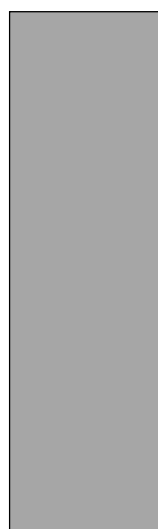


# **ANNUAL REPORT 2020-2021**



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

## **BOARD OF DIRECTORS**

Shri Rajesh Ranka	– Chairman & Managing Director
Smt. Veena Jain	– Non-Executive Director
Shri J.N. Sharma	– Independent Director
Shri Ram Rai Kabra	– Independent Director
Shri Laleet Kumar	– Non-Executive Director
Shri Rohit Singh	– Independent Director

## **CHIEF FINANCIAL OFFICER**

Shri Prabodh Kumar 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**

Modern Threads (India) Limited  
Unit : Modern Woollens,  
Hamirgarh Road, Pragati Path  
Near Transport Nagar,  
Bhilwara-311001 (Rajasthan)  
Phone : 91-1482-241801, Fax : 297924  
Email : cs@modernwoollens.com  
Website : www.modernwoollens.com  
CIN : L17115RJ1980PLC002075

## **MARKETING OFFICE :**

5, Bhima Building,  
Sir, Pochkhanwala Road,  
Worli, Mumbai-400 030

## **PLANTS**

### **Woollen Division**

Hamirgarh Road,  
Bhilwara-311 001 (Rajasthan)

### **Yarn Division**

Village Raila-311 024  
Distt. Bhilwara (Rajasthan)



## NOTICE

Notice is hereby given that the 40<sup>th</sup> Annual General Meeting of the members of **Modern Threads (India) Limited** will be held on Thursday the 30<sup>th</sup> September, 2021 at 2:00 P.M. at Registered Office of the Company at unit : Modern Woollens, Hamirgarh Road, Pragati Path, Near Transport Nagar, Bhilwara - 311 001 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, 2021, and the reports of the Board of Directors and Auditors thereon.
- (2) To appoint a Director in place of Smt. Veena Jain (DIN: 07148606), who retires by rotation and being eligible, offers herself for re-appointment.

### B. SPECIAL BUSINESS:

- (3) **To re-appoint Shri Ram Rai Kabra as an Independent Director of the Company**

**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 Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri Ram Rai Kabra (DIN: 07985411), who was appointed as an Independent Director and who holds office of Independent Director being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company with effect from

14/12/2020, not liable to retire by rotation and to hold office for a second term 5 (five) consecutive years on the Board of the Company and shall hold office up to the conclusion of 45<sup>th</sup> General Meeting."

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

- (4) **To ratify the remuneration of Cost Auditors of the Company**

**To consider and, if thought fit, to pass with or without modification(s), 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, 2022, be paid the remuneration of Rs. 50,000/- per annum plus applicable taxes and reimbursement of expenses upto Rs. 25,000/- be and is hereby ratified and approved.

"**RESOLVED FURTHER THAT** the Board of Directors and Company Secretary of the Company be and are hereby severally 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 : 30<sup>th</sup> June, 2021

(**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 and 4 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. 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").
3. 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.
4. 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.
5. Institutional / 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. The said certified true copy of the Board Resolution should be sent to the Scrutinizer by email through its registered email address to rkjainbhilwara@gmail.com with a copy marked to cs@modernwoollens.com.
6. 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.
7. 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.
8. Details of Directors retiring by rotation/seeking re-appointment at the ensuing Meeting are provided in the "Annexure" to the Notice.
9. The Share transfer books and Register of members shall remain closed from 24<sup>th</sup> September, 2021 to 30<sup>th</sup> September, 2021 (both days inclusive) in connection with the Annual General Meeting.
10. 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 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, Notice of the 40<sup>th</sup> AGM along with the Annual Report for Financial Year 2020-21 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 2020-21 is uploaded on the Company's website www.modernwoollens.com, BSE Limited website at www.bseindia.com, NSE website at www.nseindia.com and on the website of National Securities Depository Limited (NSDL) at www.evoting.nsdl.com.
11. 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 in case the shares are held by them in physical form.
12. 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 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.
13. 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 /update their mobile No. and e-mail ID's with their respective DPs in case the same is still not registered.
14. 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.

