



Modern Threads (India) Limited

Registered Office :

Unit : Modern Woollens

Pragati Path, Near Transport Nagar,

Bhilwara-311001 (Rajasthan) India

Tel : 91-1482-241801, Fax : 297924, Email : cs@modernwoollens.com

Website : www.modernwoollens.com CIN : L17115RJ1980PLC002075

To,

Date : September 21, 2022

The Manager,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 023
Scrip Code: 500282

The Manager,
National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra East, Mumbai-400 051
Scrip Code: MODTHREAD

Dear Sir/Madam,

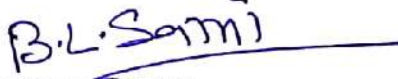
Sub: - Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- Annual Report for the financial year ended 31st March 2022 including Notice of the 41st Annual General Meeting of the Company.

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing the Annual Report for the financial year ended 31st March 2022 including Notice of the 41st Annual General Meeting (AGM) of the Company to be held on Friday, 30th September, 2022 at 2.00 P.M. at the registered office of the Company.

The Annual Report for the financial year ended 31st March 2022 already uploaded on the Company's website at www.modernwoollens.com and can be accessed at https://modernwoollens.com/admin/public/uploads/1/2022-09/annual_report_2021-2022.pdf

This is for your information and record please.

Thanking You,
Yours faithfully,
FOR Modern Threads (India) Limited


(BANWARI LAL SAINI)
Company Secretary and Compliance Officer

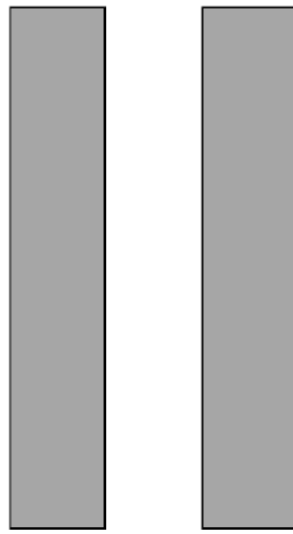


Marketing Office : 5, Bhima Building, Sir Pochkhanwala Road, Worli, Mumbai-400030

Woollens Division : Pragati Path, Near Transport Nagar, Bhilwara-311001 (Rajasthan)

Scanned with CamScanner

**ANNUAL REPORT
2021-2022**



Modern

THREADS (INDIA) LIMITED

BOARD OF DIRECTORS

Shri Rajesh Ranka – Chairman & Managing Director

Shri Ram Awatar Kabra – Executive Director

Smt. Veena Jain – Non-Executive
Non-Independent Director

Shri J.N. Sharma – Non-Executive
Independent Director

Mrs. Ankita Jain – Non-Executive
Independent Director

Shri C.M. Jain – Non-Executive
Independent Director

CHIEF FINANCIAL OFFICER

Shri Prabodh Kumar Nahar

COMPANY SECRETARY

Shri Banwari Lal Saini

AUDITORS

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

SECRETARIAL AUDITOR

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

COST AUDITORS

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

REGISTERED OFFICE

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

MARKETING OFFICE :

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

PLANTS**Woollen Division**

Hamirgarh Road,
Bhilwara-311 001 (Rajasthan)

Yarn Division

Village Raila-311 024
Distt. Bhilwara (Rajasthan)


NOTICE

Notice is hereby given that the 41st Annual General Meeting of the members of Modern Threads (India) Limited will be held on Friday the 30th September, 2022 at 2:00 P.M. at Registered Office of the Company at Modern Woollens, Hamirgarh Road, Pragati Path, Near Transport Nagar, Bhilwara – 311 001 (Rajasthan) to transact the following business:

A. ORDINARY BUSINESS :

- (1) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2022 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 appoint Statutory Auditors of the Company and to fix their remuneration and to pass, with or without modifications, the following resolutions as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to the recommendation of the Audit Committee, S.S. Surana & Co., Chartered Accountants, Jaipur (Firm Registration No. 001079C) be appointed as statutory auditors of the Company in place of retiring auditors, Goyal D. Kumar & Co, Chartered Accountants, Bhilwara (Firm Registration No. 007817C), whose tenure expires at the ensuing Annual General Meeting, to hold office for a period of five years, from the conclusion of this 41st Annual General Meeting until the conclusion of the 46th Annual General Meeting of the company at such remuneration as may be determined by the Audit Committee in consultation with the Auditors.”

B. SPECIAL BUSINESS :

- (4) Re-appointment and payment of remuneration to Shri Rajesh Ranka as a Chairman and Managing Director of the Company.

