



# Modern Threads (India) Limited

**Registered Office :**

A-4, Vijay Path, Tilak Nagar, Jaipur-302 004

Phone : 07823040996, Fax : 0141-2621382

E-mail : modernjaipuroffice@gmail.com

Website : www.modernwoolens.com

CIN : L17115RJ1980PLC002075

To,

04<sup>th</sup> July, 2017

BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street ,Mumbai- 400001  
Phones : 91-22-22721233/4, 91-22-66545695  
Fax : 91-22-22721919

Dear Sir/Madam,

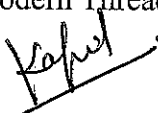
**Sub: Submission of 35<sup>th</sup> Annual Report for the year 2015-16**

With reference to the abovementioned subject, we are hereby submitting the 35<sup>th</sup> Annual Report of the Company in compliance of regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and record.

Thanking you,

Yours Faithfully  
For Modern Threads (India) Ltd.

  
Kapil Kumar Kumawat  
Company Secretary

Encl: As above

**Corporate Head Office** : 68/69, Godavari, Pochkhanwala, Worli, Mumbai - 400030

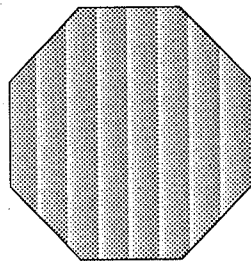
Tel. : 022-24973269, Fax : 022-24950962

**Plants** : Woollens Division : Hamirgarh Road, Bhilwara - 311001 (Rajasthan)

Tel. : 01482-241801, Fax : 01482-242288

Yarn Division : Village Raila, District - Bhilwara-311024 (Rajasthan)

# ANNUAL REPORT 2015-2016



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

## **BOARD OF DIRECTORS**

- Shri Rajesh Ranka – Chairman & Managing Director  
Shri H.L. Sharma – Independent Director  
Shri S.B.L. Jain – Independent Director  
Smt. Veena Jain – Non-Executive Director  
Shri B.M. Taparia – Additional Director  
Shri Naresh Devpura – Additional Director  
Shri J.N. Sharma – Additional Director

## **CHIEF FINANCIAL OFFICER**

Shri P.K. Nahar

## **COMPANY SECRETARY**

Shri B.L. Saini

## **AUDITORS**

S.S. Surana & Co.,  
Chartered Accountants,  
Jaipur-302 015

## **SECRETARIAL AUDITOR**

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

## **COST AUDITORS**

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

## **REGISTERED OFFICE**

A-4, Vijay Path, Tilak Nagar,  
Jaipur-302 004 (Rajasthan)  
Phone : 07823040996  
Email : modernjaipuroffice@gmail.com  
Website : www.modernwoollens.com  
CIN : L17115RJ1980PLC002075

## **CORPORATE HEADQUARTER**

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

## **PLANTS**

### **Woollens Division**

Hamirgarh Road,  
Bhilwara-311 001 (Rajasthan)

### **Yarn Division**

Village Raila-311 024  
Distt. Bhilwara (Rajasthan)



## NOTICE

Notice is hereby given that the 35th Annual General Meeting of the members of Modern Threads (India) Limited will be held on Saturday the 17th September, 2016 at 4.00 P.M. at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur - 302 004 to transact the following business :

### A. ORDINARY BUSINESS :

(1) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2016, and the reports of the Board of Directors and Auditors thereon.

(2) To appoint a Director in place of Smt. Veena Jain (DIN : 07148606) who retires by rotation and being eligible, offers herself for re-appointment.

(3) To ratify the re-appointment of Auditors of the Company and to fix their remuneration and to pass with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, as amended from time to time, and pursuant to the recommendations of the Audit Committee of the Board of Directors, and resolution passed by the members at the Annual General Meeting held on 22nd September, 2014, the re-appointment of M/s. S.S. Surana & Co., Chartered Accountants, Jaipur (Firm Registration No. 001079C), as the Auditors of the Company to hold office till the conclusion of 36th Annual General Meeting, be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors."

### B. SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Shri Brij Mohan Taparia (DIN : 07538954) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st July, 2016 and who holds office until the date of the ensuing Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri Brij Mohan Taparia as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period of three years from 1st July, 2016, not liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions if any, of the Companies Act, 2013 and the rules made thereunder, Shri Naresh Devpura (DIN: 07526062), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st July, 2016 and who holds office until the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions if any, of the Companies Act, 2013 and the rules made thereunder, Shri Jagdish Narayan Sharma (DIN: 07552825), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st July, 2016 and who holds office until the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactments thereof, for the time being in force) read with Schedule V to the Companies Act, 2013 and subject to the requisite approval of Central Government, if necessary, the consent of the Company be and is hereby accorded to the re-appointment of Shri Rajesh Ranka (DIN : 03438721) as Chairman & Managing Director of the Company for a period of three years with effect from 01/07/2016 on the remuneration, terms and conditions as recommended by the nomination and remuneration committee and as set out in the explanatory statement annexed to the notice."

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

"RESOLVED FURTHER THAT Shri H.L. Sharma, Director of the Company and Shri B.L. Saini, Company Secretary of the Company be and are hereby severally authorized to do all such necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and The Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M. Goyal & Co., Cost Accountants (Firm Registration No. 000051), appointed as Cost Auditors of the Company by the Board of Directors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2017, be paid the remuneration of ₹ 35,000/- per annum plus applicable service tax and reimbursement of expenses upto ₹ 15,000/- be and is hereby ratified and approved."

By order of the Board

Place : Mumbai  
 Date : 27th June, 2016

(B.L. SAINI)  
 Company Secretary

## NOTES :

- The Explanatory Statement pursuant to Section 102 and/or any other applicable provisions of the Companies Act, 2013 in respect of Special Business are annexed hereto.
- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in the meeting instead of himself/herself and the proxy need not be a member of the Company.
- The proxy form duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.
- Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send a certified copy of the relevant Board Resolution together with specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting.
- Members/proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
- The Share transfer books and Register of members shall remain closed from 14/09/2016 to 17/09/2016 (both days inclusive).

7. Members who have not registered their email addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.
8. The Statutory Registers maintained under the provisions of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
9. A Member desirous of getting any information on the accounts of the Company is requested to forward his request to the Company at least 10 days prior to the Meeting so that the required information can be made available at the Meeting.
10. A route map showing directions to reach the venue of the Annual General Meeting is given with the Annual Report.
11. Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosures Requirements), Regulations, 2015, the Company is pleased to provide its members the facility of "remote e-voting" (e-voting from a place other than venue of the AGM) to exercise their right to vote at the AGM. The business may be transacted through e-voting services provided by National Securities Depository Limited ("NSDL").

The facility for voting through Ballot / Poll Paper shall also be made available at the AGM and the members attending the meeting, who have not already cast their vote through remote e-voting, shall be able to exercise their right at the AGM.

The Board of Directors of the Company has appointed Shri R.K. Jain, Practicing Company Secretary as Scrutinizer for scrutinizing the voting and remote e-voting process in a fair and transparent manner.

The Notice of the AGM of the Company inter alia indicating the process and manner of e-voting process along with printed Attendance Slip and Proxy Form can be downloaded from the link <https://www.evoting.nsdl.com>

**The instructions to members for voting electronically are as under:-**

1. Company will send the pdf file to members on their registered email address which contains "User Id" and "Password for e-voting". Members shall use their folio number as password to open the attached PDF file. The members who have not provided email Id to the Company may contact to the concerned person on following numbers to get the "User ID" and "Password for e-voting", who will provide you the same after due verification of information of members available with the Company :-  
Mr. B. L. Saini/Mr. Nadeem Zaki  
Phone: 07823040996/0141-4113645  
Email Id: - modernjaipuroffice@gmail.com
2. The members should log on the e-voting website [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
3. Click on "Shareholder - Login".
4. Put User ID and password as initial password noted in step (1) above and Click Login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
6. After login, home page of remote "e-Voting" will open. Click on e-Voting: Active Voting Cycles.
7. Select "EVENT" of "Modern Threads (India) Limited". Members can cast their vote from 13th September, 2016 (9:00 am) and ends on 16th September, 2016 (5:00 pm).
8. Now member are ready for "e-Voting" as "Cast Vote" page opens.
9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted.
10. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also 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's e-mail [rkjainbhilwara@gmail.com](mailto:rkjainbhilwara@gmail.com) with a copy to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**Other information**

- A member may participate in the AGM even after exercising his right to vote through remote e-voting but he shall not be allowed to vote again at the AGM.
- A person, whose name is recorded in the register of members maintained by the Company 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.
- In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990.

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

**Item No. 4**

Shri Brij Mohan Taparia was appointed as an Additional Director of the Company with effect from 1st July, 2016 by the Board of Directors of the Company. Pursuant to the provisions of Section 161 of the Companies Act, 2013, he holds office as a Director only upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member under the provisions of Section 160 of the Companies Act, 2013 proposing the candidature of Shri Brij Mohan Taparia for the office of an Independent Director. Shri Brij Mohan Taparia is LLB from the University of Jodhpur. He is also fellow member of the Institute of Chartered Accountants of India. He has more than 41 years rich experience in the field of accounts, finance and management.

The resolution seeks the approval of members for the appointment of Shri Brij Mohan Taparia as an Independent Director of the Company for a period of three years from 1st July, 2016, pursuant to the applicable provisions of the Companies

Act, 2013 and the Rules made thereunder. Shri Brij Mohan Taparia is not liable to retire by rotation.

In the opinion of the Board of Directors, Shri Brij Mohan Taparia fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder for his appointment as an Independent Director of the Company and he is independent of the Management. A copy of draft letter for the appointment of Shri Brij Mohan Taparia as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days. No director, key managerial personnel or their relatives, except Shri Brij Mohan Taparia, to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the resolution set forth in Item No. 4 for the approval of the members.

**Item No. 5**

Shri Naresh Devpura (DIN: 07526062), was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st July, 2016 and who holds office upto the date of this Annual General Meeting under Section

161 of the Companies Act, 2013 but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director liable to retire by rotation. The Board considers it desirable that the Company should continue to avail of his services. Shri Naresh Devpura is B.COM from the University of Rajasthan. He has more than 36 years vast experience in the field of accounts, auditing and finance.

The resolution seeks the approval of the members for the appointment of Shri Naresh Devpura as a Director of the Company.

No director, key managerial personnel or their relatives, except Shri Naresh Devpura, to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the resolution set out in Item No. 5 for the approval of the members.

#### **Item No. 6**

Shri Jagdish Narayan Sharma (DIN: 07552825), was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st July, 2016 and who holds office upto the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director liable to retire by rotation. The Board considers it desirable that the Company should continue to avail of his services. Shri Jagdish Narayan Sharma is Higher Secondary from the Secondary Education Board, Rajasthan. He has more than 33 years experience in the field of accounts, finance, Human Resources and Industrial Relations.

The resolution seeks the approval of the members for the appointment of Shri Jagdish Narayan Sharma as a Director of the Company.

No director, key managerial personnel or their relatives, except Shri Jagdish Narayan Sharma, to whom the resolution relates, is interested or concerned in the resolution. The Board recommends the resolution set out in Item No. 6 for the approval of the members.

