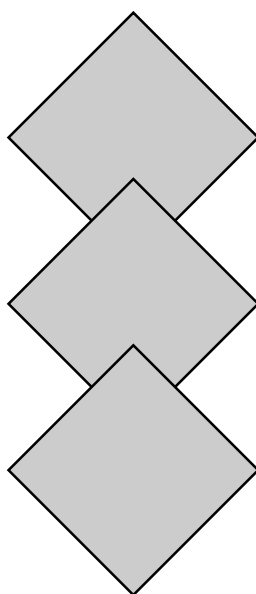
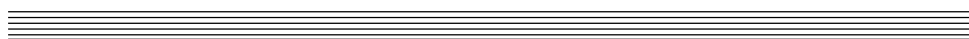


ANNUAL REPORT 2019-2020



Modern
THREADS (INDIA) LIMITED



BOARD OF DIRECTORS

Shri Rajesh Ranka – Chairman & Managing Director

Smt. Veena Jain – Non-Executive Director

Shri J.N. Sharma – Additional Director (Independent)

Shri Ram Rai Kabra – Independent Director

Shri Laleet Kumar – Non-Executive Director

Shri Rohit Singh – Additional Director
(Independent)

CHIEF FINANCIAL OFFICER

Shri P.K. Nahar

COMPANY SECRETARY

Shri Banwari Lal Saini

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 : 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 39th Annual General Meeting of the members of Modern Threads (India) Limited will be held on Monday the 28th December, 2020 at 2:00 P.M. at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur - 302 004 to transact the following business:

A. ORDINARY BUSINESS:

- (1) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2020, and the reports of the Board of Directors and Auditors thereon.
- (2) To appoint a Director in place of Shri Laleet Kumar (DIN: 08465100), who retires by rotation and being eligible, offers himself for re-appointment.

B. SPECIAL BUSINESS:

- (3) **To appoint Shri Rohit Singh 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, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force), read with schedule IV of the Companies Act, 2013 and the applicable provisions of SEBI (LODR) Regulations, 2015, as amended, approval of the members of the Company be and is hereby given to the appointment of Shri Rohit Singh (DIN: 08469801), who on the recommendation of the Nomination and Remuneration Committee, was appointed as an Additional Director (Non Executive Independent) of the Company by the Board of Directors with effect from 14th August, 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 under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director (Non Executive) of the Company, who shall hold office for a period of five years from the date of appointment and whose office shall not, henceforth, be liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Directors and/or Company Secretary of the Company be and are hereby authorised to do all such acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution."

- (4) **To appoint Shri Jagdishnarayan Sharma 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, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force), read with schedule IV of the Companies Act, 2013 and the applicable provisions of SEBI (LODR) Regulations, 2015, as amended, approval of the members of the Company be and is hereby given to the appointment of Shri Jagdishnarayan Sharma (DIN: 07552825), who on the recommendation of the Nomination and Remuneration Committee, was appointed as an Additional Director (Non Executive Independent) of the Company by the Board of Directors with effect from 29th February, 2020 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 under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director (Non Executive) of the Company, who shall hold office for a period of five years from the date of appointment and whose office shall not, henceforth, be liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Directors and/or Company Secretary of the Company be and are hereby authorised to do all such acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution."

- (5) **Shifting of the Registered Office 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 12 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), consent of the members of the Company be and is hereby accorded for shifting the Registered Office of the Company from 'A-4, Vijay Path, Tilak Nagar, Jaipur - 302 004 (Rajasthan)' to Modern Woollens, Hamirgarh Road, Near Transport Nagar, Pragati Path, Bhilwara - 311 001 (Rajasthan)".

"RESOLVED FURTHER THAT Shri Rajesh Ranka, Chairman & Managing Director of the Company or Mr. Banwari Lal Saini, Company Secretary of the Company, be and is hereby authorized severally to file e-forms, returns, documents, applications, papers etc. and to do all such acts, deeds and things as may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution."

- (6) **To ratify the Remuneration of Cost Auditors 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, 2021, be paid the remuneration of Rs. 50,000/- per annum plus applicable taxes and reimbursement of expenses up to Rs. 25,000/- be and is hereby ratified and approved."