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

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 198 and 203 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed 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 the Articles of Association of the Company, and subject to the requisite approval of Central Government, if required, and based on the recommendation of Nomination and Remuneration Committee and of the Board of Directors at their meeting held on 30th May, 2022, the consent of the members of the Company be and is hereby accorded for the re-appointment and payment of remuneration to Shri Rajesh Ranka (DIN : 03438721) as Chairman & Managing Director of the Company for a further period of three years with effect from 01/07/2022 on the following terms and conditions of his remuneration :-

i) Basic Salary:

Rs. 3,00,000/- per month for first year and thereafter increase of Rs. 30,000/- per month every year for next two years.

ii) Perquisites and allowances:

- a) Company's contribution towards Provident Fund as per Company's Rules but not exceeding 12% of the basic salary.
- b) Gratuity not exceeding half month's salary for each completed year of service as provided in Gratuity Act.
- c) Free use of car with driver, for Company's business.
- d) Free Telephone facility for Company's business.
- e) Encashment of leaves as per Company's Rules.

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

“RESOLVED FURTHER THAT where in any financial year during the tenure of Shri Rajesh Ranka, Chairman & Managing Director, the Company has no profits or its profits are inadequate, the Company may pay to him the above remuneration as the minimum remuneration by way of salary subject to the requisite approvals, if any.”

“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 the Board of Directors and Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution.”

(5) Appointment and payment of remuneration to Shri Ram Awatar Kabra as Whole Time Director of the Company.

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

“RESOLVED THAT pursuant to the provisions of Sections 152, 161 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactments thereof, for the time being in force), Shri Ram Awatar Kabra (DIN : 00945603) who was appointed as an Additional Director of the Company under Section 161 of the Companies Act, 2013 with effect from 19th November, 2021 by the Board of Directors and in respect of whom the Company has received notice in writing under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Director of the Company whose office shall be liable to retire by rotation.”

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and subject to the requisite approval of Central Government, if required, and pursuant to the recommendation of the Nomination and Remuneration Committee and Board of Directors, approval of the Company be and is here by accorded for appointment and payment of remuneration to Shri Ram Awatar Kabra (DIN: 00945603) as Whole-Time Director of the Company for a period of three years with effect from 19/11/2021 whose office shall be liable to retire by rotation, on the following terms and conditions of his remuneration

i) Basic Salary:-

Rs. 1,30,000/- per month from 19/11/2021 with such increments as the Board may decide from time to time.

ii) Perquisites and allowances:-

- a) General Allowance Rs. 10,400/- per month.
- b) House Rent Allowance Rs. 32,500/- per month.
- c) Company's contribution towards Provident Fund as per Company's Rules but not exceeding 12% of the basic salary.
- d) Gratuity not exceeding half month's salary for each completed year of service as provided in the Gratuity Act.
- e) Free use of car with driver, for Company's business.
- f) Free Telephone facility for Company's business.
- g) Encashment of leaves as per Company's Rules.

iii) He shall not be paid any sitting fees for attending the meetings of Board of Directors or Committee thereof.
iv) Shri Ram Awatar Kabra shall be subject to retire by rotation during his tenure as the Whole-Time Director of the Company.

“RESOLVED FURTHER THAT where in any financial year during the tenure of Shri Ram Awatar Kabra, Whole-Time Director, the Company has no profits or its profits are inadequate, the Company may pay to him the above remuneration as the minimum remuneration by way of salary subject to the requisite approvals, if any.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter or vary the scope of remuneration of Shri Ram Awatar Kabra, Whole-Time 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 the Board of Directors and Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution.”

(6) Appointment of Shri Chhitar Mal Jain as an Independent Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules

made thereunder (including any statutory modifications or re-enactment thereof for the time being in force), read with schedule IV of the Companies Act, 2013 and the applicable provisions of SEBI (LODR) Regulations, 2015, as amended, approval of the members of the Company be and is hereby given to the appointment of Shri Chhitar Mal Jain (DIN: 09566506), who on the recommendation of the Nomination and Remuneration Committee, was appointed as an Additional Director (Non-Executive Independent Director) of the Company by the Board of Directors with effect from 1st July, 2022 and who holds office until the date of the ensuing Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director (Non Executive) of the Company, who shall hold office for a period of five years from the date of appointment and whose office shall not, henceforth, be liable to retire by rotation."

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

(7) Appointment of Mrs. Ankita Jain as an Independent Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force), read with schedule IV of the Companies Act, 2013 and the applicable provisions of SEBI (LODR) Regulations, 2015, as amended, approval of the members of the Company be and is hereby given to the appointment of Mrs. Ankita Jain (DIN: 09598249), who on the recommendation of the Nomination and Remuneration Committee, was appointed as an Additional Director (Non-Executive Independent Director) of the Company by the Board of Directors with effect from 1st July, 2022 and who holds office until the date of the ensuing Annual General Meeting in

terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director (Non Executive) of the Company, who shall hold office for a period of five years from the date of appointment and whose office shall not, henceforth, be liable to retire by rotation."

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

(8) To ratify the remuneration of Cost Auditors of the Company

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M. Goyal & Co., Cost Accountants (Firm Registration No. 000051), appointed as Cost Auditors of the Company by the Board of Directors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2023, be paid the remuneration of Rs. 50,000/- per annum plus applicable taxes and reimbursement of expenses upto Rs. 25,000/- be and is hereby ratified and approved.