#### **Item No. 7**

Shri Rajesh Ranka was re-appointed as Chairman & Managing Director of the Company for a period of three years with effect from 01/02/2014. As term of his re-appointment will expire on 31/01/2017. The Board of Directors considered his contribution to the overall progress of the Company, therefore, the Board is of the opinion that his services should continue to be available to the Company by re-appointing him as Chairman & Managing Director of the Company for a period of three years with effect from 1st July, 2016. The Nomination and Remuneration Committee of the Board of Directors of the Company at their meeting held on 27/6/2016 has also approved the terms and conditions of re-appointment and remuneration of Shri Rajesh Ranka as Chairman & Managing Director of the Company with effect from 1st July, 2016.

#### **(A) Basic Salary :-**

₹ 1,50,000/- (Rupees One Lac Fifty Thousand only) per month for the first year and thereafter increase of ₹ 20,000/- per month every year for next two years.

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

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

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

The resolution seeks the approval of members in terms of section 196 and 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder for the re-appointment of Shri Rajesh Ranka as Chairman & Managing Director of the Company for a period of three years with effect from 01/07/2016.

Except Shri Rajesh Ranka, none of the Directors and key managerial personnel of the Company and their relatives is concerned or interested in the said resolution set out at item No. 7. The Board recommends the resolution for the approval of the members. The details set out herein above may be treated as an abstract under section 190 of the Companies Act, 2013.

#### **Item No. 8**

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M. Goyal & Co., Cost Accountants, Jaipur as the Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2017 at a remuneration of ₹ 35,000/- per annum plus applicable service tax and reimbursement of expenses upto ₹. 15,000/-.

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item No. 8 of the notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2017.

None of the Directors, key managerial personnel or their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution set out at item No. 8.

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

Name	Smt. Veena Jain	Shri Brij Mohan Taparia	Shri Naresh Devpura	Shri Jagdish Narayan Sharma	Shri Rajesh Ranka
Director Identification Number (DIN)	07148606	07538954	07526062	07552825	03438721
Date of Birth	06/09/1978	22/02/1950	01/10/1959	10/05/1968	07/10/1966
Qualifications	M.A.	C.A.	B.COM.	Higher Secondary	MBA
Expertise in Specific Area	Business	Accounts, Finance & Management	Accounts & Finance	Accounts, Finance, HR, Industrial Relations	Business & Industrialist
Date of first Appointment on the Board of the Company	June 18, 2015	July 1, 2016	July 1, 2016	July 1, 2016	February 1, 2011
Shareholding in the Company	Nil	Nil	Nil	Nil	Nil
Directorship held in other companies	Nil	Nil	Nil	Nil	Nil
Membership / Chairmanships of Audit and stake holders relationship committees	Nil	Nil	Nil	Nil	Nil

## DIRECTORS' REPORT

The Members,

Your Directors are pleased to present the 35th Annual Report on the business and operations of the Company together with Audited Financial Statements for the financial year ended 31st March, 2016.

### FINANCIAL RESULTS

(₹ in Crores)

Particulars	Year ended 31.3.2016	Year ended 31.3.2015
Revenue from operations & other Income	153.84	144.57
Profit before exceptional items & tax	8.93	7.48
Exceptional items	5.00	-
Profit before tax	13.93	7.48
Less-Tax expenses	-	-
Profit for the year	13.93	7.48
Balance brought forward from previous year	(308.61)	(316.09)
Balance carried to Balance Sheet.	(294.68)	(308.61)

### OPERATIONS

The performance of Woollen division of the Company has been satisfactory over past few years inspite of stiff competitions in the domestic and International markets. During the year under review, the turnover of the Woollen Division of the Company was ₹ 151 crores as against ₹ 143 crores in the previous year. Your company has been able to generate net profit of ₹ 8.93 crores during the year under review as against ₹ 7.48 crores in previous year. The Yarn division of the Company situated at Raila continued to remain closed during the year under review on account of continuing strike by the workers and sealing of the entire plant and machinery by Ajmer Vidyut Vitran Nigam Limited. In view of accumulated losses, your directors are unable to declare any dividend for the year under review.

### TRANSFER TO RESERVES

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

### EXPORTS

The company is one of the largest exporter of worsted and blended woollen yarn from India. During the year under review, Woollen Division of the Company achieved export turnover of ₹ 112 crores as against ₹ 95 crores in previous year showing 18% growth. Consistent efforts are being made by the Woollens Division of the Company to ensure sustainable leadership for its products in global market. Woollen division has also initiated efforts to retain existing customers base and contacting newer customers in overseas market with different product range in worsted yarn so as to achieve improved performance and profitability in the ensuing period.

### FUTURE PROSPECTS

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

### FIXED DEPOSITS

The Company has an unpaid amount of fixed deposits & interest thereon outstanding as on 31st March, 2016, the detail of which have been given in the Note No. 4 annexed with financial statements. In view of petition filed by the Company, the Hon'ble Company Law Board has passed an order on 17/04/2002 that "The repayment of fixed deposits shall be made by the Company in accordance with the "revival scheme" as and when approved by BIFR under the provisions of "SICA". However, payments on compassionate ground are continued to be made as per the decision of

the Committee formed by Hon'ble Company Law Board for this purpose.

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

### STATUS OF PROCEEDINGS AT BIFR

Pursuant to the direction of Hon'ble BIFR and discussions with Operating Agency, the Company has filed revised Draft Rehabilitation Scheme with the Hon'ble BIFR which is under examination and consideration. All hearing listed from October, 2015 onwards have been postponed till further order as per notification of BIFR.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors at its meeting held on 27th June, 2016, has re-appointed Shri Rajesh Ranka as Chairman & Managing Director of the Company with remuneration for a further period of three years with effect from 1st July, 2016, subject to the approval of the members. Shri Brij Mohan Taparia, Shri Naresh Devpura and Shri Jagdish Narayan Sharma have been appointed as an additional directors of the Company by the Board of Directors with effect from 1st July, 2016. In accordance with the provisions of section 152 of the Companies Act, 2013, Smt. Veena Jain, Director of the Company retires by rotation and being eligible offers herself for re-appointment. Appropriate resolutions for the appointment/re-appointment of the aforesaid Directors is being moved at the ensuing Annual General Meeting, which the Board recommends for your approval.

During the year under review, Shri Pushp Kumar Jain, has resigned from the Directorship of the Company with effect from 1/7/2016 and Shri Pradeep Kumar has ceased to be Special Director of the Company by Board For Industrial Financial Reconstruction (BIFR) with effect from 3/2/2016. The Board places on record its sincere thanks and gratitude for the valuable contribution made by Shri Pushp Kumar Jain and Shri Pradeep Kumar towards the growth and development of the company during their tenure as Director of the Company. There was no change in the Key Managerial Personnel during the year.

### Declaration of Independent Directors

The Company has received declarations from all the Independent Directors of the Company that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

### NOMINATION AND REMUNERATION POLICY

As per the provisions of section 178 of the Companies Act, 2013 and the rules made thereunder, the Board has constituted a Nomination and Remuneration Committee. The Board has, on the recommendation of the Nomination & Remuneration Committee, framed and adopted a policy i.e. Nomination & remuneration Policy for selection and appointment of Directors, Senior managerial personnel and their remuneration.

The Non-Executive/Whole-time/Managing Director, Key Managerial Personnel (KMP) and other employees shall be of requisite qualification, high integrity and should have relevant expertise and experience.

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

Sl. No.	Name of Director	Position held in the Committee	Category of Director
1	Shri S.B.L. Jain	Chairman	Independent Director
2	Shri H.L. Sharma	Member	Independent Director
3	Shri Pradeep Kumar	Member	Special Director, BIFR (upto 3/2/2016)
4	Shri P.K. Jain	Member	Non-Executive Director (w.e.f. 28/3/2016)

### **Board Evaluation**

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

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

### **Number of Board Meetings**

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

In the Financial Year 2015-16, the Board met four times. The Meetings were held on 18th June, 2015, 24th September, 2015, 28th December, 2015 and 28th March, 2016. The intervening gap between the meetings was within the period prescribed under section 173 of the Companies Act, 2013.

### **AUDITORS AND AUDITORS' REPORT**

#### **Statutory Auditors**

S.S. Surana & Co., (Firm Registration No. 001079C), Chartered Accountants, Jaipur were appointed as Statutory Auditors of the Company at the Annual General Meeting held on 22nd September, 2014 for a period of three years subject to ratification by members at every consequent Annual General Meeting. Accordingly, the re-appointment of S.S. Surana & Co., Chartered Accountants, as statutory auditors of the Company, is placed for ratifications by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

The observations made in the Auditors' Report read together with relevant notes thereon are self explanatory and hence, do not call for any further comments under Section 134 of the Companies Act, 2013.

#### **Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed R.K. Jain & Associates, Company Secretaries, Bhilwara to undertake the Secretarial Audit of the Company for the financial year ended 31st March, 2016. The Secretarial Audit report is annexed as **Annexure-A** to the Board's report.

The observations in Secretarial Audit Report which pertains mainly to listing agreement requirements, Stock Exchange compliances etc. It is clarified that the Company will take necessary action on implementation of rehabilitation scheme pending for examination and approval of BIFR.

#### **Cost Auditors**

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and The Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Company has appointed M. Goyal & Co., Cost Accountants, Jaipur (Firm Registration No. 000051) to undertake the Cost Audit of the Company.

As required under the Companies Act, 2013, a resolution seeking members Approval for the remuneration payable to the Cost Auditors forms part of the Notice convening Annual General Meeting for their Ratification.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

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

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

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

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

### **INDUSTRIAL RELATIONS AND PARTICULARS OF EMPLOYEES**

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

### **DIRECTOR'S RESPONSIBILITY STATEMENT**

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

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

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

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



### **CORPORATE SOCIAL RESPONSIBILITY**

As per the provisions of section 135(1) of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility Committee. The Board has, on the recommendation of the Corporate Social Responsibility Committee, framed and adopted a policy for CSR. The company does not meet the criteria of Section 135 (5) of Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, so there is no requirement to spend any amount on CSR activities during the financial year 2015-16.

The detail of Committee members are as follows :

Sl. No.	Name of Director	Position held in the Committee	Category of the Director
1	Shri Rajesh Ranka	Chairman	Managing Director
2	Shri S.B.L. Jain	Member	Independent Director
3	Shri H.L. Sharma	Member	Independent Director

### **VIGIL MECHANISM**

Pursuant to the provision of Section 177 (9) and (10) of the Companies Act, 2013, the Company has formulated and implemented the Whistle Blower Policy/Vigil Mechanism. This has provided a mechanism for Directors and employees of the Company and other persons dealing with the Company to report genuine concerns about unethical behavior, actual or suspected fraud and violation of the Company's code of conduct and ethics. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns.

### **ENVIRONMENT AND SAFETY**

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

The Company has zero tolerance towards sexual harassment at the workplace and has a proper management system to prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal ) Act, 2013 and the Rules made thereunder. During the financial year 2015-16, the Company has not received any complaints of sexual harassment.

### **CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

In accordance with the provisions of section 188 of the Companies Act, 2013 and rules made thereunder, all related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business, the details of which are included in the notes forming part of the financial statements. There were no materially significant related party transactions which may have a potential conflict with the interests of the Company at large. Accordingly, information in Form AOC-2 is not required.

