



54th ANNUAL REPORT 2015-2016

MODELLA WOOLLENS LIMITED

MODELLA WOOLLENS LIMITED



Board of Directors

Mr. V. K. Grover (Chairman & Managing Directors)

Mr. B. K. Khemka

Mr. R. K. Chaudhary

} (Independent Directors)

Mrs. G. Grover
(Director)

Registered Office :

4-C, Vulcan Insurance Building,
Veer Nariman Road,
Churchgate, Mumbai - 400 020.

Tel. : (022) 2204 7424 / 9879

Fax : (022) 2287 2620

E-mail : modella@vsnl.com

modellawoolens@gmail.com

E-mail for investor

grievance.modella@hathway.com

Website : www.modellawoolens.com

BSE Ltd.

Code No. 503772

Demat ISIN in CDSL/NSDL

INE 380D01012

CIN L17120MH1961PLC012080

Bankers :

Union Bank of India

Solicitors :

Malvi Ranchoddas & Co.

Auditors :

Vinay Sanjay and Associates

Registrar & Share Transfer Agent :

Purva Shareregistry (India) Pvt. Ltd.

9, Shiv Shakti Industrial Estate,
Ground Floor, Sitaram Mill Compound,
J. R. Boricha Marg, Lower Parel,
Mumbai - 400 011.

Tel.: 2301 6761/8261

E-mail : busicomp@vsnl.com

Website : www.busi-comp.com

NOTICE TO MEMBERS

NOTICE is hereby given that the 54th Annual General Meeting of the Members of **MODELLA WOOLLENS LIMITED** will be held on Thursday, the 29th day of September, 2016 at 11.30 a.m. at the Walchand Hirachand Hall, Indian Merchants' Chamber Building, 76 Veer Nariman Road, Churchgate, Mumbai-400 020 to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the audited Financial Statements viz. Balance Sheet as at 31st March, 2016 and Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Gopee Grover (DIN:00560162) who retires by rotation and being eligible offers herself for re-appointment.
3. To ratify the appointment of M/s. Vinay Sanjay & Associates, Chartered Accountant, (FRN:112195W), Mumbai as approved by Members at the 53rd Annual General Meeting as Statutory Auditors of the Company, to hold office until the conclusion of 55th Annual General Meeting, and to authorize Board to fix their remuneration for the Financial Year ending 31st March, 2017.

By Order of the Board of Directors

(V.K. Grover)
Chairman & Managing Director
(DIN: 00434129)

Registered Office:

4C Vulcan Insurance Building,
Veer Nariman Road,
Mumbai- 400020

Place: Mumbai

Date: 18th May, 2016

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. IN ORDER TO BE EFFECTIVE, THE PROXY FORM DULY COMPLETED AND SIGNED MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**

A person can act as a proxy on behalf of members not more than fifty and holding in the aggregate not more than ten percentage of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. Proxies submitted on behalf of limited companies, societies etc., must be supported by an appropriate resolution/ authority as applicable.

2. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 20th September 2016 to Thursday, 29th September 2016 (both days inclusive).
3. Members may kindly note that the Company's shares can now be held in de-materialised form with Central Depository Services Ltd. (CDSL) & National Securities Depository Limited (NSDL). The ISIN is 'INE380D01012'. The Company has appointed M/s. Purva Sharegistry India Pvt. Ltd., 9, Shiv Shakti Industrial Estate, Ground Floor, Sitaram Mill Compound, J.R. Boricha Marg, Lower Parel, Mumbai-400 011 as the Registrar & Transfer Agents.

4. Members can avail of the Nomination facility by filling Form No. SH-13 pursuant to section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 with the Company or its Registrar & Transfer Agents viz. M/s. Purva Shareregistry India Pvt. Ltd.
5. Members are requested to notify immediately change in their address, if any, to the Company and/or to its Registrar & Transfer Agent viz. M/s. Purva Shareregistry India Pvt. Ltd. or to respective Depository Participant in case of shares held in de-materialised form.
6. Members desiring any information as regards the accounts & operations of the Company are requested to write to the Company at an early date so that the information sought can be made readily available at the Meeting.
7. Pursuant to Circular No. 17/2011 dated 21-04-2011 and circular no. 18/2011 dated 29-04-2011 issued by the Ministry of Corporate Affairs, Government of India, as a part of green initiative in the Corporate Governance, the Companies have been permitted to send notices/documents to the members through email.

Accordingly, the Company proposes to send notices/documents like the Annual Report in electronic form to the members who would register their email address with the Depositories, the Registrar and Transfer Agents or the Company. The Members are requested to register their email addresses by sending their details to the Registrar and Transfer Agents, M/s. Purva Shareregistry India Pvt. Ltd., 9, Shiv Shakti Industrial Estate, Ground Floor, Sitaram Mill Compound, J.R. Boricha Marg, Lower Parel, Mumbai-400 011.

Service of notices/documents to the Members whose email addresses not be registered with the depository or the Company or the Registrar and Transfer Agent will be effected by mode of service as provided under Section 20 of the Companies Act, 2013.

8. Members are requested to bring their copy of the Annual Report as the practice of distributing copies of the Annual Report at the place of Meeting has been discontinued as an austerity measure.
9. Members/Proxies are requested to bring their Attendance slip, duly filled, while attending the meeting.

Voting through electronic means

10. In compliance with provisions of Section 108 of the Companies Act, 2013, 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
11. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the Meeting through ballot paper.
12. The Company has appointed Mrs. Jayshree S. Joshi, Proprietress of M/s. Jayshree Dagli & Associates, Company Secretaries, Mumbai, as Scrutinizer for scrutinising the e-voting process and Poll Process in a fair and transparent manner.

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.

The remote e-voting period commences on Monday, 26th September, 2016 (9:00 am) and ends on Wednesday, 28th September, 2016 (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 Thursday, 22nd September, 2016, 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.

The instructions of e-voting are detailed hereunder:

- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :
- (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder - Login
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - (vii) Select "EVEN" of "**MODELLA WOOLLENS LIMITED**".
 - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) 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. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to jayshreedagli@gmail.com with a copy marked to evoting@nsdl.co.in
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN
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 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- I. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
 - II. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
 - III. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

- IV. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 22nd September, 2016.
- V. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 22nd September, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA.

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. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

- VI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- VII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- VIII. Mrs. Jayshree S Joshi, Practicing Company Secretary (Membership No. FCS 1451) Proprietress, Jayshree Dagli & Associates has been appointed as the Scrutinizer to scrutinize the remote e-voting process and Poll Process in a fair and transparent manner.
- IX. The Chairman shall, at the AGM at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- X. The Scrutinizer shall after the conclusion of voting at the General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XI. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company 'www.modellawoollens.com' and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to Stock Exchanges on which Shares of the Company are listed.

Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each of the folio/demat account.

By Order of the Board of Directors

(V.K. Grover)
Chairman & Managing Director
(DIN: 00434129)

Registered Office:
4C Vulcan Insurance Building,
Veer Nariman Road, Mumbai- 400020

Place: Mumbai
Date: 18th May, 2016

DIRECTORS' REPORT

Your Directors present their 54th Annual Report together with the Audited Statement of Accounts of your Company for the Financial Year ended 31st March, 2016.