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

By order of the Board

Place : Bhilwara
Date : 30th May, 2022

(Banwari Lal Saini)
Company Secretary

NOTES :

- The Explanatory Statement pursuant to Section 102 and/or any other applicable provisions of the Companies Act, 2013 setting out the material facts in respect of item No. 3 to 8 set out in the notice and the details under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and clause 1.2.5 of Secretarial Standards on the General Meeting (SS-2) issued by the Institute of Company Secretaries of India, in respect of the person(s) seeking appointment/ re-appointment as Director at the Annual General Meeting, is annexed hereto.
- Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosures Requirements), Regulations, 2015 and revised Secretarial Standards on General Meetings (SS-2) issued by the ICSI, the Company is pleased to provide its members the facility of "remote e-voting" (e-voting from a place other than venue of the AGM) to exercise their right to vote at the AGM. The business may be transacted through e-voting services provided by National Securities Depository Limited ("NSDL").
- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in the meeting instead of himself/herself and the proxy need not be a member of the Company. In terms of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty members holding in the aggregate, not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.
- The proxy form duly completed and signed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.
- Institutional / Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send a certified copy of the relevant Board Resolution together with specimen signatures of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting. The said certified true copy of the Board Resolution should be sent to the Scrutinizer by email through its registered email address to rkjaibhilwara@gmail.com with a copy marked to cs@modernwoollens.com.
- In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
- Details of Directors retiring by rotation/seeking re-appointment at the ensuing Meeting are provided in the "Annexure" to the Notice.
- The Share transfer books and Register of members shall remain closed from 24th September, 2022 to 30th September, 2022 (both days inclusive) in connection with the Annual General Meeting.
- In compliance with the MCA Circulars and the Securities and Exchange Board of India ("SEBI") Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022, Notice of the 41st AGM along with the Annual Report for Financial Year 2021-22 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / National Securities Depository Limited and Central Depository Services (India) Limited ("the Depositories"). A copy of this Notice along with the Annual Report for Financial Year 2021-22 is uploaded on the Company's website www.modernwoollens.com, BSE Limited website at www.bseindia.com, NSE website at www.nseindia.com and on the website of National Securities Depository Limited (NSDL) at www.evoting.nsdl.com.
- As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH - 13. Members are requested to submit the said details to their depository participants ("DPs") in case the shares are held by them in electronic form and to Beetal (RTA) in case the shares are held by them in physical form.
- In terms of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018 read with SEBI press release PRNo.: 51/2018 dated 3rd December, 2018, effective from 1st April, 2019, Company's shares can be transferred in

dematerialized form only. Hence members, who hold shares in physical form, are requested to dematerialize their shares, so they can transfer their shares in future, if so desire. However, members can continue to hold shares in physical form.

Members holding shares in physical mode are requested to dematerialize their shares by surrendering their share certificates to their Depository Participants (DPs). Members are requested to quote ISIN: INE794W01014 of the Company for dematerialization of the shares.

13. Members holding shares in physical form are advised to submit particulars of their bank account, viz. name and address of the branch of the bank, MICR code of the branch, type of account and account number to our Registrar and Share Transfer Agent, Beetal Financial & Computer Service Pvt. Ltd. Beetal House, 3rd Floor, 99 Madangir, Behind LSC, New Delhi-110062. Members who have not registered their email addresses so far are requested to register their e-mail ID's with M/s. Beetal Financial & Computer Services Pvt. Ltd, the Registrars & Share Transfer Agents of the Company and Members holding shares in demat mode are requested to register their e-mail ID's with their respective DPs in case the same is still not registered.
14. Members who are holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Company's Registrar and Share Transfer Agent the details of such folios together with the share certificates for consolidating their holding in one folio. The share certificates will be returned to the members after making requisite changes, thereon. Members are requested to use the share transfer form SH-4 for this purpose.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or our Registrar and Share Transfer Agent, Beetal Financial & Computer Service Pvt. Ltd.
16. Non-resident Indian shareholders are requested to inform about the following immediately to the Company or its Registrar and Share Transfer Agent or the concerned Depository Participant, as the case may be, immediately of:
 - a. The change in the residential status on return to India for permanent settlement.
 - b. The particulars of the NRE account with a Bank in India, if not furnished earlier.
17. Members holding shares in single name and in physical form are advised to make nomination in respect of their shareholding in the Company. The Nomination Form SH-13 prescribed by the Government can be obtained from the Registrar and Share Transfer Agent.
18. In terms of Section 101 and 136 of the Companies Act, 2013 read with the relevant Rules made thereunder, the copy of the Annual Report including Financial Statements, Board's report etc. and this notice are being sent by electronic mode, to those members who have registered their email ID's with their respective depository participants or with the share transfer agents of the Company, unless any member has requested for a physical copy of the same. In case any member wish to get a physical copy of the Annual Report, he may send his request to cs@modernwoollens.com mentioning his/her Folio/DP ID & Client ID.
19. Members may also note that the Notice of the 41st AGM, Attendance Slip, Proxy Form, Ballot Paper and the Annual Report for FY 2021-22 will also be available on the Company's website www.modernwoollens.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection without any fee during normal business hours (11:00 am to 5:00 pm) on working days, upto and including the date of AGM of the Company.
20. All the documents referred to in accompanying Notice and other Statutory Registers are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. to 5.00 p.m. upto the date of Annual General Meeting.
21. Members are requested to send all communications relating to shares and change of address etc. to the Registrar and Share Transfer Agents at the following address: Beetal Financial & Computer Service Pvt. Ltd. Beetal House, 3rd Floor, 99 Madangir, Behind LSC, New Delhi-110062.
22. A Member desirous of getting any information on the accounts of the Company is requested to forward his request to the Company at least 10 days prior to the Meeting so that the required information can be made available at the Meeting.
23. A route map showing directions to reach the venue of the Annual General Meeting is given with the Notice/Annual Report.