### **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company does not have any Subsidiary, Joint venture or Associate Company as on 31st March, 2016.

### **EXTRACT OF ANNUAL RETURN**

In accordance with Section 134 (3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format (MGT-9) is annexed as **Annexure-C** to the Board's Report.

### **CODE OF CONDUCT**

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

procedure of business conduct which is expected to be followed by the Directors, Key Managerial Personnel and all other designated employees of the Company in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders.

### **BUSINESS RISK MANAGEMENT**

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

### **AUDIT COMMITTEE**

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

Sl. No.	Name of Director	Position held in the Committee	Category of Director
1	Shri S.B.L. Jain	Chairman	Independent Director
2	Shri H.L. Sharma	Member	Independent Director
3	Shri Pradeep Kumar	Member	Special Director, BIFR (upto 3/2/2016)
4	Shri P.K. Jain	Member	Non-Executive Director (w.e.f. 28/3/2016)

### **GENERAL**

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relate and the date of this report.
3. No significant or material orders were passed by the regulators or Courts or Tribunals which impact the going concern status and Company's Operations in future.

### **ACKNOWLEDGEMENTS**

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the Banks, Government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

( RAJESH RANKA )

Chairman & Managing Director

DIN : 03438721

Place : Mumbai

Dated : 27th June, 2016

**Annexure-A to the Board's Report**  
**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,  
 Modern Threads (India) Limited  
 A-4, Vijay Path, Tilak Nagar,  
 Jaipur-302004

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Modern Threads (India) Limited (hereinafter called the company).

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 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:-

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Modern Threads (India) Limited 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 and Overseas Direct Investment. There is no transaction relating FDI and ODI during the year under review.
- (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, 1992 and 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 to the Company during the Period under review);
  - (d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the Period under review);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. (Not applicable to the Company during the Period under review);
  - (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 to the Company during the Period under review); and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. (Not applicable to the Company during the Audit Period).
- (vii) Other applicable Laws like Factories Act, 1948; The Payment of Gratuity Act, 1972; Industrial Disputes Act, 1947; The Payment of wages Act, 1936; Employees State Insurance Act, 1948; The Employees' Provident Fund and Misc. Provisions Act, 1952; The Payment of Bonus Act, 1985; The

Contract Labour (Regulation & Abolition) Act, 1970, Environment Laws. (viii) The Sick Industrials Companies (Special Provisions) Act, 1985. The Company has been declared as Sick Company by the Board for Industrial and Financial Reconstruction (BIFR) and the company has submitted rehabilitation scheme to BIFR which is under examination /approval.

(ix) As informed and certified by the management, there are no other laws that are specifically applicable to the company based on their sector/industry. We have also examined compliance with the applicable clauses of the following:-

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

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:-

1. The preference shares were redeemable in four equal installments commencing from the year 2003-04, now the preference shares will be redeemed as per Rehabilitation Scheme to be approved by BIFR. The Dividend on Cumulative redeemable Preference Shares has not been provided for last years. The company expects waiver/ relief under Draft Rehabilitation Scheme pending for approval with BIFR.
2. The company had unpaid Fixed Deposits accepted from Public. The outstanding amount of Public Fixed Deposit as on 31st March, 2016 was amounting to Rs. 630.19 Lacs. In view of petition filed by the company in CLB, The Hon'ble Company Law Board has passed order dated 17.04.2002. According to which the repayment of Fixed Deposit shall be made by the Company as per Rehabilitation Scheme to be approved by BIFR.
3. The company has an outstanding amount of share application money Rs.1450.00 lacs received from promoters and associates pursuant to the Draft rehabilitation scheme. The instrument will be issued on sanction of the scheme by BIFR. In view of pending approval of rehabilitation scheme by BIFR, no application money is due for refund. Allotment of Equity Shares has not been made so far.
4. There was no director retiring by rotation at the beginning of the financial year. However, the company has appointed two additional Directors on 18th June, 2015 who were regularize in AGM as Directors retiring by rotation in compliance of Section 152 (6) of the Companies Act, 2013.
5. The Securities of the Company has not yet been in dematerialized form as such the company has not comply the provisions of the Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
6. The company has not complied with the provisions of Listing Agreement and SEBI Rules and Regulations, wherever applicable.
7. The Company has its website, but the disclosure as required by Companies Act, 2013 and Listing Agreement were not disseminated of Website.
8. The Company has not provided the E-voting facility to the Shareholder in the Annual General Meeting dated 24th September, 2015. However, as per the explanation, the company has taken steps for providing e-voting facility in ensuing Annual General Meeting.

**We further report that-**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors except the observations made in the Report. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda

and detailed notes on agenda, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

**R. K. Jain & Associate**  
Company Secretaries

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

Place : Bhilwara  
Date : 27th June, 2016

#### 'Annexure A'

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

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

- 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.
- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide reasonable basis of our opinion.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company. We have relied upon the Report of Statutory Auditors regarding compliance of Companies Act, 2013 and Rules made thereunder relating to maintenance of Books of Accounts, papers and financial statements of the relevant Financial Year, which give a true and fair view of the state of the affairs of the company.

- We have relied upon the Report of Statutory Auditors regarding compliance of Fiscal Laws, like the Income Tax Act, 1961 & Finance Acts, the Customs Act, 1962, the Central Excise Act, 1944 and Service Tax except some dues as mentioned in Independent Auditors' Report. There are some disputed statutory dues, which have not been deposited on account of matter pending before appropriate authorities as mentioned in Independent Auditors' Report.
- Wherever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.
- The compliances of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination is limited to the verification of procedures on test basis.
- The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**R. K. Jain & Associate**  
Company Secretaries

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

Place : Bhilwara  
Date : 27th June, 2016

#### Annexure -B to Board's Report

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

##### **(A) Conservation of energy-**

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

##### **(B) Technology absorption-**

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

##### **(C) Foreign exchange earnings and Outgo-**

Particulars	Details
1. Activities relating to exports, initiatives to increase exports, Developments of New export markets for products and services and export plan	We are sending our marketing team to various part of the world for development of yarn market and attending exhibitions on regular basis.
2. Total Foreign Exchange Earned and Used	
i) The Foreign Exchange earned in terms of actual inflows during the year	₹ 11170.18 lacs
ii) Foreign Exchange outgo during the year in terms of actual outflows	₹ 7540.75 lacs

**Annexure C to Boards' Report**  
**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31st March, 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	L17115RJ1980PLC002075
ii)	Registration Date	28/08/1980
iii)	Name of the Company	Modern Threads (India) Limited
iv)	Category/Sub-Category of the Company	Limited by Shares
v)	Address of the Registered office and contact details	A-4, Vijay Path, Tilak Nagar, Jaipur - 302004. Phone No. : 07823040996
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent	In house

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Worsted Yarn	17123	80.79

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ASSOCIATE	% of shares held	Applicable Section
1	N.A.	N.A.	N.A.	N.A.	N.A.

**IV. SHARE HOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)**

**i) Category-wise Share Holding**

Category of Share holders	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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt.(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bodies Corp.	Nil	23011801	23011801	66.17	Nil	23011801	23011801	66.17	Nil
e) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total(A)(1):-</b>	<b>Nil</b>	<b>23011801</b>	<b>23011801</b>	<b>66.17</b>	<b>Nil</b>	<b>23011801</b>	<b>23011801</b>	<b>66.17</b>	<b>Nil</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total(A)(2):-</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Total share holding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>Nil</b>	<b>23011801</b>	<b>23011801</b>	<b>66.17</b>	<b>Nil</b>	<b>23011801</b>	<b>23011801</b>	<b>66.17</b>	<b>Nil</b>

<b>B. Public Shareholding</b>									
<b>I. Institutions</b>									
a) Mutual Funds	Nil	16200	16200	0.06	Nil	16200	16200	0.06	Nil
b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt. (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Venture Capital funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Insurance Companies	Nil	385270	385270	1.10	Nil	385270	385270	1.10	Nil
f) FII's	Nil	436900	436900	1.26	Nil	436900	436900	1.26	Nil
g) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Banks	Nil	2907	2907	0.01	Nil	2907	2907	0.01	Nil
i) FI	Nil	3332907	3332907	9.59	Nil	3332907	3332907	9.59	Nil
<b>Sub-total(B)(1):-</b>	<b>Nil</b>	<b>4174184</b>	<b>4174184</b>	<b>12.01</b>	<b>Nil</b>	<b>4174184</b>	<b>4174184</b>	<b>12.01</b>	<b>Nil</b>
<b>2. Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	Nil	1509898	1509898	4.34	Nil	1509836	1509836	4.34	Nil
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i) Individual share holders holding nominal share capital upto ₹ 1 lakh	Nil	5942067	5942067	17.09	Nil	5942587	5942587	17.09	Nil
ii) Individual share holders holding nominal share capital in excess of ₹ 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Others Clearing Members	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) NRI's	Nil	137210	137210	0.39	Nil	136752	136752	0.39	Nil
<b>Sub-total(B)(2):-</b>	<b>Nil</b>	<b>7589175</b>	<b>7589175</b>	<b>21.82</b>	<b>Nil</b>	<b>7589165</b>	<b>7589165</b>	<b>21.82</b>	<b>Nil</b>
<b>Total Public Share holding (B)=(B)(1)+ (B)(2)</b>	<b>Nil</b>	<b>11763349</b>	<b>11763349</b>	<b>33.82</b>	<b>Nil</b>	<b>1176359</b>	<b>1176359</b>	<b>33.82</b>	<b>Nil</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Grand Total (A+B+C)</b>	<b>Nil</b>	<b>34775160</b>	<b>34775160</b>	<b>100</b>	<b>Nil</b>	<b>34775160</b>	<b>34775160</b>	<b>100</b>	<b>Nil</b>

**(ii) Share holding of Promoters**

Sl. No.	Share holder's Name	Share holding at the beginning of the year			Share holding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered	% change in shareholding during the year to total shares
1	Shri Rajesh Ranka	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2	Generotrade Exim LLP	15636901	44.97	Nil	15636901	44.97	Nil	Nil
3	Vishwa Vyapar Trading Pvt. Ltd.	7000000	20.12	Nil	7000000	20.12	Nil	Nil
4	Shrine Trading Company Pvt. Ltd. (Pledged with GSFC)	374900	1.08	1.63	374900	1.08	1.63	Nil
	<b>Total</b>	<b>23011801</b>	<b>66.17</b>	<b>1.63</b>	<b>23011801</b>	<b>66.17</b>	<b>1.63</b>	<b>Nil</b>

## (iii) Change in Promoters' Share holding (please specify, if there is no change)

Sl. No.	Particulars	Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		Nil	Nil	Nil	Nil

## (iv) Share holding Pattern of top ten Share holders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Share holders	Share holding at the beginning of the year		Share holding at the End of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Unit Trust of India	3077732	8.85	3077732	8.85
2	Amrex Marketing Pvt. Ltd.	1024400	2.95	1024400	2.95
3	TAIB A/c TSML	415839	1.20	415839	1.20
4	Life Insurance Corporation of India	265374	0.76	265374	0.76
5	Raj. State Ind. Dev. & Invest. Corp. Ltd.	248850	0.72	248850	0.72
6	3A Capital Services Ltd.	233656	0.67	241506	0.69
7	Paridhi Shreshoppe Pvt. Ltd.	67648	0.20	67648	0.20
8	MSV Securities Limited	63600	0.18	63600	0.18
9	The Oriental Insurance Company Ltd.	58915	0.17	58915	0.17
10	Fair growth Investments Ltd.	44796	0.13	44796	0.13

