



Modern Threads (India) Limited

Registered Office :

A-4, Vijay Path, Tilak Nagar, Jaipur-302 004
Phone : 0141-4113645, Fax : 0141-2621382
E-mail : cs@modernwoollens.com
modernjaipuroffice@gmail.com
Website : www.modernwoollens.com
CIN : L17115RJ1980PLC002075

18th January, 2020

BSE Limited
Department of Corporate Services
1st Floor, New Trading Ring,
Rotunda Building
P J Towers, Dalal Street,
Fort Mumbai - 400 001

Sub: Annual Report for financial year 2018-19

Dear Sir/Madam,


Pursuant to regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the 38th Annual Report of the Company for the financial year 2018-19 duly approved and adopted at 38th Annual General Meeting of the Company held on Saturday, 28th September, 2019.

Kindly take the same on record.

Thanking you,

Yours Faithfully

For Modern Threads (India) Limited

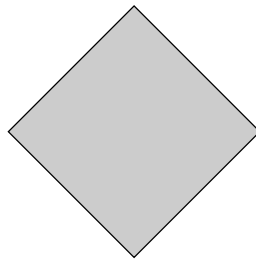

Sitaram Sharma
Company Secretary



Encl: As above

Corporate Head Office : 68/69, Godavari, Pochkhanwala, Worli, Mumbai-400030
Tel.:022-24973269, Fax : 022-24950962
Plants - [Woollens Division : Hamirgarh Road, Bhilwara-311001 (Rajasthan)
Tel.:01482-241801, Fax : 01482-297924
Yarn Division : Village Raila, District - Bhilwara-311024 (Rajasthan)]

ANNUAL REPORT 2018-2019



Modern
THREADS (INDIA) LIMITED

BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER

Shri P.K. Nahar

COMPANY SECRETARY

Shri Kapil Kumar Kumawat

AUDITORS

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

SECRETARIAL AUDITOR

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

COST AUDITORS

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

REGISTERED OFFICE

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

CORPORATE HEADQUARTER

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

PLANTS

Woollens Division

Hamirgarh Road,
Bhilwara-311 001 (Rajasthan)

Yarn Division

Village Raila-311 024
Distt. Bhilwara (Rajasthan)



NOTICE

Notice is hereby given that the 38th Annual General Meeting of the members of Modern Threads (India) Limited will be held on Saturday the 28th September, 2019 at 2:00 P.M. at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur – 302004 to transact the following business:

A. ORDINARY BUSINESS:

- (1) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2019, and the reports of the Board of Directors and Auditors thereon.
- (2) To appoint a Director in place of Smt. Veena Jain (DIN: 07148606) who retires by rotation and being eligible, offers herself for re-appointment.

B. SPECIAL BUSINESS:

- (3) **Appointment of Shri Manish Kumar Jain as an Independent Director of the Company**

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Shri Manish Kumar Jain (DIN: 08465203) who on the recommendation of the Nomination and Remuneration Committee, was appointed as an Additional Director of the Company, by the Board of Directors with effect from 01st June, 2019 and who holds office until the date of the ensuing Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri Manish Kumar Jain as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period of Five years from 01st June, 2019, not liable to retire by rotation.”

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

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force), Shri Laleet Kumar (DIN: 08465100) who on the recommendation of the Nomination and Remuneration Committee, was appointed as an Additional Director of the Company by the Board of Directors with effect from 01st June, 2019 and who holds office until the date of the ensuing Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri Laleet Kumar as a candidate for the office of Director of the Company, be and is hereby appointed as an Non-Executive Non-Independent Director of the Company from 01st June, 2019, liable to retire by rotation.”

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

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

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

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

“RESOLVED FURTHER THAT Shri Kapil Kumar Kumawat, Company Secretary and any of the directors of the Company be and are hereby severally authorized to do all such necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution.”

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

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

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M. Goyal & Co., Cost Accountants (Firm Registration No. 000051), appointed as Cost Auditors of the Company by the Board of Directors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2020, be paid the remuneration of ₹ 50,000/- per annum plus applicable taxes and reimbursement of expenses upto ₹ 25,000/- be and is hereby ratified and approved.”

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

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

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

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

By order of the Board

Place : Jaipur
Date : 14th August, 2019

(Kapil Kumar Kumawat)
Company Secretary

NOTES :

1. The Explanatory Statement pursuant to Section 102 and/or any other applicable provisions of the Companies Act, 2013 in respect of Item No. 3, 4, 5, 6 & 7 set out in the Notice is annexed hereto and form part of this Notice.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in the meeting instead of himself/herself and the proxy need not be a member of the Company. In terms of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty members holding in the aggregate, not more than ten percent of the total share

- capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.
3. The proxy form duly completed and signed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.
4. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send a certified copy of the relevant Board Resolution together with specimen

signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting.

5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 6. Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
 7. The Share transfer books and Register of members shall remain closed from 23rd September, 2019 to 28th September, 2019 (both days inclusive).
 8. In terms of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th 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.
 9. Members holding shares in physical form are advised to submit particulars of their bank account, viz. name and address of the branch of the bank, MICR code of the branch, type of account and account number to our Registrar and Share Transfer Agent, Beetal Financial & Computer Service Pvt. Ltd. Beetal House, 3rd Floor, 99 Madangir, Behind LSC, New Delhi-110062. Members who have not registered their email addresses so far are requested to register their e-mail ID's with M/s. Beetal Financial & Computer Services Pvt. Ltd, the Registrars & Share Transfer Agents of the Company and Members holding shares in demat mode are requested to register their e-mail ID's with their respective DPs in case the same is still not registered.
 10. Members who are holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Company's Registrar and Share Transfer Agent the details of such folios together with the share certificates for consolidating their holding in one folio. The share certificates will be returned to the members after making requisite changes, thereon. Members are requested to use the share transfer form SH-4 for this purpose.
 11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or our Registrar and Share Transfer Agent, Beetal Financial & Computer Service Pvt. Ltd.
 12. Non-resident Indian shareholders are requested to inform about the following immediately to the Company or its Registrar and Share Transfer Agent or the concerned Depository Participant, as the case may be, immediately of:
 - a. The change in the residential status on return to India for permanent settlement.
 - b. The particulars of the NRE account with a Bank in India, if not furnished earlier.
 13. Members holding shares in single name and in physical form are advised to make nomination in respect of their shareholding in the Company. The Nomination Form SH-13 prescribed by the Government can be obtained from the Registrar and Share Transfer Agent.
 14. In terms of Section 101 and 136 of the Companies Act, 2013 read with the relevant Rules made thereunder, the copy of the Annual Report including Financial statements, Board's report etc. and this Notice are being sent by electronic mode, to those members who have registered their email ID's with their respective depository participants or with the share transfer agents of the Company, unless any member has requested for a physical copy of the same. In case any member wish to get a physical copy of the Annual Report, he may send his request to cs@modernwoollens.com mentioning his/her Folio/DP ID & Client ID.
 15. Members may also note that the Notice of the 38th AGM, Attendance Slip, Proxy Form, Ballot Paper and the Annual Report for FY 2018-19 will also be available on the Company's website www.modernwoollens.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection without any fee during normal business hours (11:00 am to 5:00 pm) on working days, upto and including the date of AGM of the Company.
 16. All the documents referred to in accompanying Notice and other Statutory Registers are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. to 5.00 p.m. upto the date of Annual General Meeting.
 17. Members are requested to send all communications relating to shares and change of address etc. to the Registrar and Share Transfer Agents at the following address: Beetal Financial & Computer Service Pvt. Ltd. Beetal House, 3rd Floor, 99 Madangir, Behind LSC, New Delhi-110062
 18. A Member desirous of getting any information on the accounts of the Company is requested to forward his request to the Company at least 10 days prior to the Meeting so that the required information can be made available at the Meeting.
 19. A route map showing directions to reach the venue of the Annual General Meeting is given with the Notice/Annual Report.
 20. **Voting**
All persons whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. 21st September, 2019 only shall be entitled to vote at the General Meeting by availing the facility of remote e-voting or by voting at the General Meeting.
- (I) Voting through Electronic means**
1. Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and revised Secretarial Standards on General Meetings (SS-2) issued by the ICSI, the Company is pleased to provide its members the facility of "remote e-voting" (e-voting from a place other than venue of the AGM) to exercise their right to vote at the AGM. The business may be transacted through e-voting services provided by National Securities Depository Limited ("NSDL").
 2. The facility for voting through Polling Paper shall also be made available at the AGM and the members attending the meeting who have not already cast their vote through remote e-voting shall be able to exercise their right at the AGM.
 3. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
 4. The Board of Directors of the Company has appointed Shri Rajendra Kumar Jain, Practicing Company Secretary, Bhilwara as Scrutinizer for scrutinizing the voting through polling paper and remote e-voting process in a fair and transparent manner.
 5. The remote e-voting period commences on Wednesday, 25th September, 2019 (9:00 am) and ends on Friday, 27th September, 2019 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Saturday, 21st September, 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
 6. The Results shall be declared within 48 hours after the Annual General Meeting of the Company. The results declared along with the Scrutinizer's Report shall be placed on the company's website www.modernwoollens.com and on the website of NSDL www.evoting.nsd.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 September, 2019, 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.nsd.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.nsd.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.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

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

5. Your password details are given below:

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.
 - How to retrieve your 'initial password'?
 - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mail box. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - If your email ID is not registered to the Depository Participants/Company, you may contact to the concerned person on following numbers to get the "User ID" and "Password for e-voting", who will provide you the same after due verification of information of members available with the Company:-
Mr. Nadeem Zaki/ Kapil Kumar Kumawat
Phone: 0141-4113645
Email Id: - modernjaipuroffice@gmail.com / cs@modernwoollens.com
6. 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

Shri Manish Kumar Jain was appointed as an Additional Director of the Company with effect from 01st June, 2019 by the Board of Directors of the Company. Pursuant to the provisions of Section 161 of the Companies Act, 2013, he holds office as a Director only upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member under the provisions of Section 160 of the Companies Act, 2013 proposing the candidature of Shri Manish Kumar Jain for the office of an Independent Director. Shri Manish Kumar Jain is a post graduate in Business Administration from Maharshi Dayanand Saraswati University, Ajmer and has experience in the field of accounts and finance. He has a rich experience of working in budget & costing department.

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

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

None of the directors, key managerial personnel or their relatives, except Shri Manish Kumar Jain to whom the resolution relates, is interested or concerned in the resolution.

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

Item No. 4

Shri Laleet Kumar was appointed as an Additional Director (Non-Executive Non-Independent) of the Company with effect from 01st June, 2019 by the Board of Directors of the Company. Pursuant to the provisions of Section 161 of the Companies Act, 2013, he holds office as a Director only upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member under the provisions of Section 160 of the Companies Act, 2013 proposing the candidature of Shri Laleet Kumar for the office of Director. Shri Laleet Kumar is a post graduate in Accountancy and statistics from Mohan Lal Sukhadia University Udaipur and has experience in the field of accounts and finance.

The resolution seeks the approval of members for the appointment of Shri Laleet Kumar as a Director (Non-Executive Non-Independent) of the Company with effect from 01st June, 2019 and is liable to retire by rotation. A copy of draft letter for the appointment of Shri Laleet Kumar as a Director (Non-Executive Non-Independent) setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days.

None of the directors, key managerial personnel or their relatives, except Shri Laleet Kumar to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the ordinary resolution set forth in Item No. 4 for the approval of the members.

Item No. 5

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

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

(A) Basic Salary :-

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

(B) Perquisites and allowances:-

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

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

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

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

Item No. 6

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M. Goyal & Co., Cost Accountants, Jaipur as the Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2020 at a remuneration of ₹ 50000/- per annum plus applicable taxes and reimbursement of expenses upto ₹ 25000/-.

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item No. 6 of the notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2020.

None of the Directors, key managerial personnel or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution set out at item No. 6.

Item No. 7

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

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

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

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

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

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

DIRECTORS' REPORT

The Members,

Your Directors are pleased to present the 38th Annual Report on the business and operations of the Company together with Audited Financial Statements for the financial year ended 31st March, 2019.

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

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

FINANCIAL SUMMARY

(₹ in Crores)

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

STATE OF COMPANY'S AFFAIRS

The performance of the Woollen division of the Company has been satisfactory over past few years inspite of stiff competitions in the domestic and international markets. During the year under review the turnover of the Woollen Division of the Company is ₹ 172 Crores as against ₹ 145 Crores in the previous year. During the year under review the turnover of the Yarn Division of the Company is ₹ 56.47 Crores as against ₹ 20 Crores in the previous year. Your company has been able to generate the profit of ₹ 10.77 Crores during the year under review as against ₹ 7.45 Crores in previous year.

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

SHARE CAPITAL

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

TRANSFER TO RESERVES

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

DIVIDEND

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

EXPORTS

The company is one of the largest exporter of worsted and blended woollen yarn from India. During the year under review, Company achieved export turnover of ₹ 127 Crores as against ₹ 95 Crores in the previous year. Consistent efforts are being made by the Company to ensure sustainable leadership for its products in global market. Woollen division has also initiated efforts to retain existing customers base and exploring new customers in overseas market with different product range in worsted yarn so as to achieve improved performance and profitability in the ensuing period.

FUTURE PROSPECTS

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

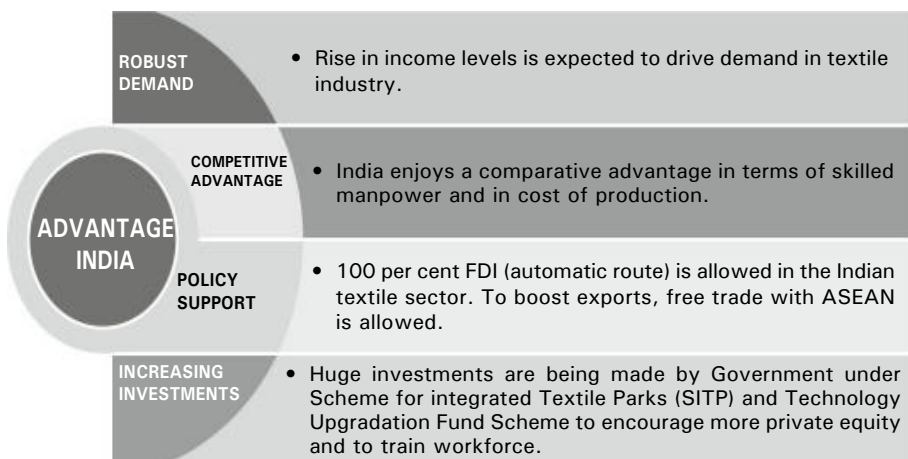
Increased penetration of organized retail, favourable demographics, and rising income levels are likely to drive demand for textiles. India is the world's second largest exporter of textiles and clothing.

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

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

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

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



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

FIXED DEPOSITS

Payment of public fixed deposits are being made on compassionate ground as per order dated 11.08.1999 of Hon'ble Company Law Board. The Hon'ble Company Law Board has passed an order on 30.04.2002 that "The repayment of fixed deposits shall be made by the Company in accordance with the "revival scheme" as and when approved by BIFR under the provisions of "SICA". Consequent to enactment of Sick Industrial Companies (Special Provision) Repeal Act, 2003 (SICA Repeal Act) the proceedings pending before BIFR stands abated w.e.f. 1st December 2016. As per legal opinion the due date of deposits within the meaning to provision to section 125(2) of the companies Act, 2013 will be 01.12.2016 when the order of Company Law Board becomes non-operational by divine of repeal of SICA Act. There are no unclaimed deposits within the meaning of section 125 of the companies Act 2013, as such no amounts are required to be transferred to the investor Education and Protection Fund. Further details regarding fixed deposits are provided in the Note No. 17 "Other financial liability" annexed with financial statements.

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors on the recommendations of the Nomination and Remuneration Committee vide its meeting held on 30th May, 2019 have re-appointed Shri Rajesh Ranka (DIN: 03438721) as Chairman & Managing Director of the Company w.e.f. 01.07.2019 for a period of three years, subject to approval of shareholders in the ensuing Annual General Meeting.

Further, the Board of Directors on the recommendations of the Nomination and Remuneration Committee vide its meeting held on 30th May, 2019 have appointed Shri Manish Kumar Jain (DIN: 08465203) and Shri Laleet Kumar (DIN: 08465100) as an Additional Director (Independent) and Additional Director (Non- Executive Non-Independent) respectively upto the ensuing Annual General Meeting of the Company. In accordance with the provisions of section 152 of the Companies Act, 2013, Smt. Veena Jain, Director of the Company retires by rotation and being eligible offers herself for re-appointment.

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

ANNUAL EVALUATION OF THE PERFORMANCE OF THE BOARD, ITS COMMITTEES

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

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

NUMBER OF BOARD MEETINGS

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

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

There was no circular resolution passed by company in the financial year 2018-19.

COMMITTEES OF THE BOARD AUDIT COMMITTEE

Audit Committee of the Board of Directors is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of the Listing Regulations. All members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, and Economics etc. The constitution of the committee as on 31st March 2019 is as follows:

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

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

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

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

NOMINATION AND REMUNERATION COMMITTEE

As per the provisions of section 178 of the Companies Act, 2013 and the rules made thereunder and as per the criteria laid down under regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has in place a Nomination and Remuneration Committee and constitution of the Committee as on 31st March 2019 is as follows:

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

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

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

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

POLICY FOR DIRECTORS, KMP AND OTHER EMPLOYEES

Appointment Criteria and Qualifications

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or other employees and recommend to the Board for his/her appointment.
- A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.

Term/Tenure

(a) Managing Director/Whole-time Director:

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

(b) Independent Director:

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

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

Remuneration

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

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

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

Evaluation

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

Removal

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

Retirement

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

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

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

As per the requirement of sec. 178 of the Companies Act, 2013 and the rules made thereunder and also as per the criteria laid down under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has in place the Stakeholders' Relationship Committee and constitution of the Committee as on 31st March 2019 is as follows:

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

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

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As per the provisions of section 135(1) of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility Committee. The constitution of the Committee as on 31st March 2019 is as follows:

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

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

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

A meeting of the CSR Committee was held on 14th February, 2019 with all three directors as mentioned above were present.

The Board has, on the recommendation of the Corporate Social Responsibility Committee, framed and adopted a policy for CSR available on the website of the company <https://www.modernwoollens.com>. The disclosures as per rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 are disclosed as Annexure C to the Board's Report.

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

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

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

DIRECTOR'S RESPONSIBILITY STATEMENT

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

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

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

Goyal D. Kumar & Co., Chartered Accountants, Bhilwara appointed as a Statutory Auditors of the Company in the 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.

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

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s R.K. Jain & Associates, Company Secretaries, Bhilwara to undertake the Secretarial Audit of the Company for the financial year ended 31st March, 2019.

The Company has also undergone an audit for the FY 2018-19 pursuant to SEBI Circular No. CIR/CFD/CMO/1/27/2019 dated 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 60 days of the end of the financial year ended 31st March, 2019.

The Secretarial Audit report is annexed as Annexure -A to the Board's report. The observations in Secretarial Audit Report, which pertains mainly to listing regulations requirements, Stock Exchange compliances etc. Since company had been a sick industrial company for a long time and draft rehabilitation scheme pending for examination and approval of BIFR but pursuant to Sick Industrial Companies (Special Provision) Repeal Act, 2003 (SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 01/12/2016 and the company had been in the process of making reference to NCLT under bankruptcy and insolvency code 2016. However the company has made application to NSE and BSE for revocation of suspension of trading of securities. The other observations made in the Secretarial Audit Report are self-explanatory and hence, do not call for any further comments under Section 134 of the Companies Act, 2013.

COST AUDITORS

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

Pursuant to the provisions of Section 148(2) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, your company is required to get its cost accounting records audited by cost auditors. Accordingly, the Board, at its meeting held on 30th May 2019, has on the recommendation of the Audit Committee, re-appointed M. Goyal & Co., Cost Accountants, Jaipur (Firm Registration No. 000051) to conduct the audit of the cost accounting records of the Company for FY 2019-20 on a remuneration of ₹ 50,000/- plus applicable taxes and reimbursement of actual travel and out-of-pocket expenses upto ₹ 25,000/-. The remuneration is subject to the ratification of the Members in terms of Section and a resolution seeking members approval for the remuneration payable to the Cost Auditors forms part of the Notice convening Annual General Meeting for their Ratification.

INTERNAL AUDITORS

The Company has a strong Internal Audit department reporting to the Audit Committee comprising majority of Independent Directors who are experts in their field.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

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

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

VIGIL MECHANISM

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

ENVIRONMENT AND SAFTY

The Company is conscious of the importance of environmentally clean and safe operations to ensure about safety of all concerned, compliances of environmental regulations and prevention of natural resources.

The Company has zero tolerance towards sexual harassment at the workplace and has a proper management system to prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. During the financial year 2018-19, the Company has not received any complaints of sexual harassment.

EXTRACT OF ANNUAL RETURN

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

CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

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

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company as on 31st March, 2019.