24. Voting

All persons whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. 23rd September, 2022 only shall be entitled to vote at the General Meeting by availing the facility of remote e-voting or by voting at the General Meeting.

(I) Voting through Electronic means

1. Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosures Requirements), Regulations, 2015 and revised Secretarial Standards on General Meetings (SS-2) issued by the ICSI, the Company is pleased to provide its members the facility of "remote e-voting" (e-voting from a place other than venue of the AGM) to exercise their right to vote at the AGM. The business may be transacted through e-voting services provided by National Securities Depository Limited ("NSDL").
2. The facility for voting through Polling Paper shall also be made available at the AGM and the members attending the meeting who have not already cast their vote through remote e-voting shall be able to exercise their right at the AGM.
3. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
4. The Board of Directors of the Company has appointed Shri Rajendra Kumar Jain, Practicing Company Secretary, Bhilwara as Scrutinizer for scrutinizing the voting through polling paper and remote e-voting process in a fair and transparent manner.
5. The remote e-voting period commences on Tuesday, 27th September, 2022 (9:00 a.m.) and ends on Thursday, 29th September, 2022 (5:00 p.m.). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 23rd September, 2022, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
6. The Results shall be declared within 48 hours after the Annual General Meeting of the Company. The results declared along with the Scrutinizer's Report shall be placed on the company's website www.modernwoollens.com and on the website of NSDL www.evoting.nsdl.com and the same shall also be communicated to BSE & NSE.
7. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. 23rd September, 2022, may obtain the login ID and password by sending a request to Company at cs@modernwoollens.com. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on Tuesday, 27th September, 2022 at 9.00 A.M. and ends on Thursday, 29th September, 2022 at 5.00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 23rd September, 2022, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 23rd September, 2022.

How do I vote electronically using NSDL e-Voting system?


The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> Existing IDEAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDEAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period. If you are not registered for IDEAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDEAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. <div style="text-align: center;"> <p>NSDL Mobile App is available on</p>  </div>
Individual Shareholders holding securities in demat mode with CDSL.	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Help desk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

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

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

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

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

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

- Your User ID details are given below :

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

- Password details for shareholders other than Individual shareholders are given below:

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?
 - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

- If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:**

- Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- Physical User Reset Password?** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/ folio number, your PAN, your name and your registered address etc.

- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

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

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

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period..
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to rkjainbhilwara@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution/ Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020990 and 1800 22 44 30 or send a request to Shri Manish Sharma at evoting@nsdl.co.in

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to cs@modernwoollens.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to cs@modernwoollens.com. If you are an individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting for individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

ANNEXURE TO NOTICE EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

Item No. 3

Though not mandatory, this statement is provided for reference.

Goyal D. Kumar & Co, Chartered Accountants, Bhilwara (Firm Registration No.007817C) was appointed as Statutory Auditors of the Company from the conclusion of 36th Annual General Meeting held on 28/09/2017 till the conclusion of the 41st Annual General Meeting of the Company. Thus, their tenure expires at the ensuing Annual General Meeting of the Company.

The Board of Directors at its meeting held on 02/09/2022, after considering the recommendations of the Audit Committee, had recommended the appointment of S.S. Surana & Co., Chartered Accountants, Jaipur (Firm Registration No. 001079C) as the Statutory Auditors of the Company for approval of the members. The proposed Statutory Auditors shall hold office for a period of five years, from the conclusion of this Meeting to the conclusion of the 46th (Forty Sixth) Annual General Meeting of the company, S.S. Surana & Co., Chartered Accountants, Jaipur (Firm Registration No. 001079C) have consented to the aforesaid appointment and confirmed that their appointment, if made, will be within the limits specified under Section 141 of the Companies Act, 2013 and the rules made thereunder. They have further confirmed that they are not disqualified to be appointed as the Statutory Auditors in terms of the Companies Act, 2013 and the rules made thereunder.

None of the Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution set out at item No. 3.

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

Item No. 4

Shri Rajesh Ranka was re-appointed as Chairman & Managing Director of the Company with remuneration for a period of three years with effect from 1st July, 2019. As such, his term of office will expire on 30/06/2022. 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 further period of three years with effect from 1st July, 2022.