15. 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 its Registrar and Share Transfer Agent, Beetal Financial & Computer Service Pvt. Ltd.
16. 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.
17. 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.
18. 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](mailto:cs@modernwoollens.com) mentioning his/her Folio/DP ID & Client ID.
19. Members may also note that the Notice of the 40<sup>th</sup> AGM, Attendance Slip, Proxy Form, Ballot Paper and the Annual Report for FY 2020-21 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.
20. 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.
21. Members are requested to send all communications relating to shares and change of address etc. to the Registrar and Share Transfer Agents at the following address: Beetal Financial & Computer Service Pvt. Ltd. Beetal House, 3rd Floor, 99 Madangir, Behind LSC, New Delhi-110062.
22. 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.
23. A route map showing directions to reach the venue of the Annual General Meeting is given with the Notice/Annual Report.
24. **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. 23<sup>rd</sup> September, 2021 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 Monday, 27<sup>th</sup> September, 2021 (9:00 a.m.) and ends on Wednesday, 29<sup>th</sup> September, 2021 (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 Thursday, 23<sup>rd</sup> September, 2021, 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. 23<sup>rd</sup> September, 2021, may obtain the login ID and password by sending a request to Company at [cs@modernwoollens.com](mailto:cs@modernwoollens.com). However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote.
- THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-**
- The remote e-voting period begins on Monday, 27<sup>th</sup> September, 2021 at 9.00 A.M. and ends on Wednesday, 29<sup>th</sup> September, 2021 at 5.00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 23<sup>rd</sup> September, 2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 23<sup>rd</sup> September, 2021.
- 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: Access to NSDL e-Voting system**
- A) Login method for e-Voting for Individual shareholders holding securities in demat mode**
- In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.
- Login method for Individual shareholders holding securities in demat mode is given below:
- | Type of shareholders  | Login Method   |
|---|--|
| Individual Shareholders holding securities in demat mode with NSDL. | <ol style="list-style-type: none"> <li>1. Existing <b>IdEAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the <b>"Beneficial Owner"</b> icon under <b>"Login"</b> which is available under <b>'IdEAS'</b> section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on <b>"Access to e-Voting"</b> under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to <b>e-Voting website of NSDL</b> for casting your vote during the remote e-Voting period. If you are not registered for IdEAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select <b>"Register Online for IdEAS Portal"</b> or click at <a href="https://eservices.nsdl.com/SecureWeb/IdEASDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdEASDirectReg.jsp</a></li> <li>2. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to <b>e-Voting website of NSDL</b> for casting your vote during the remote e-Voting period.</li> <li>3. Shareholders/Members can also download NSDL Mobile App <b>"NSDL Speede"</b> facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> |
- NSDL Mobile App is available on**



Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.  
**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 022-23058542-43

**B) Login Method for e-Voting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

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

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
- A new screen will open. You will have to enter your User ID, your Password/OTP 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.*
- 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 folio number is 001*** and EVEN is 101456 then user ID is 101456001***

- Password details for shareholders other than Individual shareholders 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 to 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, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
- 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 etc.
  - 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.

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

**How to cast your vote electronically on NSDL e-Voting system?**

- After successful login at Step 1, 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 during the remote e-Voting period.
- 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 1020 990 and 1800 22 44 30 or send a request to Shri Manish Sharma at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories/company for procuring user id and password and registration of email ids for e-voting for the resolutions set out in this notice:**

- In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [cs@modernwoollens.com](mailto:cs@modernwoollens.com).
- In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [cs@modernwoollens.com](mailto:cs@modernwoollens.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. **Login method for e-Voting for Individual shareholders holding securities in demat mode.**

3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by

Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

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

**Item No. 3**

Shri Ram Rai Kabra (DIN : 07985411) was appointed as an Independent Non-Executive Director of the Company by the members at the 37<sup>th</sup> AGM of the Company held on 29<sup>th</sup> September, 2018 with effect from 14/12/2017 for a period of three consecutive years. As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Based on the recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shri Ram Rai Kabra, being eligible for re-appointment as an Independent Director and is proposed to be re-appointed as an Independent Director for second term of five consecutive years from 14<sup>th</sup> December, 2020, not liable to retire by rotation and to hold office for a second term 5 (five) consecutive years on the Board of the Company and shall hold office up to the conclusion of 45<sup>th</sup> General Meeting."