CODE OF CONDUCT

In compliance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct and Ethics. The code is applicable to the Board of Directors, Key Managerial Personnel and all other employees in the course of day to day business operations of

the Company. The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors, Key Managerial Personnel and all other designated employees of the Company in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. This code is available on the website of the company at <https://www.modernwoollens.com>.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In the Opinion of the Board, the Independent Directors fulfill the conditions specified in the Companies Act and Listing regulations and also independent of the Management etc.

FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

The company believe that the board be continuously empowered with the knowledge of the latest developments in the company's business and the external environment affecting the industry as a whole. Familiarization Program for Independent Directors has been adopted by the Company, pursuant to the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is available on the website of the company at <https://www.modernwoollens.com>. The details of the familiarization program are provided on page 19 of this Annual Report.

BUSINESS RISK MANAGEMENT

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

INDUSTRIAL RELATIONS AND PARTICULARS OF EMPLOYEES

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE REQUIREMENTS

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

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

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

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

GENERAL

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.

2. No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relate and the date of this report.
3. No significant or material orders were passed by the regulators or Courts or Tribunals which impact the going concern status and Company's Operations in future.

ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the Banks, Government authorities, customers, vendors

and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

(RAJESH RANKA)

Chairman & Managing Director

DIN : 03438721

Place : Bhilwara

Dated : 30th May, 2019

ANNEXURE "A" TO THE BOARD'S REPORT:

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

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

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MODERN THREADS (INDIA) LIMITED** (hereinafter called the company) (CIN No.-L17115RJ1980PLC002075) Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st March, 2019**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:-

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **MODERN THREADS (INDIA) LIMITED** for the financial year ended on **31st March, 2019** according to the provisions of:-

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. There is no transaction relating FDI and ODI during the year under review. *(Not applicable to the Company during the Audit Period)*
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (repealed w.e.f. 9th December, 2018); *(Not applicable to the Company during the Audit Period)*;
 - d) The Securities and Exchange Board of India (Issue Of Capital and Disclosure Requirements) Regulations, 2018 notified on 9th December, 2018; *(Not applicable to the Company during the Audit Period)*
 - e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 *(Not applicable to the Company during the Audit Period)*;
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. (Not applicable to the Company during the Audit Period).
 - g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 *(Not applicable to the Company during the Audit Period)*;
 - i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (repealed w.e.f. 11th September, 2018); (Not applicable to the Company during the Audit Period)

- j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 notified on 11th September, 2018; (Not applicable to the Company during the Audit Period) and
- k) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

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

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

1. The preference shares were redeemable in four equal instalments commencing from the year 2003-04 but the same was not paid due to paucity of funds. The preference shares were expected to be redeemed as per Rehabilitation Scheme to be approved by BIFR. The Dividend on Cumulative redeemable Preference Shares has not been provided for earlier years. The company was expected waiver/ relief under Draft Rehabilitation Scheme pending for approval with BIFR. But pursuant to Sick Industrial Companies (Special Provision) Repeal Act, 2003 (SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 1/12/2016 and the company has not initiated any reference to National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code 2016. However, during the financial year under review 1,50,000 preference shares were redeemed vide one time settlement with General Insurance Corporation of India. The company is in process of settlement with respective preference shareholders.
2. The company had unpaid Fixed Deposits accepted from Public. The outstanding amount of Public Fixed Deposit as on 31st March, 2019 was amounting to ₹ 549.59 Lakhs. In view of petition filed by the company in CLB, the Hon'ble Company Law Board has passed order dated 30.04.2002. According to which the repayment of Fixed Deposit shall be made by the Company as per Rehabilitation Scheme to be approved by BIFR. After repealing of the Sick Industrial Companies (Special Provisions) Act, 1985 the Rehabilitation Scheme is not under consideration w.e.f. 1st December, 2016 but company has not initiated any process of making reference to National Company Law Tribunal under Insolvency and Bankruptcy Code, 2016. However the Company is making payment on compassionate grounds as per decision of committee formed by the Company Law Board vide its order dated 11th August, 1999.
3. The company had an outstanding amount of share application money ₹ 1450.00 Lakhs received from promoters and associates pursuant to the Draft rehabilitation scheme to be approved by BIFR. After repealing of the Sick Industrial Companies (Special Provisions) Act, 1985 the Rehabilitation Scheme is not under consideration w.e.f. 1st December, 2016, but company has not initiated any process of making reference to National Company Law Tribunal under Insolvency and Bankruptcy Code, 2016.
4. As per the regulation 29 of SEBI (LODR) Regulations, 2015, prior intimations of the Board Meetings for approval of quarterly unaudited financial results were not given to Stock Exchanges. However, the Company is in the process of revocation of suspension of trading of its securities and submitting its documents to Stock Exchanges.

5. As per the regulation 33(3) of SEBI (LODR) Regulations, 2015 company had been delayed in submission of quarterly unaudited financial Results & limited review report to Stock Exchanges. However, the Company is in the process of revocation of suspension of trading of its securities and submitting its documents to Stock Exchanges.
6. As per regulation 34(1) of SEBI (LODR) Regulations, 2015 company has been delayed in submission of annual report to stock exchanges. However, the Company is in the process of revocation of suspension of trading of its securities and submitting its documents to Stock Exchanges.
7. As per regulation 46(2)(1) of SEBI (LODR) Regulations, 2015, notice of the meeting of Board of Directors for approval Unaudited Financial Results were not available on Website. However, the Company is in the process of revocation of suspension of trading of its securities and submitting its documents to Stock Exchanges.
8. Requirements of Regulation 47 of SEBI (LODR) Regulations, 2015 not complied with by the company. Hence, not disclosed on website of the company as per Reg. 46(1)(q). However, the Company is in the process of revocation of suspension of trading of its securities and submitting its documents to Stock Exchanges.
9. The Company has delayed in submission of disclosure under Regulation 30(1) and 30 (2) of SEBI (SAST) Regulations 2011. However, the Company is in the process of revocation of suspension of trading of its securities and submitting its documents to Stock Exchanges

We further report that-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors except the

observations made in the Report. The changes in the composition of the Board of Directors that took place during the Audit Period were carried out in compliance with the provisions of the Act.

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

Majority decision is carried through while the dissenting members view are captured and recorded as part of the minutes.

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

We further report that during the Audit Period the company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. as may be applicable.

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

R K Jain & Associates
Company Secretaries

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

Place: Bhilwara
Date: 30.05.2019

'Annexure A'

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

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

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

thereunder relating to maintenance of Books of Accounts, papers and financial statements of the relevant Financial Year, which give a true and fair view of the state of the affairs of the company.

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

R K Jain & Associates
Company Secretaries

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

Place: Bhilwara
Date: 30.05.2019

ANNEXURE "B" TO THE BOARD'S REPORT :

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

(A) Conservation of energy-

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

(B) Technology absorption-

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

(C) Foreign exchange earnings and Outgo-

| Particulars | Details |
|--|---|
| 1. Activities relating to exports, initiatives to increase exports, Developments of New export markets for products and services and export plan | We are sending our marketing team to various part of the world for development of yarn market and attending exhibitions on regular basis. |
| 2. Total Foreign Exchange Earned and Used | |
| i) The Foreign Exchange earned in terms of actual inflows during the year | ₹ 12688.27 Lakh |
| ii) Foreign Exchange outgo during the year in terms of actual outflows | ₹ 9032.17 Lakh |

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

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

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

- Enhancing environmental and natural capital; supporting rural development; promoting education; providing preventive healthcare, providing sanitation and drinking water; preserving and promoting sports;
- Promoting education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- Ensuring environmental sustainability, ecological balance, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
- protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- Contributions to technology incubators located with academic institutions which are approved by the Central Government;
- Rural development projects.

The company is desirous of conducting its CSR activities through one or more of its Trusts.

To ensure effective implementation of the CSR programs proposed to be undertaken by the Company, a monitoring mechanism has been in place by the Company as and when required.

The detailed policy is available on the weblink <http://www.modernwoollens.com/modern-woollens-policies.asp>

2. The constitution of the Committee as on 31st March 2019 is as follows:

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

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

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

(3) Average net profit of the company for last three financial years: ₹ 8.92 Cr.

(4) Two per cent. of the amount as in item 3 above)- ₹ 17.84 Lakhs

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

(a) Total amount spent for the financial year- ₹ 17.84 Lakhs

(b) Amount unspent, if any- Nil

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

| S. No. | CSR project or activity Identified. | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise (₹) | Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads: (₹) | Cumulative expenditure upto the reporting period 31.03.2019 (₹) | Amount spent: Direct or through implementing agency* |
|--------|-------------------------------------|--|---|---|---|---|--|
| 1. | Animal welfare | Animal welfare | Bhilwara, Rajasthan | 12,84,000 | 12,84,000 | 12,84,000 | H.M RANKA FOUNDATION |
| 2. | Healthcare | Healthcare | Village Danta, Distt. Chittorgarh, Rajasthan | 5,00,000 | 5,00,000 | 5,00,000 | ACHARYA SHRI NANESH SAMTA VIKAS TRUST |

6. Reasons for not spending the amount- NA

7. A responsibility statement of the CSR Committee:

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

Place : Bhilwara

Date : 30th May, 2019

Chairman CSR Committee
Rajesh Ranka
DIN:03438721

ANNEXURE "D" TO THE BOARD'S REPORT
Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2019

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

I. REGISTRATION AND OTHER DETAILS:

| | |
|--|---|
| i) CIN | L17115RJ1980PLC002075 |
| ii) Registration Date | 28/08/1980 |
| iii) Name of the Company | Modern Threads (India) Limited |
| iv) Category/Sub-Category of the Company | Limited by Shares |
| v) Address of the Registered office and contact details | A-4, Vijay Path, Tilak Nagar, Jaipur – 302004. Phone No. :0141-4113645 |
| vi) Whether listed company | Yes |
| vii) Name, Address and Contact details of Registrar and Transfer Agent | Beetal Financial & Computer Services Pvt. Ltd. Beetal House, 3 rd Floor, 99 Madangir Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi-110062 Tel:011-29961281/82 Fax:011-29961284 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sl. No. | Name and Description of main products/services | NIC Code of the Product/service | % to total turnover of the company |
|---------|--|---------------------------------|------------------------------------|
| 1 | Worsted/Synthetic Yarn | 17123 | 96 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

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

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

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year 01.04.2018 | | | | No. of Shares held at the end of the year 31.03.2019 | | | | % Change during the year |
|--|--|-----------------|-----------------|-------------------|--|----------------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter and Promoter Group | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Central Govt. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) State Govt.(s) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d) Bodies Corp. | Nil | 15636901 | 15636901 | 44.97 | 15636901 | Nil | 15636901 | 44.97 | Nil |
| e) Banks/FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| f) Any Other (Trust) | 7000000 | Nil | 7000000 | 20.12 | 7000000 | Nil | 7000000 | 20.12 | Nil |
| Sub-total(A)(1):- | 7000000 | 15636901 | 22636901 | 65.09 | 22636901 | Nil | 22636901 | 65.09 | Nil |
| (2) Foreign | | | | | | | | | |
| a) NRIs-Individuals | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Other-Individuals | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) Bodies Corp. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d) Banks/FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| e) Any Other.... | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-total(A)(2):- | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Total Shareholding of Promoter & Promoter Group (A)=(A)(1)+(A)(2) | 7000000 | 15636901 | 22636901 | 65.09 | 22636901 | Nil | 22636901 | 65.09 | Nil |
| B. Public Shareholding | | | | | | | | | |
| Institutions | | | | | | | | | |
| a) Mutual Funds | Nil | 16200 | 16200 | 0.05 | Nil | 16200 | 16200 | 0.05 | Nil |
| b) Central Govt. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) State Govt.(s) | Nil | 374900 | 374900 | 1.08 | Nil | 374900 | 374900 | 1.08 | Nil |
| d) Venture Capital funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| e) Insurance Companies | 345270 | 40000 | 385270 | 1.10 | 385270 | Nil | 385270 | 1.10 | Nil |
| f) FIs | Nil | 436900 | 436900 | 1.26 | Nil | 436900 | 436900 | 1.26 | Nil |
| g) Foreign Venture Capital Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| h) Banks/FI | 2171376 | 1164438 | 3335814 | 9.60 | 2171658 | 1164156 | 3335814 | 9.60 | Nil |
| Sub-total(B)(1):- | 2516646 | 2032438 | 4549084 | 13.09 | 2556928 | 1992156 | 4549084 | 13.09 | Nil |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 2971 | 1505120 | 1508091 | 4.34 | 1262004 | 246087 | 1508091 | 4.34 | Nil |
| ii) Overseas | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 26652 | 5902663 | 5929315 | 17.05 | 60231 | 5869012 | 5929243 | 17.05 | Nil |

| | | | | | | | | | |
|---|----------------|-----------------|-----------------|--------------|-----------------|----------------|-----------------|--------------|------------|
| ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 13250 | Nil | 13250 | 0.04 | 13250 | Nil | 13250 | 0.04 | Nil |
| c) Others Clearing Members | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d) NRI's | 88 | 136673 | 136761 | 0.40 | 736 | 136025 | 136761 | 0.04 | Nil |
| e) HUF | Nil | 1758 | 1758 | Nil | 72 | 1758 | 1830 | Nil | Nil |
| Sub-total(B)(2):- | 42961 | 7546214 | 7589175 | 21.82 | 1336293 | 6252882 | 7589175 | 21.82 | Nil |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 2559607 | 9578652 | 12138259 | 34.91 | 3893221 | 8245038 | 12138259 | 34.91 | Nil |
| C. Shares held By Custodian for GD Rs. & ADRs | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Grand Total (A+B+C) | 9559607 | 25215553 | 34775160 | 100 | 26530122 | 8245038 | 34775160 | 100 | Nil |

(ii) Shareholding of Promoter(s) and Promoter Group

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|---------|---|---|----------------------------------|---|-------------------------------------|----------------------------------|---|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | % change in shareholding during the year |
| 1 | Shri Rajesh Ranka | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| 2 | Arihant Beneficiary Trust through Lalitha Ranka-Trustee | 7000000 | 20.12 | Nil | 7000000 | 20.12 | Nil | Nil |
| 3 | Generotrade Exim LLP. | 15636901 | 44.97 | Nil | 15636901 | 44.97 | Nil | Nil |
| | Total | 22636901 | 65.09 | Nil | 22636901 | 65.09 | Nil | Nil |

(iii) Change in Promoter(s) & Promoter Group Shareholding (please specify, if there is no change)

| Sl. No. | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|-------------|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | | No Change | | | |

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of The company |
| 1 | Administrator of The Specified Undertaking of the Unit Trust of India | 2171376 | 6.24 | 2171376 | 6.24 |
| 2 | Amrex Marketing Pvt. Ltd. | 1024400 | 2.95 | 1024400 | 2.95 |
| 3 | Unit Trust of India | 9065356 | 2.61 | 9065356 | 2.61 |
| 4 | TAIB A/c TSML | 415839 | 1.2 | 415839 | 1.2 |
| 5 | Gujarat State Financial Corporation | 374900 | 1.08 | 374900 | 1.08 |
| 6 | Life Insurance Corporation of India | 265374 | 0.76 | 265374 | 0.76 |
| 7 | Raj. State Ind. Dev. & Invest. Corp. Ltd. | 248850 | 0.72 | 248850 | 0.72 |
| 8 | 3A Capital Services Ltd. | 241506 | 0.69 | 241506 | 0.69 |
| 9 | Paridhi Share shoppe Pvt. Ltd. | 67648 | 0.2 | 67648 | 0.2 |
| 10 | MSV Securities Limited | 63600 | 0.18 | 63600 | 0.18 |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | For Each of the Director and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of The company |
| 1 | Rajesh Ranka -Chairman & Managing Director | Nil | Nil | Nil | Nil |
| 2 | Veena Jain-Non-Executive Director | Nil | Nil | Nil | Nil |
| 3 | Shri Jagdish Narayan Sharma-Non-Executive Director | Nil | Nil | Nil | Nil |
| 4 | Shri Naresh Devpura-Independent Director | Nil | Nil | Nil | Nil |
| 5 | Shri Brij Mohan Taparia-Independent Director | Nil | Nil | Nil | Nil |
| 6 | Shri Ram Rai Kabra-Independent Director | Nil | Nil | Nil | Nil |
| 7 | P.K. Nahar-CFO | 10 | Nil | 10 | Nil |
| 8 | Kapil Kumar Kumawat-Company Secretary | Nil | Nil | Nil | Nil |

V. INDEBTEDNESS

(₹ in Lakh)

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits* | Total Indebtedness |
|--|-------------------------------------|-----------------|----------------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 11069.80 | 50 | 605.03 | 11724.83 |
| ii) Interest due but not paid | 7805.05 | - | 1742.04 | 9547.09 |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 18874.85 | 50 | 2347.07 | 21271.92 |
| Change in Indebtedness during the financial year | | | | |
| Addition | - | - | - | - |
| Reduction | - | 50 | 137.03 | 187.03 |
| Net Change Indebtedness | | | | |
| At the end of the financial year | | | | |
| i) Principal Amount | 11069.80 | - | 549.59 | 11619.39 |
| ii) Interest due but not paid | 7805.05 | - | 1660.45 | 9465.50 |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 18874.85 | - | 2210.04 | 21084.89 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and / or Manager:**

(Amount in ₹)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | Total Amount |
|---------|--|--|----------------|
| | | Rajesh Ranka Chairman & Managing Director | |
| 1. | Gross salary | | |
| | (a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961 | 2486400 | 2486400 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - |
| | (c) Profits in lieu of salary under section 17 (3) Income-tax Act, 1961 | - | - |
| 2. | Stock Option | - | - |
| 3. | Sweat Equity | - | - |
| 4. | Commission | - | - |
| | - as % of profit | - | - |
| | - others, specify... | - | - |
| 5. | Other - Please Specify | | |
| | Total (A) | 2486400 | 2486400 |
| | Ceiling as per the Act | | |

B. Remuneration to other directors:

(Amount in ₹)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | | Total Amount |
|---------|--|-------------------|-------------|----------------|------------|---------------|--------------|
| | | B.M. Taparia | J.N. Sharma | Naresh Devpura | Veena Jain | Ram Rai Kabra | |
| 1. | Independent Directors Fee for attending board/committee meetings | - | - | 16000 | - | 5000 | 21000 |
| | Commission | - | - | - | - | - | - |
| | Total(1) | - | - | 16000 | - | 5000 | 21000 |
| 2. | Other Non-Executive Directors | | | | | | |
| | Fee for attending board/committee meetings | - | 15000 | - | 1000 | - | 16000 |
| | Commission | - | - | - | - | - | - |
| | Total(2) | - | 15000 | - | 1000 | - | 16000 |
| | Total (B)=(1+2) | - | 15000 | 16000 | 1000 | 5000 | 37000 |
| | Total Managerial Remuneration | | | | | | |
| | Overall Ceiling as per the Act | | | | | | |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

(Amount in ₹)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | Total Amount |
|---------|--|--------------------------|---------------------|----------------|
| | | P.K. Nahar | Kapil Kumar Kumawat | |
| | | CFO | CS | |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 1671585 | 443136 | 2114721 |
| 2. | Stock Option | | | |
| 3. | Sweat Equity | | | |
| 4. | Commission – as % of profit – others, specify... | | | |
| 5. | Others, please specify | | | |
| | Total (C) | 1671585 | 443136 | 2114721 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES :

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give details) |
|------|------------------------------|-------------------|--|-------------------------------|------------------------------------|
|------|------------------------------|-------------------|--|-------------------------------|------------------------------------|

A. COMPANY

| | | | | | |
|--------------------------------------|------|--|--|--|--|
| Penalty Punishment Compounding | None | | | | |
|--------------------------------------|------|--|--|--|--|

B. DIRECTORS

| | | | | | |
|--------------------------------------|------|--|--|--|--|
| Penalty Punishment Compounding | None | | | | |
|--------------------------------------|------|--|--|--|--|

C. OTHER OFFICERS IN DEFAULT

| | | | | | |
|--------------------------------------|------|--|--|--|--|
| Penalty Punishment Compounding | None | | | | |
|--------------------------------------|------|--|--|--|--|

**ANNEXURE "E" TO THE BOARD'S REPORT
FORM NO. AOC 2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

- (a) Name(s) of the related party and nature of relationship
(b) Nature of contracts/arrangements/transactions
(c) Duration of the contracts/arrangements/transactions
(d) Salient terms of the contracts or arrangements or Transactions including the value, if any

NIL
All contracts or arrangements or Transactions with related parties
are at arm's length basis

- (e) Justification for entering into such contracts or arrangements or transactions
(f) date(s) of approval by the Board
(g) Amount paid as advances, if any:
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