The Board of Directors at its meeting held on 30th May, 2022, re-appointed Shri Rajesh Ranka (DIN : 03438721) as Chairman & Managing Director of the Company with

effect from 1st July, 2022 for a further period of three years with remuneration subject to the approval of the shareholders of the Company. The terms and conditions of the re-appointment and payment of remuneration to Shri Rajesh Ranka as Chairman & Managing Director have also been approved by the Nomination and Remuneration Committee of Directors of the Company.

The terms and conditions of remuneration is as under :-

- i) **Basic Salary :-**
Rs. 3,00,000/- per month for first year and thereafter increase of Rs. 30,000/- per month every year for next two years.
- ii) **Perquisites and allowances :-**
 - a) Company's contribution towards provident fund as per the rules of the Company but not exceeding 12% of the salary.
 - b) Gratuity not exceeding half month's salary for each completed year of service, as provided in Gratuity Act.
 - c) Free use of car with driver, for Company's business.
 - d) Free telephone facility at residence for Company's business.
 - e) Encashment of leaves as per Company's Rules.
- iii) He shall not be paid any sitting fees for attending the meetings of Board of Directors or Committee thereof.

Where in any financial year during the tenure of Shri Rajesh Ranka, Chairman & Managing Director, the Company has no profits or its profits are inadequate, the Company may pay to him the above remuneration as the minimum remuneration by way of salary subject to the requisite approvals, if any.

The disclosure relating to Shri Rajesh Ranka, as required under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, is set out as an annexure to the notice.

The resolution seeks the approval of members in terms of section 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder for the re-appointment and payment of remuneration to Shri Rajesh Ranka as Chairman & Managing Director of the Company for a further period of three years with effect from 01/07/2022.

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. 4. The Board recommends the Special Resolution for the approval of the members. The details set out herein above may be treated as an abstract under section 190 of the Companies Act, 2013.

Item No. 5

Pursuant to provisions of Section 161 of the Companies Act, 2013, the Articles of Association of the Company and as recommended by the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on 19th November, 2021, appointed Shri Ram Awatar Kabra (DIN 00945603), as an Additional Director of the Company, w.e.f. 19th November, 2021. As an Additional Director, Shri Ram Awatar Kabra holds office upto the date of this Annual General Meeting (AGM) and is eligible to be appointed as a Director of the Company. Pursuant to the provisions of Section 160 of the Act, the Company has received a notice in writing to appoint Shri Ram Awatar Kabra, signifying his candidature for the office of the Executive Director of the Company.

Shri Ram Awatar Kabra is Graduate in Commerce from the University of Rajasthan. He is also fellow member of the Institute of Chartered Accountants of India (ICAI) and the fellow member of the Institute of Company Secretaries of India (ICSI). Shri Ram Awatar Kabra has about 40 years vast and rich experience in the field of Finance, Accounts, Taxation, Administration and Management etc. and has consented to act as Whole-Time Director of the Company. The term and conditions of remuneration to Shri Ram Awatar Kabra are as under:-

i) Basic Salary:-

Rs. 1,30,000/- per month from 19/11/2021 with such increments as the Board may decide from time to time.

ii) Perquisites and allowances:-

- a) General Allowance Rs. 10,400/- per month.
- b) House Rent Allowance Rs. 32,500/- per month.
- c) Company's contribution towards Provident Fund as per Company's Rules but not exceeding 12% of the basic salary.
- d) Gratuity not exceeding half month's salary for each completed year of service as provided in the Gratuity Act.
- e) Free use of car with driver, for Company's business.
- f) Free Telephone facility for Company's business.
- g) Encashment of leaves as per Company's Rules.

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

iv) Shri Ram Awatar Kabra shall be subject to retire by rotation during his tenure as the Executive Director of the Company.

Where in any financial year during the tenure of Shri Ram Awatar Kabra, Whole time Director, the Company has no profits or its profits are inadequate, the Company may pay to him the above remuneration as the minimum remuneration by way of salary subject to the requisite approvals, if any.

The disclosure relating to Shri Ram Awatar Kabra, as required under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, is set out as an annexure to the notice.

The resolution seeks the approval of members in terms of section 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder for the appointment and payment of remuneration to Shri Ram Awatar Kabra, Whole-Time Director of the Company for a period of three years with effect from 19/11/2021.

Except Shri Ram Awatar Kabra, none of the Directors and key managerial personnel of the Company and their relatives is concerned or interested in the said resolution set out at item No. 5. The Board recommends the Special Resolution for the approval of the members.

Item No. 6

The Board of Directors has appointed Shri Chhitar Mal Jain (DIN : 09566506) as Additional Director in the category of Non-Executive Independent Director with effect from 01/07/2022. In terms of provisions of Section 161 of the Companies Act, 2013, he will hold office up to the date of this Annual General Meeting. In terms of Section 149 of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualification of Directors), Rules 2014, an Independent Director shall hold office for a period upto five consecutive years and shall not be liable to retire by rotation.