FINANCIAL RESULTS:

	2015-2016 Rs. in Lakh	2014-2015 Rs. in Lakh
Loss before Interest, Depreciation & Extra ordinary items	48.35	38.83
Adjustment for Depreciation	0.02	0.02
Loss for the year before Extra ordinary items	48.37	38.85
Add: Income from Extra ordinary items	0.00	0.00
Loss for the year before tax	48.37	38.85
Adjustment for Income-tax	0.00	0.00
Loss after Tax	48.37	38.85

DIVIDEND :

In view of the accumulated losses and loss for the year, the Board decided not to recommend any dividend for the year under review.

AMOUNT CARRIED TO RESERVES:

In view of the accumulated losses and loss for the year, your Company do not transfer any amount to the Reserves.

OPERATIONS:

The Company has not carried out any business activity during the year. Your Directors are considering various avenues & options for the activities to be undertaken.

EXTRACT OF THE ANNUAL RETURN:

The details forming part of the extract of the Annual Return in form MGT-9 is annexed as **Annexure 1** to this Report.

NUMBER OF MEETINGS OF THE BOARD:

During the year, Five Board Meetings were convened and held on 12.05.2015, 29.07.2015, 14.08.2015, 05.11.2015 and 04.02.2016. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

The details of Attendance of Directors are as follows:

Name of Director	Number of Board meetings attended
Mr. V.K Grover	5
Mrs. Gopee Grover	5
Mr. Binod Khemka	5
Mr. Rajendrakumar Chaudhary	5

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (a) in the preparation of the annual financial statements for the year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 loss of the company for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The directors have prepared the annual accounts on a going concern basis; and
- (e) The directors, have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS:

All Independent Directors have given declaration that they meet the criteria of independence pursuant to Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors & Senior Management Personnel and their remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of section 178 relating to the remuneration for the Directors, key managerial personnel, and other employees. As required by Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the prescribed details are annexed as **Annexure 2** to this Report.

INFORMATION IN TERMS OF RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 :

During the year under review, no employee was employed who was in receipt of aggregate remuneration exceeding Rupees Sixty Lakh for the year or exceeding Rupees Five Lakh per month for any part of the year.

The ratio of the remuneration of each Director to the median remuneration of the employees of the Company and other details in terms of Sub-Section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this Report and is annexed as "**Annexure 3**" to this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

During the year, the Company has not given any loans or guarantees or has made any investments u/s 186 of the Companies Act, 2013.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The Company did not enter into any material Contracts/ Arrangements with Related Parties since no Business activities were carried out by the Company during the year.

However, Company entered into Agreement with Mr. V. K. Grover w.r.t. his appointment as Managing Director for a period 3(Three) years i.e. from 1st October, 2015 and ending on 30th September, 2018

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

The Company does not have any Subsidiary, Joint Venture or Associate Company.

CORPORATE GOVERNANCE:

Pursuant to Regulation 15(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 the Provisions of Regulation 17 to 27 and Clauses (b) to (i)

of Regulation 46(2) and Para C, D and E of Schedule V is not applicable to the Company, as the Company's Paid up Share Capital & Net worth is below the limits specified.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

In terms of the information required under Sub-section (3)(l) of Section 134 of the Act, it is to be noted that no material Changes and Commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company to which the Financial Statements relate and the date of the Report.

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

- A. Since the Company does not carry any Business activities, particulars to be disclosed with respect to Conservation of Energy & Technology Absorption under Section 134 (3) (m) of Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are not applicable.
- B. During the year under review there has been no earnings and outgo in foreign exchange.

RISK MANAGEMENT POLICY:

The provisions in respect of Risk Management are not applicable to the Company. However, the Company has in place mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES:

The Company has not developed and implemented any Corporate Social Responsibility Policy pursuant to the Provisions of Section 135 of the Companies Act 2013 and relevant Rules framed there under as the said provisions were not applicable to the Company as the Company had incurred losses during the relevant period.

PUBLIC DEPOSITS:

During the year under review, the Company has not accepted any Deposit pursuant to Section 73 and section 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

ANNUAL EVALUATION BY THE BOARD OF ITS OWN PERFORMANCE:

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committees by filling a structured questionnaire.

SECRETARIAL AUDIT REPORT:

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 Mr. Ajay Kumar, Practicing Company Secretary, to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed as Annexure 4 to this Report.

EXPLANATION ON REMARKS OR DISCLAIMER MADE BY SECRETARIAL AUDITOR IN HIS REPORT:

Looking at the Company's size and no business activities for past few years, no one was interested in joining as CFO & Company Secretary. Further, in spite of several efforts, the Board could not appoint any Internal Auditor during the year.

The Company is in process of complying with the said requirements.

DIRECTORS:

Pursuant to the Provisions of the Companies Act, 2013, Mrs. Gopee Grover (DIN:00560162) retires by rotation and being eligible offers herself for re-appointment.

AUDITORS:

M/s. Vinay Sanjay & Associates, Chartered Accountant, (FRN:115646W), were appointed as Statutory Auditors at the 53rd AGM held on 22.09.2015 for a period 2 (two) years i.e. from the Conclusion of 53rd Annual General Meeting until the conclusion of 55th Annual General Meeting. As per the provision of section 139 of the Companies act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting. Your Directors recommend the ratification of their appointment to enable them to continue as Auditors for the FY 2016-17.

RESERVATION AND QUALIFICATION ON AUDITORS' REPORT:**(i) Auditors Report:**

The notes to Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments. Auditors have not made any reservation or qualification in the Audit Report.

(ii) Secretarial Audit Report:

Looking at the Company's size, no business activities for past few years, no one was interested in joining as CFO & Company Secretary. Further, in spite of several efforts, the Board could not appoint any Internal Auditor during the year.

The Company is in process of complying with the said requirements.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS PURSUANT TO SECTION 143(12) OF THE COMPANIES ACT, 2013:

During the year under review there were no incidences of fraud reported by the Auditors.

COMMITTEES**I) Audit Committee:**

Being a listed Company, the Company had already constituted its Audit Committee consisting of Mr. Binod Khemka (DIN: 00292252), Mr. Rajendrakumar Chaudhary (DIN: 02916342) and Mrs. Gopee Grover (DIN: 00560162).

During the year under review Five (5) Meetings were held of the Audit Committee on 12/5/2015, 29/7/2015, 14/8/2015, 5/11/2015 and 4/2/2016

II) Nomination and Remuneration Committee:

Being a listed Company, the Company had already constituted its Nomination and

Remuneration Committee consisting of Mr. Binod Khemka (DIN: 00292252) , Mr. Rajendrakumar Chaudhary (DIN: 02916342) and Mrs. Gopee Grover (DIN: 00560162).

During the year under review Two (2) Meetings were held of the Nomination & Remuneration Committee on 12/5/2015 and 14/8/2015.

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has adopted the Code of Conduct for Employees and Directors for the highest degree of transparency, integrity, accountability and corporate social responsibility. Any actual or potential violation of the Code would be a matter of serious concern for the Company. The Company also has Whistle Blower Policy to deal with instance of fraud and mismanagement, if any.

Employees of the Company are encouraged to use guidance provided in the Policy for reporting all allegations of suspected improper activities.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE.

There are no significant and material Orders passed by the Regulators or Courts or Tribunals which would impact the going concern status and the Company's future operations.