## (v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Share holding at the beginning of the year		Commulative share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Shri Rajesh Ranka-Chairman & Managing Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease(e.g. allotment/transfer/ bonus/sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
2	Shri Pradeep Kumar - Special Director, BIFR				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
3	Shri H.L. Sharma - Independent Director				
	At the beginning of the year	100	0.00	100	0.00
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for in crease/decrease(e.g. allotment/transfer/ bonus/sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year	100	0.00	100	0.00

4	Shri S.B.L. Jain - Independent Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease(e.g. allotment/transfer/bonus/sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
5	Smt. Veena Jain-Non-Executive Director				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease(e.g. allotment/transfer/bonus/sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
6	Shri P.K. Jain				
	At the beginning of the year	Nil	Nil	10	0.00
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease(e.g. allotment/transfer/bonus/sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
7	Shri P.K. Nahar-CFO				
	At the beginning of the year	10	0.00	10	0.00
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease(e.g. allotment/transfer/bonus/sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year	10	0.00	10	0.00
8	Shri B L Saini - Company Secretary				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease(e.g. allotment/transfer/ bonus/sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil

**V. INDEBTEDNESS**

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

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	11269.80	51.51	663.75	11985.06
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	7805.05	-	846.81	8651.86
<b>Total (i+ii+iii)</b>	<b>19074.85</b>	<b>51.51</b>	<b>1510.56</b>	<b>20636.92</b>

Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	125.00	28.02	33.56	186.58
<b>Net Change Indebtedness</b>	<b>125.00</b>	<b>28.02</b>	<b>33.56</b>	<b>186.58</b>
<b>At the end of the financial year</b>				
i) Principal Amount	11144.80	23.49	630.19	11798.48
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	7805.05	-	846.81	8651.86
<b>Total (i+ii+iii)</b>	<b>18949.85</b>	<b>23.49</b>	<b>1477.00</b>	<b>20450.34</b>

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

(Amount in ₹)

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

**B. Remuneration to other directors:**

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Shri Pradeep Kumar	Shri S.B.L. Jain	
1	Independent Directors Fee for attending board/committee meetings	9000	18000	27000
	Commission	-	-	-
	Service Tax on Director Fee (F.Y.2014-15 - 4050) (F.Y.2015-16 - 3073)	-	-	7123
	Total(1)	9000	18000	34123



2	Other Non-Executive Directors			
	Fee for attending board/committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total(2)			
	Total (B)=(1+2)	9000	18000	34123
	Total Managerial Remuneration	-	-	-
	Overall Ceiling as per the Act	-	-	-

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		P.K. Nahar CFO	B L Saini Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1259710	526611	1786321
	(b) Value of perquisites u/s 17(2) Income-tax-Act, 1961	-	-	-
	(c) Profit in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as% of profit			
	- others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (C)	1259710	526611	1786321

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES :**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment					
Compounding					

**INDEPENDENT AUDITOR'S REPORT**

To  
The Members of  
Modern Threads (India) Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of Modern Threads (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement, and a summary of significant accounting policies and other explanatory information for the year then ended.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to preparation of these financial statements that give a true and fair view of 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 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into the 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 the accounting policies used and the reasonableness of the accounting estimates made by the 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 qualified audit opinion on the financial statements.

**Basis for Qualified Opinion**

- (i) Dividend on cumulative redeemable preference shares amounting to ₹ 140.37 lacs for the year (₹ 2807.50 lacs up to 31.03.2016) has not been provided in view of accumulated losses. (Note No. 1.5)
- (ii) Provision of interest on certain unsecured loans/deposits amounting to ₹ 7.63 lacs for the year (₹ 809.03 lacs up to 31.03.2016) has not been made as company expects waiver/ relief. (Note No. 20.1 & 20.2)
- (iii) Balances of trade payables pertaining to Thread Division of the company which is lying closed due to seizure of entire plant and office block by Ajmer Vidyut Vitaran Nigam Limited, are subject to confirmation and consequential adjustments, if any. (Note No. 6.2)
- (iv) Impairment loss on fixed assets and impact of depletion in inventories of Thread Division if any, not ascertained due to seizure of entire plant and office block by Ajmer Vidyut Vitaran Nigam Limited. (Note No. 8.4 & 11)
- (v) The accounts of the company have been prepared on going concern basis though the board of industrial and financial reconstruction (BIFR) has declared the company as a sick company. (Note No.27)

We further report that without considering items mentioned at para (iii), (iv) & (v) above, the effect of which could not be determined, had the observation made by us in para (i) & (ii) above been considered, the profit for the year would have been ₹ 1384.92 Lacs (as against the reported figure of ₹ 1392.55 Lacs), Reserve & Surplus would have been ₹ (23671.62 Lacs) (as against the reported figure of ₹ 20055.09 Lacs) and Other Current Liabilities would have been ₹ 6695.30 Lacs (as against reported figure of ₹ 3078.77 Lacs).

**Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid financial statements 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,

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- (b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. 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, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the company.
  - (f) On the basis of written representations received from the directors as on 31st March, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
  - (g) The qualification and other matters connected there with are stated in the Basis for Qualified Opinion paragraph above.
  - (h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule, 2014 in our opinion and to the best of our information and according to the explanation given to us:
    - i. The Company has disclosed the impact of pending litigation on its financial position in its financial statements
    - ii. The Company does not have any long term contracts including derivative, contracts for which there were any material foreseeable losses.
    - iii. There is no default in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31st March 2016 (Refer Note No. 3.1 & 4.4).

For S. S. Surana & Co.  
Chartered Accountants  
(FRN : 001079C)

(Prahald Gupta)  
(Partner)  
M. No. 074458

Place : Mumbai  
Date : 27th June, 2016

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

Referred to in paragraph under the heading of "Report on other Legal & Regulatory Requirements" of our report of even date to the Members of Modern Threads (India) Limited on the financial statement for the year ended March 31st 2016;

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed Assets other than furniture & fixtures for which detailed records are not maintained.

(b) According to the information and explanations given to us, the fixed assets were physically verified by the management except of Threads Division being under attachment by AVVNL, at reasonable intervals during the year in accordance with a program of physical verification and no material discrepancies were noticed on such verification as compared to the available records.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for two cases of free hold land amounting to ₹10.73 lacs for which proper documents were not available for our verification :

(ii) As explained to us, physical verification, except of Threads Division of the Company being under attachment of AVVNL, has been conducted by management at reasonable intervals in respect of inventories except stocks in transit and lying with third parties which have generally been confirmed. There were no material discrepancies noticed on physical verification of stocks as compared to book records.

(iii) The company has not granted any loans, secured and unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act 2013, hence clauses (iii) (a), (iii) (b) and (iii) (c) of the order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013, with respect to the loans and investments made.

(v) As per information and explanations given to us, the company has not accepted any fresh deposits during the year. In respect of deposits accepted in earlier years, the compliance with the provisions of Sections 73 to 76 or any other relevant provisions of Companies Act, 2013 and the rules framed thereunder are subject to order of Company Law Board Dated 17.04.2002, "that the repayment of fixed deposits shall be made by the company in accordance with the revival scheme as and when approved by the BIFR under the Provisions of 'SICA'. However the Company is making payment on compassionate grounds as per decision of committee formed by the Company Law Board.

(vi) We have broadly reviewed the books of accounts maintained by the company pursuant to sub-section (1) of section 148 of the Companies Act, 2013, and are of the opinion that prima facie, the prescribed accounts and records have been so made and maintained.

(vii)(a) According to the records of the company produced for our verification, the company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and any other statutory dues with appropriate authorities except the dues pertains to Thread Division of the company which is lying closed and the dues are outstanding for more than 6 months from the date of becoming payable :

• Central Sales Tax	₹ 13.05 Lacs
• Rajasthan Sales Tax	₹ 79.44 Lacs
• Textiles Committee Cess	₹ 7.32 Lacs
• Excise Duty	₹ 12.17 Lacs

(b) The disputed statutory dues, which have not been deposited on account of matters pending before appropriate authorities are as under:-

(₹ in lacs)

Name of statute	Nature of dues	Amount net of advance	Forum where dispute is pending
Central Sales Tax Act	Sales tax	154.72	DC (A), Jaipur
	Sales tax	2.23	C/O, Jaipur
State Sales Tax Act	Sales tax (RST)	79.95	DC(A), Jaipur
	Sales tax (RST)	3.12	C/O, Jaipur
	Sales tax (UPST)	6.82	H C., Allahabad
	Sales tax (BST)	0.07	DC(A), Mumbai
Central Excise Act	Excise duty	59.09	Commissioner Appeals, Jaipur
	Excise duty	16.05	CESTAT, Delhi
Textile Committee Cess	TC Cess	19.08	Textile Commissioner Delhi
Raj. Land & Building Tax Act	Land & Building Tax	4.11	High Court, Jaipur
The Raj. Land Revenue Act	Land Tax	1.83	DJ, Bhilwara
	Land Tax	14.50	High Court, Jaipur
Employee State Insurance Act	ESI	28.09	High Court, Jodhpur
	ESI	7.07	Labour Tribunal, Delhi
Provident Fund Act	PF	4.67	Commissioner, Jaipur
The Rajasthan Agriculture Product Markets Act	Mandi Tax	455.20	Pending with Govt. of Rajasthan
The Rajasthan Tax on Entry For goods in to Local area Act.	Entry Tax	15.03	The Rajasthan High Court, Jaipur

(viii) According to the records of the Company and information given to us, the company is now regular in repayment of its settled loans or borrowings and dues to debenture holders .

(ix) The company has not raised any money by way of public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid managerial remuneration, pending requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act. The amount so involved was ₹ 11.77 Lacs and the same has been received back during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanation given to us and based on our examination of records of the company, the company has not entered into any non cash transaction with the directors or person connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The company is not required to be registered under Section 451A of the Reserve Bank of India Act, 1934.