"RESOLVED FURTHER THAT the Board of Directors and/or Company Secretary of the Company be and are hereby authorised to do all such acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution"

By order of the Board

Place : Bhilwara
 Date : 28th October, 2020

(Banwari Lal Saini)
 Company Secretary

NOTES :

1. The Explanatory Statement pursuant to Section 102 and/or any other applicable provisions of the Companies Act, 2013 setting out the material facts in respect of item No. 3, 4, 5 & 6 set out in the notice and the details under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and clause 1.2.5 of Secretarial Standards on the General Meeting (SS-2) issued by the Institute of Company Secretaries of India, in respect of the person(s) seeking appointment/ re-appointment as Director at the Annual General Meeting, is annexed hereto.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in the meeting instead of himself/herself and the proxy need not be a member of the Company. 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. Details of Directors retiring by rotation/seeking re-appointment at the ensuing Meeting are provided in the "Annexure" to the Notice.
8. The Share transfer books and Register of members shall remain closed from 21st December, 2020 to 28th December, 2020 (both days inclusive) in connection with the Annual General Meeting.
9. In compliance with the MCA Circulars and the Securities and Exchange Board of India ('SEBI') Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12,

- 2020, Notice of the 39th AGM along with the Annual Report for the Financial Year 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / National Securities Depository Limited and Central Depository Services (India) Limited ('the Depositories'). A copy of this Notice along with the Annual Report for Financial Year 2019-20 is uploaded on the Company's website www.modernwoollens.com, websites of the BSE Limited at www.bseindia.com, website of the NSE at www.nseindia.com and on the website of National Securities Depository Limited at www.evoting.nsdl.com
10. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH - 13. Members are requested to submit the said details to their depository participants ("DPs") in case the shares are held by them in electronic form and to Beetal Financial & Computer Services Pvt. Ltd. in case the shares are held by them in physical form.
 11. In terms of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018 read with SEBI press release PR No.: 51/2018 dated 3rd December, 2018, effective from 1st 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.
 12. 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.
 13. 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.
 14. 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.
 15. 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.
 16. 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.
 17. 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.
 18. Members may also note that the Notice of the 39th AGM, Attendance Slip, Proxy Form, Ballot Paper and the Annual Report for FY 2019-20 will also be available on the Company's website 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.
 19. 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.
 20. Members are requested to send all communications relating to shares and change of address etc. to the Registrar and Share Transfer Agents at the following address: Beetal Financial & Computer Service Pvt. Ltd. Beetal House, 3rd Floor, 99 Madangir, Behind LSC, New Delhi-110 062.
 21. 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.
 22. A route map showing directions to reach the venue of the Annual General Meeting is given with the Notice/Annual Report.
 23. **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. 21st December, 2020 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 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 Friday, 25th December, 2020 (9:00 a.m.) and ends on Sunday 27th December, 2020 (5:00 p.m.). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Monday 21st December, 2020, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
 6. The Results shall be declared within 48 hours after the Annual General Meeting of the Company. The results declared along with the Scrutinizer's Report shall be placed on the company's website www.modernwoollens.com and on the website of NSDL www.evoting.nsdl.com and the same shall also be communicated to BSE & NSE.
 7. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. 21st December, 2020, may obtain the login ID and password by sending a request to Company at 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 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 IDFor 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 IDFor 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 is101456001***

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 mailbox. 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:-
Banwari Lal Saini
Phone: 0141-4113645
Email Id: - 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.

- Physical User Reset Password?** (If you are holding shares in physical mode) option available on 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 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 with a copy marked to 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 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 or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

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

Item No. 3

The Board of Directors has appointed Shri Rohit Singh (DIN :08469801) as Additional Director in the category of Non-Executive Independent Director with effect from 14/08/2019. In terms of provisions of Section 161 of the Companies Act, 2013, he will hold office up to the date of this Annual General Meeting. In terms of Section 149 of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualification of Directors), Rules 2014, an Independent Director shall hold office for a period upto Five consecutive years and shall not be liable to retire by rotation.

Shri Rohit Singh is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director. The Company has received declaration that he meets the criteria of Independence as prescribed under Section 149(6) of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Shri Rohit Singh is post graduate in Political Science from V.B.S. Purvanchal University Jaunpur, Uttar Pradesh and has 7 years experience in the field of General Management.

The Board of Directors considered the matter of his appointment in its meeting held on August 14, 2019 and felt that his association would be of immense benefit to the Company and proposed his appointment as Independent Director under Section 149 of the Act, whose office shall not be liable to retirement by rotation, to hold office for a term of five years commencing from August 14, 2019 upto August 13, 2024. In the opinion of the Board, he fulfills the conditions of appointment as an Independent Director as specified in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The Company has received notices in writing from a member in terms of Section 160 of the Act, his candidature to be appointed as director in this Annual General Meeting.

