1 is mentioned below:

##### How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: [www.evoting.nsdl.com](http://www.evoting.nsdl.com) either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.  
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

## 4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if your folio number is 001*** and EVEN is 101456 then your user ID is 101456001***

## 5. Your password details are given below:

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.
  - How to retrieve your 'initial password'?
    - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mail box. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - If your email ID is not registered to the Depository Participants/Company, you 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
- If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
- Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

- Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/ folio number, your PAN, your name and your registered address.
  - Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
  - Now, you will have to click on "Login" button.
  - After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step 2 is given below:****How to cast your vote electronically on NSDL e-Voting system?**

- After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
- Select "EVEN" of company for which you wish to cast your vote.
- Now you are ready for e-Voting as the Voting page opens.
- Cast your vote by selecting appropriate options i.e. assent or dissent, verify/ modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

- Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer by e-mail to [rkjainbhlwara@gmail.com](mailto:rkjainbhlwara@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/ Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

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

**Item No. 3**

Shri Manish Kumar Jain was appointed as an Additional Director of the Company with effect from 01<sup>st</sup> June, 2019 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 Manish Kumar Jain for the office of an Independent Director. Shri Manish Kumar Jain is a post graduate in Business Administration from Maharshi Dayanand Saraswati University, Ajmer and has experience in the field of accounts and finance. He has a rich experience of working in budget & costing department.

The resolution seeks the approval of members for the appointment of Shri Manish Kumar Jain as an Independent Director of the Company for a period of five years with effect from 01<sup>st</sup> June, 2019 pursuant to the applicable provisions of the Companies Act, 2013 and the Rules made thereunder. Shri Manish Kumar Jain is not liable to retire by rotation.

In the opinion of the Board of Directors, Shri Manish Kumar Jain 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 Manish Kumar Jain 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 Manish Kumar Jain 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**

Shri Laleet Kumar was appointed as an Additional Director (Non-Executive Non-Independent) of the Company with effect from 01<sup>st</sup> June, 2019 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 Laleet Kumar for the office of Director. Shri Laleet Kumar is a post graduate in Accountancy and statistics from Mohan Lal Sukhadia University Udaipur and has experience in the field of accounts and finance.

The resolution seeks the approval of members for the appointment of Shri Laleet Kumar as a Director (Non-Executive Non-Independent) of the Company with effect from 01<sup>st</sup> June, 2019 and is liable to retire by rotation. A copy of draft letter for the appointment of Shri Laleet Kumar as a Director (Non-Executive Non-Independent) 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 Laleet Kumar to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the ordinary resolution set forth in Item No. 4 for the approval of the members.

**Item No. 5**

Shri Rajesh Ranka was re-appointed as Chairman & Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> July, 2016. The Board of Directors considered his contribution to the overall progress of the Company, therefore the Board is of the opinion that his services should continue to be available to the

Company by re-appointing him as Chairman & Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> July, 2019. The Nomination and Remuneration Committee of the Board of Directors of the Company at their meeting held on 30<sup>th</sup> May, 2019 has also recommended and approved the terms and conditions of re-appointment and remuneration of Shri Rajesh Ranka as Chairman & Managing Director of the Company with effect from 1<sup>st</sup> July, 2019.

**(A) Basic Salary :-**

₹ 2,50,000/- per month for first year and thereafter increase of ₹ 25,000/- per month every year for next two years.

**(B) Perquisites and allowances:-**

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

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

The resolution seeks the approval of members in terms of section 196 and 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder for the re-appointment of Shri Rajesh Ranka as Chairman & Managing Director of the Company for a period of three years with effect from 01<sup>st</sup> July, 2019.

Except Shri Rajesh Ranka, none of the Directors and key managerial personnel of the Company and their relatives is concerned or interested in the said resolution set out at item No. 5. The Board recommends the Special Resolution for the approval of the members. The details set out herein above may be treated as an abstract under section 190 of the Companies Act, 2013.

**Item No. 6**

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 31<sup>st</sup> March, 2020 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. 6 of the notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2020.

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. 6.

**Item No. 7**

The Company is desirous of making investments in, giving loans and guarantees to and providing securities in connection with loans to various persons and bodies corporate from time to time, in compliance with the applicable provisions of the Act. The provisions of Section 186 of the Act read with the Companies (Meetings of

Board and its Powers) Rules, 2014, as amended to date, provides that no company is permitted to, directly or indirectly, (a) give any loan to any person or other body corporate; (b) give any guarantee or provide security in connection with a loan to any other body corporate or person; and (c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, exceeding sixty percent of its paid-up share capital, free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is more. Further, the said Section provides that where the giving of any loan or guarantee or providing any security or the acquisition as provided under Section 186(2) of the Act, exceeds the limits specified therein, prior approval of Members by means of a Special Resolution is required to be passed at a general meeting.