2. Details of material contracts or arrangement or transactions at arm's length basis

| Name(s) of the related party and nature of relationship | Nature of contracts/arrangements/ transactions | Duration of the contracts/arrangements/transactions | Salient terms of the contracts or arrangements or transactions including the value, if any Company paid (₹) | Date(s) of approval by the Board, if any | Amount paid as advances, if any: |
|---|---|---|---|--|----------------------------------|
| M/s. Shubham Corporate Advisory Services Pvt. Ltd. | Use of fully furnished office space at Worli Mumbai, on Leave & License basis | 01.04.2018 to 31.03.2019 | 12.74 Lakh/-per annum | 14.02.2018 | NIL |
| Modern Polytex Limited | Purchase of goods and services | 01.09.2018 to 28.02.2019 | 1.94 Lakhs | 08.08.2018 | NIL |
| Modern Polytex Limited | Property, plant & equipment | 01.09.2018 to 28.02.2019 | 4.46 Lakhs | 08.08.2018 | NIL |
| Indian Woollen Mills Federation | Membership & Subscription for Chairman and Managing Director | 16.04.2018 | 1.03 Lakhs | 30.05.2018 | NIL |
| H.M. Ranka Foundation | CSR Expenditure for FY 2018-19 | FY 2018-19 | 12.84 Lakhs | 14.02.2019 | NIL |
| Acharya Shri Nanesh Samta Vikas Trust | CSR Expenditure for FY 2018-19 | FY 2018-19 | 5.00 Lakhs | 14.02.2019 | NIL |

For Modern Threads (India) Limited
Rajesh Ranka

Place: Bhilwara
Date: 30th May, 2019

Chairman & Managing Director
DIN: 03438721

ANNEXURE "F" TO THE BOARD'S REPORT
Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014

1) Ratio of the remuneration of each Director/KMP to the median remuneration of all the employees of the Company for the financial year:

| | |
|--|--------|
| Median remuneration of all the employees of the Company for the Financial Year 2018-19 | 11,215 |
| Percentage increase in the median remuneration of employees in the Financial Year 2018-19. | 34% |
| Number of permanent employees on the rolls of the Company as on 31st March, 2019 | 574 |

| Name of Director and KMP | Ratio of remuneration to median remuneration of all employees | % increase in remuneration in the Financial Year 2018-19 |
|--------------------------|---|--|
| Shri Rajesh Ranka | 21.23 | 12.12% |
| Shri P.K. Nahar | 11.80 | 8.00% |
| Shri Kapil Kumar Kumawat | 3.50 | 9.00% |

(2) Top ten employee remuneration of the company

| Name | Designation | Qualification & Experience | Date of Commencement of Employment | Age | Last Employment | % of Equity Shares held | Whether relative of Director or Manager |
|-------------------------|---------------------------------|----------------------------|------------------------------------|----------|--|-------------------------|---|
| Rajesh Ranka | Chairman & Managing Director | MBA | 22-09-2011 | 51 Years | NA | Nil | NA |
| S.k. Mehta | President (Woollen Division) | B. Tech. | 01-08-2014 | 64 Years | Keshar Multi Yarn Ltd. Midnapur | Nil | NA |
| Ram Awatar Kabra | President (Yarn Division) | B.Com. FCA. FCS. | 11-06-2017 | 63 Year | Suzuki Textiles Ltd. Gudda (Mandal), BHL | Nil | NA |
| Sujeet Kumar | Vice-President Export Marketing | MMS (Mkt) | 07-04-2012 | 48 Years | R.S.W.M. | Nil | NA |
| Prabodh Kumar Nahar | Chief Financial Officer | Chartered Accountant | 16-04-1992 | 53 Years | Bhilwara Textile (P) Ltd. | 10 shares | NA |
| Dharmendra Kumar Shukla | Dy. G.M. (Mkt) | MBA | 09-07-2013 | 41 Years | Vikram Woollens | Nil | NA |
| Alok Srivastava | Sr.V.P. (Tech) | B.Tech. | 06-09-2006 | 55 Years | Sharman Woollen mill | Nil | NA |
| Anil Kumar Patil | Dy.G.M. (Mkt) | B.Com. | 18-07-2013 | 50 Years | Alok Industries | Nil | NA |
| Sunil Kumar Choudhary | Dy.G.M (F) | C.A. | 01.06.2018 | 45 Years | M/s T. Bhimjyani Realty Pvt. Ltd. | Nil | NA |
| Laxman Lal Gupta | G.M.(Technical) | B.Tech. | 12-12-2018 | 52 Years | Kanchan India Ltd. Paiyra, BHL | Nil | NA |

- 3) Name of the employee who was in receipt of remuneration not less than 1.02 Crore in the financial year ending 31st March 2019- Nil.
- 4) Name of the employee who was in receipt of remuneration not less than 8.5 Lakh per month for any part of the financial year ending 31st March 2019- Nil.
- 5) Name of the employee if employed throughout the financial year or part thereof, was in receipt of remuneration in the financial year ending 31st March 2019 which is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company-Nil.
- (6) The remuneration is as per the remuneration policy of the company.

ANNEXURE "G" TO THE BOARD'S REPORT

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Company is one of the biggest manufacturers and exporters of wool and blended worsted yarn from India. Modern Woollens (A unit of Modern Threads (India) Limited), having its plant at Bhilwara, Rajasthan, is a highly acclaimed name, as manufacturers and exporters of wool and blended worsted yarn from India. The Company has achieved an international pre-eminence in the field of processing wool during the course of time. Enforcing strict quality control in a well-equipped laboratory with 'Inter-Wool Lab' accredited measuring instruments.

I) INDUSTRY STRUCTURE AND DEVELOPMENTS

The worsted yarn segment of Textile Industry is moving ahead and likely to grow fast in coming years. The turn of woollens as a fashion fabric in global as well as domestic markets, coupled with renewed attention on speciality and high value-added yarns will be growth drivers for woollen division of the Company. The Company is proposed to capture the growth potential through its wide range of products of worsted yarn by entering in foreign markets.

II) OUTLOOK

Consistent efforts are being made by the Woollens Division of the Company to ensure sustainable leadership for its products in global market. Woollen division has also initiated efforts to retain existing customers base and contacting newer customers in overseas market with different product range in worsted yarn so as to achieve improved performance and profitability in the ensuing period.

III) OPPORTUNITIES, THREATS, RISK AND CONCERNS

In the current age of liberation and globalization your board considers it appropriate to explore new business areas / opportunities to broad base investment and industry presence, to attain its main purpose of delivering long term value to the shareholders of new improved means etc.

Growth prospects of the Woollen & Yarn divisions of the Company are bright due to ongoing efforts of management for improving operational efficiency, cost reduction and better management of available financial resources. Your company is expecting improved performance of woollen division as well as yarn division in the coming years.

IV) CHALLENGES

The company is expected to encounter various challenges including rising input costs, restrictive labour laws and intensified competition from other low cost countries.

V) INTERNAL CONTROL SYSTEM

The company remains committed to ensure an effective internal control that provides assurance on the efficiency of operations and security of assets. Your company's well established and robust internal audit processes, both at business and corporate levels, continuously monitor the effectiveness of the internal control environment across the company and the status of compliance with operating systems, internal policies and regulatory requirements. The company has also undertaken steps to implement new control measures in line with best global practices.

VI) HUMAN RESOURCE DEVELOPMENT

Human Resource is the only asset that appreciates with time and in its continued efforts to nurture the best human talent, during the year the management continued with its strategy of imparting professional training to the executives and staff at various levels with a view to upgrade their competency and remove all levels of inefficiency in order to make the Company more competitive. This is not a luxury, but a necessity, if the Company has to survive in a globally competitive market, providing better product at better cost requires additional efforts to develop skills and efficiency in the new appointees to face the challenge.

**ANNEXURE "H" TO THE BOARD'S REPORT
REPORT ON CORPORATE GOVERNANCE**

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is about promoting corporate fairness, transparency, accountability and integrity of the management. It also aims to align, as nearly as possible, the interests of individuals, corporations and society and thereby enhancing the stakeholders' value. The commitment to good corporate governance practices predates the laws and mandates of the Securities and Exchange Board of India (SEBI) and the stock exchanges regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. Given below are the Company's corporate governance policies and practices:

2. BOARD OF DIRECTORS

The Board of Directors provides strategic direction and thrust to the operations of the Company, thereby enhancing the value of the stakeholders.

• Composition

The Company has a balanced mix of executive and non-executive Directors. As at the end of financial year, the Board of Directors comprises of 6 Directors and out of which 5 are non-executive directors including one Woman director. The Chairman is executive and Promoter of the Company and the number of Independent Directors is 3 which is in compliance with the stipulated one half of the total number of Directors as per the requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All Independent Directors meet with the criteria of independence as prescribed both under sub-section(6) of Section 149 of the Act and under Regulation 16 (1) (b) of the SEBI (LODR) Regulations.

None of the Directors on the Board are Independent Directors of more than seven listed companies and none of the Whole-time Directors/Managing Director are Independent Directors of any listed Company

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees across all the companies in which he is a Director. The information stipulated under Part A of Schedule II of SEBI (LODR) Regulations is being made available to the Board. All the Directors have made the requisite disclosures regarding committee positions held by them in other companies.

Details of meeting held

The Board met 5 times on the following dates during the financial year 2018-19:

| QUARTERS | Date of Meeting |
|-------------------------|------------------------|
| 1 st QUARTER | 30.05.2018 |
| 2 nd QUARTER | 08.08.2018 |
| 3 rd QUARTER | 14.11.2018 |
| 4 th QUARTER | 14.02.2019, 25.03.2019 |

Category and Attendance of Directors

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the financial year 2018-19 and at the last Annual General Meeting (AGM), as also the number of Directorships and Committee positions held by them in other Public Limited Companies as on March 31, 2019 are as follows:

| Name of Directors | Designation | Attendance at Board Meetings | | | | | Attendance at last AGM | Number of Directorship Held in other Public Companies | Board Committee Membership/ Chairmanship held in other Public Companies |
|---------------------|------------------------------|------------------------------|------------------|------------|------------------|------------------|------------------------|---|---|
| | | 30.05.2018 | 08.08.2018 | 14.11.2018 | 14.02.2019 | 25.03.2019 | | | |
| Shri Rajesh Ranka | Chairman & Managing Director | Yes | Yes | Yes | Yes | Yes | Yes | 2 | 1 |
| Shri B.M. Taparia | Independent Director | Yes | Yes | Yes | Yes | Yes | Yes | Nil | Nil |
| Smt. Veena Jain | Non-Executive Director | Leave of Absence | Leave of Absence | Yes | Leave of Absence | Leave of Absence | No | Nil | Nil |
| Shri J.N. Sharma | Non-Executive Director | Yes | Yes | Yes | Yes | Yes | No | Nil | Nil |
| Shri Naresh Devpura | Independent Director | Yes | Yes | Yes | Yes | Yes | No | Nil | Nil |
| Shri Ram Rai Kabra | Independent Director | Yes | Yes | Yes | Yes | Yes | No | Nil | Nil |

Shareholding of Non-Executive Directors as on March 31, 2019 is as under:

| Sr. No. | Name of Directors | No. of shares held | % of Paid-up Capital |
|---------|---------------------|--------------------|----------------------|
| 1. | Smt. Veena Jain | Nil | Nil |
| 2. | Shri Ram Rai Kabra | Nil | Nil |
| 3. | Shri B.M. Taparia | Nil | Nil |
| 4. | Shri J.N. Sharma | Nil | Nil |
| 5. | Shri Naresh Devpura | Nil | Nil |

3. AUDIT COMMITTEE

The Audit Committee has been constituted as per Section 177(8) of the Companies Act, 2013 and the guidelines set out in the regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of audit committee are in compliance with the provision of Part C of Schedule II of SEBI (LODR) Regulations, 2015 and Companies Act, 2013. The composition of committee as at 31.03.2019 is given below:

| S.No. | Name | Designation | Category | Attendance at Committee Meetings Held | | | |
|-------|---------------------|-------------|------------------------|---------------------------------------|------------|------------|------------|
| | | | | 30.05.2018 | 08.08.2018 | 14.11.2018 | 14.02.2019 |
| 1. | Shri B.M. Taparia | Chairman | Independent Director | Yes | Yes | Yes | Yes |
| 2. | Shri J.N. Sharma | Member | Non-Executive Director | Yes | Yes | Yes | Yes |
| 3. | Shri Naresh Devpura | Member | Independent Director | Yes | Yes | Yes | Yes |

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

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

4. NOMINATION AND REMUNERATION COMMITTEE

The Company has constituted the Nomination and Remuneration Committee in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in pursuant to the provisions of Companies Act, 2013. The terms of reference of Nomination and Remuneration Committee are in compliance with the part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013. The composition of committee as at 31.03.2019 is given below :

| S.No. | Name | Designation | Category | Attendance at Committee Meetings Held |
|-------|---------------------|-------------|------------------------|---------------------------------------|
| | | | | 30.05.2018 |
| 1. | Shri B.M. Taparia | Chairman | Independent Director | Yes |
| 2. | Shri J.N. Sharma | Member | Non-Executive Director | Yes |
| 3. | Shri Naresh Devpura | Member | Independent Director | Yes |

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

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

The details of the remuneration payable to the Executive Director(s) for the financial year 2018-19 are :

| Name of Director | Gross Salary (₹) | Sitting Fee (₹) |
|--|------------------|-----------------|
| Shri Rajesh Ranka (Chairman & Managing Director) | 2486400/- | - |

The company has adopted the criteria of making payments to non-executive directors and the same has been disseminated on the website of the company www.modernwoollens.com. Non-Executive directors are provided with sitting fee for attending the meeting of the Board of directors and Committees. The committee carries out evaluation of every Director's performance. Disclosures with respect to remuneration of directors and key managerial personnel are separately mentioned in extract of annual return MGT-9 attached as Annexure D.

5. STAKEHOLDERS' RELATIONSHIP/ INVESTORS GRIEVANCE COMMITTEE

The Board of Directors constituted the Stakeholders' relationship/investors' grievance committee to look into the redressal of investors' complaints like share transfers, non-receipt of annual reports, issue of duplicate share certificate, transfer and transmission of shares and other allied transactions. The Stakeholders' Relationship Committee's constitution and terms of reference are in compliance with provisions of the Companies Act, 2013, regulation 20 and part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition of committee as at 31.03.2019 is given below:

| S.No. | Name | Designation | Category | Attendance at Committee Meetings Held | | | |
|-------|---------------------|-------------|------------------------|---------------------------------------|------------|------------|------------|
| | | | | 30.05.2018 | 08.08.2018 | 14.11.2018 | 14.02.2019 |
| 1. | Shri B.M. Taparia | Chairman | Independent Director | Yes | Yes | Yes | Yes |
| 2. | Shri J.N. Sharma | Member | Non-Executive Director | Yes | Yes | Yes | Yes |
| 3. | Shri Naresh Devpura | Member | Independent Director | Yes | Yes | Yes | Yes |

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

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

Name & Designation of Compliance Officer

Kapil Kumar Kumawat, Company Secretary is the compliance officer of the company and his contact details are as below:

Address: A4, Vijay Path, Tilak Nagar Jaipur-302004 (Rajasthan)

Phone: 0141-411365, E-mail-cs@modernwoollens.com

Status of Investor Complaints

Number of complaints received and resolved to the satisfaction of Shareholders/Investors during the FY 2018-19 and their break-up is as under:

No. of shareholders' Complaints received during the year ended 31.03.2019:25

No. of Complaints not solved to the satisfaction of shareholders: Nil

No. of pending complaints as on 31.03.2019: Nil

Policy for Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace

Our Company has a policy and framework for employees to report sexual harassment cases at work place and our process ensures complete anonymity and confidentiality of information. The below table provides details of complaints received/disclosed during the financial year 2018-19:

| | | |
|----|--|-----|
| 1. | Number of complaints filed during the financial year | Nil |
| 2. | Number of complaints disposed of during the financial year | Nil |
| 3. | Number of complaints pending as at end of the financial year | Nil |

SCORES (SEBI Complaints Redressal System):

SEBI processes investor complaints in a centralized web-based complaints redressal system i.e. SCORES. Through this system a shareholder can lodge complaint against a company for his grievance. The Company uploads the action taken on the complaint which can be viewed by the shareholder. The Company and shareholder can seek and provide clarifications online through SEBI.

6. INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on February 14, 2019, inter alia, to discuss and review:

- Evaluation of the performance of Non-independent Directors and the Board of Directors as a whole.
- The performance of the Chairman of the Company
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

7. GENERAL BODY MEETINGS

(A) Annual General Meeting

The details of Annual General Meetings held during the last three years are given below:

| AGM/EGM | Date | Time | Venue | Special Resolutions passed |
|---------|------------|---------|---|---|
| AGM | 17.09.2016 | 4.00 pm | A-4, Vijay Path, Tilak Nagar, Jaipur 302004 | Re-appointment of Shri Rajesh Ranka as Chairman & Managing Director of the Company for a period of three years w.e.f. 01/07/2016 |
| AGM | 28.09.2017 | 3.00 pm | A-4, Vijay Path, Tilak Nagar, Jaipur 302004 | Appointment of Shri Naresh Devpura as an Independent Director of the Company for a period of three years w.e.f. 01/04/2017 |
| AGM | 29.09.2018 | 3.00 pm | A-4, Vijay Path, Tilak Nagar, Jaipur 302004 | Approval of the borrowing limit under Section 180(1)(c) of the Companies Act, 2013 Approval of the limits under Section 180 (1) (a) of the Companies Act, 2013 |

(B) Extra Ordinary General Meeting during the years

No Extra-Ordinary General Meeting was conducted during the financial year 2018-19.

(C) Special Resolution passed through postal ballot during 2018-19

No special resolution was passed through postal ballot during the FY 2018-19 and no special resolution is proposed to be passed through postal ballot in the ensuing Annual General Meeting of the company.

8. CODE OF CONDUCT

The Company has in place a comprehensive Code of Conduct (the Code) applicable to all board of directors and senior management personnel of the Company. The Code is applicable to Non-executive Directors including Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities.

A copy of the Code of conduct has been put on the Company's website (www.modernwoollens.com). The Code has been circulated to Directors and Management Personnel, and its compliance is affirmed by them annually. A declaration signed by the Company's Chairman and Managing Director is published in this Report.

9. CODE FOR PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct to regulate, monitor and report trading by Designated Persons and their Immediate Relatives under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. This Code of Conduct also includes code of practices and procedures for fair disclosure of unpublished price sensitive information which has been made available on the Company's website at <http://www.modernwoollens.com>.

10. DISCLOSURES

There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their relatives etc. that may have potential conflict with the interests of the Company at large. Board approved policy for related party transaction is available on the web link <http://www.modernwoollens.com/modern-woollens-policies.asp>.

Familiarization Programme and Training for Independent Directors:

The Company has an orientation process/ familiarization programme for its Independent Directors that includes:

- Briefing on their role, responsibilities, duties, and obligations as a member of the Board.
- Nature of business and business model of the Company, Company's strategic and operating plans.
- Matters relating to Corporate Governance, Code of Business Conduct, Risk Management, Compliance Programs, Internal Audit, etc.

As a process when a new independent director is appointed on the Board of the Company, a familiarization programme as described above is conducted by the senior management team and whenever a new member is appointed to a Board Committee, information relevant to the functioning of the Committee and the role and responsibility of Committee members is informed. Each of our Independent Directors have attended such orientation process/familiarization programme when they were inducted into the Board and these programs are generally spread over two days and are available on the website of the company at <https://www.modernwoollens.com>.

Resignation of Independent Directors:

Shri Brij Mohan Taparia has resigned as an Independent Director of the Company and company has received his confirmation as there being no material reason for his resignation.

The Company has adopted policy for determining material subsidiaries in compliance of the provisions of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as LODR Regulations, 2015) and is available on the weblink <http://www.modernwoollens.com/modern-woollens-policies.asp>.

There were no instances of penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. Company is in the process of revocation of suspension of trading of its securities from NSE & BSE and complied with the majority of the clauses of listing regulations.

In accordance with requirement of Companies Act as well as Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a vigil mechanism has been adopted by the board of directors and accordingly a whistle blower policy has been formulated with a view to provide a mechanism for employees of the company to approach Internal Auditor or Chairman of the Audit Committee of the Company to report any grievance. Compliances, rules & regulations as laid down by various statutory authorities has always been observed by the company since such change over both in letter as well as in spirit and no personnel has been denied access to the audit committee.

11. SKILLS/EXPERTISE/COMPETENCE OF THE BOARD OF DIRECTORS

The board has identified the following core skills/expertise/competencies in context of the Company's business (es) and sector(s) for it to function effectively and currently available with the board:

| S. No. | Skill/Competency | Rajesh Ranka | Veena Jain | B. M. Taparia | J.N. Sharma | Naresh Devpura | Ram Rai Kabra |
|--------|-----------------------------------|--------------|------------|---------------|-------------|----------------|---------------|
| 1. | Industry Knowledge and experience | | | ✓ | | | |
| a. | Industry experience | ✓ | | ✓ | ✓ | ✓ | ✓ |
| b. | Knowledge of sector | ✓ | | | ✓ | ✓ | ✓ |
| c. | Knowledge of Govt. Policy | ✓ | | | | | |
| 2. | Technical Skills and experience | | | | | | |
| a. | Accounting | | | ✓ | | | |
| b. | Finance | | | ✓ | | | |
| c. | Public Relations | | | | | ✓ | |
| 3. | Governance Competencies | | | | | | |
| a. | Compliance Focus | ✓ | | ✓ | | | ✓ |
| b. | Executive performance management | ✓ | | | | | |
| 4. | Behavioral Competencies | | | | | | |
| a. | Interpersonal relations | ✓ | ✓ | | | | ✓ |
| b. | Listening skills | | ✓ | | | | ✓ |
| c. | Verbal Communication Skills | ✓ | ✓ | | | | |

12. MEANS OF COMMUNICATION

In compliance with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, Since the company had been a sick industrial company and has huge accumulated losses but it has been trying to comply with the respective requirement however the Company published notice of AGM and book closure in Kanchan Kesari and Financial Chronicle newspapers.