FUTURE OUTLOOK:

Your Directors are looking for various avenues and options for carrying out business activities of the Company. On account of change in the pattern of textile fabrics, your Company had to suspend trading in textile fabrics and yarn a few years back. However, the Promoters of your Company have always made funds available to your Company whenever there was a requirement in the past and will continue to do so.

Your Company has no borrowings from Banks or Financial Institutions except inter-corporate deposits amounting to Rs.29.71 lakhs and Loan from Directors Rs. 91.8 lakhs during the year to augment its finances. The borrowings are at the rate of 8% p.a.

COMPANY'S POLICY FOR PREVENTION OF SEXUAL HARASSMENT:

The Company is committed to provide a safe and conducive work environment to all women employees. During the year under review Company had not received any Complaints in respect of Sexual Harassment.

APPRECIATION:

Your Directors place on record their appreciation for the co-operation of all the Staff and Officers, Shareholders of the Company and look forward to their continued co-operation in future.

By Order of the Board of Directors

(V.K. Grover)
Chairman & Managing Director
(DIN: 00434129)

Registered Office:
4C Vulcan Insurance Building,
Veer Nariman Road,
Mumbai- 400020

Place: Mumbai

Date: 18th May, 2016.

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2016

[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: - L17120MH1961PLC012080
- ii) Registration Date- 28.07.1961
- iii) Name of the Company: MODELLA WOOLLENS LIMITED
- iv) CATEGORY OF THE COMPANY: - [PL. TICK]
 - (1) Public Company- ✓
 - (2) Private Company-

SUB CATEGORY OF THE COMPANY: -[PLEASE TICK WHICHEVER ARE APPLICABLE]

- 1) Government Company-
- 2) Small Company-
- 3) One Person Company-
- 4) Subsidiary of Foreign Company-
- 5) NBFC-
- 6) Guarantee Company-
- 7) Limited by shares - ✓
- 8) Unlimited Company-
- 9) Company having share capital- ✓
- 10) Company not having share capital-
- 11) Company Registered under Section 8-

v) Address of the Registered Office and contact details

Address :	4 C, VULCAN INSURANCE BUILDING, VEER NARIMAN ROAD, CHURCHGATE, MUMBAI 400 020.
Town / City :	CHURCHGATE
District :	MUMBAI
State :	MAHARASHTRA
Telephone : (With STD Area Code Number)	(022)22047424/22049879
Pin Code	400020
Fax Number :	(022)22872620
Email Address :	modella@vsnl.com/modella@hathway.com
Website (if any)	www.modellawoolens.com

vi) Whether Shares Listed On Recognized Stock Exchange(S) – BSE LTD.

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any

Name of Registrar & Transfer Agents: M/s. PURVA SHAREGISTRY(INDIA) PVT.LTD.

Address :	9, SHIV SHAKTI INDUSTRIAL ESTATE, J.R. BORICHA MARG, LOWER PAREL(E), MUMBAI 400 011.
Town / City :	LOWER PAREL
District :	MUMBAI
State :	MAHARASHTRA
Telephone : (With STD Area Code Number)	(022)23016761/23012518
Pin Code	400 011
Fax Number :	23012517
Email Address :	busicomp@vsnl.com

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	NIL		

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	NIL				

IV. SHARE HOLDING 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				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	333972	20	333992	36.70	333972	20	333992	36.70	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	45449	-	45449	4.99	45449	-	45449	4.99	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	379421	20	379441	41.69	379421	20	379441	41.69	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	379421	20	379441	41.69	379421	20	379441	41.69	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	679	679	0.08	-	679	679	0.08	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	177205	-	177205	19.47	177205	-	177205	19.47	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	177205	679	177884	19.55	177205	679	177884	19.55	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	12237	2891	15128	1.66	-	-	-	-	-1.66

ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	59853	240865	300718	33.05	61117	239452	300569	33.03	-0.02
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	34395	-	34395	3.78	34395	-	34395	3.78	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) NRI (Repatriation & Non-Repatriation)	345	480	825	0.09	345	480	825	0.09	-
ii) HUF	1609	-	1609	0.18	1673	-	1673	0.18	0.00
iii) Clearing Members	-	-	-	-	674	-	674	0.07	0.07
iv) Other Body Corporates	-	-	-	-	11648	2891	14539	1.60	1.60
Sub-total (B)(2):-	108439	244236	352675	38.76	109852	242823	352675	38.76	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	285644	244915	530559	58.30	287057	243502	530559	58.30	-
C. Total shares held by Custodian	-	-	-	-	-	-	-	-	-
Grand Total(A+B+C)	665065	244935	910000	100	666478	243522	910000	100	-

ii) Shareholding of Promoters

Sl No	Shareholder's Name	Shareholding at the beginning of the year 2015			Share holding at the end of the year 2016			% change in share holding during 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	
1.	Mr. Vinod Kumar Grover	87108	9.57		87108	9.57		-
2.	Mr. Uday K. Grover	63579	6.98		63579	6.98		-
3.	Novampd Trading Co.Pvt.Ltd	45449	4.99		45449	4.99		-
4.	Ms. Madhu Grover	43180	4.74		43180	4.74		-
5.	Ms. Rakhee Grover	27016	2.96		27016	2.96		-
6.	Mr. Bharat Grover	27000	2.96		27000	2.96		-
7.	Ms. Kusum Grover	25601	2.81		25601	2.81		-
8.	Mr. Ravinder Grover	16801	1.84		16801	1.84		-
9.	Ms. Pushpa Grover	16624	1.82		16624	1.82		-
10.	Ms. Indira Grover	16448	1.80		16448	1.80		-
11.	Ms. Gopee Grover	7500	0.82		7500	0.82		-
12.	Ms. Vanilla S. Mehra	2660	0.29		2660	0.29		-
13.	Ms. Nina Hazarat	305	0.03		305	0.03		-
14.	Mr. Kahan Chand Narang	150	0.01		150	0.01		-
15.	Ms. Ayesha Grover	20	0.00		20	0.00		-
	Total	379441	41.69		379441	41.69		-

iii) Change in Promoters' 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
	At the beginning of the year	3,79,441	41.69	3,79,441	41.69
1	Allotment during the Year	-	-	-	-
	At the End of the year	3,79,441	-	3,79,441	-

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

SI No	Shareholder's Name	Shareholding at the beginning of the year 31/3/2015			Share holding at the end of the year 31/3/2016			% change in share holding during 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	
1.	Life Insurance Corporation of India	177205	19.47		177205	19.47		-
2.	Mr. Nikhil Grover	34395	3.77		34395	3.77		-
3.	Ventura Securities Ltd	8300	0.91		8300	0.91		-
4.	Mr. Sunil S. Magnani	6000	0.65		6000	0.65		-
5.	Ms. Disha Sunil Magnani	4480	0.49		4480	0.49		-
6.	Mr. Hitesh Ramji Javeri	3000	0.32		3000	0.32		-
7.	Mr. Laherchand S. Lakhani	2900	0.31		2900	0.31		-
8.	Veer Enterprises Limited	2500	0.27		2500	0.27		-
9.	Mr. Indra Kumar Bagri	2406	0.26					
	10/4/2015 Buy	35	0.00					
	24/7/2015 Buy	135	0.01					
	30/10/2015 Sell	-100	-0.01					
	29/1/2016 Buy	397	0.04		2873	0.32		0.02
	31/3/2016 Balance							
10.	Ms. Vandana Jain	2070	0.23		2070	0.23		-
	Total	243256	26.72		243723	26.74		0.02