**For S. S. Surana & Co.**  
Chartered Accountants  
(FRN : 001079C)

**(Pralhad Gupta)**  
(Partner)

**M. No. 074458**

Place : Mumbai  
Date : 27th June, 2016

**Annexure - B to the Independent Auditors' Report on Financial Statements of Modern Threads (India) Limited  
 Report on the Internal Financial Controls under Clause (i) of Sub-section 3  
 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Modern Threads (India) Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

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

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

Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S. S. Surana & Co.**  
 Chartered Accountants  
 (FRN : 001079C)  
**(Pralad Gupta)**  
 (Partner)  
**M. No. 074458**

Place : Mumbai  
 Date : 27th June, 2016

**BALANCE SHEET AS AT 31ST MARCH, 2016**
*(₹ in lacs)*

Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
<b>EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
Share Capital	1	4,352.52	4,352.52
Reserves & Surplus	2	<u>(20,055.09)</u>	<u>(21,447.64)</u>
		<u>(15,702.57)</u>	<u>(17,095.12)</u>
<b>2. Share Application Money Pending Allotment</b>	3	1,450.00	1,450.00
<b>3. Non Current Liabilities</b>			
Long-term Borrowings	4	18,949.85	18,650.60
Long term Provisions	5	<u>210.18</u>	<u>211.61</u>
		<u>19,160.03</u>	<u>18,862.21</u>
<b>4. Current Liabilities</b>			
Trade payables	6	-	-
Total outstanding dues of micro and small enterprises		-	-
Total outstanding dues of creditors other than micro and small enterprises		939.59	1,616.23
Other Current Liabilities	7	3,078.77	3,475.75
Short term Provisions	5	<u>22.97</u>	<u>22.60</u>
		<u>4,041.33</u>	<u>5,114.58</u>
<b>TOTAL</b>		<u><u>8,948.79</u></u>	<u><u>8,331.67</u></u>
<b>ASSETS</b>			
<b>1. Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	8	3,196.21	3,260.90
Non-current investments	9	0.46	0.46
Long term loans and advances	10	107.41	68.38
Other non-current assets	11	<u>57.48</u>	<u>57.45</u>
		<u>3,361.53</u>	<u>3,387.19</u>
<b>2. Current Assets</b>			
Inventories	12	2,541.59	2,798.88
Trade Receivables	13	1,865.57	1,222.39
Cash and Bank balances	14	841.36	478.12
Short term loans and advances	10	<u>338.74</u>	<u>445.09</u>
		<u>5,587.26</u>	<u>4,944.48</u>
<b>TOTAL</b>		<u><u>8,948.79</u></u>	<u><u>8,331.67</u></u>
Significant Accounting Policies			
Notes on Financial Statements	1 to 31		

As per our report of even date attached

For and on behalf of the Board

 For S.S. SURANA & CO.  
Chartered Accountants  
FRN 001079C

**(Prahald Gupta)**

 Partner  
M. No. 74458

Place : Mumbai

 Date : 27<sup>th</sup> June, 2016

Rajesh Ranka – Chairman &amp; Managing Director (DIN : 03438721)

S.B.L. Jain – Independent Director (DIN : 00002582)

H.L. Sharma – Independent Director (DIN : 00352410)

Veena Jain – Non-Executive Director (DIN : 07148606)

P.K. Nahar – Chief Financial Officer –

B.L. Saini – Company Secretary –

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2016**
*(₹ in lacs)*

Particulars	Note No.	2015-16	2014-15
<b>INCOME</b>			
Revenue from Operations	15	15,148.78	14,291.00
Other Income	16	234.77	165.55
<b>Total Revenue</b>		<b>15,383.55</b>	<b>14,456.55</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	17	10,239.87	9,935.45
Changes in Inventories of Finished Goods and Work-in-Process	18	80.83	(144.52)
Employee Benefits Expenses	19	1,090.88	946.92
Finance Costs	20	107.52	83.59
Depreciation and Amortization Expenses	8	153.71	151.35
Other Expenses	21	2,817.72	2,735.96
<b>Total Expenses</b>		<b>14,490.53</b>	<b>13,708.75</b>
<b>Profit before exceptional items and tax</b>		<b>893.02</b>	<b>747.80</b>
Exceptional items	22	499.53	-
<b>Profit before Tax</b>		<b>1,392.55</b>	<b>747.80</b>
Tax Expenses	23	-	-
<b>Profit for the year</b>		<b>1,392.55</b>	<b>747.80</b>
<b>Basic Earnings per equity share (in ₹)</b>	24		
- Before exceptional items		2.57	2.15
- After exceptional items		4.00	2.15
<b>Diluted Earning per equity share (in ₹)</b>	24		
- Before exceptional items		1.81	1.52
- After exceptional items		2.83	1.52
Significant Accounting Policies			
Notes on Financial Statements	1 to 31		

As per our report of even date attached

For and on behalf of the Board

For **S.S. SURANA & CO.**  
Chartered Accountants  
FRN 001079C

**(Pralhad Gupta)**

Partner

M. No. 74458

Place : Mumbai

Date : 27<sup>th</sup> June, 2016

Rajesh Ranka – Chairman & Managing Director (DIN : 03438721)  
S.B.L. Jain – Independent Director (DIN : 00002582)  
H.L. Sharma – Independent Director (DIN : 00352410)  
Veena Jain – Non-Executive Director (DIN : 07148606)  
P.K. Nahar – Chief Financial Officer  
B.L. Saini – Company Secretary

**SIGNIFICANT ACCOUNTING POLICIES**
**A) Basis of Preparation of Financial Statements:**

The Financial statements of the company have been prepared in accordance with generally accepted accounting principles in India including accounting standards and the relevant provisions of Companies Act 2013. The financial statements have been prepared on an accrual basis and under historical cost convention. The accounting policies are consistent with those used in previous year.

**B) Fixed Assets :**

Fixed Assets are stated at cost net of recoverable taxes less accumulated depreciation. Impairment loss has been deducted from respective assets. Project and pre-operative expenses incurred prior to date of commencement of commercial production are being allocated to Fixed Assets.

No amount is written off against leasehold land of the company and the same is charged to the Statement of Profit and Loss only in the year in which the respective lease period expires.

**C) Depreciation :**

Depreciation on fixed assets is provided on straight line method based on useful life of the assets prescribed in Scheduled II of the Companies Act, 2013.

**D) Investments :**

Current investments are stated at lower of cost & Quoted / Fair value. Long term investment (non current) are stated at cost.

**E) Inventories :**

Raw Material is valued at cost determined on FIFO basis and Stores & Spares are valued at cost on weighted average basis. Finished goods and Work-in-process are valued at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. Finished goods and process stock includes cost of conversion, applicable overheads and other costs incurred in acquiring the inventory and bringing them to their present location and condition. Waste is valued at estimated net realizable value after providing for obsolescence if any.

**F) Excise Duty/Cenvat :**

Excise duty is accounted for on the basis of payments made in respect of goods cleared and provision made for goods lying in bonded warehouse for domestic sales wherever applicable.

The Cenvat credit in respect of Excise Duty and Service Tax are utilized for payment of Excise Duty on goods dispatched. The unutilized Cenvat credit is carried forward in the books.

**G) Revenue Recognition:**

Sales is shown inclusive of excise duty and waste sales.

**H) Borrowing Cost :**

Borrowing cost which are attributable to acquisition or construction of qualifying assets are capitalised as part of cost of such assets. A qualifying asset is one which necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**I) Retirement Benefits:**

The Employee and Company make monthly fixed Contribution to Government of India Employee's Provident Fund equal to a specified percentage of the Covered employee's salary. The company's contribution is recognised as an expenses in the statement of profit & loss.

The Liability for Gratuity to employees, which is a defined benefit plan is determined on the basis of actuarial valuation based on Projected Unit Credit method. Actuarial gain / loss in respect of the same is charged to the statement of profit and loss.

Leave encashment benefits to eligible employees has been ascertained on actuarial basis and provided for. Actuarial gain/loss in respect of the same is charged to the statement of profit and loss.

**J) Foreign Currency Transactions :**

i) Transactions denominated in Foreign Currency are accounted for at equivalent rupee value converted at the rates prevailing at the time of transactions.

ii) Monetary items denominated in foreign currency are converted at exchange rate prevailing on the date of Balance Sheet.

iii) Foreign exchange difference arising at the time of transaction or settlement are recognized as income or expense in the Statement of Profit and Loss.

**K) Impairment of Assets.**

An asset is treated as impaired when carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an assets is identified as impaired.

**L) Provisions, Contingent Liabilities and Contingent Assets :**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes on financial statements. Contingent Assets are neither recognized nor disclosed in the financial statements

**Notes on Financial Statements for the year ended 31st March, 2016**
**(₹ in Lacs)**

	As at 31.03.2016	As at 31.03.2015
<b>1. SHARE CAPITAL</b>		
<b>Authorised :</b>		
18,50,00,000 (Previous year 18,50,00,000) Equity Shares of ₹ 10/- each	18,500.00	18,500.00
20,00,000 (Previous year 20,00,000) Preference Shares of ₹ 100/- each	2,000.00	2,000.00
	<u>20,500.00</u>	<u>20,500.00</u>
<b>Issued, Subscribed and Paid-up</b>		
<b>Equity</b>		
3,47,75,160 (Previous year 3,47,75,160) Equity Shares of ₹ 10/- each fully paid up	3,477.52	3,477.52
<b>Preference</b>		
75,000 (Previous year 75,000) 16.5% Cumulative Redeemable preference share of ₹ 100/- each fully paid up	75.00	75.00
8,00,000 (Previous year 8,00,000) 16% Cumulative Redeemable Preference Share of of ₹ 100/- each fully paid up	800.00	800.00
	<u>875.00</u>	<u>875.00</u>
	<u>4,352.52</u>	<u>4,352.52</u>
1.1 Each Equity share holder is entitled to one vote per share.		

**1.2 The details of shareholders holding more than 5% shares**

Name of the Share holders	As at 31.03.2016		As at 31.03.2015	
	No. of shares	% held	No. of shares	% held
<b>Equity shareholders</b>				
1) Generotrade Exim LLP	15,636,901	44.97	15,636,901	44.97
2) Vishwa Vyapar Trading Pvt. Ltd.	7,000,000	20.13	7,000,000	20.13
3) Unit Trust of India	3,077,732	8.85	3,077,732	8.85
<b>16.50% Preference share holders</b>				
1) National Insurance Company Limited	75,000	100.00	75,000	100.00
<b>16% Preference share holders</b>				
1) General Insurance Corporation of India	150,000	18.75	150,000	18.75
2) The New India Assurance Company Limited	150,000	18.75	150,000	18.75
3) United India Insurance Company Limited	100,000	12.50	100,000	12.50
4) Oriental Insurance Company Limited	100,000	12.50	100,000	12.50
5) GIC Housing Finance Limited	100,000	12.50	100,000	12.50
6) LIC Housing Finance Limited	200,000	25.00	200,000	25.00

**1.3 The Reconciliation of the number of shares outstanding is set out below :**

	As at 31.03.2016		As at 31.03.2015	
	Equity Share Nos.	Preference Share Nos.	Equity Shares Nos.	Preference Share Nos.
Equity Shares at the beginning of the year	34,775,160	875,000	34,775,160	875,000
Add : Shares issued	-	-	-	-
Less : Shares cancelled on buy back of equity shares	-	-	-	-
Equity Shares at the end of the year	34,775,160	875,000	34,775,160	875,000

- 1.4 Preference Shares were redeemable in 4 equal annual instalments commencing from the year 2003-04. The same will now be redeemed as per rehabilitation scheme.
- 1.5 Dividend on cumulative redeemable preference shares amounting to ₹ 140.37 lacs for the year (₹ 2807.50 lacs cumulative upto 31.03.2016) has not been provided in view of accumulated losses. The Company expects waiver / relief under rehabilitation scheme which is under consideration.
- 1.6 The Cumulative Redeemable Preference Share holders are entitled to cumulative dividend at the rate specified. Each share holder of Cumulative Redeemable Preference Shares is entitled to one vote per share only on resolution placed before the company, which directly affects the rights attached to cumulative redeemable preference share. Since the dividend in respect of cumulative preference share holders has not been paid for more than two years, cumulative redeemable preference share holder have right to 10 votes per share on every resolution placed before the company in a meeting.
- 1.7 In the event of liquidation of the company the holder of cumulative redeemable preference shares will have priority over equity share holders in the payment of dividend and re-payment of capital.