Shri Chhitar Mal Jain is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director. The Company has received declaration that he meets the criteria of Independence as prescribed under Section 149(6) of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Shri Chhitar Mal Jain is B.Com., M.Com., Ph.d., and FCA. He is practicing chartered accountant since 1988 and also retired professor.

The Board of Directors considered the matter of his appointment in its meeting held on 30th May, 2022 and felt that his association would be of immense benefit to the Company and proposed his appointment as Independent Director under Section 149 of the Act, whose office shall not be liable to retirement by rotation, to hold office for a term of five years commencing from 01st July, 2022 upto 30th June, 2027. In the opinion of the Board, he fulfills the conditions of appointment as an Independent Director as specified in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

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

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

The Board recommends the Resolution set out at Item No.6 as Special Resolution to the Shareholders for their approval

Except Shri Chhitar Mal Jain, none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No. 6 of the Notice.

Item No. 7

The Board of Directors has appointed Mrs. Ankita Jain (DIN :09598249) as Additional Director in the category of Non-Executive Independent Director with effect from 01/07/2022. In terms of provisions of Section 161 of the Companies Act, 2013, She will hold office up to the date of this Annual General Meeting. In terms of Section 149 of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualification of Directors), Rules 2014, an Independent Director shall hold office for a period upto five consecutive years and shall not be liable to retire by rotation.

Mrs. Ankita Jain is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director. The Company has received declaration that she meets the criteria of Independence as prescribed under Section 149(6) of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mrs. Ankita Jain is Chartered Accountant by profession and her membership number is ACA 159511. Mrs. Ankita Jain is having 9 years' experience in her Professional Practice in the field of audit, finance, accounts, taxation, corporate law etc.

The Board of Directors considered the matter of her appointment in its meeting held on 30th May, 2022 and felt that her association would be of immense benefit to the Company and proposed her appointment as Independent Director under Section 149 of the Act, whose office shall not be liable to retirement by rotation, to hold office for a term of five years commencing from 01st July, 2022 upto 30th June, 2027. In the opinion of the Board, she fulfills the conditions of appointment as an Independent Director as specified in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

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

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

The Board recommends the Resolution set out at Item No.7 as Special Resolution to the Shareholders for their approval

Except Mrs. Ankita Jain, none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No. 7 of the Notice.

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, 2023 at a remuneration of Rs.50,000/- per annum plus applicable taxes and reimbursement of expenses upto Rs. 25,000/-.

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item No. 7 of the notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2023.

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

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

Name	Smt. Veena Jain	Shri Rajesh Ranka	Shri Ram Awatar Kabra	Shri Chhitar Mal Jain	Mrs. Ankita Jain
Designation	Non Executive Director	Chairman & Managing Director	Whole Time Director	Non-Executive-Independent Director	Non-Executive-Independent Director
Director Identification Number (DIN)	07148606	03438721	00945603	09566506	09598249
Date of Birth	06/09/1978	07/10/1966	03/09/1956	01/01/1959	23/12/1990
Qualifications	M.A.	MBA	FCA, FCS	FCA, Ph.d.	ACA
Brief Resume	Smt. Veena Jain is M.A. She has best experience in field of business etc.	Shri Rajesh Ranka is MBA from Rajasthan University. He is Chairman & Managing Director of the Company and having vast experience of more than 28 years in the field of Textile management and Business administration.	Shri Ram Awatar Kabra is Graduate in Commerce from the University of Rajasthan. He is also fellow member of the Institute of Chartered Accountants of India (ICAI) and the fellow member of the Institute of Company Secretaries of India (ICSI). Shri Ram Awatar Kabra has about 40 years vast and rich experience in the field of Finance, Accounts, Taxation, Administration and Management etc.	Shri Chhitar Mal Jain is B.Com, M.Com, Ph.d, and FCA. He is practicing chartered accountant since 1988 and also retired professor from Mohan Lal Sukhadiya University, Rajasthan.	Mrs. Ankita Jain is Chartered Accountant by profession and her membership number is ACA 159511. Mrs. Ankita Jain is having 9 years' experience in her Professional Practice in the field of audit, finance, accounts, taxation, corporate law etc.
Nature of expertise in specific functional areas	Business	Business Administration	Finance, Corporate Laws, Administration	Finance, Audit, Education	Finance, Accounts, Audit
Date of first Appointment on the Board of the Company	18/06/2015	01/02/2011	19/11/2021	01/07/2022	01/07/2022
Shareholding in the Company	Nil	Nil	Nil	Nil	Nil
Shareholding of non-executive directors (in the listed entity, including shareholding as a beneficial owner)	Nil	-	-	Nil	Nil
Name of listed entities in which the person holds directorship and the membership of Committees of the Board	Modern Threads (India) Limited	Modern Threads (India) Limited	Modern Threads (India) Limited	Modern Threads (India) Limited	Modern Threads (India) Limited
Listed entities from which the person has resigned in the past three years	Nil	Nil	Nil	Nil	Nil
Remuneration proposed to be paid	Smt. Veena Jain is paid remuneration by way of sitting fees for attending meetings of the Board and Committees thereof. For the Financial Year 2021-22 She has been paid sitting fee of Rs. 3,000	Rs. 3,00,000/- per month for first year and thereafter increase of Rs. 30,000/- per month every year for next two years.	Rs. 1,30,000/- per month from 19/11/2021 with such increments as the Board may decide from time to time.	Shri Chhitar Mal Jain will be paid remuneration by way of sitting fees for attending meetings of the Board and Committees thereof.	Smt. Ankita Jain will be paid remuneration by way of sitting fees for attending meetings of the Board and Committees thereof
Terms and conditions of appointment/ re-appointment	Retire by Rotation	As stated in this AGM notice and Corporate Governance Report	As stated in this AGM notice and Corporate Governance Report	As stated in this AGM notice and Corporate Governance Report	As stated in this AGM notice and Corporate Governance Report
Relationship between directors inter-se and Key Managerial personnel	Not related to any other Directors/ Key Managerial Personnel of the Company	Not related to any other Directors/ Key Managerial Personnel of the Company	Not related to any other Directors/ Key Managerial Personnel of the Company	Not related to any other Directors/ Key Managerial Personnel of the Company	Not related to any other Directors/ Key Managerial Personnel of the Company
Membership/ Chairmanships of Audit and Stakeholders relationship committees	Nil	Nil	Member of Audit and Stakeholders relationship committees	Member of Audit and Stakeholders relationship committees	Chairman of Audit and Stakeholders relationship committees
In case of Independent Directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements	Not Applicable	Not Applicable	Not Applicable	Having experience in the field of finance, Audit, Taxation etc.	Having experience in the field of finance, Audit, Taxation and Education etc