In view of the above and considering the long term business plans of the Company, Board of Directors of the Company has decided to seek and obtain enabling approval of the Members pursuant to Section 186 of the Act for giving of loan, guarantee and/or providing security in connection with any loan and/or to make further investments in the securities up to an amount of ₹ 50 Crore (Rupees Fifty Crore Only) over and above the limits available to the Company of 60% (Sixty Percent) of its paid-up share capital, free reserves and securities premium account or 100% (One Hundred Percent) of its free reserves and securities premium account, whichever is more, and remaining outstanding at any point of time.

The Board of Directors recommend the Special Resolution as set out at Item No. 7 of the accompanying Notice, for Members' approval. None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Special Resolution.

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

Name	Shri Rajesh Ranka	Smt. Veena Jain	Shri Manish Kumar Jain	Shri Laleet Kumar
Director Identification Number (DIN)	03438721	07148606	08465203	08465100
Date of Birth	07/10/1966	06/09/1978	07/06/1993	03/01/1993
Qualifications	MBA	M.A.	M.Com	M.Com
Expertise in Specific Area	Business Administration	Business	Accounts & Finance	Accounts & Finance
Date of first Appointment on the Board of the Company	February 1, 2011	June 18, 2015	June 1, 2019	June 1, 2019
Shareholding in the Company	Nil	Nil	Nil	Nil
Directorship held in other companies	2	Nil	Nil	Nil
Membership / Chairmanships of Audit and stake holders relationship committees	Nil	Nil	2	2

## DIRECTORS' REPORT

The Members,

Your Directors are pleased to present the 38<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, 2019.

The Standalone financial statements for the financial year ended March 31, 2019, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs, vide its notification in the official Gazette dated 16<sup>th</sup> February, 2015.

Key highlights of financial performance of your Company for the financial year 2018-19 are provided below:

### FINANCIAL SUMMERY

(₹ in Crores)

Particulars	Year ended 31/03/2018	Year ended 31/03/2019
Revenue from operations & other Income	168.78	232.61
Profit before exceptional items & tax	7.45	9.72
Exceptional items	-	1.05
Profit before tax	7.45	10.77
Less-Tax expenses	-	-
Profit for the year	7.45	10.77
Other Comprehensive Income	0.09	0.12
Total Comprehensive Income	7.54	10.89

### STATE OF COMPANY'S AFFAIRS

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 ₹ 172 Crores as against ₹ 145 Crores in the previous year. During the year under review the turnover of the Yarn Division of the Company is ₹ 56.47 Crores as against ₹ 20 Crores in the previous year. Your company has been able to generate the profit of ₹ 10.77 Crores during the year under review as against ₹ 7.45 Crores in previous year.

There is no change in the nature of business of the Company during the financial year under review.

### SHARE CAPITAL

The paid-up equity capital as at March 31, 2019 stood at ₹ 34,77,51,600. During the financial year under review Company has redeemed 25,000-16.5% Cumulative Redeemable Preference Shares (CRPS) series I of the face value of ₹ 100/- each and 1,25,000-16% Cumulative Redeemable Preference Shares (CRPS) series II of the face value of ₹ 100/- each issued and allotted to General Insurance Corporation of India, "GIC" as One Time Settlement (OTS) of the said CRPS.

### 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 ₹ 127 Crores as against ₹ 95 Crores in the 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 textile and apparel industry can be broadly divided into two segments - yarn and fiber, and processed fabrics and apparel. The domestic textile industry in India is estimated to reach US\$ 223 billion by 2021 from US\$ 150 billion in November 2017. In FY19, growth in private consumption is expected to create strong domestic demand for textiles.