The quarterly, half yearly, nine monthly and Annual results are intimated to the stock exchanges.

Website: The company's website www.modernwoollens.com contains a separate dedicated section "Investors" where information for shareholders is available. The quarterly/annual financial results, annual report, shareholding pattern, corporate governance report, policies, investors' contact details are posted on the website in addition to the information stipulated under regulation 46 of the SEBI (LODR) Regulations, 2015.

Filing with BSE listing Centre: Pursuant to regulation 10(1) of the SEBI (LODR) Regulations, 2015, BSE has mandated the Listing Centre as the electronic platform for filing all mandatory filings and any other information to be filed with the stock exchange by Listed entities.

NSE Electronic Application processing system (NEAPS): NEAPS is a web-based application designed by NSE for corporates. The financial results, shareholding pattern, corporate governance report, various submissions/disclosure documents are filed electronically on NEAPS.

13. GENERAL SHAREHOLDER INFORMATION

a. Annual General Meeting for the Financial Year 2018-19:

Date : Saturday, 28th September, 2019
Venue : A-4, Vijay Path, Tilak Nagar, Jaipur-302004
 Time : 2:00 PM
 Last Date for receipt of Proxy Forms : 26th September, 2019 before 2:00 PM

b. Book Closure Date

The Share Transfer Register of the Company shall remain closed from 23rd September, 2019 to 28th September, 2019 (both days inclusive).

c. Dividend

No dividend being recommended by the Board during the year.

d. Listing of Equity Shares in Stock Exchange

The share of the Company are Listed at National Stock Exchange, Bombay Stock Exchange and Calcutta Stock Exchange. Trading of the equity shares of the company are suspended at the trading platform of stock exchanges. Outstanding listing fee of BSE has been paid during the financial year under review and fee of NSE will be paid as and when demand is raised by the stock exchange and will comply with the respective requirement.

e. Demat ISIN exchange number in NSDL & CDSL for equity shares

INE794W01014

Stock Code

Bombay Stock Exchange Limited, Mumbai – 500282.
 National Stock Exchange of India Limited, Mumbai -MODTHREAD

f. Market Price data

The company's shares are not traded at the stock exchanges so market price data is not available.

g. Registrar & share transfer agent

All the share transfer work is done through M/S Beetal Financial & Computer Services (P) Ltd the Company's Registrar and Share Transfer Agent.

Address & Correspondence:

M/S Beetal Financial & Computer Services (P) Ltd.
 Beetal house, 3rd floor, 99, Madangir Behind Local Shopping Centre,
 Near Dada Harsukhdas Mandir, New Delhi-62 Telephone no. 011-2996 1281/82
 Fax: 0141-2365888

h. Share transfer system

With a view to expedite the process of share transfers, the Board of Directors of the Company has delegated the power of share transfer to Share Transfer Committee. As on date all the work related to the shares is handled by RTA. All correspondences are to be directed to the RTA at the address mentioned above. The correspondences may also be sent at the Company's address which will be sent by the Company to RTA. The requests are normally processed within 15 days of receipt of documents, if documents are found to be in order.

i. Shareholding pattern by ownership as on March 31, 2019

| Particulars | As on March 31 st 2019 | | As on March 31 st 2018 | |
|------------------------------|-----------------------------------|-------------------|-----------------------------------|-------------------|
| | No. of shares held | % of shareholding | No. of shares held | % of shareholding |
| Promotor & Promotor Group | 22636901 | 65.09 | 22636901 | 65.09 |
| Foreign Portfolio Investors | 436900 | 1.26 | 436900 | 1.26 |
| Mutual Funds | 16200 | 0.05 | 16200 | 0.05 |
| Financial institutions/Banks | 3335814 | 9.6 | 3335814 | 9.6 |
| Central Govt /state Govt | 374900 | 1.08 | 374900 | 1.08 |
| Insurance companies | 385270 | 1.1 | 385270 | 1.1 |
| NRI's | 136761 | 0.39 | 136761 | 0.39 |
| Individuals including HUF | 5944323 | 17.09 | 5944323 | 17.09 |
| Bodies Corporates | 1508091 | 4.34 | 1508091 | 4.34 |
| Total | 34775160 | 100 | 34775160 | 100 |

j. Distribution of shareholding as on March 31, 2019

| Shareholding of Nominal value | Number of Shareholders | % of Total | No. of Shares | Amount in Rs. | % of Total |
|-------------------------------|------------------------|------------|-----------------|------------------|------------|
| Up to 5000 | 134267 | 99.55 | 5439617 | 54396170 | 15.6422 |
| 5001 to 10000 | 405 | 0.3 | 304165 | 3041650 | 0.8747 |
| 10001 to 20000 | 129 | 0.09 | 186633 | 1866330 | 0.5367 |
| 20001 to 30000 | 17 | 0.01 | 42403 | 424030 | 0.1219 |
| 30001 to 40000 | 11 | 0 | 39312 | 393120 | 0.113 |
| 40001 to 50000 | 6 | 0 | 27321 | 273210 | 0.0786 |
| 50001 to 100000 | 14 | 0 | 96204 | 962040 | 0.2766 |
| 100001 & Above | 23 | 0.01 | 28639505 | 286395050 | 82.3562 |
| Total | 134872 | 100 | 34775160 | 347751600 | 100 |

k. Dematerialization of shares

The company has arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for demat facility. 26530122 equity Shares aggregating to 76.290% of the total equity held in dematerialized form as on 31.03.2019, of which 11.124% (3868292 equity shares) of total equity is held in NSDL and 65.167% (22661830 Equity Shares) of total equity is held in CDSL, however, currently the shares of the company are not traded on stock exchanges platform but company is in the process of revocation of suspension from BSE & NSE.

l. Liquidity of shares

Currently, the Equity Shares of the Company have not been traded at respective stock exchanges but the company is in the process of revocation of suspension of trading of securities from NSE and BSE.

m. CIN

The Corporate Identification Number (CIN) of the Company as allotted by Ministry of Company Affairs is: L17115RJ1980PLC002075.

n. Non-Compliance of any requirement of corporate governance

There were no instances of non-compliance of any requirement of Corporate Governance Report as mentioned in Sub paras (2) to (10) of Para (C) of schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has been regularly submitting the quarterly compliance report to the stock exchanges as required under regulation 27 of SEBI (LODR) Regulations 2015.

o. Compliance with accounting standards

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

p. Compliance certificate of the practicing company secretary

Certificate from practicing Company secretary **M/s. Kasliwal Maheshwari & Associates, (Company Secretaries)** regarding compliance with the conditions of Corporate Governance has been obtained as stipulated under schedule V (E) of the SEBI (LODR) Regulations, which is attached to this Report.

The Company has received certificate from **M/s. Kasliwal Maheshwari & Associates, (Company Secretaries)**, confirming that none of the Directors of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/Ministry of Corporate Affairs or any such authority. The certificate is given at page 22 of this Annual Report.

q. Affirmation

The provisions of regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (LODR), Regulations, 2015 are complied to the extent as mentioned in this report on corporate governance.

r. 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.

s. Compliance with the discretionary requirements under listing regulations

The Board of Directors periodically reviewed the compliance of all applicable laws and steps taken by the Company to rectify instances of non-compliance, if any. The Company is in compliance with all mandatory requirements of Listing Regulations. In addition, the Company has also adopted the following non-mandatory requirements to the extent mentioned below:

The Board

No separate office was maintained by the Chairman & Managing director of the Company.

Shareholders Rights

Quarterly or half yearly financial results including summary of the significant events are presently not being sent to shareholders of the Company.

Audit Qualification

The Company has modified opinion in the audit report.

Reporting of Internal Auditor

The Internal Auditor directly reports to the Audit Committee on functional matters.

t. CEO/CFO certificate

The Chairman and Managing Director and the Chief Financial Officer of the company gave annual certification on financial reporting and internal controls on the Board in terms of Regulation 17(8) of the Listing Regulations. The Annual Certificate given by the Chairman and Managing Director and the Chief Financial Officer is published in this report.

u. Reconciliation of share capital audit

Reconciliation of share capital audit report in terms of SEBI circular No. CIR/MRD/DP/30/2010 dated 06.09.2010 and SEBI Directive no. D&CC /FITTC/CIR-16/2002 dated 31.12.2002, confirming that the total issued capital of the company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), is placed before the board on a quarterly basis and is also submitted to the stock exchanges where the securities of the company are listed.

v. Plant locations

1. Woollens Division, Hamirgarh Road Bhilwara-311001(Rajasthan)
2. Yarn Division, Village Raila, Bhilwara-311024 (Rajasthan)

w. Address for correspondence

M/S Beetal Financial & Computer Services (P) Ltd.
Beetal house, 3rd floor, 99, Madangir
Behind Local Shopping Centre
Near Dada Harsukhdas Mandir,
New Delhi-62 Tele- 011 2996 1281/82
Fax: 0141-2365888
Shareholders may also contact to:

The Compliance officer :

A-4 Vijay Path, Tilak Nagar, Jaipur-302004, Rajasthan.

For and on behalf of the Board of Directors

Date : 30.05.2019

Place: Bhilwara

Rajesh Ranka
Chairman & Managing Director
DIN: 03438721

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS
(Pursuant to Regulation 34(3) and Schedule V Para
C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members of
MODERN THREADS (INDIA) LIMITED
A-4, VIJAY PATH, TILAK NAGAR,
JAIPUR -302004 RAJASTHAN

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **MODERN THREADS (INDIA) LIMITED** having CIN – L17115RJ1980PLC002075 having registered office at A-4, VIJAY PATH, TILAK NAGAR, JAIPUR 302004, RAJASTHAN (hereinafter referred to as ‘the Company’), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| S.NO. | NAME OF DIRECTOR | DIN | DATE OF APPOINTMENT IN COMPANY | |
|-------|-----------------------|----------|--------------------------------|------------------------------|
| | | | At Current Designation | Original date of appointment |
| 1. | RAJESH RANKA | 03438721 | 01.07.2016 | 22.09.2011 |
| 2. | VEENA JAIN | 07148606 | 18.06.2015 | 18.06.2015 |
| 3. | NARESH DEVPURA | 07526062 | 01.07.2016 | 01.07.2016 |
| 4. | JAGDISHNARAYAN SHARMA | 07552825 | 01.07.2016 | 01.07.2016 |
| 5. | RAM RAI KABRA | 07985411 | 14.12.2017 | 14.12.2017 |
| 6. | BRIJ MOHAN TAPARIA | 07538954 | 01.07.2016 | 01.07.2016 |

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Kasliwal Maheshwari & Associates
Practicing Company Secretaries

Place : Jaipur
Date : 30.05.2019

Rajat Kasliwal
Partner
Membership No. 44052

CERTIFICATE ON CORPORATE GOVERNANCE

(Requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
MODERN THREADS (INDIA) LIMITED
A-4, VIJAY PATH, TILAK NAGAR,
JAIPUR -302004 RAJASTHAN

We have examined the compliance of conditions of Corporate Governance by Modern Threads (India) Limited (“the Company”) for the year ended on March 31, 2019 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) & other applicable regulations and paragraphs C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“the SEBI Listing Regulations”).

Management Responsibility

The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditors’ Responsibility

Our responsibility is to provide a reasonable assurance that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance and Guidance Manual on Quality of Audit and Attestation Services issued by the Institute of Company Secretaries of India. It was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as mentioned in the Corporate Governance Report forming part of the Annual Report for the Financial Year 2018-19.

Other matters and Restriction on use

This Certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This Certificate is addressed to and provide to the Members of the Company solely for the purpose of enabling it to comply with its obligations under the SEBI Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

For Kasliwal Maheshwari & Associates
Practicing Company Secretaries

Rajat Kasliwal

Partner

Membership No. 44052

Place : Jaipur

Date : 30.05.2019

**CODE OF CONDUCT
DECLARATION**

I hereby confirm that all the members of the Board and Senior Management Personnel have affirmed Compliance of the Code of Conduct for the financial year ended on March 31, 2019.

For Modern Threads (India) Limited

Rajesh Ranka

(Chairman & Managing Director)

DIN: 03438721

Place: Bhilwara

Date: 30.05.2019

CERTIFICATE BY CHIEF EXECUTIVE OFFICER (CEO) / CHIEF FINANCIAL OFFICER (CFO)

- A. We have reviewed financial statements and the cash flow statement for the financial year ending 31st March, 2019 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material factor contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered in to by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- (1) significant changes in internal control over financial reporting during the year;
 - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

RAJESH RANKA

Chairman & Managing Director

DIN: 03438721

P.K.NAHAR

Chief Financial Officer

Date : 30.05.2019

Place : Bhilwara

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MODERN THREADS INDIA LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of **MODERN THREADS INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind-AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, and its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

- i. The company has not provided for Dividend on cumulative redeemable preference shares amounting to Rs. 116.25 lakhs for the year (Rs. 2673.75 lakhs up to 31.03.2019). (Note No.17.3b)
- ii. Balances of trade payables and trade receivables are subject to confirmation and consequential adjustments, if any. (Note No. 16.1 and 9.2)

Had the impact of above qualification in Para (i), without considering Para (ii) for which impact could not be determined, been considered, the profit for the year would have been Rs. 960.45lakhs as against reported profit of Rs. 1076.70 lakhs and other equity would have been Rs. (-) 20809.38 lakhs as against the reported figure of Rs. (-) 18135.63 lakhs and Other Current financial liabilities would have been Rs. 7872.64 lakhs as against reported figure of Rs.5198.89 lakhs.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty related to Going Concern

We draw attention to Note 29 in the financial statements, where the company had made a reference to The Board of Industrial and Financial Reconstruction (BIFR) based on audited accounts for the financial ended 31st March, 2004 and BIFR in the hearing held on 12th December, 2005 had declared the company as sick industrial company u/s 3(1)(o) of the SICA Act. Consequent to abatement of Sick Industrial Companies (Special Provision) Act, 1985, the company has not filed rehabilitation/revival scheme to NCLT under Insolvency and Bankruptcy Code. The company has accumulated losses with its net worth continuing to stand fully eroded and the financial statements of the company have been prepared on going concern as the Debentures, term loan and accrued interest has been settled and only balance Rs. 75 Lakhs is payable till 31st March 2021. The company is expecting compliance of term of settlement and liability will be written back on discharge of full payment.

Our opinion is not modified in this matter.

Key Audit Matters

Key audit matters ("KAM") are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matters described in the *Basis for Qualified Opinion* and *Material Uncertainty related to Going Concern* section, we have determined that there are no key audit matters to be communicated in our report.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material

uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. Except for the effects of the matters described in the basis for qualified opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement

of Cash Flows dealt with by this Report are in agreement with the books of account.

- d. Except for the effects of the matters described in the basis for qualified opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g. With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- h. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31st March 2019 on its financial position in its financial statements - Refer Note 32 to the financial statements;
 - ii. The Company did not have any long term contracts including derivative, contracts for which there were any material foreseeable losses;
 - iii. There is no default in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company during the year ended on 31st March, 2019. (Refer Note17)

For Goyal D. Kumar & Co.
Chartered Accountants
(FRN. 007817C)

(D.K. Goyal)
Proprietor
Membership No. 076713

Place: Bhilwara
Date: 30/05/2019

ANNEXURE - A FORMING PART OF THE INDEPENDENT AUDITOR'S REPORT OF Modern Threads (India) Limited

Referred to in paragraph under the heading of "Report on other Legal & Regulatory Requirements" of our report of even date to the Members of Modern Threads (India) Limited on the Ind AS financial statement for the year ended March 31st, 2019;

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed Assets other than furniture & fixtures for which detailed records are not maintained.
- (b) As explained to us, the company has a phased program for physical verification of fixed assets. In our opinion, the frequency of verification is reasonable, considering the size of the company and nature of its fixed assets. Pursuant to the program of the physical verification of fixed assets, physical verification of the assets has been carried out during the year and no material discrepancies have been noticed on such verification except for furniture & fixtures for which detailed records are not maintained.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for two cases of free hold land amounting to Rs. 12.66 Lakhs for which title documents were not available for our verification.
- (ii) The inventories have been physically verified by the management at reasonable intervals during the year, except for goods in transit and that lying with third parties. The discrepancies noticed on verification between physical stocks and the books records were not material and the same have been properly dealt with in the books of accounts.
- (iii) The company has not granted any loans, secured and unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act 2013, hence clauses (iii) (a), (iii) (b) and (iii) (c) of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013, with respect to the loans and investments made.
- (v) As per information and explanations given to us, the company has not accepted any fresh deposits during the year. However, the deposits accepted in earlier years were repayable up to FY 2000-01. The company has been declared sick by the BIFR in the hearing held on 12th December, 2005. As per order of Company Law Board Dated 30.04.2002, "that the repayment of fixed deposits shall be made by the company in accordance with the revival scheme as and when approved by the BIFR under the Provisions of 'SICA' but pursuant to Sick Industrial Companies (Special Provision) Repeal Act, 2003 (SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 1.12.2016 and public fixed deposit became due from that date. However the Company is making payment on compassionate grounds as per decision of committee formed by the Company Law Board vide its order dated 11.8.1999. The compliance with the provisions of Sections 73 to 76 or any other relevant provisions of Companies Act, 2013 and the rules framed there under are yet to be done.

- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) According to the records of the company produced for our verification, the company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax, goods and service tax, cess and any other statutory dues with appropriate authorities except the dues pertaining to Thread Division of the company which was lying closed upto 19.12.2016 and the dues are outstanding for more than 6 months from the date of becoming payable :
- Central Sales Tax • ₹ 13.05 Lakhs
 - Rajasthan Sales Tax • ₹ 79.44 Lakhs
 - Textiles Committee Cess • ₹ 7.32 Lakhs
 - Excise Duty • ₹ 12.17 Lakhs
- (b) According to the information and explanation given to us, the dues in respect of Income Tax, Sales Tax, Service Tax, Custom duty, Excise duty, Value added Tax, Goods and Service Tax that have not been deposited on account of dispute and amount involved and forum where dispute is pending are as under :

| Name of statute | Nature of Dues | Amount (₹ in Lakhs) | Dispute Pending with Appropriate authorities |
|---|-----------------|---------------------|--|
| Central Sales Tax Act | Sales Tax | 154.72 | DC (A) Jaipur |
| | Sales Tax | 2.23 | CTO, Jaipur |
| State Sales Tax Act | Sales Tax (RST) | 79.95 | DC (A) Jaipur |
| | Sales Tax (RST) | 3.12 | CTO, Jaipur |
| Central Excise Act | Excise Duty | 60.69 | Comm. (A) Jaipur |
| | Excise Duty | 16.05 | CESTAT, Delhi |
| Textile Committee Cess | TC Cess | 19.08 | Textile Comm. Delhi |
| The Raj. Land Revenue Act | Land Tax | 1.83 | DJ, Bhilwara |
| Employee State Insurance Act | ESI | 24.55 | High Court, Jodhpur |
| Provident Fund Act | PF | 4.67 | Comm., Jaipur |
| The Rajasthan Agriculture Product Market Act | Mandi Tax | 455.20 | High Court, Jaipur |
| The Rajasthan Tax on Entry for goods in to Local area Act | Entry Tax | 7.53 | High Court, Jodhpur |

- (viii) According to the records of the Company and information given to us, the company is now regular in repayment of its settled loans or borrowings and dues to debenture holder.
- (ix) The company has not raised any money by way of public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of records of the company, the company has paid/provided managerial remuneration in accordance with, requisite approvals mandated by the provisions of section 197 read with schedule V of the Companies Act 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanation given to us and based on our examination of records of the company, the company has not entered into any non cash transaction with the directors or person connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The company is not required to be registered under Section 451A of the Reserve Bank of India Act, 1934.

For Goyal D. Kumar & Co.
Chartered Accountants
(FRN. 007817C)

(D.K. Goyal)
Proprietor
Membership No. 076713

Place : Bhilwara
Date : 30/05/2019

Annexure –B to the Independent Auditor’s Report on Financial Statements of Modern Threads (India) Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Modern Threads (India) Limited ("the Company") as of 31st March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable

assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis of Qualified Opinion

According to the information and explanation given to us and based on our audit, the following material weakness has been identified as at March 31, 2019:

1. The company’s internal financial controls were not operating effectively in respect of balance confirmation of trade payables and trade receivables.