**2. RESERVES AND SURPLUS**

	As at 31.03.2016		As at 31.03.2015	
<b>Capital Reserve</b>				
As per last Balance Sheet	35.90		35.90	
<b>Capital Redemption Reserve</b>				
As per last Balance Sheet	421.72		421.72	
<b>Securities Premium Account</b>				
As per last Balance Sheet	7,985.77		7,985.77	
<b>Debentures Redemption Reserve</b>				
As per last Balance Sheet	970.00		970.00	
<b>Surplus / (Deficit) in Statement of Profit &amp; Loss</b>				
Net Surplus / (Deficit) as per last Balance Sheet	(30,861.03)		(31,608.83)	
Add : Profit / (Loss) for the year	1,392.55		747.80	
Net Surplus / (Deficit)	(29,468.48)		(30,861.03)	
	(20,055.09)		(21,447.64)	
<b>3. SHARE APPLICATION MONEY PENDING ALLOTMENT</b>	1,450.00		1,450.00	
	1,450.00		1,450.00	

- 3.1 Equity share application money represents subscription pursuant to the draft rehabilitation scheme. The instruments will be issued on sanction of the scheme by BIFR. In view of pending approval of rehabilitation scheme by BIFR, no application money is due for refund.

**4. LONG TERM BORROWINGS**

	As at 31.03.2016		As at 31.03.2015	
	Non Current	Current	Non Current	Current
	<b>Debentures - Secured</b>			
Optionally fully Convertible Debentures	1,666.34	-	1,666.34	-
Non Convertible Debentures	3,434.33	-	3,434.33	-
Accrued interest	3,438.76	-	3,438.76	-



<b>Term Loans – Secured</b>				
From others	6,044.13	–	5,719.13	450.00
Accrued interest	4,366.29	–	4,366.29	–
<b>Loans – Unsecured</b>				
Deferred Sales Tax	–	23.49	25.75	25.76
<b>Deposits - Unsecured</b>				
Public Fixed Deposit	–	630.19	–	663.75
Interest accrued on Public Fixed deposit	–	846.81	–	846.81
<b>Total</b>	<b>18,949.85</b>	<b>1,500.49</b>	<b>18,650.60</b>	<b>1,986.32</b>
Less : Amount disclosed under head other current Liabilities (Refer Note No. 7)	–	1,500.49	–	1,986.32
<b>Total</b>	<b>18,949.85</b>	<b>–</b>	<b>18,650.60</b>	<b>–</b>

- 4.1 Debentures, term loan and accrued interest are secured by way of first charge and equitable mortgage of respective immovable properties both present & future consisting of land, building and plant & machinery and hypothecation of all movable assets of the Company which have been assigned/reassigned and settled at ₹ 1855 lacs, amount paid there against ₹ 1780 lacs up to 31/03/2016 and balance ₹ 75 lacs payable on or before 31.03.2019. The remaining amount will be written back on discharge of full payment obligation.
- 4.2 Deferred Sales tax is as per Sales Tax deferment Scheme 1987 being availed w.e.f. 02.03.2005 and repayable after 7 Years in 10 half yearly installments of ₹ 11.75 lacs commencing from 03/04/2012. The amount payable within one year is ₹ 23.49 lacs
- 4.3 Public fixed deposit carries interest rate of 14% p.a.
- 4.4 The Hon'ble Company Law Board has passed order on 17.04.2002 that "The repayment of fixed deposits of Modern Threads (India) Limited shall be made by the company in accordance with the revival scheme as and when approved by the BIFR under provisions of "SICA".
- In view of above, the company has been advised that as the repayment of the matured fixed deposits are covered by the above referred order and the DRS is pending for consideration before the Hon'ble BIFR, the same are not remained unclaimed and unpaid. As such no amounts are required to be transferred to the Investor Education and Protection Fund. However payment on compassionate grounds are being made regularly as per decision of the committee formed by Hon'ble Company Law Board for this purpose.

#### 5. PROVISIONS

	As at 31.03.2016		As at 31.03.2015	
	Long Term	Short Term	Long Term	Short Term
<b>For Employees benefit</b>				
Gratuity	169.14	16.45	172.97	16.88
Un-availed leave	41.04	5.93	38.64	5.51
<b>Other provisions</b>				
Provision for excise duty on goods lying in bonded warehouse at the year end	–	0.59	–	0.21
	<b>210.18</b>	<b>22.97</b>	<b>211.61</b>	<b>22.60</b>

#### 6. TRADE PAYABLES

	As at 31.03.2016		As at 31.03.2015	
	Total outstanding dues of micro and small enterprises	–	–	–
Total outstanding dues of creditors other than micro and small enterprises	939.59	–	–	1,616.23
	<b>939.59</b>	<b>–</b>	<b>–</b>	<b>1,616.23</b>

- 6.1 The company has not received information from vendors regarding their status under the Micro, small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at year end together with interest payable under this Act have been considered as dues of trade payable other than micro and small enterprises.
- 6.2 Balances of trade payables pertaining to Thread Division of the company which is lying closed due to seizure of entire plant and office block by Ajmer Vidyut Vitaran Nigam Limited, are subject to confirmation and consequential adjustments, if any.

#### 7. OTHER CURRENT LIABILITIES

	As at 31.03.2016		As at 31.03.2015	
	Current maturity of secured long term borrowings	–	–	–
Current maturity of deferred sales tax	23.49	–	–	25.76
Public Fixed Deposits	630.19	–	–	663.75
Interest Accrued on public fixed deposits	846.81	–	–	846.81
Sub Total (Refer Note no 4)	<b>1,500.49</b>	<b>–</b>	<b>–</b>	<b>1,986.32</b>
Advance from customers	64.44	–	–	120.86
Sundry deposits	33.82	–	–	31.25
Other payables	1,480.02	–	–	1,337.32
	<b>3,078.77</b>	<b>–</b>	<b>–</b>	<b>3,475.75</b>

- 7.1 Other payables includes statutory dues and liabilities for expenses etc.

(₹ in Lacs)

**8. FIXED ASSETS**

Particulars	TANGIBLE ASSETS						Total
	Lease Hold Land	Free Hold Land	Building	Plant & Machinery	Furniture Fixtures & Office Equipments	Vehicles	
<b>GROSS BLOCK</b>							
As at 01.04.2015	457.77	753.11	1,663.15	18,802.48	147.04	81.44	21,904.99
Addition	-	5.94	-	67.00	8.63	9.52	91.09
Deduction	-	-	-	9.84	11.04	0.48	21.36
As at 31.03.2016	457.77	759.05	1,663.15	18,859.64	144.63	90.48	21,974.72
As at 01.04.2014	457.77	747.17	1,661.17	18,683.40	140.03	96.99	21,786.53
Addition	-	5.94	1.98	253.18	8.53	-	269.63
Deduction	-	-	-	134.10	1.52	15.55	151.17
As at 31.03.2015	457.77	753.11	1,663.15	18,802.48	147.04	81.44	21,904.99
<b>DEPRECIATION</b>							
As at 01.04.2015	-	-	1,227.36	17,257.75	120.82	38.16	18,644.09
Charge for the year	-	-	34.02	102.29	7.44	9.96	153.71
Deduction	-	-	-	9.35	9.80	0.14	19.29
As at 31.03.2016	-	-	1,261.38	17,350.69	118.46	47.98	18,778.51
As at 01.04.2014	-	-	1,184.92	17,291.79	110.73	42.20	18,629.64
Charge for the year	-	-	42.44	86.93	11.08	10.90	151.35
Deduction	-	-	-	120.97	0.99	14.94	136.90
As at 31.03.2015	-	-	1,227.36	17,257.75	120.82	38.16	18,644.09
<b>NET BLOCK</b>							
As at 31.03.2016	457.77	759.05	401.77	1,508.95	26.17	42.50	3,196.21
As at 31.03.2015	457.77	753.11	435.79	1,544.73	26.22	43.28	3,260.90

8.1 Addition to land is on account of taxes.

8.2 Deduction under the head plant &amp; machinery represents discarded assets

8.3 Depreciation includes ₹ 14.49 lacs (Previous year ₹ 14.49 lacs) provided on the assets of Threads Division which is not in operation.

8.4 In Pursuance to Accounting Standard 28 issued by The Institute of Chartered Accountants of India, the fixed assets of the company pertaining to the Thread Division and PTA project have been valued as at 01/04/2004 and necessary provision made for the impairment loss amounting to ₹ 22303.48 lacs during the financial year 2004-2005, based on valuation report by an expert. Further Impact of impairment if any in respect of assets of Thread Division of the company not ascertainable as the unit is attached by AVVNL for recovery of their dues.

**9. NON CURRENT INVESTMENTS**

(Long term investment at cost)

**Investment in Government Securities (Unquoted)**  
 National Saving Certificate  
 (Deposited with government department)

	As at 31.03.2016	As at 31.03.2015
	0.46	0.46
	0.46	0.46

**10. LOANS & ADVANCES**

(Unsecured and Considered Good)

 Interest accrued on Investment  
 Advances for supply of goods & Services  
 Balance with Revenue Authorities  
 TDS receivable  
 Prepaid expenses  
 Employees advances  
 Deposit with Government / Other Authorities  
 Other receivables (Includes Export benefits)

	As at 31.03.2016		As at 31.03.2015	
	Long Term	Short Term	Long Term	Short Term
	-	0.25	-	0.25
	-	130.88	-	89.06
	-	47.03	-	41.33
	-	8.75	-	17.06
	-	8.69	-	14.73
	-	4.76	-	11.47
	107.41	-	68.38	-
	-	138.38	-	271.19
	107.41	338.74	68.38	445.09

**11. OTHER NON-CURRENT ASSETS****INVENTORIES**
 (Pertaining to Threads Division of the company which is lying closed.  
 It includes Raw Material ₹ 0.12 lacs. Process stock ₹ 53.90 lacs. Stores and Spares ₹ 2.25 lacs and Waste ₹ 1.18 lacs. Physical verification of the same could not be carried out and impact of depletion if any is not ascertainable.)