The Company has received declaration from him stating that he meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. He has also given his consent to continue to act as Director of the Company, if so appointed by the members.

In the opinion of the Board, Shri Ram Rai Kabra fulfils the conditions specified under Section 149 (6) of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his reappointment as an Independent Non-Executive Director of the Company and is independent of the management. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Ram Rai Kabra as an Independent Director. The Company has also received notices in writing from 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 Ram Rai Kabra, 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 Special Resolution set out at Item No. 3 of this Notice for the approval by the Members. Save and except the above, none of the other Directors or key managerial personnel of the Company or their relatives are in any way concerned or interested, in the resolution set out at Item No. 3.

**Item No. 4**

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, 2022 at a remuneration of Rs.50,000/- per annum plus applicable taxes and reimbursement of expenses upto 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. 4 of the notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2022.

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

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

[In pursuance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

<b>Name</b>	<b>Smt. Veena Jain</b>	<b>Shri Ram Rai Kabra</b>
Director Identification Number (DIN)	07148606	07985411
Date of Birth	06/09/1978	07/06/1957
Qualifications	M.A.	B.Com.
Expertise in Specific Area	Bussiness	Production planning and dispatdch planning
Date of first Appointment on the Board of the Company	June 18, 2015	December 14, 2017
Shareholding in the Company	Nil	Nil
Directorship held in other companies alongwith listing entities from which the person has resigned in the past three years	Nil	Nil
Relationship with other directors	NA	NA
Membership / Chairmanships of Audit and Stakeholders Relationship committees	Nil	Chairman of Audit Committee and Stakeholders Relationship Committee of the Company
The skills and capabilities required for the role and the manner in which the proposed person meets such requirements	Rich experience in the areas of business	Has vast experience in the field of production, planning etc.

## DIRECTORS' REPORT

**To the members of Modern Threads (India) Limited,**

Your Directors are pleased to present the 40<sup>th</sup> Annual Report on the business and operations of the Company together with Audited Financial Statements for the financial year ended 31st March, 2021.

The Standalone financial statements for the financial year ended March 31, 2021, 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 2020-21 are provided below:

### FINANCIAL SUMMARY

(₹ in Crores)

Particulars	Year ended 31/03/2020	Year ended 31/03/2021
Revenue from operations & other Income	224.66	149.67
Profit before exceptional items & tax	23.26	1.02
Exceptional items	2.10	0.70
Profit before tax	25.36	1.72
Less-Tax expenses	0.0012	-
Profit for the year	25.35	1.72
Other Comprehensive Income	0.03	0.33
Total Comprehensive Income	25.38	2.05

### 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. 93.86 Crores as against Rs.143.47 Crores in the previous year. During the year under review the turnover of the Yarn Division of the Company is Rs. 53.26 Crores as against Rs. 57.12 Crores in the previous year. Your company has been able to generate the profit of Rs. 1.72 Crores during the year under review as against Rs. 25.36 Crores in previous year.

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

### IMPACT OF GLOBAL CRISES : COVID-19 PANDEMIC

The outbreak of COVID-19 pandemic had disrupted regular business operations of the Company due to the lock down restrictions and other emergency measures imposed by the Government from time to time. The business operations have recommenced on a limited scale post relaxation of lockdowns. However, there exists significant estimation uncertainty in relation to the future impact of COVID-19 pandemic on the Company and accordingly, the actual impact in future may be different from those presently estimated. The Company will continue to monitor any material change to the future economic conditions and consequential impact on the financial Statements.

The Covid-19 impact remains a serious concern for governments and businesses. The Company has implemented Standard Operating Procedures of social distancing, workplace sanitisation and employee health monitoring, and these are being followed strictly across all its manufacturing locations and its registered office. Company has also taken various Initiatives focusing on safeguarding workforce health. Further Company is also taking effective steps to control cost in all quarters and assess how profitability, loans, revolving credit and cash flows can support ongoing operations in a low revenue environment.