Material weakness is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, except for the possible effects of the material weakness described above and on the achievement of the objectives of control criteria, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

We have considered the material weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the financial statements of the Company for the year ended March 31, 2019 and these material weaknesses does affect our opinion on the financial statements of the Company. (Refer the basis for qualified opinion in our main audit report)

For Goyal D. Kumar & Co.
Chartered Accountants
(FRN. 007817C)
(D.K. Goyal)

Proprietor
Membership No. 076713

Place : Bhilwara
Date : 30/05/2019

BALANCE SHEET AS AT 31ST MARCH, 2019

CIN NO. L17115RJ1980PLC002075

[₹ in Lakhs]

| Particulars | Note No. | As at 31.03.2019 | As at 31.03.2018 |
|--|----------|---------------------|---------------------|
| ASSETS | | | |
| 1 Non-Current Assets | | | |
| a Property, Plant and Equipment | 3A | 4,070.27 | 4,189.41 |
| b Capital Work-in-progress | 3B | 22.59 | - |
| c Intangible assets under development | 3C | 33.34 | 24.50 |
| d Financial Assets | | | |
| i Investments | 4 | 0.76 | 0.76 |
| ii Other Financial assets | 5 | 203.88 | 100.57 |
| e Income Tax Assets | 6 | 25.89 | 18.22 |
| f Other non-current assets | 7 | 349.64 | 346.94 |
| Total Non-current Assets (A) | | 4,706.37 | 4,680.40 |
| 2 Current Assets | | | |
| a Inventories | 8 | 4,853.62 | 3,715.55 |
| b Financial Assets | | | |
| i Investments | 4 | - | 296.99 |
| ii Trade Receivables | 9 | 1,837.98 | 2,224.15 |
| iii Cash and Cash Equivalents | 10 | 1,099.56 | 225.40 |
| iv Bank Balances other than iii above | 11 | 36.05 | 10.43 |
| v Other Financial Assets | 5 | 15.78 | 23.53 |
| c Other Current Assets | 7 | 273.14 | 529.62 |
| Total Current Assets (B) | | 8,116.13 | 7,025.67 |
| Total Assets (A+B) | | 12,822.50 | 11,706.07 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| a Equity Share Capital | 12 | 3,477.52 | 3,477.52 |
| b Other Equity | 13 | (18,135.63) | (19,224.36) |
| Total Equity (A) | | (14,658.11) | (15,746.84) |
| Liabilities | | | |
| 1 Non Current Liabilities | | | |
| a Financial Liabilities | | | |
| i Borrowings | 14 | 18,874.85 | 18,924.85 |
| b Provisions | 15 | 279.92 | 246.89 |
| Total Non Current Liabilities (B) | | 19,154.77 | 19,171.74 |
| 2 Current Liabilities | | | |
| a Financial Liabilities | | | |
| i Borrowings | 14 | - | - |
| ii Trade Payables | 16 | | |
| (a) total outstanding dues of micro enterprises and small enterprises | | 3.14 | 4.92 |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises | | 2,365.56 | 2,036.48 |
| iii Other Financial Liabilities | 17 | 5,198.89 | 5,542.84 |
| b Other Current Liabilities | 18 | 731.76 | 669.06 |
| c Provisions | 15 | 26.49 | 27.87 |
| Total Current Liabilities (C) | | 8,325.84 | 8,281.17 |
| Total Equity and Liabilities (A+B+C) | | 12,822.50 | 11,706.07 |
| Notes forming part of the Financial Statements | 1 to 40 | | |

As per our report of even date attached

For Goyal D. Kumar & Co.Chartered Accountants
FRN 007817C**(D.K. Goyal)**Proprietor
M. No. 076713Place : Bhilwara
Date : 30/05/2019**For and on behalf of the Board****Rajesh Ranka**
Chairman & Managing Director
(DIN : 03438721)**P.K. Nahar**
Chief Financial Officer

Place : Bhilwara

Ram Rai Kabra
Independent Director
(DIN : 07985411)**Kapil Kumar Kumawat**
Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2019
CIN NO. L17115RJ1980PLC002075

| Particulars | Note No. | [₹ in Lakhs] | |
|--|----------|--------------------------------------|--------------------------------------|
| | | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
| INCOME | | | |
| I Revenue from Operations | 19 | 22,821.78 | 16,467.15 |
| II Other Income | 20 | 438.99 | 410.42 |
| III Total Income (I+II) | | <u>23,260.77</u> | <u>16,877.57</u> |
| IV EXPENSES | | | |
| Cost of Materials Consumed | 21 | 15,963.40 | 11,553.14 |
| Changes in Inventories of Finished Goods and Work-in-process | 22 | (715.57) | (1,075.16) |
| Excise Duty | | - | 1.82 |
| Employee Benefits Expense | 23 | 2,155.85 | 1,650.13 |
| Finance Costs | 24 | 221.72 | 98.06 |
| Depreciation and Amortisation Expense | 3A | 260.16 | 213.30 |
| Other Expenses | 25 | 4,403.51 | 3,691.68 |
| Total Expenses | | <u>22,289.07</u> | <u>16,132.97</u> |
| V Profit before tax and exceptional items (III-IV) | | 971.70 | 744.60 |
| VI Exceptional Items | 26 | 105.00 | - |
| VII Profit before tax (V-VI) | | <u>1,076.70</u> | <u>744.60</u> |
| VIII Tax Expense | 31 | | |
| a Current Tax | | - | - |
| b Deferred Tax | | - | - |
| IX Profit for the year (VII-VIII) | | <u>1,076.70</u> | <u>744.60</u> |
| X Other Comprehensive Income | | | |
| A (i) Items that will not be reclassified to profit or loss | | | |
| Re-measurements of defined benefit plans | | 12.03 | 9.59 |
| (ii) Income Tax relating to above | | - | - |
| B (i) Items that will be reclassified to profit or loss | | - | - |
| (ii) Income Tax relating to above | | - | - |
| Total Other Comprehensive Income (XA+XB) | | <u>12.03</u> | <u>9.59</u> |
| Total Comprehensive Income (IX+X) | | <u>1,088.73</u> | <u>754.19</u> |
| Earning per equity share of Face Value of ₹10/- each | 27 | | |
| Basic | | 3.10 | 2.14 |
| Diluted | | 3.10 | 2.14 |
| Notes forming part of the Financial Statements | 1 to 40 | | |

As per our report of even date attached

For Goyal D. Kumar & Co.
Chartered Accountants
FRN 007817C

(D.K. Goyal)
Proprietor
M. No. 076713

Place : Bhilwara
Date : 30/05/2019

For and on behalf of the Board

Rajesh Ranka
Chairman & Managing Director
(DIN : 03438721)

P.K. Nahar
Chief Financial Officer

Place : Bhilwara

Ram Rai Kabra
Independent Director
(DIN : 07985411)

Kapil Kumar Kumawat
Company Secretary

CIN NO. L17115RJ1980PLC002075

Cash Flow Statement for the year ended 31st March, 2019

[₹ in Lakhs]

| Particulars | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
|--|--|--|
| A. Cash flow from operating activities | | |
| Profit before exceptional items and tax | 971.70 | 744.60 |
| <i>Adjustments for:</i> | | |
| Depreciation and amortisation | 260.16 | 213.30 |
| Finance costs | 221.72 | 98.06 |
| Provision of Doubtful Receivables | - | (1.12) |
| Loss/(Profit) on sale of Property, Plant and Equipment | 54.58 | (0.11) |
| Gain on Sale of Investments | (44.48) | (9.26) |
| Fair Value Gain on investment through statement of profit & loss | - | (7.73) |
| Remeasurement of employee benefits (Net) | 12.03 | 9.59 |
| | 1,475.71 | 1,047.33 |
| Operating profit / (loss) before working capital changes | 1,475.71 | 1,047.33 |
| <i>Changes in working capital:</i> | | |
| <i>Adjustments for (increase) / decrease in operating assets:</i> | | |
| Inventories | (1138.07) | (1255.87) |
| Trade receivables | 386.17 | (321.86) |
| Other non-current financial assets | (103.31) | (20.78) |
| Other current financial assets | 7.75 | (6.11) |
| Other current assets | 256.48 | (359.64) |
| Other non-current assets | (2.71) | (214.41) |
| <i>Adjustments for increase / (decrease) in operating liabilities:</i> | | |
| Trade payables | 327.30 | 1041.53 |
| Other Financial Liabilities | (193.95) | 34.24 |
| Other current liabilities | 62.70 | (8.28) |
| Other long-term liabilities | 33.03 | 22.79 |
| Provisions | (1.38) | (0.93) |
| Bank balance other than cash & cash equivalents | (25.62) | 77.30 |
| Cash generated from operations | 1,084.10 | 35.31 |
| Net income tax (paid) / refunds | (7.67) | (2.59) |
| Net cash flow from / (used in) operating activities (A) | 1,076.43 | 32.72 |
| B. Cash flow from investing activities | | |
| Purchase of Property, plant and equipment (including capital work in progress) | (332.90) | (880.04) |
| Proceeds from sale of Property, plant and equipment | 105.88 | 9.26 |
| Fair Value Gain on investment | - | 7.73 |
| | (227.02) | (863.05) |
| Net cash flow from / (used in) investing activities (B) | (227.02) | (863.05) |
| C. Cash flow from financing activities | | |
| Proceeds from non-current borrowings | - | 50.00 |
| Payment of non-current borrowings | (50.00) | - |
| Purchase of Mutual funds | (550.00) | (927.01) |
| Proceeds from sale of mutual funds | 891.47 | 639.26 |
| Finance costs | (221.72) | (98.06) |
| Redemption of preference share | (45.00) | 24.75 |
| Net cash flow from / (used in) financing activities (C) | 24.75 | (335.81) |
| Net increase / (decrease) in Cash and cash equivalents (A+B+C) | 874.16 | (1,166.14) |
| Cash and cash equivalents at the beginning of the year | 225.40 | 1,391.54 |
| Cash and cash equivalents at the end of the year | 1,099.56 | 225.40 |

1) The Statement of cash flows has been prepared under the Indirect method as set out in Ind AS 7 on Statement of Cash Flows notified under Section 133 of The Companies Act 2013, read together with Companies (Indian Accounting Standard) Rules 2015 (as amended).

2) Changes in liabilities arising from financing activities

| Particulars | As at April 1, 2018 | Cash movement | Other movement | As at March 31, 2019 |
|--------------------------|---------------------|---------------|----------------|----------------------|
| Non - current Borrowings | 18,924.85 | (50.00) | - | 18,874.85 |
| Current Borrowings | - | - | - | - |

Notes forming part of the Financial Statements

As per our report of even date attached

For Goyal D. Kumar & Co.Chartered Accountants
FRN 007817C**(D.K. Goyal)**

Proprietor

M.No. 076713

Place: Bhilwara

Date: 30/05/2019

For and on behalf of the Board**Rajesh Ranka**
Chairman & Managing Director
(DIN : 03438721)**Ram Rai Kabra**
Independent Director
(DIN : 07985411)**P.K. Nahar**
Chief Financial Officer**Kapil Kumar Kumawat**
Company Secretary

Place : Bhilwara

Notes on Financial statements for the year ended 31st March, 2019

CIN NO. L17115RJ1980PLC002075

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2019
A. Equity Share Capital

| Particulars | No of Shares | ₹ in Lakhs |
|---|--------------|------------|
| Balance as at April 01, 2017 | 34775160 | 3,477.52 |
| Changes in equity share capital during the year | - | - |
| Balance as at March 31, 2018 | 34775160 | 3,477.52 |
| Changes in equity share capital during the year | - | - |
| Balance as at March 31, 2019 | 34775160 | 3,477.52 |

B. Other Equity

₹ in Lakhs

| Particulars | Capital Reserve | Capital Redemption reserve | Security Premium | Debenture Redemption reserve | Retained Earnings | Total Other Equity |
|--|-----------------|----------------------------|------------------|------------------------------|--------------------|--------------------|
| Opening balance as at April 01, 2018 | 35.90 | 421.72 | 7,985.77 | 970.00 | (28,637.75) | (19,224.36) |
| Profit for the year | - | - | - | - | 1,076.70 | 1,076.70 |
| Other Comprehensive Income | - | - | - | - | 12.03 | 12.03 |
| Transfer from retained earnings | - | 150.00 | - | - | - | 150.00 |
| Total Comprehensive Income for the year | - | 150.00 | - | - | 1,088.73 | 1,238.73 |
| Transfer to retained earnings | - | - | - | - | (150.00) | (150.00) |
| Closing balance as at March 31, 2019 | 35.90 | 571.72 | 7,985.77 | 970.00 | (27,699.02) | (18,135.63) |

| Particulars | Capital Reserve | Capital Redemption reserve | Security Premium | Debenture Redemption reserve | Retained Earnings | Total Other Equity |
|--|-----------------|----------------------------|------------------|------------------------------|--------------------|--------------------|
| Opening balance as at April 01, 2017 | 35.90 | 421.72 | 7,985.77 | 970.00 | (29,391.94) | (19,978.55) |
| Profit for the year | - | - | - | - | 744.60 | 744.60 |
| Other Comprehensive Income | - | - | - | - | 9.59 | 9.59 |
| Transfer from retained earnings | - | - | - | - | - | - |
| Total Comprehensive Income for the year | - | - | - | - | 754.19 | 754.19 |
| Transfer to retained earnings | - | - | - | - | - | - |
| Closing balance as at March 31, 2018 | 35.90 | 421.72 | 7,985.77 | 970.00 | (28,637.75) | (19,224.36) |

Notes forming part of the Financial Statements

As per our report of even date attached

For Goyal D. Kumar & Co.

 Chartered Accountants
 FRN 007817C

(D.K. Goyal)

 Proprietor
 M. No. 076713

 Place : Bhilwara
 Date : 30/05/2019

For and on behalf of the Board
Rajesh Ranka
 Chairman & Managing Director
 (DIN : 03438721)

P.K. Nahar
 Chief Financial Officer

Place : Bhilwara

Ram Rai Kabra
 Independent Director
 (DIN : 07985411)

Kapil Kumar Kumawat
 Company Secretary

Notes on Financial statements for the year ended 31st March, 2019

CIN NO. L17115RJ1980PLC002075

SIGNIFICANT ACCOUNTING POLICIES

NOTE-1 : COMPANY OVERVIEW : Modern Threads (India) Limited is a Public limited company incorporated on 28th August, 1980 having its registered office at A-4, Vijay Path, Tilak Nagar, Jaipur, Rajasthan, India. The Company corporate identification No. is L17115RJ1980PLC002075. The company manufactures and sells mainly Worsteds & Synthetic Yarn and Wool Tops.

NOTE-2 : SIGNIFICANT ACCOUNTING POLICIES

- A) **Basis of Preparation :** The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the companies Act, 2013 (the act) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act. The financial statements have been prepared on historical cost basis except for the following: (i) Financial instruments measured at fair value through Profit and Loss. (ii) Financial instruments measured at fair value through other comprehensive income. (iii) Defined benefit plans measured at fair value through other comprehensive income.
- B) **Functional and Presentation Currency :** The financial statements are prepared in Indian Rupees ("INR") which is the Company's presentation currency and the functional currency for all its operations. All financial information presented in INR has been rounded to the nearest lakhs with two decimal places unless stated otherwise.
- C) **Classification of Assets and Liabilities as Current and Non Current :** All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of product & activities of the Company and their realization in cash and cash equivalent, the Company has determined its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.
- D) **Use of estimates and critical accounting judgements :** The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Critical estimates and judgements

- i. **Property , plant and equipment :** Useful lives of tangible assets and intangible assets are based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on management estimate, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support. Assumptions also need to be made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.
- ii. **Recognition of deferred tax assets :** The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.
- iii. **Recognition and measurement of defined benefit obligations :** The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.
- iv. **Provisions and contingent liabilities :** The Company exercises judgment in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty

in this evaluation process, actual losses may be different from the originally estimated provision.

- v. **Fair Value Measurements :** Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.
- E) **Property, plant and equipment :** Freehold land is carried at historical cost. All other items of Property, plant and equipment are initially recognized at cost including the cost directly attributable for bringing the asset to the location and conditions necessary for it to be capable of operating in the manner intended by the management. After the initial recognition the property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Any gain or loss on disposal of an item of property, plant and equipment is recognized in the statement of profit and loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. The Company has opted for an exemption provided by the Indian Accounting Standard (Ind AS)-101. Accordingly the carrying value for all Property, plant and Equipment recognized in the financial statements, as at the date of transition to Ind AS i.e 01.04.2016 measured as per previous GAAP and use that carrying value as deemed cost of Property, plant and Equipment. Capital work-in-progress includes cost of property, plant and equipment under installation/ under development as at the balance sheet date.
- F) **Depreciation and amortisation of property, plant and equipment and intangible assets :** Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.
- Depreciation on PPE (other than leasehold land) has been provided based on useful life of the assets in accordance with Schedule II to the Companies Act, 2013, on Straight Line Method except in respect of Plant and Equipment where the useful life is considered differently based on an independent technical evaluation as 10 to 15 years. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Profit and loss on disposals are determined by comparing proceeds with carrying amount. These are included in statement of profit and loss.
- G) **Leases :** A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Leasehold lands are considered as finance lease and presented under Property, plant and equipment. Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the lease agreement explicitly states that increase is on account of inflation.
- H) **Impairment of Non-Financial Assets :** The Property, Plant and Equipment and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, the assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment loss are reviewed for possible reversal of impairment at the end of each reporting period. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.
- I) **Employee benefits :**
- Short Term Employee Benefits :** Short term employee benefits consisting of wages, salaries, social securities contributions, ex-gratia and accrued leave, are benefits payable & recognised in twelve months. Short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the year as the related service are rendered by the employee.
- Defined contribution plans :** Defined contribution plans Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Defined benefit plans : For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability/(asset) are recognised immediately in other comprehensive income. The service cost and net interest on the net defined benefit liability/(asset) is treated as a net expense within employment costs. Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined-benefit obligation as reduced by the fair value plan assets. Compensated absences Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised based on actuarial valuation at the present value of the obligation as on the reporting date. As required by Ind AS 19 'Employee Benefits', the discount rate used to arrive at the present value of the defined benefits, obligations is based on the Indian government security yields prevailing as at the Balance Sheet date that have maturity date equivalent to the tenure of the obligation.

- J) **Inventories :** Raw materials, packing materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value, cost is calculated on moving weighted average basis.

In respect of finished goods, cost includes materials, appropriate share of utilities, other overheads and applicable excise duty.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the cost of conversion from their existing state to a finished condition and for the cost of marketing, selling and distribution.

K) **Provisions, Contingent Liabilities & Contingent Assets :**

- A. Provisions are recognised when the Company has a present obligation as a result of past events and it is probable that the outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. A disclosure for contingent liability is made when there is a possible obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision/ disclosure is made. Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates. Contingent assets are neither recognised nor disclosed in financial statements. However, when the realization of income is virtually certain, then the related asset is not a contingent assets and its recognition is appropriate.
- B. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, when appropriate, the risks specific to the liability.

- L) **Income Tax :** Tax expense comprises current and deferred tax. It is recognised in Statement of profit and loss except to the extent it relates to the items recognised directly in equity or in OCI.

Current tax : Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities are offset only if:

- (a) There is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority.
- (b) There is intention either to settle the asset and liability on a net basis.

Deferred Tax : Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

The carrying value of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax items are recognised in correlation to the underlying transaction either in statement of profit and loss, other comprehensive income or directly in equity as applicable. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and when the deferred tax balances relate to the same taxation authority.

- M) **Revenue Recognition :** The Company has adopted Ind AS 115, Revenue from Contract with Customers with effect from 1st April 2018. Amounts disclosed as revenue are net of variable consideration on account of various Discounts, Rebates, incentives offered by the Company as a part of the contract. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity.

Sale of goods : Revenue from sale of products is recognised when the significant risks and rewards in respect of ownership of products are transferred by the Company as well as the controls on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

Export Benefits : Export Incentives under prevalent schemes under EXIM policy/ Foreign Trade Policy are accounted once received by Company from the Government. Consumption of Raw Materials is arrived at after adjusting the difference between the cost of indigenous/duty paid imported raw materials and international cost of raw materials entitled to be imported/imported under Duty Exemption Scheme of the Government of India against direct/indirect exports made/to be made by the Company during the year. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Profit and Loss on a systematic basis as and when export obligation are fulfilled.

Interest income : For all interest bearing financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset.

- N) **Foreign currency transactions and translations :** Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit and loss. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit and loss are also recognised in OCI or profit and loss, respectively).

- O) **Borrowing costs :** General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

- P) **Segment Reporting :** Operating segments are reported in a manner consistent with the internal reporting provided to the chief decision maker being MD of the company. The MD assesses the financial performance and the position of the company as a whole, and strategic decisions. The accounting policies adopted for Segment reporting are in line with the accounting policies of the Company with the following additional policies :

- Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors.

- Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the Segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis have been included under "Un-allocated Corporate expenses".