	As at 31.03.2016	As at 31.03.2015
	57.45	57.45
	57.45	57.45

**12. INVENTORIES**
 Raw Material  
 Stores & Spares (including Capital Stores)  
 Work in Process  
 Finished Goods  
 Waste

	As at 31.03.2016	As at 31.03.2015
	674.91	839.12
	64.85	77.10
	476.38	547.59
	1,197.44	1,243.28
	128.01	91.79
	2,541.59	2,798.88

		(₹ in Lacs)	
		As at 31.03.2016	As at 31.03.2015
<b>13. TRADE RECEIVABLES (Unsecured)</b>			
Outstanding for a period exceeding six months from due date		80.91	59.92
Considered good		69.53	28.30
Doubtful		150.44	88.22
		69.53	28.30
Less : provision for doubtful receivables		80.91	59.92
Other considered good		1,784.66	1,162.47
		1,865.57	1,222.39
13.1 Doubtful trade receivables includes ₹ 12 lacs under litigation (Previous year ₹ 12 Lacs) for which adequate provision has been made.			
<b>14. CASH AND BANK BALANCES</b>			(₹ in Lacs)
		As at 31.03.2016	As at 31.03.2015
Cash and Cash equivalents		1.05	2.25
Cash on hand		788.23	474.77
Balances with Banks			
Other Bank Balance		52.08	1.10
Fixed Deposit with banks*			
*(Margin against Bank Guarantee ₹ 37.58 Lacs) (Previous Year ₹ 1.10 Lacs) and Maturity more than 12 month ₹ 28.28 lacs)			
		841.36	478.12
		2015-16	2014-15
<b>15. REVENUE FROM OPERATIONS</b>		14,128.09	13,262.52
Sale of Products		651.93	658.29
Export Incentive		378.62	381.67
Job work Income		15,158.64	14,302.48
		9.86	11.48
Less : Excise Duty		15,148.78	14,291.00
Total			
<b>15.1 Particulars of sale of products</b>		12,245.98	11,855.26
Yarn		670.71	490.91
Wool Tops		1,211.40	916.35
Others		14,128.09	13,262.52
<b>16. OTHER INCOME</b>			(₹ in Lacs)
		2015-16	2014-15
Interest Income		11.38	10.62
Sundry Balances written back		23.79	41.46
Gain on Sale of Investment		57.81	29.43
Foreign exchange fluctuation		102.45	46.40
Profit on Disposal of discarded Assets (Net)		0.38	-
Miscellaneous Income		38.96	37.64
		234.77	165.55
<b>17. COST OF MATERIALS CONSUMED</b>			(₹ in Lacs)
		2015-16	2014-15
		₹ in Lacs	₹ in Lacs
Imported	% age	7,291.34	6,932.26
Indigenous		2,948.53	3,003.19
		10,239.87	9,935.45
		100.00	100.00
<b>17.1 Details of Materials consumed</b>		8,739.14	8,037.34
- Wool		486.84	607.55
- Wool Tops		653.96	837.63
- Polyester / Other Tops		359.93	452.93
- Dyes and Chemicals		10,239.87	9,935.45
<b>18: CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROCESS</b>			(₹ in Lacs)
		2015-16	2014-15
Inventory at the beginning of the year (including inventories shown as other non current assets)			
Finished Goods		1243.28	985.51
Work in Process		601.49	693.76
Waste		92.97	113.95
		1,937.74	1,793.22
Inventory at the end of the year (including inventories shown as other non-current assets)			
Finished Goods		1,197.44	1,243.28
Work in Process		530.28	601.49
Waste		129.19	92.97
		1,856.91	1,937.74
		80.83	(144.52)

**19. EMPLOYEE BENEFITS EXPENSES**

	(₹ in Lacs)	
	2015-16	2014-15
Salaries and Wages	923.12	802.58
Contribution to Provident Fund & Other Fund	90.61	80.61
Gratuity and Leave encashment	62.75	54.54
Employees Welfare Expenses	14.40	9.19
	<u>1,090.88</u>	<u>946.92</u>

**19.1 The disclosure of Employee benefit as defined in the Accounting standard 15  
Principal assumptions**

- Discounting Rate	8.50%	8.50%
- Expected rate of return on plan assets	-	-
- Expected rate of future salary increase	7.50%	7.50%

	2015-16		2014-15	
	Gratuity unfunded	Leave Encashment Unfunded	Gratuity unfunded	Leave Encashment Unfunded
<b>Present value of obligations as at beginning of the year</b>	<b>189.85</b>	<b>44.15</b>	<b>181.73</b>	<b>42.59</b>
- Interest Cost	11.13	3.42	10.44	3.29
- Current Service Cost	20.74	8.48	17.50	7.86
- Benefits Paid	(42.71)	(21.48)	(21.85)	(23.01)
- Past Service Cost	-	-	-	-
- Actuarial (Gain) / Loss on Obligations	6.58	12.40	2.03	13.42
<b>Present value of Obligations as at close of the year</b>	<b>185.59</b>	<b>46.97</b>	<b>189.85</b>	<b>44.15</b>
<b>Change in fair value of plan assets</b>	<b>N.A.</b>	<b>N.A.</b>	<b>N.A.</b>	<b>N.A.</b>
<b>Liability recognized in the Balance Sheet</b>				
- Present value of obligations as at close of the year	185.59	46.97	189.85	44.15
- Fair value of plan assets as at the end of the year	-	-	-	-
- Unrecognized Actuarial (Gain) / Loss	-	-	-	-
- Net (Assets) / Liability recognized in Balance Sheet	185.59	46.97	189.85	44.15
<b>Expenses recognized in Statements of Profit and Loss Account</b>				
- Current service cost	20.74	8.48	17.50	7.86
- Past Service Cost	-	-	-	-
- Interest Cost	1.13	3.42	10.44	3.29
- Expected Return on plan assets	-	-	-	-
- Net Actuarial (Gain)/Loss recognized during the year	6.58	12.40	2.03	13.42
<b>Total Expenses recognized</b>	<b>38.45</b>	<b>24.30</b>	<b>29.97</b>	<b>24.57</b>

**20. FINANCE COSTS**

	(₹ in Lacs)	
	2015-16	2014-15
Interest expenses	16.29	11.94
Bank Charges	91.23	71.65
	<u>107.52</u>	<u>83.59</u>

- 20.1 Interest provision have not been made on Public fixed deposit amounting to ₹ 7.63 Lacs (Previous Year ₹ 36.29 Lacs). Net of reversal of interest on amount repaid. (Cumulative ₹ 790.74 Lacs) as the company expects waiver/relief under rehabilitation scheme which is under consideration.
- 20.2 The Company had taken Sales Tax loan from Rajasthan State Industrial Development & Investment Corporation Limited under interest free sales-tax loan scheme of the Government of Rajasthan is guaranteed by the Ex-Director of the Company which has been paid during the financial year 2014-15 interest has not been provided from due date of loan repayment, Interest for current year ₹ Nil and cumulative ₹ 18.29 lacs as the company expects waiver / relief under rehabilitation scheme.

**21. OTHER EXPENSES**

	(₹ in Lacs)	
	2015-16	2014-15
<b>Manufacturing Expenses</b>		
Packing Material	125.61	127.35
Stores & Spares	617.27	499.26
Power and fuel	908.13	946.79
Job charges	84.65	60.47
Excise duty on Increase / (Decrease) in finished goods	0.38	0.21
<b>Repairs &amp; Maintenance to:</b>		
Plant & Machinery	60.67	45.47
Building	43.50	45.63
Others	3.52	3.79
<b>Administrative Expenses</b>		
Rent	27.76	26.23
Insurance (Net)	6.56	6.61
Rates & Taxes	5.82	2.11
Travelling and Conveyance	98.43	106.49
Legal and Professional expenses	22.74	19.94
Directors Fees	0.34	0.29
Payment to Auditors		
For Audit Fee	1.74	1.69
For Tax Audit Fee	0.58	0.56
For Expenses	0.99	1.41
Miscellaneous expenses	103.15	89.59

<b>Selling Expenses</b>			
Commission and Brokerage	250.10		215.25
Carriage outward (Net)	236.69		331.76
Rebate, Claims and Discounts	148.13		121.11
Others Selling expenses	29.73		21.93
Provision for Doubtful Receivables	41.23		-
Loss on Derivatives	-		56.81
Loss on disposal of Discarded Assets (Net)	-		5.21
	<u>2,817.72</u>		<u>2,735.96</u>

<b>21.1 DETAILS OF STORES &amp; SPARES CONSUMED</b>	<b>₹ in Lacs</b>	<b>% age</b>	<b>₹ in Lacs</b>	<b>% age</b>
Imported	209.45	33.94	156.48	31.34
Indigenous	407.68	66.06	342.78	68.66
	<u>617.13</u>	<u>100.00</u>	<u>499.26</u>	<u>100.00</u>

<b>22. EXCEPTIONAL ITEM</b>			<b>(₹ in Lacs)</b>
		<b>2015-16</b>	<b>2014-15</b>
Amount written back on account of settlement of some of the Creditors		499.53	-
		<u>499.53</u>	<u>-</u>

<b>23. TAX EXPENSES</b>			<b>(₹ in Lacs)</b>
		<b>2015-16</b>	<b>2014-15</b>
Current Tax		-	-
Deferred Tax		-	-
		<u>-</u>	<u>-</u>

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

23.2 The Company is entitled for set off of carried forward losses and unabsorbed depreciation against the future income under the Income Tax Act. However, based on present scenario, the company is not confident of earning sufficient profits to utilize these carried forward losses and unabsorbed depreciation in future and accordingly the Company has recognized deferred tax assets only to the extent there is deferred tax liability in compliance with Accounting Standard 22 issued by The Institute of Chartered Accountants of India. The major components of deferred tax assets and liabilities on account of timing difference are as given below:

		<b>(₹ in Lacs)</b>
	<b>As on 31.03.2016</b>	<b>As on 31.03.2015</b>
<b>Particulars</b>		
Depreciation	59.64	107.57
Carried forward losses / depreciation	3,443.85	3,608.42
Provision for doubtful debts	21.48	8.74
Others	2,676.54	2,678.13
<b>Net Deferred Tax Assets</b>	<u>6,201.51</u>	<u>6,402.86</u>

The Net Deferred Tax Assets of ₹ 6201.51 lacs have not been recognized in accounts due to the reasons as mentioned above.

<b>24. EARNING PER SHARE (as per Accounting Standard 20, As issued by ICAI)</b>		
<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>
Profit / (Loss) for the year (₹ in lacs)	893.02	747.80
Profit / (Loss) after exceptional items (₹ in lacs)	1,392.55	747.80
Weighted Avg. No. of Equity Shares used as Denominator for Calculating <b>Basic Earning Per Shares</b>	34775160	34775160
Weighted Avg. No. of Equity Shares used as Denominator for Calculating <b>Diluted Earning Per Shares</b>	49275160	49275160
Nominal Value of Shares (in ₹)	10	10
Basic Earning per Share (in ₹)	- Before exceptional items - After exceptional items	2.15 2.15
Diluted Earning per share (in ₹)	- Before exceptional items - After exceptional items	1.52 1.52

The Earning per share is calculated without considering the impact, if any, on account of rehabilitation scheme, pending approval and implementation.

**25. SEGMENT INFORMATION AS PER ACCOUNTING STANDARD 17, AS ISSUED BY ICAI:**

**a) Primary Segment reporting (By Business Segment): -**

The composition of business segments are :  
 Woollen Worsted Yarn, Carpet Yarn and Wool Tops  
 Yarn Synthetic Yarn  
 Others PTA Project (Shelved)

	2015-16				2014-15			
	Woollens	Yarn	Others	Total	Woollens	Yarn	Others	Total
<b>Segment Revenue</b>								
Net Sales	15148.78	-	-	15148.78	14291.00	-	-	14291.00
<b>Segment Results</b>								
Profit / (Loss) before Interest								
Exceptional items & Tax	1028.63	(28.09)	-	1000.54	850.29	(18.90)	-	831.39
Less : Financial cost				107.52				83.59
Profit / (Loss) before Exceptional items & Tax				893.02				747.80
Add : Exceptional items				499.53				-
Profit / (Loss) before Tax				1392.55				747.80
Tax Expenses				-				-
Total Profit After Tax				1392.55				747.80
<b>Capital Employed</b>								
Segment Assets	7207.35	1023.00	718.44	8948.79	6581.76	1037.41	712.50	8331.67
Segment Liabilities	(6588.37)	16312.42	13477.34	23201.36	(5818.04)	16323.46	13471.37	23976.79
Capital Employed	13795.72	(15289.42)	(12758.87)	(14252.57)	12399.80	(15286.05)	(12758.87)	(15645.12)

## b) Geographical Segment: -

	2015-16	2014-15
<b>Revenue by Geographical Market</b>		
In India	3,960.92	4,602.09
Other than India	11,187.86	9,688.91
<b>Carrying Amounts of Segment Assets</b>		
In India	7,035.58	7,263.71
Other than India	1,913.21	1,067.96

## 26. RELATED PARTY DISCLOSURE

(as per Accounting Standard 18 as issued by ICAI)

Names and Relationship of related parties

Where Control exists : NIL

Key Managerial personnel

Shri Rajesh Ranka (Chairman and Managing Director)

Shri J.P. Agarwal (Director and Sr. President) up to 14.08.2014

Relative of Key Management Personnel and their enterprises:-

Shubham Corporate advisory Services Pvt.Ltd.