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Designation	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	Mr. Vinod Kumar Grover	Managing Director	87,108	9.57	87,108	9.57
2	Ms. Gopee Grover	Director	7,500	0.82	7,500	0.82

V. INDEBTEDNESS

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	-	76,76,670	-	76,76,670
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	76,76,670	-	76,76,670
Change in Indebtedness during the financial year				
- Addition	-	1,17,83,000	-	1,17,83,000
- Reduction	-	73,08,670	-	73,08,670
Net Change	-	44,74,330	-	44,74,330
Indebtedness at the end of the financial year				
i) Principal Amount	-	1,21,51,000	-	1,21,51,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD	Total Amount
		Mr. Vinod Kumar Grover	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	-
2	Stock Option	NIL	-
3	Sweat Equity	NIL	-
4	Commission as % of profit	NIL	-
5	Others, please specify Variable Incentives	NIL	-
	Total (A)	NIL	-
	Ceiling as per the Act		
	*5% of the net profit calculated as per Section 198	NIL	-

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
	1. Independent Directors	Mr. B.K. Khemka	Mr. R.K. Chaudhary	
	• Fee for attending board / committee meetings	2,500	2,500	5,000
	• Commission			
	• Others, please specify			
	Total (1)	2,500	2,500	5,000
	2. Other Non-Executive Directors	Ms. Gopee Grover		
	• Fee for attending board / committee	2,500		2,500

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

During the year under review the Company did not have any Key Managerial Personnel other than the MD.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act):
NIL

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:**APPOINTMENT OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT**

The Nomination and Remuneration Committee identifies persons who are qualified to become Directors and who may be appointed as Key Managerial Personnel and Senior Management.

The Committee ascertains the qualifications, expertise and experience of the persons to be appointed as Directors, Key Managerial Personnel and Senior Management and recommends their appointment to the Board of Directors.

The Board then takes the final decision based on the said recommendation.

The Committee evaluates the performance of Directors, Key Managerial Personnel and Senior Management on a yearly basis and recommends their removal, if required.

REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT AND OTHER EMPLOYEES

The remuneration payable to the Managing Director shall be as per the provisions of the Companies Act, 2013 and other relevant provisions.

The remuneration payable to Key Managerial Personnel and Senior Management shall be approved by the Committee on case to case basis.

The increments to the existing remuneration structure:

- A) In relation to Board of Directors shall be based on the evaluation of performance.
- B) In relation to Key Managerial Personnel and Senior Management the same shall be approved by the Committee based on the recommendation of the Managing Director.
- C) In relation to others the same shall be approved by the Managing Director based on the market conditions, performance of the company and other relevant factors from time to time.

REMUNERATION TO NON-EXECUTIVE AND INDEPENDENT DIRECTORS

The Non-Executive and Independent Directors of the Company shall only be paid sitting fees (as determined by the Board from time to time) for attending Board/ Committee meetings apart from reimbursement of expenses incurred for attending the meetings.

INFORMATION IN TERMS OF RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL RULES, 2014)

The information relating to managerial remuneration in terms of Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are detailed as under: –

- (i) **the ratio of the remuneration of each director of the Company to the median remuneration of the employees of the Company for the financial year 2015-16;**

Ratio of the remuneration of the director of the company to the median remuneration of the employees of the company are,

Name of the Director	Category	Median remuneration of the employees
Mr. V.K. Grover	Managing Director	NIL
Mrs. Gopee Grover	Director	NIL
Mr. Binod Kumar Shyamlal Khemka	Independent Director	NIL
Mr. Rajendrakumar Ramcharan Chaudhary	Independent Director	NIL

- (ii) **the percentage increase in remuneration of each whole time director, Chief Financial Officer and the Company Secretary of the Company, during the financial year 2015-16, are as under;**
NIL

- (iii) **the percentage Decrease in the median remuneration of employees of the Company during the financial year; 18.305%**

- (iv) **the number of permanent employees on the rolls of the Company; - 3**

- (v) **the explanation on the relationship between average increase in remuneration and company performance;**

The Company was running into losses since last few years. Therefore there was no increase in Remuneration of the KMP i.e. Managing Director.

- (vi) **comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;**

In view of the Losses the Company does not provide any Remuneration to its KMP i.e. Managing Director

- (vii) **variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies;**

Market Price as on 31.03.2015	Market Price as on 31.03.2016	Market Capitalization as on 31.03.2015	Market Capitalization as on 31.03.2016	PE Ratio as on 31.03.2015	PE Ratio as on 31.03.2016
Rs.14.75	Rs.12.57	Rs.1.34 Cr.	Rs.1.14 Cr.	-0.29	-0.42

The Market Price of the Company as on 31.03.2016 was Rs. 12.57 per Shares as Compare to Rs. 10 at the last public offer which has shown of increase over the years.

- (viii) average percentile increase already made in the salaries of employees of the company other than its managerial personnel (viz. whole time directors of the Company) during the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration; **NIL**
 - (ix) comparison of the each remuneration of the Key Managerial Personnel against the performance of the company; **Not Applicable.**
 - (x) the key parameters for any variable component of remuneration availed by the Whole Time Directors of the company; **N.A.**
 - (xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: **NIL**
 - (xii) affirmation that the remuneration is as per the remuneration policy of the company.
- We affirm that the remuneration paid is as per the said Remuneration Policy of the company.

By Order of the Board of Directors

(V.K. Grover)
Chairman & Managing Director
(DIN: 00434129)

Form No. MR- 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[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
Modella Woollens Limited
4C Vulcan Insurance Building
Veer Nariman Road
Mumbai – 400 020

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Modella Woollens Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 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, Overseas Direct Investment and External Commercial Borrowings to the extent of their applicability to the Company;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (not applicable during the audit period);
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (not applicable during the audit period)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (not applicable during the audit period);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (not applicable during the audit period) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (not applicable during the audit period)
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 from 01.12.2015 to 31.03.2016

(vi) OTHER LAWS SPECIFICALLY APPLICABLE TO THE COMPANY

No business activity has been conducted by the Company during the audit period. In view of the fact that company being non-operative no other laws were specifically applicable to the Company.

(vii) OTHER LAWS APPLICABLE TO THE COMPANY

The adequate systems and processes are in place to monitor and ensure compliance with general laws like labour laws, environmental laws etc. to the extent of their applicability to the Company.

I 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 stock exchanges upto 30.11.2015;

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

- (i) The Company has not appointed Chief Financial Officer and Company Secretary during the audit period. This is non-compliance of section 203 of the Companies Act, 2013 r/w rule 8 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014;
- (ii) The Company has not appointed Internal Auditor during the audit period. This is non-compliance of section 138 of the Companies Act, 2013 r/w rule 13 of Companies (Accounts) Rules, 2014;

I further report that:

- i) The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- ii) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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.
- iii) All decisions at Board Meetings & Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or the Committees of the Board, as the case may be.

I 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.

I further report that during the audit period the Company had re-appointed Mr. Vinod Kumar Grover as Managing Director of the Company for the period of 3 years with effect from 01.10.2015 without drawing any remuneration.