Q) Financial Instruments

A. Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial assets

a. **Classification** The company classify its financial assets in the following measurement categories

- Those to be measured subsequently at fair value (either through other comprehensive, or through Statement of profit and loss), and
- Those measured at amortised cost. The classification depends on the company's business model for managing the financial assets and the contractual terms of the cash flows.

b. **Initial recognition and measurement** : All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place [regular way trades] are recognised on the settlement date, i.e., the date that the Company settles to purchase or sell the asset.

c. **Subsequent measurement:** For purposes of subsequent measurement, financial assets are classified in following categories:

- Debt Instrument at amortised cost** : 'Debt instrument' is measured at the amortised cost if both the following conditions are met: (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.
- Debt Instrument at FVTOCI** : Debt instruments are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Debt instruments included within the FVTOCI category are measured at fair value with all changes recognized in the Other Comprehensive Income.
- Debt Instrument at FVTPL** : FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.
- Equity Instruments measured at FVTOCI or FVTPL** : All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and loss.

v) **Equity instruments measured at Cost:** Equity investments in subsidiaries / joint ventures / associates are accounted at cost.

d. Derecognition:

- A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:
 - The rights to receive cash flows from the asset have expired, or
 - The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.
 - When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.
 - Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

e) **Impairment of financial assets** : In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure: i) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance ii) Trade receivables - The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Financial Liabilities and Equity instruments

ii. (i) **Classification** : Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments : An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial liabilities : The Company classifies its financial liabilities in the following measurement categories:

- Those to be measured subsequently at fair value through profit or loss, and
- Those measured at amortised cost. Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL, other financial liabilities are measured at amortised cost at the end of subsequent accounting periods.

(ii) Measurement

Equity instruments : Equity instruments issued by the Company are recognised at the proceeds received. Transaction cost of equity transactions shall be accounted for as a deduction from equity.

Financial liabilities : At initial recognition, the Company measures a financial liability at its fair value net of, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability. Transaction costs of financial liability carried at fair value through profit or loss are expensed in profit or loss. Subsequent measurement of financial liabilities depends on the classification of financial liabilities. There are two measurement categories into which the Company classifies its financial liabilities:

- **Fair value through profit or loss (FVTPL):** Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.
- **Amortised cost:** Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

(iii) Derecognition of financial liabilities : A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of profit and loss.

Offsetting of financial instruments : Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

R) Earnings Per Share Basic earnings per Share : Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share : Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other

charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

S) Cash Flow Statement : Cash flows are reported using the indirect method, as set out in Ind AS 7 'Statement of Cash Flows', whereby profit/(loss) before tax for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

T) Cash and Cash Equivalents : For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cheque on hand, balance with bank on current account and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

U) Intangible Assets : Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Costs comprises purchase price after deducting trade discounts/ rebates, including import duties and non-refundable purchase taxes, borrowing costs and any directly attributable cost of preparing the asset for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

V) Fair Value Measurement : The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable. Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Notes on Financial statements for the year ended 31st March, 2019
CIN NO. L17115RJ1980PLC002075
3 (A) PROPERTY, PLANT AND EQUIPMENT

₹ in Lakhs

| Particulars | Lease Hold Land | Free Hold Land | Building | Plant and Equipment | Furniture & Fixtures | Office Equipment | Vehicles | Total |
|---------------------|-----------------|----------------|----------|---------------------|----------------------|------------------|----------|-----------|
| GROSS BLOCK | | | | | | | | |
| As at 01.04.2017 | 457.77 | 1,110.95 | 1,663.15 | 18,906.65 | 85.81 | 67.39 | 109.85 | 22,401.57 |
| Additions | - | 9.42 | - | 780.94 | 25.81 | 21.47 | 42.40 | 880.04 |
| Deductions | - | - | - | 169.61 | 8.66 | - | 7.09 | 185.36 |
| As at 31.03.2018 | 457.77 | 1,120.37 | 1,663.15 | 19,517.98 | 102.96 | 88.86 | 145.16 | 23,096.25 |
| Additions | - | 49.88 | - | 231.16 | 12.46 | 6.29 | 1.68 | 301.47 |
| Deductions | - | - | - | 2,154.54 | - | - | 1.01 | 2,155.55 |
| As at 31.03.2019 | 457.77 | 1,170.25 | 1,663.15 | 17,594.60 | 115.42 | 95.15 | 145.83 | 21,242.17 |
| DEPRECIATION | | | | | | | | |
| As at 01.04.2017 | 14.14 | - | 1,295.40 | 17,381.94 | 63.27 | 56.87 | 58.13 | 18,869.75 |
| Charge for the year | 7.07 | - | 34.02 | 145.57 | 5.36 | 6.81 | 14.47 | 213.30 |
| Deductions | - | - | - | 161.13 | 8.49 | - | 6.59 | 176.21 |
| As at 31.03.2018 | 21.21 | - | 1,329.42 | 17,366.38 | 60.14 | 63.68 | 66.01 | 18,906.84 |
| Charge for the year | 8.52 | - | 32.56 | 185.51 | 5.97 | 11.73 | 15.87 | 260.16 |
| Deductions | - | - | - | 1,994.78 | - | - | 0.32 | 1,995.10 |
| As at 31.03.2019 | 29.73 | - | 1,361.98 | 15,557.11 | 66.11 | 75.41 | 81.56 | 17,171.90 |
| NET BLOCK | | | | | | | | |
| As at 01.04.2017 | 443.63 | 1,110.95 | 367.75 | 1,524.71 | 22.54 | 10.52 | 51.72 | 3,531.82 |
| As at 31.03.2018 | 436.56 | 1,120.37 | 333.73 | 2,151.60 | 42.82 | 25.18 | 79.15 | 4,189.41 |
| As at 31.03.2019 | 428.04 | 1,170.25 | 301.17 | 2,037.49 | 49.31 | 19.74 | 64.27 | 4,070.27 |

3.1 Addition to free hold land is on account of taxes.

3.2 Deduction under the head plant and equipment represents discarded/sale assets.

3.3 Property, Plant and Equipment existing as on 01.04.2016 i.e. date of transition to IND AS, the company has elected to use previous GAAP carrying value as deemed cost under IND AS.

3.4 Leasehold land classified as finance lease is recognised under PPE as substantially all the significant risk and rewards incidental to the ownership of the land under lease have been transferred to the company.

3.5 In accordance with the Indian accounting standard (IND AS 36) Impairment of assets, during the year, the management has carried out exercise of identifying assets that may have been impaired. On the basis of review carried out by management there was no impairment loss on PPE during the year.

3 (B) : CAPITAL WORK IN PROGRESS

₹ in Lakhs

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|-------------------|------------------|----------|-----------|------------------|------------------|--------------|------------|------------------|------------------|------------------|
| | As at 01.04.2018 | Addition | Deduction | As at 31.03.2019 | As at 01.04.2018 | For the Year | Deductions | As at 31.03.2019 | As at 31.03.2019 | As at 31.03.2018 |
| Plant & Equipment | | 22.59 | | 22.59 | | | | | 22.59 | |
| Total : | - | 22.59 | - | 22.59 | - | - | - | - | 22.59 | - |

3 (C) : INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ in Lakhs

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--------------------------|------------------|----------|-----------|------------------|------------------|--------------|------------|------------------|------------------|------------------|
| | As at 01.04.2017 | Addition | Deduction | As at 31.03.2018 | As at 01.04.2017 | For the Year | Deductions | As at 31.03.2018 | As at 31.03.2018 | As at 31.03.2017 |
| ERP under Implementation | 24.50 | - | - | 24.50 | - | - | - | - | 24.50 | 24.50 |
| Total : | 24.50 | - | - | 24.50 | - | - | - | - | 24.50 | 24.50 |

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--------------------------|------------------|----------|-----------|------------------|------------------|--------------|------------|------------------|------------------|------------------|
| | As at 01.04.2018 | Addition | Deduction | As at 31.03.2019 | As at 01.04.2018 | For the Year | Deductions | As at 31.03.2019 | As at 31.03.2019 | As at 31.03.2018 |
| ERP under Implementation | 24.50 | 8.84 | - | 33.34 | - | - | - | - | 33.34 | 24.50 |
| Total : | 24.50 | 8.84 | - | 33.34 | - | - | - | - | 33.34 | 24.50 |

Notes on Financial statements for the year ended 31st March, 2019

CIN NO. L17115RJ1980PLC002075

[₹ in Lakhs]

| PARTICULARS | As at 31.03.2019 | As at 31.03.2018 |
|--|---------------------|---------------------|
| 4 INVESTMENTS | | |
| Non-current | | |
| At Amortised Cost (Unquoted) | | |
| Investment in Govt. Securities | 0.76 | 0.76 |
| | <u>0.76</u> | <u>0.76</u> |
| Aggregate value of unquoted investment | <u>0.76</u> | <u>0.76</u> |
| Current | | |
| Unquoted | | |
| Investment in mutual funds | - | 296.99 |
| (Nil Units (Previous year 139591.301 units) in ABSL Floating Rate Fund) | - | <u>296.99</u> |
| Aggregate value of unquoted investments | - | <u>296.99</u> |
| 5 OTHER FINANCIAL ASSETS | | |
| Non Current | | |
| Deposit with Government / Other Authorities | 178.33 | 100.30 |
| Earmarked balances with Banks (FDR) under lien held as security against overdraft limit* | 25.00 | - |
| Interest Receivable | 0.55 | 0.27 |
| | <u>203.88</u> | <u>100.57</u> |
| *Overdraft limit as on 31.03.2019 is NIL | | |
| Current | | |
| Interest Receivable | 7.23 | 4.82 |
| Employees advances | 8.55 | 18.71 |
| | <u>15.78</u> | <u>23.53</u> |
| 6 INCOME TAX ASSETS | | |
| Non Current | | |
| TDS receivable | 25.89 | 18.22 |
| | <u>25.89</u> | <u>18.22</u> |
| 7 OTHER ASSETS | | |
| Non-current | | |
| Deposits under Protest | 63.91 | 108.01 |
| Export Benefits | 243.19 | 230.60 |
| Other Receivables | 42.54 | 8.33 |
| | <u>349.64</u> | <u>346.94</u> |
| Current | | |
| Prepaid expenses | 8.93 | 18.23 |
| Advances to Suppliers | 133.56 | 199.95 |
| Balance with Revenue Authorities | 127.99 | 311.44 |
| Other Receivables | 2.66 | - |
| | <u>273.14</u> | <u>529.62</u> |
| 8 INVENTORIES | | |
| (At lower of cost and Net Realisable value) | | |
| Raw Material | 1,295.31 | 884.62 |
| Stores & Spares (including Capital Stores) | 120.56 | 108.75 |
| Work in Process | 858.20 | 831.59 |
| Finished Goods | 2,579.55 | 1,890.59 |
| | <u>4,853.62</u> | <u>3,715.55</u> |
| Inventory of Raw Material includes Stock in transit of ₹ 139.61 lakhs as at 31.03.2019 and ₹ 38.24 lakhs as at 31.03.2018. | | |
| 9 TRADE RECEIVABLES | | |
| Receivables considered good - Secured | 1,837.98 | 2,224.15 |
| Receivables considered good - Unsecured | - | - |
| Receivables which have significant increase in Credit Risk | - | - |
| Receivables - credit impaired | 57.61 | 57.61 |
| | <u>1,895.59</u> | <u>2,281.76</u> |
| Less: Allowance for doubtful debts | 57.61 | 57.61 |
| | <u>1,837.98</u> | <u>2,224.15</u> |

9.1 Doubtful trade receivables includes ₹ 12 Lakhs under litigation (Previous year ₹ 12 Lakhs) for which adequate provision has been made.

9.2 Balance of trade receivables are subject to reconciliations, confirmation and consequential adjustment, if any.

Notes on Financial statements for the year ended 31st March, 2019

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[₹ in Lakhs]

| PARTICULARS | As at | |
|---|------------------|------------------|
| | 31.03.2019 | 31.03.2018 |
| 10 CASH AND CASH EQUIVALENTS | | |
| Cash on hand | 4.32 | 3.36 |
| Balances with Banks | | |
| In Current Accounts | 1,095.24 | 222.04 |
| | 1,099.56 | 225.40 |
| 11 OTHER BALANCES WITH BANK | | |
| Fixed Deposits with Banks | 1.33 | 1.68 |
| Earmarked balances with banks (FDR) under lien held as margin against guarantee | 9.72 | 8.75 |
| Earmarked balances with banks (FDR) under lien held as security against overdraft limit* (All deposits are having maturity between 3 to 12 months) | 25.00 | - |
| *Overdraft limit as on 31.03.2019 is Nil | | |
| | 36.05 | 10.43 |
| 12 EQUITY SHARE CAPITAL | | |
| Authorised : | | |
| Equity Share Capital | | |
| 18,50,00,000 (18,50,00,000 as at 31.03.2018) | 18,500.00 | 18,500.00 |
| Equity Shares of ₹ 10/- each | 18,500.00 | 18,500.00 |
| Preference Share Capital | | |
| 20,00,000 (20,00,000 as at 31.03.2018) | 2,000.00 | 2,000.00 |
| Preference Shares of ₹ 100/- each (Refer Note No. 17) | 2,000.00 | 2,000.00 |
| Issued, subscribed and paid-up Equity | | |
| Equity Shares: | | |
| 3,47,75,160 (3,47,75,160 as at 31.03.2018) | 3,477.52 | 3,477.52 |
| Equity Shares of ₹ 10/- each | | |
| | 3,477.52 | 3,477.52 |

12.1 The Reconciliation of number of equity share outstanding at the beginning and at the end of the reporting period

| PARTICULARS | As at 31.03.2019 | | As at 31.03.2018 | |
|--|--------------------|-----------------|--------------------|-----------------|
| | Equity Shares | | Equity Shares | |
| | Nos | ₹ in Lakhs | Nos | ₹ In Lakhs |
| Outstanding at the beginning of the year | 34775160 | 3,477.52 | 34775160 | 3,477.52 |
| Add: Shares issued during the year | - | - | - | - |
| Outstanding at the end of the year | 3,47,75,160 | 3,477.52 | 3,47,75,160 | 3,477.52 |

12.2 The details of shareholders holding more than 5% of the shares in the company

| Name of the Shareholders | As at 31.03.2019 | | As at 31.03.2018 | |
|---|------------------|--------|------------------|--------|
| | No. of Shares | % Held | No. of Shares | % Held |
| 1) Generotrade Exim LLP | 15636901 | 44.97 | 15636901 | 44.97 |
| 2) Arihant Beneficiary Trust through Smt Lalitha Ranka | 7000000 | 20.13 | 7000000 | 20.13 |
| 3) Administrator of the specified undertaking of Unit Trust of India unit scheme 1964 | 2171376 | 6.24 | 2171376 | 6.24 |
| 4) Unit Trust of India | 9065356 | 2.61 | 9065356 | 2.61 |

12.3 Terms/rights attached to equity shares

Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

| PARTICULARS | [₹ in Lakhs] | |
|--------------------------------|--------------------|--------------------|
| | As at 31.03.2019 | As at 31.03.2018 |
| 13 Other Equity | | |
| a Capital Reserve | 35.90 | 35.90 |
| b Capital Redemption Reserve | 571.72 | 421.72 |
| c Securities Premium | 7,985.77 | 7,985.77 |
| d Debenture Redemption Reserve | 970.00 | 970.00 |
| e Retained Earning | (27,699.02) | (28,637.75) |
| | (18,135.63) | (19,224.36) |

Notes on Financial statements for the year ended 31st March, 2019

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[₹ in Lakhs]

| PARTICULARS | As at 31.03.2019 | As at 31.03.2018 |
|---|---------------------|---------------------|
| 13.1 Movement in Other Equity | | |
| a Capital Reserve | | |
| Balance at the beginning of the year | 35.90 | 35.90 |
| Balance at the end of the year | <u>35.90</u> | <u>35.90</u> |
| b Capital Redemption Reserve | | |
| Balance at the beginning of the year | 421.72 | 421.72 |
| Add : Transferred from retained earnings | 150.00 | - |
| Balance at the end of the year | <u>571.72</u> | <u>421.72</u> |
| c Securities Premium | | |
| Balance at the beginning of the year | 7,985.77 | 7,985.77 |
| Balance at the end of the year | <u>7,985.77</u> | <u>7,985.77</u> |
| d Debenture Redemption Reserve | | |
| Balance at the beginning of the year | 970.00 | 970.00 |
| Balance at the end of the year | <u>970.00</u> | <u>970.00</u> |
| e Retained Earnings | | |
| Balance at the beginning of the year | (28,637.75) | (29,391.94) |
| Add: Profit for the year | 1,076.70 | 744.60 |
| Add: Other comprehensive income | | |
| Arising from re-measurement of defined benefit plans (net of tax) | 12.03 | 9.59 |
| Less: Transferred to Capital Redemption Reserve | (150.00) | - |
| Balance at the end of the year | <u>(27,699.02)</u> | <u>(28,637.75)</u> |
| Total Other Equity | <u>(18,135.63)</u> | <u>(19,224.36)</u> |

13.2 Nature and purpose of each reserve within equity is as follows:
A) Capital Reserve

Capital Reserve is mainly the reserve created by transferring the capital Subsidy received from Government in earlier year in accordance with applicable accounting standards on that date.

B) Capital Redemption Reserve

Capital Redemption Reserve has been created for redemption of Preference Share Capital.

C) Securities Premium

Securities premium is credited when shares are issued at premium. The securities premium is utilised in accordance with the provisions of the Companies Act, 2013.

D) Debenture Redemption Reserve

Debenture Redemption Reserve has been created for redemption of Debentures.

E) Retained Earnings

Retained earnings represents company's cumulative earnings and losses respectively.

14 BORROWINGS
A Non Current
Debentures - Secured

| | | |
|---|----------|----------|
| Optionally fully Convertible Debentures | 1,666.34 | 1,666.34 |
| Non Convertible Debentures | 3,359.33 | 3,359.33 |
| Accrued interest | 3,438.76 | 3,438.76 |

Term Loans - Secured

| | | |
|------------------|------------------|------------------|
| From others | 6,044.13 | 6,044.13 |
| Accrued interest | 4,366.29 | 4,366.29 |
| | <u>18,874.85</u> | <u>18,874.85</u> |

Loans - Unsecured

| | | |
|-----------------|------------------|------------------|
| From Corporates | - | 50.00 |
| | <u>18,874.85</u> | <u>18,924.85</u> |

Terms of Debentures and Term Loan
1 Security

Debentures, term loan and accrued interest are secured by way of first charge and equitable mortgage of respective immovable properties both present & future consisting of land, building and plant & machinery and hypothecation of all movable assets of the Company which have been assigned/reassigned.

Notes on Financial statements for the year ended 31st March, 2019

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[₹ in Lakhs]

2 Repayment and Interest

Debentures, term loan and accrued interest are settled at ₹ 1855 Lakhs, amount paid their against ₹ 1780 Lakhs up to 31.03.2019 and balance ₹ 75 Lakhs was payable in FY 2018-19, the date of which is extended till 31.03.2021. ₹ 75.00 lakhs has been shown as current maturity of secured long term borrowings under other financial liabilities. The remaining amount will be written back on discharge of full payment and it carries no interest from the date of settlement.

| PARTICULARS | As at 31.03.2019 | As at 31.03.2018 |
|--|---------------------|---------------------|
| 15 PROVISIONS | | |
| Non-current | | |
| For Employees benefit | | |
| Gratuity | 231.99 | 200.01 |
| Un-availed leave | 47.93 | 46.88 |
| | 279.92 | 246.89 |
| Current | | |
| For Employees benefit | | |
| Gratuity | 9.77 | 19.13 |
| Un-availed leave | 16.72 | 8.74 |
| | 26.49 | 27.87 |
| 16 TRADE PAYABLES | | |
| Total outstanding dues of micro enterprises and small enterprises | 3.14 | 4.92 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 2,365.56 | 2,036.48 |
| | 2,368.70 | 2,041.40 |

16.1 Balances of trade payables are subject to reconciliation, confirmation and consequential adjustments, if any.

16.2 The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company.

The disclosures relating to Micro and Small Enterprises are as below:

| | | |
|--|------|------|
| a The principal amount remaining unpaid to supplier as at the end of the year | 3.14 | 4.92 |
| b Interest due thereon remaining unpaid to supplier as at the end of the year | 0.03 | - |
| c the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| d Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act | - | - |
| e Interest accrued during the year & remaining unpaid at the end of the year | - | - |
| f The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of this Act. | - | - |

17 OTHER FINANCIAL LIABILITY

| | | |
|--|-----------------|-----------------|
| Current maturity of secured long term borrowings | 75.00 | 75.00 |
| Share Application Money refundable (Refer note 17.1) | 1,450.00 | 1,450.00 |
| Interest Accrued | - | 0.91 |
| Sundry deposits | 45.38 | 42.09 |
| Other payable | 693.47 | 752.77 |
| Public Fixed deposit | 549.59 | 605.03 |
| Interest accrued on Public Fixed deposit | 1,660.45 | 1,742.04 |
| Preference Share Capital | | |
| - 16.50% Cumulative Redeemable Preference Share of ₹ 100/- each fully paid up. | 50.00 | 75.00 |
| - 16% Cumulative Redeemable Preference Share of ₹ 100/- each fully paid up. | 675.00 | 800.00 |
| | 5,198.89 | 5,542.84 |

17.1 Share Application Money ₹ 1450 Lakhs has been raised pursuant to restructuring / settlement scheme submitted to BIFR.