The disclosure relating to Shri Rohit Singh, as required under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, is set out as an Annexure to the Notice.

The Board recommends the resolution set out at Item No. 3 as an ordinary resolution to the Shareholders for their approval.

Except Shri Rohit Singh, none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No. 3 of the Notice.

Item No. 4

The Board of Directors has appointed Shri Jagdishnarayan Sharma (DIN : 07552825) as Additional Director in the category of Non-Executive Independent Director with effect from 29/02/2020. In terms of provisions of Section 161 of the Companies Act, 2013, he will hold office up to the date of this Annual General Meeting. In terms of Section 149 of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualification of Directors), Rules 2014, an Independent Director shall hold office for a period upto Five consecutive years and shall not be liable to retire by rotation.

Shri Jagdishnarayan Sharma is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director. The Company has received declaration that he meets the criteria of Independence as prescribed under Section 149(6) of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Shri Jagdishnarayan Sharma is High Secondary from the Secondary Education Board, Rajasthan and have more than 36 years rich experience in the field of accounts, finance, HR and Industrial relations.

The Board of Directors considered the matter of his appointment in its meeting held on February 29, 2020 and felt that his association would be of immense benefit to the Company and proposed his appointment as Independent Director under Section 149 of the Act, whose office shall not be liable to retirement by rotation, to hold office for a term of five years commencing from February 29, 2020 upto February 28, 2025. In the opinion of the Board, he fulfills the conditions of appointment as an Independent Director as specified in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The Company has received notices in writing from a member in terms of Section 160 of the Act his candidature to be appointed as director in this Annual General Meeting.

The disclosure relating to Shri Jagdishnarayan Sharma, as required under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, is set out as an Annexure to the Notice.

The Board recommends the resolution set out at Item No. 4 as an ordinary resolution to the Shareholders for their approval

Except Shri Jagdishnarayan Sharma, none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No. 4 of the Notice.

Item No. 5

The Registered office of the Company is presently situated at A-4, Vijay Path, Tilak Nagar, Jaipur – 302 004 (Rajasthan). With a view to improve operational efficiency, co-ordination and communication for ease of business, the Board of directors of the Company at its meeting held on 28th October, 2020 considered and approved that subject to approval of shareholders, the registered office of the Company be shifted from 'A-4, Vijay Path, Tilak Nagar, Jaipur 302004' to 'Modern Woollens, Hamirgarh Road, Near Transport Nagar, Pragati Path, Bhilwara – 311 001 (Rajasthan)'. Since, the proposed location is outside the local limits of Jaipur city therefore requires approval of shareholders by way of special resolution

As per the provisions of Section 12 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, shifting of Registered Office of the Company outside the local limits but within the same State requires approval of the Members of the Company by way of Special Resolution.

None of the Directors, Key Managerial Personnel and relatives thereof is interested or concerned in the proposed Special Resolution except to the extent of their shareholding. The Board recommends the Special Resolutions set out at Item No. 5 of this notice for the approval by the Members of the Company.

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 31st March, 2021 at a remuneration of Rs.50,000/- per annum plus applicable taxes and reimbursement of expenses up to Rs. 25,000/-.

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item No. 6 of the notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2021.

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.

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

(In pursuance of SEBI (listing obligations and disclosures requirements) regulations, 2015)

Name	Shri Laleet Kumar	Shri Rohit Singh	Shri Jagdish Narayan Sharma
Director Identification Number (DIN)	08465100	08469801	07552825
Date of Birth	03/01/1993	05/08/1985	05/07/1963
Qualifications	M.Com	B.Com.	Higher Secondary
Expertise in Specific Area	Accounts & Finance	Accounts	HR & Industrial Relations
Date of first Appointment on the Board of the Company	June 1, 2019	August 14, 2019	February 29, 2020
Shareholding in the Company	Nil	Nil	Nil
Directorship held in other companies	Nil	Nil	Nil
Relationship with other directors	NA	NA	NA
Membership / Chairmanships of Audit and stake holders relationship committees	Member of Audit Committee and Stakeholders Relationship of the Company	Member of Audit Committee and Stakeholders Relationship of the Company	Nil

DIRECTORS' REPORT

To the members of Modern Threads (India) Limited,
Your Directors are pleased to present the 39th Annual Report on the business and operations of the Company together with Audited Financial Statements for the financial year ended 31st March, 2020.