Signature:

(Ajay Kumar)
Ajay Kumar & Co.
FCS No. 3399
C.P. No. 2944

Date: 17.05.2016

Place: Mumbai

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

'Annexure A'

To,
The Members
Modella Woollens Limited
4C Vulcan Insurance Building
Nariman Road
Mumbai - 400 020

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 assurances about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was 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.

Signature:

(Ajay Kumar)
Ajay Kumar & Co.
FCS No. 3399

C.P. No. 2944

Date: 17.05.2016
Place: Mumbai

INDEPENDENT AUDITORS' REPORT

To,
The Members of,
Modella Woollens Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of Modella Woollens Limited ('the Company'), which comprise the balance sheet as at March 31, 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules, 2014. 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 accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements read with the notes thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

EMPHASIS OF MATTERS

We draw attention to the following matters in the Notes to the financial statements:

- (a) Note 15(ii) to the financial statement regarding cheques towards rent paid but not encashed by the landlord.
- (b) Note 21(ii) in the financial statements which indicates that the Company has accumulated losses and its net worth has been fully / substantially eroded, the Company has incurred a net loss/net cash loss during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, based on the representation received from the management regarding continuing support the financial statements of the Company have been prepared on a going concern basis.

Our opinion is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 purpose of our audit;
- b. In our opinion proper books of accounts as required by the 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 and cash flow statement dealt with by this report are in agreement with the books of account;
- d. In our opinion, the aforesaid standalone financial statements comply with the accounting standards specified under Section 133 of the Act 2013, read with Rule 7 of Companies (Accounts) Rules, 2014;
- e. The going concern matter described in sub paragraph (b) under Emphasis of Matters paragraph above, in our opinion, may have adverse effect on the functioning of the Company.
- f. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2016 from being appointed as a director in terms of the Section 164(2) of Companies Act 2013.

- g. In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial control over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the company
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of 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, if any, on its financial position in its financial statements
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : Mumbai
Date : 18/5/2016

For Vinay Sanjay and Associates
Chartered Accountants

CA Sanjay R Bhat
Partner
Membership No. 43376
Firm No.112195W

ANNEXURE TO THE AUDITOR'S REPORT

As required by the Companies (Auditors' Report) Order, 2015 issued by the Company Law Board in terms of Section 143 of the Companies Act, 2013, we further report that:

- i. The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
We are informed that fixed assets have been physically verified by the management at reasonable interval and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. The Company does not own any immovable property as on date of balance sheet
- ii. We are informed that there was no stock of goods during the year or at the year end and hence physical verification of stock were not required to be conducted by the management. In view of above therefore, we have no comment to offer on frequency of the physical verification of such stocks.
Since company is not having any stock, we have no comment to offer on whether the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
Since company is not having any stock, we have no comment to offer on maintaining proper record of inventory and discrepancies on physical verification of stocks as compared to book records.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in register maintained under section 189 of the Companies Act, 2013. Accordingly paragraph 3(iii) (a) and (b) of the Order are not applicable.
- iv. The Company has not granted any loans or has made investments or given any guarantee or security within the meaning of Section 185 and 186 of the Companies Act 2013 and hence the provision of this clause is not applicable for the year under audit.

- v. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (v) of paragraph 3 of the CARO 2016 are not applicable to the Company.
- vi. As informed to us the maintenance of cost Records has not been specified by the central government under section 148(1) of the Act.
- vii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employee's state insurance and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty and duty of excise.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employee's state insurance and other material statutory dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable. We are informed that dues of income tax, sales tax, wealth tax, service tax, duty of customs and duty of excise are not in dispute.
- According to the information and explanations given to us, there are no dues of income tax, wealth tax, sales tax, service tax, duty of customs and duty of excise which have not been deposited with the appropriate authorities on account of any dispute.
- viii. The company has not taken any loans from any financial institution or bank or debenture holders and hence the question of default in payment does not arise.
- ix. The Company during the year has not raised any money from initial public offer or further public offer but has taken the unsecured loan from one of the Directors and Company in which Directors are interested and the same has been applied for the purpose for which it has been raised.
- x. According to information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.
- xi. The Company has provided for the gratuity liability of Managing Director as per the agreement which is in accordance with the provisions of Section 197 read with Schedule V to the Companies Act
- xii. As the company is not a Nidhi Company the said clause is not applicable
- xiii. All the transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act 2013 and the details of same has been disclosed in Note 12 of Notes forming part of the financial statement
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures
- xv. During the year, the Company has not entered into any non-cash transactions with Directors or persons connected with them
- xvi. In our opinion and as per the information and explanation made available to us the Company is not required to register under Section 45-IA of the Reserve Bank Of India Act 1934

Place : Mumbai.

Date : 18/5/2016

For Vinay Sanjay & Associates
Chartered Accountants
CA Sanjay R Bhat
Partner
Membership No. 43376
Firm No.112195W

BALANCE SHEET AS AT 31ST MARCH, 2016

PARTICULARS	NOTE No.	31st March, 2016 Rs.	31st March, 2015 Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	9,100,000	9,100,000
(b) Reserves and Surplus	2	(25,462,848)	(20,626,096)
(c) Money received against share warrants		-	-
(2) Share application money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long-term borrowings	3	1,508,000	2,650,000
(b) Deferred tax liabilities (Net)		-	197
(c) Other Long term liabilities	3	4,176,153	3,906,821
(d) Long term provisions		-	-
(4) Current Liabilities			
(a) Short-term borrowings	4	10,643,000	5,026,670
(b) Trade payables		-	48,646
(c) Other current liabilities	4	45,800	311,566
(d) Short-term provisions	4	259,164	-
Total		269,269	417,804
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	5	5,680	7,200
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax assets (net)		-	-
(d) Long term loans and advances	6	30,090	30,090
(e) Other non-current assets	6	1,014	1,014
(2) Current assets			
(a) Inventories		-	-
(b) Trade receivables		-	-
(c) Cash and cash equivalents	7	195,975	75,710
(d) Short-term loans and advances	7	36,510	303,790
Total		269,269	417,804

See accompanying notes 1 to 12 to the financial statements

As per our report of even date attached

**For Vinay Sanjay &
Associates**
Firm Regn No. 112195W
Chartered Accountants

Sanjay Bhat
Partner M. No. F-43376
Place: Mumbai
Dated: 18/5/2016

V.K. Grover
Chairman &
Managing Director
DIN No.- 00434129

G. Grover
Director
DIN No.- 00560162
Place: Mumbai
Dated: 18/5/2016

B.K. Khemka
Independent Director
DIN No.- 00292252

R.K. Chaudhary
Independent Director
DIN No.- 02916342

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

PARTICULARS	NOTE No.	31st March, 2016 Rs.	31st March, 2015 Rs.
I. Revenue from operations-sale of: fabrics		-	-
II. Other Income	8	1,997	9,462
III. Total Revenue (I +II)		1,997	9,462
IV. Expenses:		-	-
Cost of materials consumed		-	-
Purchase of:fabrics		-	-
Employee benefits expense	9	2,536,815	2,293,385
Finance Cost	10	767,670	473,075
Depreciation and amortization expense		1,520	1,520
Other expenses	11	1,532,744	1,126,244
Total Expenses		4,838,749	3,894,224
V. Profit/(Loss) before exceptional and extraordinary items and tax (III - IV)		(4,836,752)	(3,884,762)
VI. Exceptional Items		-	-
VII. Profit/(Loss) before extraordinary items and tax (V - VI)		(4,836,752)	(3,884,762)
VIII. Extraordinary Items		-	-
IX. Profit/(Loss) before tax (VII - VIII)		(4,836,752)	(3,884,762)
X. Tax expense:		-	-
(1) Current tax		-	-
(2) Deferred tax		-	-
(3) Earlier Year Taxes Adjusted		-	-
XI. Profit/(Loss) for the year from continuing operations(VII-VIII)		(4,836,752)	(3,884,762)
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the year (XI + XIV)		(4,836,752)	(3,884,762)
XVI. Earning per equity share:			
Basic & Diluted		(5.32)	(4.27)