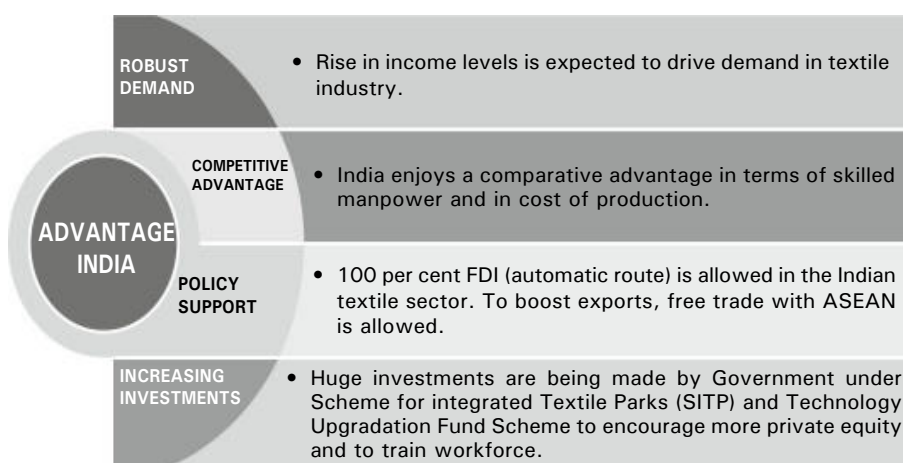
Increased penetration of organized retail, favourable demographics, and rising income levels are likely to drive demand for textiles. India is the world's second largest exporter of textiles and clothing.

Exports of textiles and apparels from India reached US\$ 31.65 billion in FY19 (up to Jan 19).

Rising government focus and favorable policies is leading to growth in the textiles and clothing industry. The Ministry of Textiles is encouraging investments through increasing focus on schemes such as Technology Up-gradation Fund Scheme (TUFS). The Cabinet Committee on Economic Affairs (CCEA), Government of India has approved a new skill development scheme named 'Scheme for Capacity Building in Textile Sector (SCBTS)'. The Government of India announced a Special Package to boost exports by US\$ 31 billion, create one crore job opportunities and attract investments worth ₹ 800.00 billion (US\$ 11.93 billion) during 2018-2020. Under Union Budget 2019-20, Government of India allocated around ₹ 5,831.48 crore (US\$ 808.24 million) for the Ministry of Textiles.

The Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two subsectors of Textiles Industry - Readymade garments and Made ups - from 2 per cent to 4 per cent. As of August 2018, the Government of India has increased the basic custom duty to 20 per cent from 10 per cent on 501 textile products, to boost Make in India and indigenous production.

The worsted yarn segment of Textile Industry is moving ahead and likely to grow fast incoming 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.



**Note :** SITP - Scheme for Integrated Textile Park, ASEAN Association of Southeast Asian Nations.

### 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 enactment of Sick Industrial Companies (Special Provision) Repeal Act, 2003 (SICA Repeal Act) the proceedings pending before BIFR stands abated w.e.f. 1<sup>st</sup> December 2016. As per legal opinion the due date of deposits within the meaning to provision 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 on the recommendations of the Nomination and Remuneration Committee vide its meeting held on 30<sup>th</sup> May, 2019 have re-appointed Shri Rajesh Ranka (DIN: 03438721) as Chairman & Managing Director of the Company w.e.f. 01.07.2019 for a period of three years, subject to approval of shareholders in the ensuing Annual General Meeting.

Further, the Board of Directors on the recommendations of the Nomination and Remuneration Committee vide its meeting held on 30<sup>th</sup> May, 2019 have appointed Shri Manish Kumar Jain (DIN: 08465203) and Shri Laleet Kumar (DIN: 08465100) as an Additional Director (Independent) and Additional Director (Non- Executive Non-Independent) respectively 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 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.

#### ANNUAL EVALUATION OF THE PERFORMANCE OF THE BOARD, ITS COMMITTEES

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

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

#### NUMBER OF BOARD MEETINGS

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

In the Financial Year 2018-19, the Board met five times. The Meetings were held on 30<sup>th</sup> May, 2018, 08<sup>th</sup> August, 2018, 14<sup>th</sup> November, 2018, 14<sup>th</sup> February, 2019 and 25<sup>th</sup> March, 2019. The intervening gap between the meetings was within the period as prescribed under section 173 of the Companies Act, 2013 and regulation 17(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The attendance of directors in board meetings held during the financial year ending 31<sup>st</sup> March, 2019 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 2018-19.

#### 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 31<sup>st</sup> March 2019 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

Shri Ram Rai Kabra (Independent Director) was appointed as Chairman of Audit Committee instead of Shri B.M. Taparia w.e.f. 24.05.2019.

Shri B.M. Taparia has resigned as a member of Audit Committee w.e.f. 01.06.2019.

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 31<sup>st</sup> March 2019 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

Shri Ram Rai Kabra (Independent Director) was appointed as Chairman of Nomination and Remuneration Committee instead of Shri B.M. Taparia w.e.f. 24.05.2019.

Shri B.M. Taparia has resigned as a member of Nomination and Remuneration Committee w.e.f. 01.06.2019

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. Salient features of the Nomination & remuneration Policy are as below:

#### POLICY FOR DIRECTORS, KMP AND OTHER EMPLOYEES

##### Appointment Criteria and Qualifications

- 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. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.