### SHARE CAPITAL

The authorized Share Capital of the Company stood at Rs. 185,00,00,000. 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, 2021 stood at Rs. 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 Rs. 100/- each issued and allotted to United India Insurance Company Limited (UIICL) 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, 2021, 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

At the beginning of 2020, COVID-19 disease began to spread around the world, millions of people worldwide were infected with COVID-19 disease. Except for the medical supplies and life support products industries, most industries have been greatly impacted, and Wool Worsted Yarn industries have also been greatly affected.

During the year under review the export turnover of the company was of Rs. 96 Crores as against Rs. 96 Crores in the previous year. Consistent efforts are being made by the Company to ensure sustainable leadership for its products in global market. Product branding & certification is one of the key area in order to penetrate high end European & Japanese market. Focus on orders related to institutional sale has been reviewed in best possible manner to run the full capacity of production.

### FUTURE PROSPECTS

Wool worsted yarn is also called wool combed yarn, refers to the combing process of processed wool yarn, evenness, smooth, but the cost is high, high yarn count. Wool worsted yarn is mainly used for advanced fabrics and knitwear, etc.

The Asia Pacific region accounted for a major share of the wool worsted yarn market, followed by North America and Europe. China consists of large number of manufacturers of wool worsted yarn across the country. Production and domestic demand for textile fibers is high in the country. Production activities from developed countries has shifted to developing countries due to cheap labor, and this is contributing to the growth of the region. Moreover, increasing foreign direct investments and rapidly rising population are propelling the market in Asia Pacific. North America and Europe held an average share of the wool worsted yarn market. The recovery of these regions from the economic slowdown is augmenting the overall market after COVID19. India accounted for the least share of the market in 2020. However, the share of these regions is anticipated to increase at a rapid pace during the forecast period due to rapid growth of the fashion and other end-user industries across the regions and increased use of wool worsted yarns in these industries.

Industry is also expecting long awaited RoDTEP benefit from Indian govt in place of MEIS. In absence of sufficient fund, Govt is continue to postpone the implementation of this new Scheme.

Recently new concept towards sustainability is emerging in European market & RWS (Responsible Wool standard) & GRS (Global Recycled Standard) is taking space of fashion industry.

### 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, 2021 has been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (herein after 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, 2021. The Notes to the Financial Statements form an integral part of this Report.

Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis. The Company discloses financial results on a quarterly basis which are subjected to limited review.

### 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, on the recommendation of Nomination and Remuneration Committee Shri Ram Rai Kabra (DIN : 07985411) was re-appointed as an Independent Director of the Company by the Board of Directors for a second term 5 (five) consecutive years w.e.f. 14/12/2020, subject to the approval of the Shareholders.

In accordance with the provisions of section 152 of the Companies Act, 2013, Smt. Veena Jain (DIN : 07148606) 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.

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

### Key Managerial Personnel

During the year Shri Sitaram Sharma 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 to 31/10/2020 & 01/11/2020 to 31/03/2021.

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 alongwith other material information are sent in advance separately to each Directors.

In the Financial Year 2020-21, the Board met six times. The Meetings were held on 28th May, 2020, 6th July, 2020, 28th October, 2020, 28th January, 2021, 26th February, 2021 and 30th March, 2021. 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, 2021 is given in corporate governance report attached as Annexure G to the Board's report. During the year under review a circular resolution was passed by the Board of Directors on 13/12/2020 regarding re-appointment of Shri Ram Rai Kabra as an Independent Director of the Company and was noted and confirmed at the subsequent meeting of the Board of Directors and made part of the minutes of such meeting.

### COMMITTEES OF THE BOARD

#### AUDIT COMMITTEE

Audit Committee of the Board of Directors is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013, 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, and Economics etc. The constitution of the committee as on 31st March 2021 is as follows:

Sl. No.	Name of Director	Position held in the Committee	Category of Director
1.	Shri Ram Rai Kabra	Chairman	Independent Director
2.	Shri Rohit Singh	Member	Independent Director
3.	Shri Laleet Kumar	Member	Non-Executive Director

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

### NOMINATION AND REMUNERATION COMMITTEE

As per the provisions of section 178 of the Companies Act, 2013 and the rules made thereunder and as per the criteria laid down under regulation 19 of SEBI (Listing 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 2021 is as follows:

Sl. No.	Name of Director	Position held in the Committee	Category of Director
1.	Shri Ram Rai Kabra	Chairman	Independent Director
2.	Shri Rohit Singh	Member	Independent Director
3.	Shri Laleet Kumar	Member	Non-Executive Director

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

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

##### 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.modernwoolens.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 G to the Board's report.