See accompanying notes 1 to 12 to the financial statements
As per our report of even date attached

**For Vinay Sanjay &
Associates**
Firm Regn No. 112195W
Chartered Accountants

Sanjay Bhat
Partner M. No. F-43376
Place: Mumbai
Dated: 18/5/2016

V.K. Grover
Chairman &
Managing Director
DIN No. - 00434129

G. Grover
Director
DIN No. - 00560162
Place: Mumbai
Dated: 18/5/2016

B.K. Khemka
Independent Director
DIN No. - 00292252

R.K. Chaudhary
Independent Director
DIN No. - 02916342

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2016

NOTE 1

SHARE CAPITAL

PARTICULARS	31st March 2016 Rs.	31st March 2015 Rs.
(A) AUTHORISED : 20,00,000(20,00,000) Equity Shares of Rs. 10/- each	20,000,000	20,000,000
TOTAL	20,000,000	20,000,000

ISSUED SUBSCRIBED AND FULLY PAID UP :

9,10,000 (9,10,000) Equity Shares of Rs. 10/- each	9,100,000	9,100,000
TOTAL	9,100,000	9,100,000

(B) Par value per share- Rs. 10/-

(C) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period:

	31.3.2016	31.3.2015
Outstanding as at beginning of the year	9,100,000	9,100,000
Change during the year	Nil	Nil
Outstanding at the end of the year	9,100,000	9,100,000

(D) The rights, preferences and restrictions attaching to each class of share including restrictions on the distribution of dividends and the repayment of capital

Equity shares-The Company has only class of equity shares. Each holder of equity shares is entitled to one vote per share. The equity shareholders are entitled to dividend only if dividend in a particular financial year is recommended by the Board of Directors and approved by the members at the annual general meeting of that year. In case of winding up, if the assets available for distribution are less than the paid up share capital, then the shortfall will be borne by the members proportionately. Where there is an excess the same shall be distributed proportionately among the members.

(E) Shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate-Not Applicable

(F) Names and number of shares held by shareholders holding more than 5 percent shares.

Name of Shareholders	No. of Shares as at 31st March, 2016	% of holding	No. of Shares as at 31st March, 2015	% of holding
1. LIC of India	177205	19.47	177205	19.47
2. Mr. V.K. Grover	87108	9.57	87108	9.57
3. Mr. Uday Grover	63579	6.99	63579	6.99

(G) Shares reserved for issue under options and contracts/commitments for the sale of shares/ disinvestment, including the terms and amounts

Nil

(H) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash.

Nil

(I) Aggregate number and class of shares allotted as fully paid up by way of bonus shares.

Nil

(J) Aggregate number and class of shares bought back.

Nil

(K) Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date.

N.A.

(L) Calls unpaid (showing aggregate value of calls unpaid by directors and officers)

Nil

(M) Forfeited shares (amount originally paid up)

Nil

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2016
NOTE 2 (RESERVE AND SURPLUS)

Particulars	31st March 2016 Rs.	31st March 2015 Rs.
Capital Reserve		9,647
Loss the beginning of the year	(20,635,743)	(16,719,895)
Add: Impact of depreciation as per companies Act, 2013		(31,086)
Add: Loss for the year	(4,836,752)	(3,884,762)
Total at the end of the year	(25,462,848)	(20,635,743)
		(20,626,096)

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2016
NOTE 3 (NON CURRENT LIABILITIES)

Particulars	31st March 2016 Rs.	31st March 2015 Rs.
LONG-TERM BORROWINGS		
Unsecured Loan		1,855,000
-Inter Corporate Deposits (interest @8% p.a)	1,508,000	795,000
Novamod Trading Co. Pvt. Ltd.		
Pali Grover Woollen Pvt. Ltd.	1,508,000	2,650,000
TOTAL		197
OTHER LONG TERM LIABILITIES		
-Others		197
TOTAL		
LONG-TERM PROVISIONS		
(a) Provision for Employee Benefits	484,615	461,538
Provision for Gratuity	3,691,538	3,445,283
(b) Others		
Rent Payable	4,176,153	3,906,821
TOTAL		

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2016
NOTE 4 CURRENT LIABILITIES

Particulars	31st March 2016 Rs.	31st March 2015 Rs.
SHORT TERM BORROWINGS:		
Unsecured Loan:		
Loan From Directors(interest @8% p.a.)	9,180,000	-
Mr. V.K. Grover		3,518,670
Inter Corporate Deposits (interest @8% p.a)	1,463,000	1,508,000
Novamod Trading Co. Pvt. Ltd.		
Pali Grover Woollen Pvt. Ltd.	10,643,000	5,026,670
TOTAL		
OTHER CURRENT LIABILITIES		
Other Payables	45,800	48,646
TOTAL	45,800	48,646
SHORT TERM PROVISIONS		
Provision for Employee Benefits	236,679	289,445
Others-	20,000	20,000
For Electricity	2,485	2,121
For Telephone Expenses	259,164	311,566
TOTAL		

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2016
NOTE 5
TANGIBLE ASSETS
[At Cost Less Depreciation]

	G R O S S B L O C K				D E P R E C I A T I O N					N E T B L O C K	
	Cost from last balance sheet	Additions during the year	Disposals	Balance at the end of the year	Written off upto last year	Written off this year	Deduction on a/c. of disposals	Impact as per Companies Act 2013	Total	Net book value at the end of 31/03/2016	Net book value at the end of 31/03/2015
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Fixed Assets											
Furniture & Fixtures	164,164	-	-	164,164	157,971	1,080	-	-	159,051	5,113	6,193
Office Equipments	330,458	-	-	330,458	330,450	-	-	-	330,450	8	8
Computers	340,238	-	-	340,238	340,237	-	-	-	340,237	1	1
Others: Electrical Fittings and equipments	323,572	-	-	323,572	322,574	440	-	-	323,014	558	998
TOTAL	1,158,432	-	-	1,158,432	1,151,232	1,520	-	-	1,152,752	5,680	7,200
Previous period	1,158,432	-	-	1,158,432	1,118,626	1,520	-	31086	1,151,232	7,200	

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2016

NOTE 6

NON CURRENT ASSETS

Particulars	31st March 2016 Rs.	31st March 2015 Rs.
LONG TERM LOANS AND ADVANCES:		
Unsecured, considered good	30,090	30,090
1) Security Deposits		
	<u>30,090</u>	<u>30,090</u>
TOTAL		
OTHER NON-CURRENT ASSETS:		
Unsecured, considered good	1,014	1,014
Deposit-M.W.E.G.G Scheme Trustees		
	<u>1,014</u>	<u>1,014</u>
TOTAL		