The Standalone financial statements for the financial year ended March 31, 2020, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (IndAS) as notified by the Ministry of Corporate Affairs, vide its notification in the official Gazette dated 16th February, 2015.

Key highlights of financial performance of your Company for the financial year 2019-20 are provided below:

FINANCIAL SUMMARY

(₹ in Crores)		
Particulars	Year ended 31/03/2019	Year ended 31/03/2020
Revenue from operations & other Income	232.61	224.66
Profit before exceptional items & tax	9.72	23.26
Exceptional items	1.05	2.10
Profit before tax	10.77	25.36
Less-Tax expenses	-	0.0012
Profit for the year	10.77	25.35
Other Comprehensive Income	0.12	0.03
Total Comprehensive Income	10.89	25.38

STATE OF COMPANY'S AFFAIRS

The performance of the Woollen division of the Company has been satisfactory over past few years in spite of stiff competitions in the domestic and International markets. During the year under review the turnover of the Woollen Division of the Company is Rs. 143 Crores as against Rs.172 Crores in the previous year. During the year under review the turnover of the Yarn Division of the Company is Rs. 57.12 Crores as against Rs. 56.47 Crores in the previous year. Your company has been able to generate the profit of Rs. 25.36 Crores during the year under review as against Rs. 10.77 Crores in previous year.

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

COVID-19 PANDEMIC

In the last month of FY 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. The company has resumed its business activities in line with guidelines issued by Govt. authorities and taken all appropriate steps to smoothen operations and strengthen liquidity position. The Company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available to determine the impact on the Company's revenue from operations for foreseeable future and the recoverability and carrying value of certain assets such as property, plant and equipment, investments, inventories, trade receivables etc.

The impact of COVID-19 pandemic on the overall economic environment being uncertain may affect the underlying assumptions and estimates used to prepare Company's financial statements, which may differ from that considered as at the date of approval of the financial statements. However, the Company does not anticipate any challenges in its ability to continue as going concern or meeting its financial obligations. As the situation is unprecedented, while the lockdown is gradually lifting, the Company is closely monitoring the situation as it evolves in the future.

SHARE CAPITAL

The authorized Share Capital of the Company stood at ₹ 185,00,00,000 crores. During the year under review, there was no change in the authorized share capital of the Company. The paid up Equity Share Capital as at March 31, 2020 stood at ₹ 34,77,51,600. During the financial year under review company has redeemed 1,00,000 – 16% cumulative redeemable preference shares (CRPF) series II of the face value of ₹ 100/- each and 2,00,000 – 16% cumulative redeemable preference shares (CRPF) series II of the face value of ₹ 100/- each issued and allotted to GIC Housing Finance Limited and LIC Housing Finance Limited respectively, as one time settlement (OTS) of the said CRPS.

During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity or warrants. As on March 31, 2020, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

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 the export turnover of the company was of ₹ 96 Crores as against ₹ 127 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 three categories— Formalwear. Casual wear & Sportswear. According to the end use of product, the culture of moving towards casual wear is growing where cotton & synthetic blended raw materials are being used. India being one of the largest producer of cotton fiber and exporter of cotton yarn, the demand is more or less better barring some geo-political constraints, but formalwear outlook is full of challenges ahead. The two main reasons are “choice of Young population” & “COVID 19 pandemic”.

Specifically, to the Worsteds industry, the business volume normally gets generated by the different government tenders & some fashion wear. The Worsteds Yarn market revenue was 2858 Million USD in 2019, and will reach 4025 Million USD in 2025, a CAGR of 5.8% during 2020-2025. Worsteds yarns are made from high-quality of wool. These yarns differ from other woollen yarn with regards to their weight, type, and quality. The fabrics made from worsted woollen yarn are stronger, smoother, and finer, than that of the normal wool. Despite +ve forecast, FY 19-20 crumbled in last quarter & FY 20-21 is going to be worse due to Covid.

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. Based on WTO agreement, it has to be either abolished or reduced drastically in terms of Govt assistance. RoDTEP (Remission of Duties of Taxes on Export Products) has been introduced in order to make incentive scheme more relevant against duty compensation.