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

(₹ in Lacs)

Types of related Parties	Description of the nature of the transactions	Name of Party	Volume of transactions	
			2015-16	2014-15
Key Managerial Personnel	Remuneration etc	Shri Rajesh Ranka	-	9.41
		Shri J.P. Agarwal	-	15.70
		Shri P.K. Nahar	12.60	11.25
		Shri B.L. Sani	5.27	4.77
Relative of Key Management Personnel and their Enterprises	Rent	Shubham Corporate Advisory Services Pvt. Ltd	10.80	10.80

26.1. Remuneration paid to Shri Rajesh Ranka (Chairman & Managing Director) during 2014-15 and for April, 2015 received back during the year due to non receipt of approval from MCA.

27. The net worth of the company has been eroded fully as on 31st March, 2001 as per provisions of Sick Industrial Companies (Special provisions) Act, 1985. The Company has also filed reference based on audited accounts for the financial year ended 31st March, 2004. The Board for Industrial and Financial Reconstruction (BIFR) has declared the company as "Sick Company" pending approval of rehabilitation scheme, the accounts of the company has been prepared on going concern basis.

(₹ in Lacs)

As at 31.03.2016 As at 31.03.2015

## 28. CONTINGENT LIABILITIES NOT PROVIDED FOR

i. Bank Guarantees

36.75 1.10

ii. Disputed demands of Sales Tax Cases under appeal.

248.25 248.25

(Amount paid ₹ 1.34 Lacs Previous year ₹ 1.80 Lacs)

iii. Disputed demand of Excise cases under appeal.

80.30 85.25

(Amount paid ₹ 5.16 Lacs Previous year ₹ 10.11 Lacs)

iv. Other disputed demands by Government departments

65.00 65.00

(Amount paid ₹ 4.73 Lacs Previous year ₹ 4.73 Lacs)

v. Disputed liabilities and claims not acknowledged as debts

229.60 1,498.37

(₹ in Lacs)

2015-16 2014-15

## 29. VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

Raw Material

7,008.02 6,627.52

Stores &amp; Spares

241.55 156.32

Capital Goods

35.29 -

## 30. EXPENSES IN FOREIGN CURRENCY

Commission on Sales

209.59 160.80

Travelling

38.68 38.77

Others

71.62 53.97

## 31. EARNINGS IN FOREIGN EXCHANGE

F.O.B. Value of Exports

11170.18 9531.80

As per our report of even date attached

For and on behalf of the Board

For S.S. SURANA &amp; CO.

Chartered Accountants

FRN 001079C

(Pralhad Gupta)

Partner

M. No. 74458

Place : Mumbai

Date : 27<sup>th</sup> June, 2016

Rajesh Ranka – Chairman &amp; Managing Director (DIN : 03438721)

S.B.L. Jain – Independent Director (DIN : 00002582)

H.L. Sharma – Independent Director (DIN : 00352410)

Veena Jain – Non-Executive Director (DIN : 07148606)

P.K. Nahar – Chief Financial Officer

B.L. Saini – Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

Particulars	(₹ in lacs)	
	2015-16	2014-15
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax & exceptional items	893.02	747.80
ADJUSTMENTS FOR		
- Depreciation	153.71	151.35
- Loss / (Profit) on Disposal of discarded Assets	(0.38)	5.21
- Sundry balances (written back) / Written off	(23.79)	(41.46)
- Gain on Sale of Investment	(57.81)	(29.43)
- Provision of Doubtful Receivables	41.23	-
- Interest and Bank Charges	107.52	83.59
Operating profit before working capital changes	<u>1,113.50</u>	<u>169.26</u>
ADJUSTMENTS FOR		
- Trade and other receivables	(617.09)	289.94
- Inventories	257.29	(427.46)
- Trade and other payable	(65.53)	68.57
Cash Generation from Operations	<u>688.17</u>	<u>848.11</u>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
- Fixed Assets (Including Capital Work in Progress/Advances)	(91.09)	(269.63)
- Disposal of discarded Assets	2.45	9.06
- Gain on Sale of Investment	57.81	29.43
- Sale /(Purchase) of Investments (Net)	-	335.28
Net cash used in investing activities	<u>(30.83)</u>	<u>104.14</u>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
- Proceeds from Borrowings		
Non-convertible debentures	-	-
Term Loans/Unsecured Loan/Deposits	(86.58)	(499.98)
Interest and bank charges paid	(107.52)	(83.59)
Net Cash from financing activities	<u>(294.10)</u>	<u>(583.57)</u>
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<u>363.24</u>	<u>368.68</u>
<b>Cash &amp; Cash Equivalents - Opening Balance</b>	<u>478.12</u>	<u>109.44</u>
<b>Cash &amp; Cash Equivalents - Closing Balance</b>	<u>841.36</u>	<u>478.12</u>

**Note :**

- The figures of the previous year have been regrouped and rearranged wherever found necessary.
- The above cash flow statement has been prepared under the indirect method set out in Accounting Standard 3 issued by the Institute of Chartered Accountants of India.

As per our report of even date attached

For and on behalf of the Board

 For S.S. SURANA & CO.  
Chartered Accountants  
FRN 001079C

(Pralhad Gupta)

Partner

M. No. 74458

Place : Mumbai

 Date : 27<sup>th</sup> June, 2016

Rajesh Ranka – Chairman &amp; Managing Director (DIN : 03438721)

S.B.L. Jain – Independent Director (DIN : 00002582)

H.L. Sharma – Independent Director (DIN : 00352410)

Veena Jain – Non-Executive Director (DIN : 07148606)

P.K. Nahar – Chief Financial Officer –

B.L. Saini – Company Secretary –

**MODERN THREADS (INDIA) LIMITED**

 Registered Office : A-4, Vijay Path, Tilak Nagar, Jaipur-302 004  
 Phone : 07823040996 E-mail : modernjaipuroffice@gmail.com  
 Website : www.modernwoollens.com CIN : L17115RJ1980PLC002075

**ATTENDANCE SLIP**

 (To be handed over at the entrance of the Meeting hall)  
**35<sup>th</sup> Annual General Meeting - 17th September, 2016**

I hereby record my presence at the THIRTY FIFTH ANNUAL GENERAL MEETING of the Company held at Registered Office of the Company at A-4, Vijay Path, Tilak Nagar, Jaipur-302 004 on Saturday the 17th September, 2016 at 04:00 P.M.

Full Name of Member (IN BLOCK LETTERS) .....

Reg. Folio No. .... No. of Shares held .....

Full Name of Proxy (IN BLOCK LETTERS) .....

Member's/Proxy's Signature .....

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

**MODERN THREADS (INDIA) LIMITED**

 Registered Office : A-4, Vijay Path, Tilak Nagar, Jaipur-302 004  
 Phone : 07823040996 E-mail : modernjaipuroffice@gmail.com  
 Website : www.modernwoollens.com CIN : L17115RJ1980PLC002075

**PROXY FORM**

Name of the member(s) : .....

Registered Address : .....

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

DP ID : .....

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

1. Name : ..... Address : .....

E-mail ID : ..... Signature : ..... or failing him

2. Name : ..... Address : .....

E-mail ID : ..... Signature : ..... or failing him

3. Name : ..... Address : .....

E-mail ID : ..... Signature : .....

 as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 35<sup>th</sup> Annual General Meeting of the Company, to be held on Saturday, the 17th September, 2016 at 04:00 P.M. at A-4, Vijay Path, Tilak Nagar, Jaipur - 302 004 and at any adjournment thereof in respect of such resolutions as are indicated below:

 Resolution No.  
 1 ..... 2 ..... 3 ..... 4 ..... 5 ..... 6 ..... 7 ..... 8 .....

Signed this ..... day of ..... 2016.

Signature of Shareholder : .....

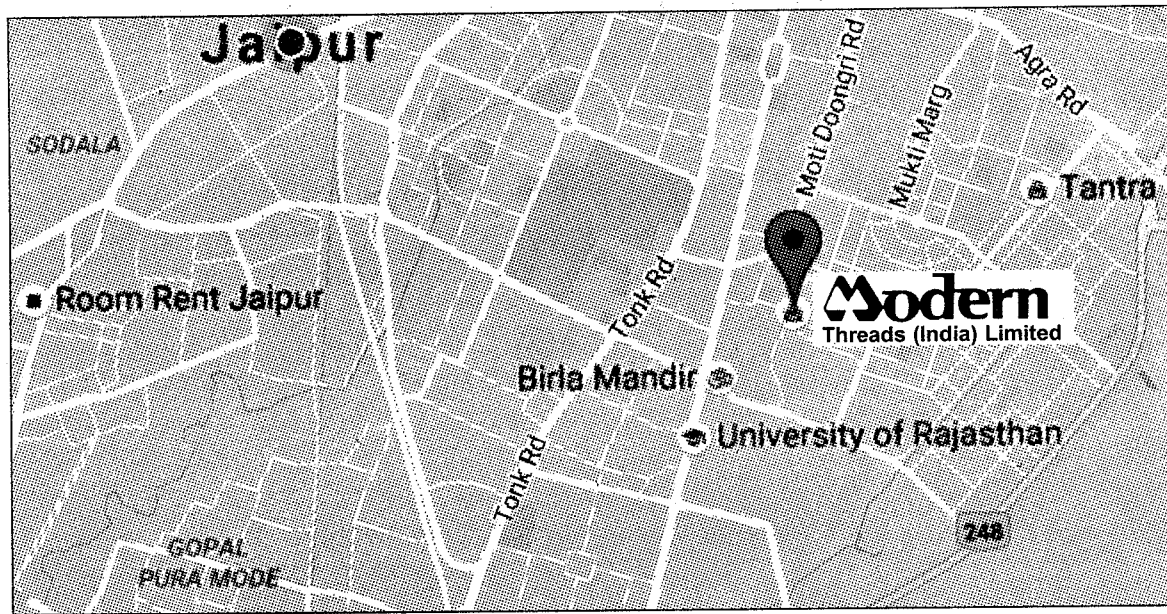
Signature of Proxy Holder(s) : .....

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

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



## Route Map to the venue of AGM



Book Post  
(Printed Matter)

*If undelivered please return to :*

**Modern Threads (India) Limited**  
A-4, Vijay Path, Tilak Nagar,  
Jaipur-302 004 (India)