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2016

NOTE 7

CURRENT ASSETS

Particulars	31st March 2016 Rs.	31st March 2015 Rs.
CASH AND CASH EQUIVALENTS:		
Balance with Bank:		
in Current Account	193,492	38,460
Cheque in Hand	2,483	35,000
Cash in hand		2,250
	<u>195,975</u>	<u>75,710</u>
TOTAL		
SHORT TERM LOANS AND ADVANCES:		
Unsecured, considered good	35,885	41,165
Prepaid Expenses	625	625
Advance Profession Tax		262,000
Advance and loans to staff		
	<u>36,510</u>	<u>303,790</u>
TOTAL		

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2016

NOTE 8
OTHER INCOME

Particulars	31st March	31st March
	2016 Rs.	2015 Rs.
Interest on loans to staff	1,997	7,615
Dividend Income	-	1,577
Net Profit on Sale of investments	-	20
Income Tax Refund	-	250
TOTAL	1,997	9,462

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2016

NOTE 9
EMPLOYEE BENEFITS EXPENSES

Particulars	31st March,	31st March,
	2016 Rs.	2015 Rs.
Salaries, wages, bonus and allowances	2,360,448	1,710,127
Company's contribution to :		
Employees' State Insurance	8,494	6,712
Employees' Provident Fund	116,968	133,538
Employees' Pension Fund	30,939	30,690
Employees' Labour Welfare Fund	72	72
Employees' Deposit Linked Insurance Scheme	3,133	3,017
Employees' Group Gratuity Scheme	(105,729)	206,030
Staff welfare	99,413	102,296
Managerial remuneration payable to Managing Director (Refer #13 of Note #12B)	23,077	100,903
TOTAL	2,536,815	2,293,385

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2016
NOTE 10

FINANCE COST

Particulars	31st March, 2016 Rs.	31st March, 2015 Rs.
Interest on ICD	580,272	449,655
Interest on Loan from Director	187,398	23,420
TOTAL	767,670	473,075

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2016
NOTE 11

OTHER EXPENSES

Particulars	31st March, 2016 Rs.	31st March, 2015 Rs.
Electricity	213,150	203,690
Rent (Refer #15(i) of Note # 12B)	251,508	230,544
Rates and Taxes	5,051	5,752
Insurance	698	701
Repairs & Maintenance	9,934	26,278
Travelling and conveyance	878	991
Postage & telephone	157,770	51,764
Printing & stationery	76,501	47,469
Legal and Professional charges	293,372	185,353
Advertisement [statutory insertions]	101,523	100,261
Auditors' Remuneration:		
For audit	41,522	39,328
For other services	23,850	16,854
Directors' Sitting Fees	7,500	6,000
Bank charges	1,930	2,086
Hire charges	16,800	16,800
Service Tax	1,033	740
Subscription	260,180	137,451
Miscellaneous expenses	69,544	54,182
TOTAL	1,532,744	1,126,244

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2016**NOTE 12****(A) COMPANY OVERVIEW**

Modella Woollens Limited is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. Its shares are listed on BSE Ltd. The Company is engaged in trading of textiles.

(B) SIGNIFICANT ACCOUNTING POLICIES**(1) Basis of preparation**

- (i) The financial statements of the Company have been prepared and presented in accordance with the generally accepted Accounting Principles in India under the historical cost convention on an accrual basis. The Company has prepared these Financial Statements to comply in all material respects with the mandatory accounting standards.
- (ii) The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

(2) Fixed Assets and Depreciation

- (i) Fixed assets are stated at cost of acquisition or construction or at revalued amount, net of impairment loss if any, less accumulated depreciation/amortisation. Costs include financing costs of borrowed funds attributable to acquisition or construction of fixed assets, up to the date the assets are put to use. Assessment of indication of impairment of an asset is made at the period end and impairment loss if any, recognized.
- (ii) The Carrying cost (after retaining residual value) of the asset existing on April 1, 2014 is depreciated on Straight Line Method (SLM) over a period of remaining useful life of an asset as per Schedule II of the Companies Act, 2013.

In case where the remaining useful life of an asset as on April 1, 2014 is nil, the carrying amount of such asset after retaining its residual value is recognised in the opening balance of retained earnings as per Schedule II of the Companies Act, 2013.

Depreciation on addition / deletion to any asset during the period is calculated on pro rata basis from / up to the date of such addition / deletion respectively as per Schedule II of the Companies Act, 2013.

(3) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer.

Interest and Dividend Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognized when the Company's right to receive dividend is established by the Balance Sheet Date.

- (4) (i) Gratuity is provided on the basis of premium computed by the Life Insurance Corporation of India.
- (ii) Under the LIC Scheme, the Company has to bear a part of actual payment to an employee except on death or retirement at sixty. The liability cannot be ascertained.

- (iii) In the case of employees not covered by the Scheme, provision of liability for gratuity is estimated and based on the assumption that the amount is payable to employees at the end of the year.
- (iv) Provision of liability for earned leave estimated and based on the assumption that the accumulated leave to the credit of the employees is payable at the end of the year.
- (5) Rentals under operating leases are charged to the Profit and Loss account on the straight line basis over the term of the lease.
- (6) Legal expenses are provided only on receipt of lawyer's memo of fees as the same cannot be estimated. Advance given to lawyer is adjusted on receipt of final memo of fees.
- (7) **Use of estimates**

The preparation of financial statements requires the management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities on the date of the financial statements and reported amounts of revenues and expenses for the year. Although these estimates are based on the management's best knowledge of current event and actions, uncertainty about these assumptions and estimates could result in the outcomes different from the estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in the current and future periods.

(8) Cash and Cash Equivalents

Cash and Cash equivalents for the purpose of cash flow statement comprise cash in hand demand deposits with bank and other short term highly liquid investment/ deposits with an original maturity of three months or less.

(9) Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961.

Deferred income taxes reflect the impact of current year's timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

(10) Provisions and contingent liabilities

A provision is recognized when the Company has a present obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined based on the best estimate required to settle the obligation at the reporting date.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not

probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(11) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(12) Related Party Disclosure

(i) Borrowing from Directors:

Name of the Related party	Nature of transaction	Amount in Rupees	Amount in Rupees
		Volume of Transaction during the year	Outstanding Balance During the year
V.K. Grover	Un-secured, Loan	Rs.91,80,000/-	Rs. 91,80,000/-
	Gross Interest on Loan paid	Rs. 1,87,398/-	

(ii) Borrowing from parties in which Directors are interested:

Name of the Related party	Nature of Related party relationship	Nature of transaction	Amount in Rupees	Amount in Rupees
			Volume of Transaction during the year	Outstanding Balance during the year
Novamod Trading Co.Pvt. Ltd.	Mr.V.K.Grover is related to the Director of that Company. Mrs. G. Grover also a Director of that Company.	Un-secured, Inter-Corporate Deposits Taken	Rs.19,35,000/-	NIL
		Gross Interest on Inter Corporate Deposits	Rs. 3,68,006/-	
		ICD refund	Rs.73,08,670/-	

(iii). Key Managerial Personnel :