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

As per the requirement of sec. 178 of the Companies Act, 2013 and the rules made thereunder and also as per the criteria laid down under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has in place the Stakeholders' Relationship Committee and constitution of the Committee as on 31st March 2021 is as follows:

Sl. No.	Name of Director	Position held in the Committee	Category of Director
1.	Shri Ram Rai Kabra	Chairman	Independent Director
2.	Shri Rohit Singh	Member	Independent Director
3.	Shri Laleet Kumar	Member	Non-Executive Director

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

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

As per the provisions of section 135(1) of the Companies Act, 2013 and the rules made thereunder, the Company has constituted the Corporate Social Responsibility Committee. The constitution of the Committee as on 31st March 2021 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	Member	Independent Director
3.	Shri Rohit Singh	Member	Independent Director

A meeting of the CSR Committee was held on 26th February, 2021 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 Work place (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 2020-21 is provided on page 16 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, 2021.

The Company has also undergone an audit for the FY 2020-21 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, 2021.

The Secretarial Audit report is annexed -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 has not filed rehabilitation/revival scheme to NCLT under insolvency and bankruptcy 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 16th June, 2021 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 2021-22 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**

Mr. Kamlesh Kumar Somani, Chartered Accountant is the Internal Auditor of the company. Internal Audit report, their significant findings and follow up actions taken by the management is reviewed by the audit committee on a quarterly basis.

#### **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/WHISTLE BLOWER POLICY**

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 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 2020-21, the Company has not received any complaints of sexual harassment.

#### **ANNUAL RETURN**

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 (as amended) the Annual Return as on March 31, 2021 is available on the Company's website at the weblink [https://modernwoollens.com/admin/public/uploads/1/2021-09/form\\_no\\_mgt\\_7\\_annual\\_return.pdf](https://modernwoollens.com/admin/public/uploads/1/2021-09/form_no_mgt_7_annual_return.pdf) By virtue of amendment to Section 92(3) of the Companies Act, 2013, the Company is not required to provide extract of Annual Return (Form MGT-9) as part of the Board's report.

#### **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. There were no materially significant related party transactions which may have a potential conflict with the interests of the Company at large. All related party transactions are placed before the Audit Committee for approval. Omnibus approval was obtained on a yearly basis for transactions which are of repetitive nature.

The details of contracts and arrangement with related parties for the financial year ended 31st March, 2021, are given in Note No. 34 to the Financial Statements forming part of this Annual Report.

Pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, information in form AOC-2 is provided as Annexure-D 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, 2021.

#### **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 16 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 - E 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- F to the Board's Report and forms an integral part of the Report.

#### **LISTING OF SHARES**

The shares of the Company are listed at BSE Limited and National Stock Exchange of India Limited (NSE) but trading of the shares is suspended. The Company has filed an application to BSE Ltd. for Revocation of suspension of trading in equity shares of the Company and the same is under consideration. The company has applied for waiver of outstanding interest to NSE and the same is under consideration.

#### **SHIFTING OF THE REGISTERED OFFICE OF THE COMPANY**

During the year under review, the registered office of the Company has been shifted with effect from 28/12/2020 from A-4, Vijay Path, Tilak Nagar, Jaipur - 302 004 (Rajasthan) to Unit : Modern Woollens, Hamirgarh Road, Pragati Path, Near Transport Nagar, Bhilwara - 311 001 (Rajasthan).

#### **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 - G together with a Certificate from the Practicing Company Secretary regarding compliance with the conditions of Corporate Governance as stipulated under Listing Regulations.

#### **MATERIAL CHANGES AND COMMITMENTS EFFECTING THE**

##### **FINANCIAL POSITION OF THE COMPANY**

Except as disclosed elsewhere in this Report, no material changes and commitments, which could affect the Company's financial position, have occurred between the end of the financial year of the Company and the date of this Report.