DIRECTORS' REPORT

To the members of Modern Threads (India) Limited,

Your Directors are pleased to present the 41st Annual Report on the business and operations of the Company together with Audited Financial Statements for the financial year ended 31st March, 2022.

The Standalone financial statements for the financial year ended March 31, 2022, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs, vide its notification in the official Gazette dated 16th February, 2015.

Key highlights of financial performance of your Company for the financial year 2021-22 are provided below:

FINANCIAL SUMMERY

(₹ in Crores)

Particulars	Year ended 31/03/2021	Year ended 31/03/2022
Revenue from operations & other Income	149.67	224.70
Profit before exceptional items & tax	1.02	7.25
Exceptional items	0.70	0.70
Profit before tax	1.72	7.95
Less-Tax expenses	-	0.01
Profit for the year	1.72	7.94
Other Comprehensive Income	0.33	0.27
Total Comprehensive Income	2.05	8.21

STATE OF COMPANY'S AFFAIRS

The performance of the Woollen division of the Company has been satisfactory over past few years in spite of stiff competitions in the domestic and International markets. During the year under review the turnover of the Woollen Division of the Company is Rs. 134.18 Crores as against Rs. 93.86 Crores in the previous year. During the year under review the turnover of the Yarn Division of the Company is Rs. 88.45 Crores as against Rs. 53.27 Crores in the previous year. Your company has been able to generate the profit of Rs. 7.94 Crores during the year under review as against Rs. 1.72 Crores in previous year.

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

POST COVID-19 PHASE & GEO-POLITICAL SITUATION

The post COVID-19 phase from September '21 onward changed the business opportunity for worsted industry. Due to exhausted supply chain line, almost all sectors of worsted textiles generated demand & Indian worsted yarn supplier benefitted because of this. Chinese Zero tolerance policy fueled Indian industry in very positive manner. Demand from Australian wool remained either stable or showing slight increase in price terms, which largely eliminated the volatility in raw material prices. This was also possible, because of less consumption of wool from Chinese manufacturer & COVID policy followed by China. The Company continued to monitor any major change in future economic conditions and consequential impact on the financial Statements.

However, recent change in Geo-Political situation in Europe is expected to give some reversal jolt in current upward moving business & Indian economy. Since, we have major business in Europe & realization coming from GBP & EURO, company is monitoring the orders in hand & future plans of order in order to operate safe. Apart from this, overall cost of manufacturing also seems going to be higher in current scenario, which company is prepared to incorporate in system periodically as and when required.

SHARE CAPITAL

The authorized Share Capital of the Company stood at Rs. 185,00,00,000. During the year under review, there was no change in the authorized share capital of the Company. The paid up Equity Share Capital as at March 31, 2022 stood at Rs. 34,77,51,600. During the financial year under review company has redeemed 75,000 – 16% cumulative redeemable preference shares (CRPF) series II of the face value of Rs. 100/- each and 25,000 – 16.50% cumulative redeemable preference shares (CRPF) series I of the face value of Rs. 100/- each issued and allotted to Oriental Insurance Company Limited (OICL) as one time settlement (OTS) of the said CRPS.

During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity or warrants. As on March 31, 2022, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

TRANSFER TO RESERVES

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

DIVIDEND

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

EXPORTS

Govt of India specially textile ministry is very active in formulating Textile related policy & their implementation. Over all Export target has also been kept higher & looking into the demand from overseas market, dream came true. Comparing the last year performance, this year export as well as domestic demand remained firm & profitable in 2nd half of the year. Growth of export is very much bullish & it is continued to be next year.