Name of the Related party	Nature of related party Relationship	Significant terms of Appointment	Volume of transaction during the period	Outstanding Balance
Mr. V. K. Grover	Chairman & Managing Director	Date of re-appointment:01/10/2015. Period of re-appointment:3 years	Rs.23,077/-	NIL

	31 st March 2016 Rs.	31 st March 2015 Rs.
	Rs.	Rs.
(13) Managerial Remuneration		
Provision for Gratuity	23,077	1,00,903
	<u>23,077</u>	<u>1,00,903</u>
(14) Disclosure of Earnings per Share		
(i) Loss for the year	(48,36,752)	(38,84,762)
(ii) Weighted Average Number of Shares used in Computing	9,10,000	9,10,000
(iii) Earnings Per Share(Per Equity Share of Rs.10/- each) Basic & Diluted	(5.32)	(4.27)
(15) (i) Rent including society charges for office premises debited to the profit & loss account for the year is Rs.2,51,508/-(Rs.2,30,544/-).		
(ii) Provision for rent payable upto 31 st March, 2016 Rs. 36,91,538/- (Rs.34,45,283/-) includes cheques paid but not encashed by the landlord.		
(16) Capital and other Commitments	NIL	NIL
(17) Contingent Liabilities	NIL	NIL
(18) Value of Imports calculated on CIF basis	NIL	NIL
(19) Expenditure in foreign currency(accrual basis)	NIL	NIL
(20) Earnings in foreign currency	NIL	NIL
(21) (i) No provisions of income tax has been made in the books in the absence of taxable income as per Income Tax Act, 1961.		
(ii) The Company has not created deferred tax asset on tax losses and depreciation, that are available for set off against future taxable income, in view of significant uncertainty regarding reliability of the same.		
(22) There are no dues to enterprises as defined under the Micro & Small Enterprises Development Act, 2006, which are outstanding for more than 45 days as at March 31 st , 2016 which is on the basis of such party having been identified by the management & relied upon by the auditor.		
(23) In the opinion of the Board, current assets, loans and advances other than those disclosed as doubtful, have a value at least equal to the amounts as shown in the Balance Sheet if realized		

in ordinary course of the business. The provision for all the liabilities except legal cost is adequate and not in excess of the amount reasonably necessary.

(24) Figures of previous year have been re-grouped/rearranged wherever necessary to confirm to current year.

Signatures to Note 1 to 12

V. K. Grover
Chairman & Managing Director
DIN No.-00434129

Gopee Grover
Director
DIN No.-00560162

B.K. Khemka
Independent Director
DIN No.-00292252

R.K. Chaudhary
Independent Director
DIN No. -02916342

Mumbai 18th May, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDING 31ST MARCH, 2016

	31st March, 2016 Rs. in Lakhs	31st March, 2015 Rs. in Lakhs
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/(Loss) before tax and extra-ordinary items	(48.37)	(38.85)
Adjustments for:		
Depreciation	0.02	0.02
Net (Profit)/Loss on Sale of Units/Assets		(0.00)
Dividend from units		(0.02)
	(48.35)	(38.85)
Operating profit before working capital changes		
Adjustments for (increase)/decrease in operating assets :		
Trade Receivables	2.67	(0.68)
Loans & Advances	44.71	35.39
Current & Non Current Liabilities	2.17	2.57
Others - Provisions		
	1.20	(1.55)
Cash Flow before Tax & extra-ordinary items		
Direct taxes paid	-	-
	1.20	(1.55)
(Net cash used in operating activities)		
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Net Cash flow from purchase/sale of assets	-	-
Sale proceeds of Investment	-	0.67
Dividend from units	-	0.02
	0.00	0.68
Net cash used in investing activities		
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Net Increase/(decrease) in cash & cash equivalents	1.20	(0.87)
Cash & Cash equivalents as at the beginning of the year	0.76	1.63
	1.96	0.76
Cash & Cash equivalents as at the end of the year		

We have verified the above cash flow statement of Modella Woollens Ltd. for the year ended March 31, 2016 prepared by the Company and certify that the cash flow statement has been derived from the accounts of the Company audited by us and has been prepared in accordance with Stock Exchange listing requirements.

For Vinay Sanjay & Associates
Firm Regn No. 112195W
Chartered Accountants

CA Sanjay R. Bhat
Partner
M. No. F-43376

V. K. Grover
Chairman & Managing Director
DIN No. - 00434129

G. Grover
Director
DIN No. - 00560162

B.K. Khemka
Independent Director
DIN No. - 00292252

R.K. Chaudhary
Independent Director
DIN No. - 02916342

Place: Mumbai
Dated: 18/5/2016

MODELLA WOOLLENS LIMITED

CIN: L17120MH1961PLC012080

Regd. Office: 4-C, Vulcan Insurance Bldg., Veer Nariman Road, Churchgate, Mumbai 400020.
Tel.: 022-22047424, Fax: 022-22872620 E-mail: modella@vsnl.com, Website: www.modellawoolleens.com

Dear Shareholder(s),

This is to inform you that the company is in process of updation of records of the shareholders in order to reduce the physical documentation as far as possible.

With new BSE listing agreement, it is mandatory for all the investors including transferors to complete their KTC information. Hence, we have to update your PAN No., phone no. and e-mail id in our records. We would also like to update your current signature records in our system.

To achieve this we solicit your co-operation in providing the following details to us :

1. If you are holding the shares in dematerialized form you may update all your records with your Depository Participant (DP).
2. If you are holding shares in physical form, you may provide the following :

Folio No. :
Pan No. :
E-mail ID :
Telephone No. :
Name and Signatures : i.
ii.
iii.

Thankink you,

For, Name of the company

Director/Authosised Signatory

MODELLA WOOLLENS LIMITED

CIN: L17120MH1961PLC012080

Regd. Office: 4-C, Vulcan Insurance Bldg., Veer Nariman Road, Churchgate, Mumbai 400020.
Tel.: 022-22047424, Fax: 022-22872620 E-mail: modella@vsnl.com, Website: www.modellawoolLens.com

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies
(Management and Administration) Rules, 2014]

Name of the Member (s): _____

Registered Address: _____

E-mail ID: _____

Folio No./ Client ID: _____ DP ID: _____

I/We, being the member (s) of shares of the above named Company, 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: _____ or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 54th Annual General Meeting of the Company, to be held on the Thursday 29th day of September, 2016 at 11.30 a.m. at Walchand Hirachand Hall, Indian Merchants' Chamber Building, # 76, Veer Nariman Road, Churchgate, Mumbai 400 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Vote (Optional see Note 2) (Please mention no. of shares)		
		For	Against	Abstain
Ordinary Business:				
1.	Adoption of Financial Statements for the year ended 31st March, 2016.			
2.	Appointment of Mrs. Gopee Grover as Director, who retires by rotation.			
3.	To ratify the appointment of M/s. Vinay Sanjay & Associates, Chartered Accountants (FRN:112195W), Mumbai as Statutory Auditors of the Company and to authorize Board to fix their remuneration.			

Signed this _____ day of _____ 2016



Signature of Proxy holders(s): _____

Signature of Shareholder

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

BOOK - POST

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Regd. Office : 4-C, Vulcan Insurance Bldg.,
Veer Nariman Road, Mumbai - 400 020.

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