##### Term/Tenure

##### (a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of the term.

##### (b) Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of 5 years, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

##### Remuneration

a) Remuneration to Managing Director/Whole Time Director/KMP and other Employees :

Remuneration/ Compensation/Commission etc. to be paid to Director/ Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

(b) Remuneration to Non-Executive/Independent Director: Non-Executive Independent Director may receive remuneration/compensation/ commission as per the provisions of Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

##### Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Other employees at regular interval.



### Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Other employees subject to the provisions and compliance of the said Act, rules and regulations.

### Retirement

The Director, KMP and Other employees shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP and other employees in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company. This policy is available on the website of the company <https://www.modernwoollens.com>.

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 Obligations and Disclosure Requirements) Regulations, 2015, the company has in place the Stakeholders' Relationship Committee and constitution of the Committee as on 31<sup>st</sup> March 2019 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

Shri Ram Rai Kabra (Independent Director) was appointed as Chairman of Stakeholders' Relationship Committee instead of Shri B.M. Taparia w.e.f. 24.05.2019. Shri B.M. Taparia has resigned as a member of Stakeholders' Relationship Committee w.e.f. 01.06.2019.

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 31<sup>st</sup> March 2019 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

Shri Ram Rai Kabra (Independent Director) was appointed as a member of Corporate Social Responsibility Committee w.e.f. 24.05.2019.

Shri B.M. Taparia has resigned as a member of Corporate Social Responsibility Committee w.e.f. 01.06.2019.

A meeting of the CSR Committee was held on 14<sup>th</sup> February, 2019 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>. The disclosures as per rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 are disclosed as Annexure C to the Board's Report.

### INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and constituted Internal Complaints Committee as per the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has also adopted a policy on Sexual Harassment of Women at Workplace and framework for employees to report sexual harassment cases at workplace and its process ensures complete anonymity and confidentiality of information.

Details of complaints received/during the financial year 2018-19 is provided on page 18 of this Annual 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:

- 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

Goyal D. Kumar & Co., Chartered Accountants, Bhilwara appointed as a Statutory Auditors of the Company in the 36<sup>th</sup> 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.

No fraud has been reported by the auditors under section 143(12) of the Companies Act, 2013 requiring disclosure in the Board's Report.

#### 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 31<sup>st</sup> March, 2019.

The Company has also undergone an audit for the FY 2018-19 pursuant to SEBI Circular No. CIR/CFD/CMO/1/27/2019 dated 08<sup>th</sup> February, 2019 for all applicable compliances as per the Securities and Exchange Board of India Regulations and Circular/guidelines issued thereunder. The Report (Annual Secretarial Compliance Report) has been submitted to the stock exchanges within 60 days of the end of the financial year ended 31<sup>st</sup> March, 2019.

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 Section 148(1) of the Companies Act, 2013 your Company is required to maintain Cost Records as specified by the Central Government and accordingly such accounts and records are made and maintained.

Pursuant to the provisions of Section 148(2) of the Companies Act, 2013 read with the Companies(Cost Records and Audit) Amendment Rules, 2014, your company is required to get its cost accounting records audited by cost auditors. Accordingly, the Board, at its meeting held on 30<sup>th</sup> May 2019, 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 2019-20 on a remuneration of ₹ 50,000/- plus applicable taxes and reimbursement of actual travel and out-of-pocket expenses upto ₹ 25,000/-. 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 Company has a strong Internal Audit department reporting to the Audit Committee comprising majority of Independent Directors who are experts in their field.

## 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 FINANCIAL 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 Requirements) 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 2018-19, 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 line with the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has approved a policy on related party transactions. A policy on related party transactions has been placed on the Company's website <https://www.modernwoollens.com>.

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 31<sup>st</sup> March, 2019.

## 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 BY 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 Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In the Opinion of the Board, the Independent Directors fulfill the conditions specified in the Companies Act and Listing regulations and also independent of the Management etc.

## 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 Obligations and Disclosure Requirements) Regulations, 2015 and is available on the website of the company at <https://www.modernwoollens.com>. The details of the familiarization program are provided on page 19 of this Annual Report.

## 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>.

## 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 constantly endeavours to follow the Corporate Governance guidelines and best practices sincerely and discloses the same transparently. The Board is conscious of its inherent responsibility to disclose timely and accurate information on Company's operations, performance, material corporate events as well as on the leadership and governance matter related to the Company.

The Company has Complied with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent as mentioned in the Corporate Governance report annexed with the Board's report.

The Company has also 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.