Near future cost competitiveness & quality product is going to be the key for Growth & sustainability. In Regional Analysis, the Worsteds Yarn market is also categorized into North America, Europe, China, Japan, the middle East, India, South America, Others. North America, Europe is expected to account for a distinguished share, in terms of price and extent, of the Worsteds yarn market throughout the forecast length. The Worsteds Yarn market within the Asia Pacific is projected to extend throughout the forecast period. Evolving markets that include China and Asian country are expected to play a significant position within the boom in producing the surrounding area.

MSME CERTIFICATE

Your Company has getting registered under MSME vide UDYAM Registration Number – UDYAM-RJ-07-0000022.

FINANCE AND ACCOUNTS

As mandated by the Ministry of Corporate Affairs, the financial statements for the year ended on March 31, 2020 has been prepared in accordance with the Indian Accounting Standards (IndAS) notified under Section 133 of the Companies Act, 2013 (hereinafter referred to as “The Act”) read with the Companies (Accounts) Rules, 2014 as amended from time to time. The estimates and judgments relating to the Financial Statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended March 31, 2020. The Notes to the Financial Statements form an integral part of this Report.

FIXED DEPOSITS

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

Directors

During the year under review, Shri Brij Mohan Taparia (DIN : 07538954), Shri Naresh Devpura (DIN : 07526062), Shri Manish Kumar Jain (DIN : 08465203) and Shri Deepak Jain (DIN : 08585428) have resigned from the Directorship of the Company with effect from 01/06/2019, 14/08/2019, 14/10/2019 & 28/02/2020 respectively.

The Board places on record its sincere thanks and gratitude for the valuable contribution made by the above directors towards the growth and development of the Company during their tenure as Director of the Company.

Shri Jagdishnarayan Sharam (DIN : 07552825) has resigned from the Directorship of the Company with effect from 14/08/2019. However, the Board of Directors on the recommendation of the Nomination and Remuneration Committee held on 29th February, 2020 has again appointed Shri Jagdishnarayan Sharma as an Additional Director (Independent) upto the ensuing Annual General Meeting of the Company.

The Board of Directors on the recommendations of the Nomination and Remuneration Committee in its meeting held on 14th August, 2019 has appointed Shri Rohit Singh (DIN: 08469801) as an Additional Director (Independent) up to the ensuing Annual General Meeting of the Company.

In accordance with the provisions of section 152 of the Companies Act, 2013, Shri Laleet Kumar (DIN : 08465100) Director of the Company retires by rotation and being eligible offers himself for re-appointment.

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

Key Managerial Personnel

During the year Shri Kapil Kumar Kumawat, resigned from the post of Company Secretary & Compliance Officer of the Company with effect from 08/12/2019 and Shri Sita Ram Sharma was appointed as Company Secretary & Compliance Officer of the Company with effect from 23/12/2019. Shri Sita Ram Sharma has also resigned from the post of Company Secretary & Compliance Officer of the Company with effect from 27/05/2020 and Shri Banwari Lal Saini was appointed as Company Secretary & Compliance Officer of the Company with effect from 28/05/2020. The Board of Directors on the recommendation of Nomination and Remuneration Committee has revised the terms and conditions of remuneration of Shri Prabodh Kumar Nahar, Chief Financial Officer of the Company with effect from 01/06/2020.

In terms of the provisions of Sections 2(51) and 203 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Shri Rajesh Ranka, Chairman & Managing Director, Shri Prabodh Kumar Nahar, Chief Financial Officer and Shri Banwari Lal Saini, Company Secretary are the Key Managerial Personnel (KMP) of the Company. The appointment and remuneration of Directors and KMPs are as per policy of the Company.

ANNUAL EVALUATION OF THE PERFORMANCE OF THE BOARD,

ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Board has carried out an 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.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

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 in a separate meeting 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 along with other material information are sent in advance separately to each Directors.

In the Financial Year 2019-20, the Board met nine times. The Meetings were held on 24th May, 2019, 30th May, 2019, 14th August, 2019, 17th September, 2019, 15th October, 2019, 14th November, 2019, 23rd December, 2019, 7th January, 2020 and 29th February, 2020. The intervening gap between the meetings was within the period prescribed under section 173 of the Companies Act, 2013 and regulation 17(2) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The attendance of directors in board meetings held during the financial year ending 31st March, 2020 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 2019-20.