Consequent to abatement of Sick Industrial Companies (Special Provision) Act, 1985, it became refundable.

17.2 Public Fixed deposit

- Public deposits was repayable in F.Y. 1997-98 ₹ 388.24/- lakhs, F.Y. 1998-99 ₹ 132.98/- lakhs, F.Y. 1999-00 ₹ 25.27/- lakhs, F.Y. 2000-01 ₹ 3.10/- lakhs. Public deposits carry interest @ 14% P.A.
- Payment of public fixed deposits are being made on compassionate ground as per order dated 11.08.1999 of Hon'ble Company Law Board. Further Company Law Board has passed an order on 30.04.2002 that The Repayment of Fixed Deposits of Modern Threads (India) Limited shall be made by the Company in accordance with the revival scheme as and when approved by BIFR under the provisions of "SICA".

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[₹ in Lakhs]

Consequent to enactment of Sick Industrial Companies (Special Provision) Repeal Act, 2003(SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 1/12/2016.

As per legal opinion the due date of deposits alongwith accrued interest within the meaning to proviso to section 125(2) of the companies Act, 2013 will be 01.12.2016 when the order of Company Law Board becomes non operational by divine of repeal of SICA Act. All the deposits have been claimed by the respective depositors, there are no unclaimed deposits within the meaning of section 125 of the companies Act 2013, and the liabilities relating thereto being "Current" and as such no amounts are required to be transferred to the investor Education and Protection Fund.

17.3 Preference Share Capital

- Preference shares of ₹ 150 Lakhs has been settled at ₹ 45 Lakhs in F.Y. 2018-19 and balance ₹ 105 Lakhs recognised in statement of Profit & loss as exceptional items. Balance Preference Shares ₹ 725 Lakhs which were redeemable in F.Y. 1997-98 ₹ 300 Lakhs, F.Y. 2001-02 ₹ 12.50 Lakhs, F.Y. 2002-03 ₹ 137.50 Lakhs F.Y. 2003-04 ₹ 137.50 Lakhs and F.Y. 2004-05 ₹ 137.50 Lakhs.
- Interest on cumulative redeemable preference shares amounting to ₹ 116.25 Lakhs for the year and ₹ 2673.75 Lakhs cumulative up to 31-03-2019 (Previous year ₹ 140.38 Lakhs & cumulative up to 31-03-2018 ₹ 3088.25 Lakhs) has not been provided in view of accumulated losses.
- Consequent to enactment of Sick Industrial Companies (Special Provision) Repeal Act, 2003(SICA Repeal Act) with effect from 1/12/2016, the company is in process of settlement with respective Preference Shareholders.
- The Cumulative Redeemable Preference Share holders are entitled to cumulative interest at the rate specified. Each share holder of Cumulative Redeemable Preference Shares is entitled to one vote per share only on resolution placed before the company, which directly affects the right attached to cumulative redeemable preference share. Since the interest in respect of cumulative preference share holders has not been paid for more than two years, cumulative redeemable preference share holder have right to 10 votes per share on every resolution placed before the company in a meeting.
- In the event of liquidation of the company the holder of cumulative redeemable preference share will have priority over equity share holders in the payment of interest and re-payment of capital.

f. Details of preference shareholders holding more than 5% shares

₹ in Lakhs

| Name of Shareholders | As at 31.03.2019 | | As at 31.03.2018 | |
|--|--------------------------|---------------|--------------------------|---------------|
| | No. of preference shares | % held | No. of preference shares | % held |
| 16.50% Preference share holders | | | | |
| 1) General Insurance Corporation of India | - | - | 25,000 | 33.33 |
| 2) Oriental Insurance Company Limited | 25,000 | 50.00 | 25,000 | 33.33 |
| 3) The New India Assurance Company Limited | 25,000 | 50.00 | 25,000 | 33.33 |
| | 50,000 | 100.00 | 75,000 | 100.00 |
| 16% Preference share holders | | | | |
| 1) General Insurance Corporation of India | - | - | 1,25,000 | 15.63 |
| 2) The New India Assurance Company Limited | 1,25,000 | 18.52 | 1,25,000 | 15.63 |
| 3) United India Insurance Company Limited | 1,00,000 | 14.81 | 1,00,000 | 12.50 |
| 4) Oriental Insurance Company Limited | 75,000 | 11.11 | 75,000 | 9.38 |
| 5) GIC Housing Finance Limited | 1,00,000 | 14.81 | 1,00,000 | 12.50 |
| 6) LIC Housing Finance Limited | 2,00,000 | 29.63 | 2,00,000 | 25.00 |
| 7) National Insurance Company Limited | 75,000 | 11.11 | 75,000 | 9.38 |
| | 6,75,000 | 100.00 | 8,00,000 | 100.00 |

g. The Reconciliation of number of Preference share outstanding at the beginning and at the end of the reporting period

| Particulars | As at 31.03.2019 | | As at 31.03.2018 | |
|---|-------------------|----------------------|-------------------|----------------------|
| | Preference Shares | | Preference Shares | |
| | Nos | Amount ₹ in Lakhs | Nos | Amount ₹ in Lakhs |
| Outstanding at the beginning of the year | 8,75,000 | 875.00 | 8,75,000 | 875.00 |
| Add: Shares issued | - | - | - | - |
| Less: Redeemed during the year {refer note no. 17.3(a)} | 1,50,000 | 150.00 | - | - |
| Outstanding at the end of the year | 7,25,000 | 725.00 | 8,75,000 | 875.00 |

| | As at 31.03.2019 | As at 31.03.2018 |
|-------------------------------------|---------------------|---------------------|
| 18 OTHER CURRENT LIABILITIES | | |
| Advance from customers | 101.41 | 53.45 |
| Statutory Dues | 148.54 | 133.80 |
| Statutory Dues-Disputed | 481.81 | 481.81 |
| | 731.76 | 669.06 |
| 19 REVENUE FROM OPERATIONS | | |
| Sale of Products | 21,505.52 | 15,128.96 |
| Sale of services | 485.16 | 645.72 |
| Other operating revenue | | |
| Export Incentives | 789.49 | 668.95 |
| Scrap Sales | 41.61 | 23.52 |
| | 22,821.78 | 16,467.15 |

Notes on Financial statements for the year ended 31st March, 2019

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[₹ in Lakhs]

| | As at 31.03.2019 | As at 31.03.2018 |
|---|--|---------------------------------------|
| 20 OTHER INCOME | | |
| Interest | 14.96 | 15.72 |
| Interest on I.Tax Refund | - | 0.81 |
| Gain on investment measured at Fair value through profit and loss | - | 7.73 |
| Gain on Sale of Investment | 44.48 | 9.26 |
| Sundry Balances written back | 206.68 | 162.25 |
| Net gain on foreign currency transaction and translation | 172.65 | 209.93 |
| Miscellaneous Income | 0.22 | 4.61 |
| Profit on sale of Property, plant and equipment (Net) | - | 0.11 |
| | 438.99 | 410.42 |
| 21 COST OF MATERIALS CONSUMED | | |
| Raw materials at the beginning of the year | 884.62 | 804.19 |
| Add: Purchases | 16374.09 | 11633.57 |
| Less: Stock at close | 1295.31 | 884.62 |
| COST OF MATERIALS CONSUMED | 15963.40 | 11553.14 |
| | Year Ended 31st March, 2019 | Year Ended 31st March 2018 |
| 22 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS | | |
| Inventories at the beginning of the year | | |
| Finished Goods | 1,890.59 | 1,185.30 |
| Work in Process | 831.59 | 461.72 |
| | 2,722.18 | 1,647.02 |
| Inventories at the end of the year | | |
| Finished Goods | 2,579.55 | 1,890.59 |
| Work in Process | 858.20 | 831.59 |
| | 3,437.75 | 2,722.18 |
| | (715.57) | (1,075.16) |
| 23 EMPLOYEE BENEFITS EXPENSE | | |
| Salaries and Wages | 1,966.85 | 1,492.70 |
| Contribution to Provident Fund & Other Funds | 151.16 | 137.34 |
| Employees Welfare Expenses | 37.84 | 20.09 |
| | 2,155.85 | 1,650.13 |
| 24 FINANCE COSTS | | |
| Interest | 202.10 | 86.21 |
| Other borrowing cost | 19.62 | 11.85 |
| | 221.72 | 98.06 |
| 25 OTHER EXPENSES | | |
| Manufacturing Expenses | | |
| Packing Material | 226.93 | 157.91 |
| Stores & Spares | 630.98 | 607.54 |
| Power and fuel | 2,216.23 | 1,707.41 |
| Job charges | 39.23 | 11.70 |
| Excise duty on variation of finished goods | - | (0.53) |
| Repairs & Maintenance: | | |
| Plant and Equipment | 81.53 | 195.18 |
| Building | 85.51 | 134.92 |
| Others | 13.21 | 20.33 |
| | 3,293.62 | 2,834.46 |
| Administrative Expenses | | |
| Rent | 29.69 | 28.19 |
| Insurance | 8.65 | 5.68 |
| Rates and Taxes | 2.99 | 6.41 |
| Travelling and Conveyance | 83.36 | 83.16 |
| Legal and Professional expenses | 61.23 | 49.01 |
| Bank Charges | 82.32 | 50.94 |
| Directors Fees | 0.37 | 0.36 |
| Share listing fees | 15.63 | - |

Notes on Financial statements for the year ended 31st March, 2019

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[₹ in Lakhs]

| | Year Ended 31st March, 2019 | Year Ended 31st March 2018 |
|--|--------------------------------|-------------------------------|
| Payment to Auditors | | |
| For Audit Fee | 2.00 | 1.50 |
| For Tax Audit Fee | 0.50 | 0.50 |
| For Expenses | 0.99 | 0.93 |
| For Certification | 1.50 | - |
| Corporate social responsibility Expenses | 29.21 | 5.00 |
| Miscellaneous expenses | 106.96 | 104.12 |
| Selling Expenses | | |
| Commission and Brokerage | 236.44 | 215.26 |
| Carriage outward (net) | 338.58 | 271.75 |
| Rebate, Claims and Discounts | 22.55 | 11.22 |
| Others Selling expenses | 32.34 | 24.31 |
| Provision for Doubtful Receivables | - | (1.12) |
| Loss on Disposal of Property, plant and equipment (Net) | 54.58 | - |
| | 4,403.51 | 3,691.68 |
| 26 EXCEPTIONAL ITEMS | | |
| Income | | |
| Amount written back on account of settlement of some of the Preference Share | 105.00 | - |
| | 105.00 | - |
| Expense | | |
| | - | - |
| | - | - |
| Exceptional items (Net) | 105.00 | - |
| 27 EARNINGS PER SHARE | | |
| Profit after exceptional items | 1,076.70 | 744.60 |
| Weighted Avg. No. of Equity Shares outstanding during the year for Basic Earning Per Shares | 3,47,75,160 | 3,47,75,160 |
| Weighted Avg. No. of Equity Shares outstanding during the year for Diluted Earning Per Shares: | 3,47,75,160 | 3,47,75,160 |
| Nominal Value of Shares (in ₹) | 10.00 | 10.00 |
| Basic Earning per Share (in ₹) | 3.10 | 2.14 |
| Diluted earning per share (in ₹) | 3.10 | 2.14 |
| 28 Expenditure towards Corporate Social Responsibility Activities | | |
| a) Gross amount required to be spent as per section 135 of the act | 17.84 | 17.90 |
| b) Amount spent during the year | | |
| i) Construction/acquisition of any assets | - | - |
| ii) On projects other than (i) above | 29.21 | 5.00 |
| Amount spent during the F.Y. 2018-19 includes ₹ 12.21 Lakhs for earlier years. | | |
| 29 The company had made a reference to The Board of Industrial and Financial Reconstruction (BIFR) based on audited accounts for the financial ended 31st March, 2004 and BIFR in the hearing held on 12th December, 2005 declared the company as sick industrial Companies (Special Provision) Act, 1985, the company has not filed rehabilitation/ revival scheme to NCLT under Insolvency and Bankruptcy Code. The company has accumulated losses with its net worth continuing to stand fully eroded and the financial statements of the company have been prepared on going concern basis as the Debentures, term loan and accrued interest has been settled and only balance ₹ 75 Lakhs is payable till 31.03.2021. The company is expecting compliance of term of settlement and liability will be written back on discharge of full payment. | | |
| 30 Employee Benefits | | |
| i) Defined benefits plan | | |
| a) Gratuity | | |
| In accordance with the provisions of payment of Gratuity Act, 1972 the company has a defined benefits plan which provides for gratuity payments. Every employee who has completed continuous service of 5 years or more gets a gratuity on retirement/termination at 15 days salary (last drawn) for each completed year of service. Liabilities in respect of gratuity plan are determined by an actuarial valuation. Based on the actuarial valuation obtained in this respect, the following table sets out the details of the employees benefits obligation as at balance sheet date. | | |
| Change in present value of the defined benefit obligation : | | ₹ in Lakhs |
| Particulars | 2018-19 | 2017-18 |
| Present Value of obligation as at the beginning of the year | 219.14 | 208.02 |
| Current service cost | 41.20 | 24.68 |
| Interest cost | 14.78 | 13.49 |
| Past Service Cost | 4.10 | 3.14 |
| Actuarial (gain)/loss | (12.03) | (9.59) |
| Benefit paid | (25.43) | (20.60) |
| Present value of obligation as at the end of the year | 241.76 | 219.14 |

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| Amount recognized in the balance sheet: | | [₹ in Lakhs] | |
|---|-------------------------------|-------------------------------|--|
| Particulars | 2018-19 | 2017-18 | |
| Present value of defined benefit obligation | 241.76 | 219.14 | |
| Fair value of plan assets | - | - | |
| Net liability | 241.76 | 219.14 | |
| Amounts shown in the balance sheet | | | |
| Current provisions | 9.77 | 19.13 | |
| Non-current provisions | 231.99 | 200.01 | |
| Net liability | 241.76 | 219.14 | |
| Amount recognized in Profit and Loss: | | | |
| Particulars | 2018-19 | 2017-18 | |
| Current service cost | 45.30 | 24.68 | |
| Past service cost | - | 3.14 | |
| Interest cost | 14.78 | 13.49 | |
| Total amount recognized in Profit and Loss: | 60.08 | 41.31 | |
| Amount recognized in other comprehensive income: | | | |
| Particulars | 2018-19 | 2017-18 | |
| Actuarial (Gain)/Loss on Obligation | - | - | |
| Actuarial (Gain)/Loss arising from change in financing assumptions | 1.04 | (2.81) | |
| Actuarial (Gain)/Loss arising from change in experience adjustment on plan liabilities | (13.07) | (6.78) | |
| Return on plan assets less interest on plan assets | | | |
| Total Actuarial (Gain)/Loss recognised in other comprehensive income | (12.03) | (9.59) | |
| Change in the present value of defined benefit obligation and the fair value of the plan assets: | | | |
| Particulars | 2018-19 | 2017-18 | |
| Present value of obligation at year end | 241.76 | 219.14 | |
| Fair value of plan assets at year end | - | - | |
| Funded status excess of actual over estimated. | (241.76) | (219.14) | |
| Assets/(Liabilities) recognized in the Balance Sheet | (241.76) | (219.14) | |
| Actuarial assumption | | | |
| Particulars | 2018-19 | 2017-18 | |
| Discount rate* | 7.65% | 7.71% | |
| Expected return on plan assets | - | - | |
| Employee turnover ratio | 6.00% | 6.00% | |
| Salary escalation rate** | 7.50% | 7.50% | |
| Mortality rate inclusive of provision for disability | 100% of IALM (2006-08) | 100% of IALM (2006-08) | |

* The discount rate assumed is determined by reference to market yield at the balance sheet date on government bonds.

** The estimates of future salary increase considered in actuarial valuation, taking account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Sensitivity analysis

Reasonable possible change at the reporting date to one of the relevant actuarial assumption, holding other assumption constant, would have effected the defined benefit obligation by the amount shown below.

| Particulars | 31st March, 2019 | 31st March, 2018 |
|---|-------------------------|-------------------------|
| a) Impact of the change in discount rate | | |
| Impact due to increase of 0.50% | (10.20) | (8.51) |
| Impact due to decrease of 0.50% | 11.16 | 9.25 |
| b) Impact of the change in salary increase | | |
| Impact due to increase of 0.50% | 10.77 | 8.86 |
| Impact due to decrease of 0.50% | (9.93) | (8.21) |
| Discount rate (0.5% movement) | | |
| Salary escalation rate (0.5% movement) | | |

Expected Maturity analysis of the defined benefits plan in future years

| | | ₹ in Lakhs | |
|--------------------|-------------------------|-------------------------|--|
| Particulars | 31st March, 2019 | 31st March, 2018 | |
| Within 1 year | 9.77 | 19.13 | |
| 1-2 year | 8.03 | 6.50 | |
| 2-3 year | 9.10 | 10.78 | |
| 3-4 year | 10.43 | 6.08 | |
| 4-5 year | 7.16 | 7.82 | |
| over 5 years | 197.27 | 168.83 | |

Risk exposure

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow-

- Salary Increase- Actual salary increase will increase the plan's liability. Increase in salary increase rate assumption in future valuations which also increase the liability.
- Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

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[₹ in Lakhs]

- Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.
- Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
- Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact liability.

b) Leave encashment

The company has a policy to pay leave encashment. Every employee is entitled to claim leave encashment after his/her retirement/termination which is calculated based upon no. of leaves earned.

31 INCOME TAXES
a) Tax Expenses Recognised/ not recognised in the Statement of Profit and Loss
[₹ in Lakhs]

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---------------|--------------------------------------|--------------------------------------|
| Current tax | - | - |
| Deferred Tax* | (1,155.94) | (230.70) |
| | (1,155.94) | (230.70) |

Provisions for income tax for the current year has not been made in view of accumulated losses.

*Deferred Tax has not been recognised in Statement of Profit & Loss

b) Deferred tax movement
[₹ in Lakhs]
31st March, 2019

| Particulars | Net Balance as at 1st April 2018 | Not Recognised in Statement of profit and loss | Not Recognised in OCI | Net Deferred tax assets/(liabilities) |
|--|-------------------------------------|---|--------------------------|--|
| Deferred tax assets | | | | |
| Unabsorbed depreciation/ business loss | 2,808.80 | (719.78) | - | 2,089.02 |
| Other expenses allowable on payment basis | 2,807.85 | (437.01) | - | 2,370.84 |
| Provision for gratuity | 72.45 | (5.19) | (3.35) | 63.91 |
| Deferred tax liabilities | | | | |
| Temporary difference of depreciable assets | (32.24) | 6.04 | - | (26.20) |
| Net Deferred tax assets/(liabilities) | 5,656.85 | (1,155.94) | (3.35) | 4,497.55 |

The Net Deferred Tax Assets has not been recognized in accounts due to the reasons as mentioned above.