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, rules made thereunder 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 Account and Economics etc. The constitution of the committee as on 31st March 2020 is as follows:

Sl. No.	Name of Director	Position held in the Committee	Category of Director
1.	Shri Ram Rai Kabra (w.e.f. 24/05/2019)	Chairman	Independent Director
2.	Shri Rohit Singh (w.e.f. 14/08/2019)	Member	Independent Director
3.	Shri Laleet Kumar (w.e.f. 14/08/2019)	Member	Non-Executive Director

[Shri Ram Rai Kabra was appointed as Chairman of Audit Committee instead of Shri B.M. Taparia w.e.f. 24/05/2019. Shri B.M. Taparia, Shri Naresh Devpura and Shri J.N. Sharma have resigned as member of Audit Committee w.e.f. 01/06/2019, 14/08/2019 & 14/08/2019 respectively]

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 2020 is as follows:

Sl. No.	Name of Director	Position held in the Committee	Category of Director
1.	Shri Ram Rai Kabra (w.e.f. 24/05/2019)	Chairman	Independent Director
2.	Shri Rohit Singh (w.e.f. 14/08/2019)	Member	Independent Director
3.	Shri Laleet Kumar (w.e.f. 14/08/2019)	Member	Non-Executive Director

[Shri Ram Rai Kabra was appointed as Chairman of Audit Committee instead of Shri B.M. Taparia w.e.f. 24/05/2019. Shri B.M. Taparia, Shri Naresh Devpura and Shri J.N. Sharma have resigned as member of Nomination and Remuneration Committee w.e.f. 01/06/2019, 14/08/2019 & 14/08/2019 respectively]

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

- 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.

- 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 section 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 31st March 2020 is as follows:

Sl. No.	Name of Director	Position held in the Committee	Category of Director
1.	Shri Ram Rai Kabra (w.e.f. 24/05/2019)	Chairman	Independent Director
2.	Shri Rohit Singh (w.e.f. 14/08/2019)	Member	Independent Director
3.	Shri Laleet Kumar (w.e.f. 14/08/2019)	Member	Non-Executive Director

[Shri Ram Rai Kabra was appointed as Chairman of Audit Committee instead of Shri B.M. Taparia w.e.f. 24/05/2019. Shri B.M. Taparia, Shri Naresh Devpura and Shri J.N. Sharma have resigned as member of Stakeholders Relationship Committee w.e.f. 01/06/2019, 14/08/2019 & 14/08/2019 respectively]

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 and the rules made thereunder, the Company has constituted the Corporate Social Responsibility Committee. The constitution of the Committee as on 31st March 2020 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 Ram Rai Kabra (w.e.f. 24/05/2019)	Member	Independent Director
3.	Shri Rohit Singh (w.e.f. 14/08/2019)	Member	Independent Director

[Shri B.M. Taparia and Shri Naresh Devpura have resigned as a member of Corporate Social Responsibility Committee w.e.f. 01/06/2019 and 14/08/2019]

A meeting of the CSR Committee was held on 29th February, 2020 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 Company's website, <https://www.modernwoollens.com>. 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.

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/disposed during the financial year 2019-20 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 along with proper explanation relating to material departures;
- The directors had 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 (ICAI Firm Registration No. 007817C) were appointed as a Statutory Auditors of the Company in the 36th Annual General Meeting held on 28th September, 2017 for a period of 5 (five) years, from the conclusion of 36th Annual General Meeting upto the conclusion of 41st Annual General Meeting of the company.

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.

The Statutory Auditors of the Company have not reported any fraud as specified under section 143(12) of the Companies Act, 2013 in the year under review.

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, 2020.

The Company has also undergone an audit for the FY 2019-20 pursuant to SEBI Circular No. CIR/CFD/CMO/I/27/2019 dated 08th 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 the prescribed time limit, of the end of the financial year ended 31st March, 2020.

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 28th May, 2020, 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 2020-21 on a remuneration of Rs. 50,000/- plus applicable taxes and reimbursement of actual travel and out-of-pocket expenses upto Rs. 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 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 HEALTH AND SAFETY

The Company is conscious of the importance of environmentally clean and safe operations to ensure about health and 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 2019-20, 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 and the rules made thereunder, 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 31st March, 2020.

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 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 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.

SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards issued by the institute of Company Secretaries of India.

DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/

UNCLAIMED SUSPENSE ACCOUNT (UNCLAIMED SHARES)

The Company has not issued any shares during the financial year under review and disclosure regarding demat suspense account/unclaimed suspense account is not applicable.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report on the operations of the Company, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is set out as Annexure- G to the Board's Report and forms an integral part of the 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