[₹ in Lakhs]
31st March, 2018

| Particulars | Net Balance as at 1st April 2017 | Not Recognised in Statement of profit and loss | Not Recognised in OCI | Net Deferred tax assets/(liabilities) |
|--|-------------------------------------|---|--------------------------|--|
| Deferred tax assets | | | | |
| Unabsorbed depreciation/ business loss | 2,996.47 | (187.67) | - | 2,808.80 |
| Other expenses allowable on payment basis | 2,803.85 | 4.00 | - | 2,807.85 |
| Provision for gratuity | 71.95 | 3.67 | (3.17) | 72.45 |
| Deferred tax liabilities | | | | |
| Temporary difference of depreciable assets | 18.46 | (50.70) | - | (32.24) |
| Net Deferred tax assets/(liabilities) | 5,890.73 | (230.70) | (3.17) | 5,656.85 |

The Company is entitled for set off of carried forward losses and unabsorbed depreciation against the future income under the Income Tax Act. However, based on present scenario, the company is not confident of earning sufficient profits to utilize these carried forward losses and unabsorbed depreciation in future and accordingly the Company has recognized deferred tax assets only to the extent there is deferred tax liability in compliance with Indian Accounting Standard (IND AS) 12. The major components of deferred tax assets and liabilities on account of temporary difference are as given below:

c) A reconciliation of income tax expense applicable to accounting profit / (loss) before tax at the statutory income tax rate
[₹ in Lakhs]

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Profit before taxes | 1,076.70 | 744.60 |
| Enacted tax rate in India | 27.82% | 33.06% |
| Income tax at statutory tax rate | 299.54 | 246.19 |
| Income tax effect of: | | |
| Effect of non deductible expenses | 24.40 | 0.38 |
| Expenses allowable on payment basis | 14.54 | 7.72 |
| Others | (79.58) | (23.59) |
| Effect of change in Tax rate | 897.04 | - |
| Income taxes not recognised in the statement of income | 1,155.94 | 230.70 |

32 CONTINGENT LIABILITIES AND COMMITMENTS
[₹ in Lakhs]

| | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| (A) CONTINGENT LIABILITIES | | |
| i. Bank Guarantees (amount paid them against by way of FDR ₹ 9.72, Previous year ₹ 8.75) | 7.55 | 7.55 |
| ii. Disputed demands of Sales Tax Cases under appeal (amount paid ₹ 1.34 Previous year ₹ 1.34) | 241.36 | 241.36 |
| iii. Disputed demands of Excise cases under appeal (amount paid ₹ 54.30 Previous year ₹ 98.40) | 131.04 | 203.71 |
| iv. Other disputed demands by Government department (amount paid ₹ 8.27 Previous year ₹ 8.27) | 60.89 | 60.89 |
| v. Disputed liabilities and claim not acknowledged as debts | 224.18 | 227.27 |
| (B) COMMITMENT | | |
| (a) Estimated amount of Contracts remaining to be executed on capital account and not provided for. | - | - |
| (b) Advance paid their against | - | - |

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| Particulars | Year Ended | |
|-------------|------------------|-----------------|
| | 31st March, 2019 | 31st March 2018 |

33 SEGMENT INFORMATION
a) Primary Segment reporting (By Business Segment): -

The composition of business segments are :

| | |
|---------|----------------------------|
| Woollen | Worsted Yarn and Wool Tops |
| Yarn | Synthetic Yarn |
| Others | PTA Project (Shelved) |

₹ in Lakhs

| Particulars | 2018-19 | | | |
|---|------------|-----------|-----------|------------------|
| | Woollen | Yarn | Others | Total |
| Segment Revenue | | | | |
| Revenue from Operations | 17,173.79 | 5,647.99 | - | 22,821.78 |
| Segment Results | | | | |
| Profit before Interest, Exceptional items and Tax | 1,649.32 | (455.90) | - | 1,193.42 |
| Less : Finance cost | 190.16 | 31.56 | - | 221.72 |
| Profit before Exceptional items and Tax | 1,459.16 | (487.46) | - | 971.70 |
| Add : Exceptional items | - | 105.00 | - | 105.00 |
| Profit before Tax | 1,459.16 | (382.46) | - | 1,076.70 |
| Tax Expenses | - | - | - | - |
| Total Profit After Tax | 1,459.16 | (487.46) | - | 1,076.70 |
| Other Comprehensive Income | 12.03 | - | - | 12.03 |
| Total Comprehensive Income | 1,471.19 | (487.46) | - | 1,088.73 |
| Capital Employed | | | | |
| Segment Assets | 9,067.23 | 2,625.63 | 1,129.64 | 12,822.50 |
| Segment Liabilities | (7,711.13) | 21,303.23 | 13,888.51 | 27,480.61 |

₹ in Lakhs

| Particulars | 2017-18 | | | |
|---|------------|-----------|-----------|------------------|
| | Woollen | Yarn | Others | Total |
| Segment Revenue | | | | |
| Revenue from Operations | 14,506.05 | 1,961.10 | - | 16,467.15 |
| Segment Results | | | | |
| Profit before Interest, Exceptional items and Tax | 1,587.49 | (744.83) | - | 842.66 |
| Less : Finance cost | 98.05 | 0.01 | - | 98.06 |
| Profit before Exceptional items and Tax | 1,489.44 | (744.84) | - | 744.60 |
| Add : Exceptional items | - | - | - | - |
| Profit before Tax | 1,489.44 | (744.84) | - | 744.60 |
| Tax Expenses | - | - | - | - |
| Total Profit After Tax | 1,489.44 | (744.84) | - | 744.60 |
| Other Comprehensive Income | 9.59 | - | - | 9.59 |
| Total Comprehensive Income | 1,499.03 | (744.84) | - | 754.19 |
| Capital Employed | | | | |
| Segment Assets | 8,084.52 | 2,541.79 | 1,079.76 | 11,706.07 |
| Segment Liabilities | (7,222.65) | 20,836.93 | 13,838.63 | 27,452.91 |

b) Geographical Segment: -

₹ in Lakhs

| | 2018-19 | | 2017-18 | |
|---|---------|-----------------|---------|-----------------|
| | | | | |
| Revenue by Geographical Market | | | | |
| In India | | 10161.67 | | 6947.54 |
| Other than India | | 12660.11 | | 9519.61 |
| | | 22821.78 | | 16467.15 |
| Carrying Amounts of Segment Assets | | | | |
| In India | | 11362.78 | | 9809.03 |
| Other than India | | 1459.72 | | 1897.04 |
| | | 12822.50 | | 11706.07 |

34 RELATED PARTY DISCLOSURE
i) Names and Relationship of related parties

- a) Directors and Key Managerial personnel
- Shri Rajesh Ranka (Chairman and Managing Director)
 - Shri Brij Mohan Taparua (Independent Director)
 - Shri Naresh Devpura (Independent Director)
 - Shri Jagdish Narayan Sharma (Non-executive Non-Independent Director)
 - Shri Ram Rai Kabra (Independent Director)
 - Smt. Veena Jain (Non-executive Non-Independent Director)
 - Shri Prabodh kumar Nahar (Chief financial officer)
 - Shri Kapil kumar Kumawat (Company Secretary)
- b) Enterprises in which directors have significant influence:
- Shubham Corporate advisory Services Pvt. Ltd.
 - Indian Woollen mills Federation (Director)
 - Modern Polytex Limited

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[₹ in Lakhs]

ii) Transactions with related parties and outstanding at the end of the year:

| Name of related parties and nature of the transactions | 2018-19 | 2017-18 |
|---|---------------|-------------------|
| a Directors and Key Managerial Personnel | | |
| i. Remuneration etc | | |
| Shri Rajesh Ranka (CMD) | 24.86 | 22.18 |
| Shri Prabodh kumar Nahar (CFO) | 16.71 | 15.48 |
| Shri Kapil Kumawat (CS) | 4.43 | 4.07 |
| ii. Sitting fees paid to Independent Directors | | |
| Smt. Veena Jain | 0.01 | 0.04 |
| Shri Naresh Devpura | 0.16 | 0.15 |
| Shri J.N. Sharma | 0.15 | 0.15 |
| Shri Ram Rai Kabra | 0.05 | 0.02 |
| b Enterprises in which directors have significant influence: | | |
| Rent Shubham Corporate Advisory Services Pvt. Ltd. | 12.74 | 10.80 |
| Purchase of goods & services Modern Polytex Limited | 1.94 | 777.36 |
| Property, plant & equipment Modern Polytex Limited | 4.46 | - |
| Interest Modern Polytex Limited | 95.91 | - |
| Membership & Subscription Indian Woollen mills Federation | 1.03 | 1.19 |
| Balance of related parties at the year end | | ₹ in Lakhs |
| Modern Polytex Limited | 769.45 | 676.38 |
| Total | 769.45 | 676.38 |

Terms and conditions:

All the transactions with related parties were made on normal commercial terms and conditions and at market rates. Gratuity and un-availed leave are determined actuarially on overall company basis at the end of each year and accordingly have not been considered in remuneration.

35 LEASES

| | 2018-19 | 2017-18 |
|--|---------|---------|
| Operating leases as lessee | | |
| The company has taken commercial premises under cancellable operating leases: The rental expenses recognised in the statement of Profit and Loss for operating leases : | | |
| (a) Minimum Rent | 29.69 | 28.19 |
| (b) Contingent Rent | - | - |

Finance leases as lessee:

The company has entered into long-term leasing arrangements for land with government authorities which are in the nature of finance lease. These arrangements do not involve any material recurring payments, hence other disclosures are not given.

36 Capital Management

Equity share capital and other equity are considered for the purpose of Company's capital management. The Company's objective for capital management is to manage its capital to safeguard its ability to continue as a going concern, to provide returns to its shareholders, benefits to its other stakeholders and to support the growth of the Company. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investors, creditors and market confidence. The funding requirements are met through operating cash and working capital facilities availed from the banks.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Total equity comprises all components of equity.

The Company's adjusted net debt to equity ratio is as follows.

| | 2018-19 | 2017-18 |
|--|--------------------|--------------------|
| Non - Current Borrowings | 18,874.85 | 18,924.85 |
| Current Borrowings | - | - |
| Current maturities of long term borrowings | 75.00 | 75.00 |
| Gross Debt | 18,949.85 | 18,999.85 |
| Less : Cash and cash equivalent | 1,099.56 | 225.40 |
| Less : Other Bank Deposits | 1.33 | 1.68 |
| Less : Current Investments | - | 296.99 |
| Adjusted net debt | 17,848.96 | 18,475.78 |
| Total Equity | (14,658.11) | (15,746.84) |

Adjusted Net debt to equity ratio is not calculated as the total equity value are (-)ve.

37 Financial Instruments**i Fair Value Hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are whether observable or unobservable and consists of the following three levels:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices).

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Level 3: Inputs are not based on observable market data unobservable inputs. Fair value are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The investment included in Level 3 of fair value hierarchy has been valued using the cost approach to arrive at their fair value. The cost of unquoted investment approximate the fair value because there is a wide range of possible fair value measurements and the cost represents estimate of fair value within that range.

ii Financial assets and liabilities measured at fair value-recurring fair value measurement ₹ in Lakhs

| As at March 31,2019 | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------|----------------|----------------|----------------|---------------|
| Financial Assets : | | | | |
| Investments at FVTPL | | | | |
| Mutual Funds | - | - | - | - |
| Total financial assets | - | - | - | - |
| Financial Liabilities | - | - | - | - |
| As at March 31,2018 | Level 1 | Level 2 | Level 3 | Total |
| Financial Assets : | | | | |
| Investments at FVTPL | | | | |
| Mutual Funds | 296.99 | - | - | 296.99 |
| Total financial assets | 296.99 | - | - | 296.99 |
| Financial Liabilities | - | - | - | - |

iii Fair value of Financial assets and Liabilities measured at amortised cost ₹ in Lakhs

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|--|----------------------|-----------------|----------------------|-----------------|
| | Carrying amount | Fair values | Carrying amount | Fair values |
| Financial assets | | | | |
| Other financial assets | 219.66 | 219.66 | 124.10 | 124.10 |
| Trade receivables | 1,837.98 | 1,837.98 | 2,224.15 | 2,224.15 |
| Cash and cash equivalents | 1,099.56 | 1,099.56 | 225.40 | 225.40 |
| Bank balances other than above cash and cash equivalents | 36.05 | 36.05 | 10.43 | 10.43 |
| Loans | - | - | - | - |
| Total financial assets carried at amortised cost | 3193.25 | 3193.25 | 2584.08 | 2584.08 |
| Financial liabilities | | | | |
| Long-term borrowings # | 18,949.85 | 18,949.85 | 18,999.85 | 18,999.85 |
| Short-term borrowings | - | - | - | - |
| Other financial liabilities## | 5,123.89 | 5,123.89 | 5,467.84 | 5,467.84 |
| Trade payables | 2368.70 | 2368.70 | 2041.40 | 2041.40 |
| Financial liabilities measured at amortised cost | 26442.44 | 26442.44 | 26509.09 | 26509.09 |

including current maturities of long-term borrowings.

excluding current maturities of long-term borrowings.

38 Financial Risk Management

The key objective of the Company's financial risk management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Company is focused on maintaining a strong equity base to ensure independence, security, as well as financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company. Company's principal financial liabilities, comprise Borrowings from Banks, trade and other payables. The main purpose of these financial liabilities is to finance Company's operations and plant expansion. Company's principal financial assets include investments, trade and other receivables, deposits with banks and cash and cash equivalents, that derive directly from its operations.

Company is exposed to market risk, credit risk and liquidity risk. The Company's Board oversees the management of these risks. The Company's Board is supported by senior management team that advises on financial risks and the appropriate financial risk governance framework for the Company. The senior management provides assurance to the Company's Board that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

i) Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The Company is exposed to credit risk mainly from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks.

a) Credit risk on trade receivables is managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

An impairment analysis is performed at each reporting date on an individual basis for all clients. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 37. The Company does not hold any collateral as security against the receivables. The Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors such as financial condition, ageing of outstanding and the Company's historical experience for customers.

b) **Financial instruments and cash deposits** : Credit risk from balances with banks and financial institutions is managed by the Company's Management in accordance with Company's policy. Investments of surplus funds are made only with approved counterparties and

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[₹ in Lakhs]

within credit limits assigned to each counterparty. Company monitors rating, credit spreads and financial strength of its counter parties.

Based on ongoing assessment Company adjust its exposure to various counterparties. Company's maximum exposure to credit risk for the components of balance sheet is the carrying amount as disclosed in Note 37.

ii) Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash flow obligations without incurring unacceptable losses. Company's objective is to, at all time maintain optimum levels of liquidity to meet its cash requirements. Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including overdraft, debt from banks at optimised cost and cash flow from operations.

The table summarizes the maturity profile of Company's financial liabilities based on contractual undiscounted payments.

₹ in Lakhs

| Particulars | Within 1 year | More than 1 year | As at 31st March 2019 |
|------------------------------|-----------------|------------------|-----------------------|
| Financial Liabilities | | | |
| Borrowings* | - | - | - |
| Trade Payables | 2,368.70 | - | 2,368.70 |
| Other Financial Liabilities | 5,198.89 | - | 5,198.89 |
| Total | 7,567.59 | - | 7,567.59 |

| Particulars | Within 1 year | More than 1 year | As at 31st March 2018 |
|------------------------------|-----------------|------------------|-----------------------|
| Financial Liabilities | | | |
| Borrowings* | - | 50.00 | 50.00 |
| Trade Payables | 2,041.40 | - | 2,041.40 |
| Other Financial Liabilities | 5,542.84 | - | 5,542.84 |
| Total | 7,584.24 | 50.00 | 7,634.24 |

*Debentures, term loan and accrued interest are settled at ₹ 1855 Lakhs, amount paid there against ₹ 1780 Lakhs up to 31.03.2019 and balance ₹ 75 Lakhs payable till 31.03.2021. The same has been included in other financial liabilities. The remaining amount will be written back on discharge of full payment and carry no interest from the date of settlement.

iii) Market Risk:
a. Foreign currency risk

The company operates internationally and portion of the business is transacted in several currencies and consequently the company is exposed to foreign exchange risk through its sales in overseas and purchase from overseas suppliers in various foreign currencies viz. Euro, GBP, USD, AUD etc.

The company exposure to foreign currency risk at the end of the reporting period expressed in ₹ in lakhs are as follows:

₹ in Lakhs

| Particulars | USD | Euro | AUD | GBP | Total |
|--|---------------|---------------|----------|---------------|-----------------|
| As at 31st March, 2019 | | | | | |
| Trade Receivable | 595.72 | 551.24 | - | 227.71 | 1,374.67 |
| Trade Payable | 0.24 | 1.52 | - | - | 1.76 |
| Net exposure to foreign currency risk | 595.48 | 549.72 | - | 227.71 | 1,372.91 |

| Particulars | USD | Euro | AUD | GBP | Total |
|--|---------------|---------------|----------------|---------------|-----------------|
| As at 31st March, 2018 | | | | | |
| Trade Receivable | 641.48 | 959.19 | - | 203.77 | 1,804.44 |
| Trade Payable | 0.26 | 1.37 | 14.03 | - | 15.66 |
| Net exposure to foreign currency risk | 641.22 | 957.82 | (14.03) | 203.77 | 1,788.78 |

Foreign currency sensitivity

1% increase or decrease foreign exchange rate will have the following impact on profit before tax

| Particulars | 2018-19 | | 2017-18 | |
|---|--------------|----------------|--------------|----------------|
| | 1% increase | 1% Decrease | 1% increase | 1% Decrease |
| USD | 5.95 | (5.95) | 6.41 | (6.41) |
| EURO | 5.50 | (5.50) | 9.58 | (9.58) |
| AUD | - | - | (0.14) | 0.14 |
| GBP | 2.28 | (2.28) | 2.04 | (2.04) |
| Net increase(decrease) in Profit or loss | 13.73 | (13.73) | 17.89 | (17.89) |

b. Interest rate risk

Interest rate risk is the risk that changes in market interest rates will lead to change in interest income and expense for the Company. In order to optimize the Company's position with regards to interest income & expense and to manage the interest risk, the Company performs comprehensive interest risk management by balancing the proportion of fix & variable rate financial instruments.

Notes on Financial statements for the year ended 31st March, 2019

CIN NO. L17115RJ1980PLC002075

₹ in Lakhs

| Particulars | March 31, 2019 | March 31, 2018 |
|---------------------------------|-----------------|-----------------|
| Fixed rate instruments | | |
| Fixed deposit with Banks | 61.05 | 10.43 |
| Public Fixed Deposit | 549.59 | 605.03 |
| Net (Liabilities)/Assets | (488.54) | (594.60) |

Sensitivity analysis:

A change in 50 basis point in interest rate of borrowings at the reporting date would have increase/(decrease) Profit or Loss by the amount shown below. This analysis assumes that all other variables, remain constant.

| Particulars | 2018-19 | | 2017-18 | |
|--|----------------|----------------|----------------|----------------|
| | 0.5 % Increase | 0.5 % Decrease | 0.5 % Increase | 0.5 % Decrease |
| Interest rate increase/ decrease | (2.44) | 2.44 | (2.97) | 2.97 |
| Net increase (decrease) in Profit or loss | (2.44) | 2.44 | (2.97) | 2.97 |

c. Commodity Risk

Commodity risk is defined as the possibility of financial loss as a result of fluctuation in price of Raw Material/Finished Goods and change in demand of the product and market in which the company operates. The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The company forecast annual business plan and execute on monthly business plan. Raw material procurement is aligned to its monthly/annual business plan and inventory position is monitored in accordance with future price trend.

39 Goods and Service Tax

Effective from 1st July, 2017, sales are recorded net of GST whereas earlier sales were recorded gross of excise duty which formed part of expenses. Hence, revenue from operations for the year ended 31st March, 2019 are not comparable with the previous year corresponding figures.

40 Figures for previous years have been regrouped/rearranged/restated wherever considered necessary to make them comparable with the figures for the current year and for compliance of Ind AS.

Notes forming part of the Financial Statements**As per our report of even date attached**

For Goyal D. Kumar & Co.
Chartered Accountants
FRN 007817C

(D.K. Goyal)
Proprietor
M.No. 076713

Place: Bhilwara
Date : 30/05/2019

For and on behalf of the Board

Rajesh Ranka
Chairman & Managing Director
(DIN : 03438721)

P.K. Nahar
Chief Financial Officer

Place : Bhilwara

Ram Rai Kabra
Independent Director
(DIN : 07985411)

Kapil Kumar Kumawat
Company Secretary

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MODERN THREADS (INDIA) LIMITED

Registered Office : A-4, Vijay Path, Tilak Nagar, Jaipur-302 004 Phone : 0141-4113645
 E-mail : modernjaipuroffice@gmail.com/cs@modernwoollens.com
 Website : www.modernwoollens.com CIN : L17115RJ1980PLC002075

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting hall)
38th Annual General Meeting - 28th September, 2019

I hereby record my presence at the THIRTY EIGHTH ANNUAL GENERAL MEETING of the Company held at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur-302 004 on Saturday the 28th September, 2019 at 2:00 P.M.

Full Name of Member (IN BLOCK LETTERS)

Reg. Folio No./CLIENT ID DP ID No. of Shares held

Full Name of Proxy (IN BLOCK LETTERS)

Member's/Proxy's Signature

NOTE : ADMISSION WILL BE STRICTLY PERMITTED FOR SHAREHOLDERS/VALID PROXY HOLDERS ONLY.



MODERN THREADS (INDIA) LIMITED

Registered Office : A-4, Vijay Path, Tilak Nagar, Jaipur-302 004 Phone : 0141-4113645
 E-mail : modernjaipuroffice@gmail.com/cs@modernwoollens.com
 Website : www.modernwoollens.com CIN : L17115RJ1980PLC002075

PROXY FORM

Name of the member(s) :

Registered Address :

E-mail ID : Folio No./Client ID :

DP ID :

I/We, being the members(s) of Shares of the Modern Threads (India) Limited, hereby appoint.

1. Name : Address :

E-mail ID : Signature :, or failing him

2. Name : Address :

E-mail ID : Signature :, or failing him

3. Name : Address :

E-mail ID : Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 38th Annual General Meeting of the Company, to be held on Saturday, the 28th September, 2019 at 2:00 P.M. at A-4, Vijay Path, Tilak Nagar, Jaipur - 302 004 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1 2 3 4 5 6 7

Signed this day of 2019.

Signature of Shareholder :

Signature of Proxy Holder(s) :


| |
|-------------------------------------|
| Affix Re 1/- Revenue Stamp |
|-------------------------------------|

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur-302 004 not less than FORTY EIGHT HOURS before the commencement of the meeting.

Route Map to the venue of AGM



Book Post
(Printed Matter)


If undelivered please return to :
Modern Threads (India) Limited
A-4, Vijay Path, Tilak Nagar,
Jaipur-302 004 (India)