During the year under review the export turnover of the company was of Rs. 79 Crores as against Rs. 60 Crores in the previous year. This year company started manufacturing & exporting RWS (Responsible Wool Standard) & GRS (Global Recycled Standard) products along with certification to ensure commitment towards environment & supplying sustainable yarn in global market. Product branding & certification is one of the key area in order to penetrate high end European & Japanese market.

FUTURE PROSPECTS

The International Wool Textile Organisation (IWTO), with significant assistance from Australian Wool Innovation (AWI), continues to push for more accurate representation of the environmental footprint of textiles, based on proven science & future prospects looks very positive among various type of fibers.

Free trade agreement with India & Australia is going to give another push to Indian Worstid industry.

Exhibition held in September, Première Vision Paris continues to build on its success with its new summer positioning. Designed to better cater to the evolving cycles of the fashion industry, as well as to the needs of manufacturers, this calendar change has won the market's approval. A 32% growth in the creative offer (vs. September 2021), the return of international visitors, and the industry's reinforced commitment to eco-responsibility issues addressed by Première Vision all confirm the event's strategic choices.

MSME CERTIFICATE

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

FINANCE AND ACCOUNTS

As mandated by the Ministry of Corporate Affairs, the financial statements for the year ended on March 31, 2022 has been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "The Act") read with the Companies (Accounts) Rules, 2014 as amended from time to time. The estimates and judgments relating to the Financial Statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended March 31, 2022. The Notes to the Financial Statements form an integral part of this Report.

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

FIXED DEPOSITS

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors

The Board of Directors on the recommendations of the Nomination and Remuneration Committee vide its meeting held on 30th May, 2022 has re-appointed Shri Rajesh Ranka (DIN: 03438721) as Chairman & Managing Director of the Company w.e.f. 01.07.2022 for a further period of three years with remuneration, subject to approval of shareholders in the ensuing Annual General Meeting.

Further, subject to the approval of the shareholders, the Board of Directors has, on the recommendation of the Nomination and Remuneration Committee, appointed Shri Ram Awatar Kabra (DIN: 00945603) as an Additional Director under the category Whole-Time Director of the Company w.e.f. 19/11/2021. As an Additional Director,

Shri Ram Awatar Kabra holds office upto the date of the ensuing AGM and is eligible to be appointed as a Director of the Company. The Company has received requisite notice in writing from a member proposing Shri Ram Awatar Kabra, signifying his candidature for appointment as a Whole-Time Director at the ensuing AGM. Accordingly, the Board recommends the resolution in relation to appointment of Shri Ram Awatar Kabra as a Whole-Time Director, for the approval by the members of the Company.

Subject to the approval of the shareholders, the Board of Directors has, on the recommendation of the Nomination and Remuneration Committee, appointed Shri Chhitar Mal Jain (DIN : 009566506 and Mrs. Ankita Jain (DIN: 09598249) as an Additional Director under the category Independent Director of the Company w.e.f. 1st July, 2022. As an Additional Director, Shri Chhitar Mal Jain and Mrs. Ankita Jain holds office upto the date of the ensuing AGM and are eligible to be appointed as a Director of the Company. The Company has received requisite notices in writing from a member proposing Shri Chhitar Mal Jain and Mrs. Ankita Jain, signifying their candidature for appointment as an Independent Director of the Company at the ensuing AGM. Accordingly, the Board recommends the resolution in relation to appointment of Shri Chhitar Mal Jain and Mrs. Ankita Jain as an Independent Director, for the approval by the members of the Company

During the year under review Shri Laleet Kumar (DIN : 08465100), Shri Ram Rai Kabra (DIN:07985411) and Shri Rohit Singh (DIN:08469801) have resigned from the directorship of the Company with effect from 12/02/2022, 18/07/2022 and 18/07/2022 respectively. The Board places on record its sincere thanks and gratitude for the valuable contribution made by Shri Laleet Kumar, Shri Ram Rai Kabra and Shri Rohit Singh towards the growth and development of the Company during their tenure as Director of the Company.

In accordance with the provisions of section 152 of the Companies Act, 2013, Smt. Veena Jain (DIN : 07148606) Director of the Company retires by rotation and being eligible offers herself for re-appointment.

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

Key Managerial Personnel

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

ANNUAL EVALUATION OF THE PERFORMANCE OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

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

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

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

NUMBER OF BOARD MEETINGS

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

In the Financial Year 2021-22, the Board met seven times. The Meetings were held on 16th June, 2021, 30th June, 2021, 12th August, 2021, 20th September, 2021,

19th November, 2021, 14th February, 2022 and 24th March, 2022. The intervening gap between the meetings was within the period prescribed under section 173 of the Companies Act, 2013 and regulation 17(2) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The attendance of directors in board meetings held during the financial year ending 31st March, 2022 is given in corporate governance report attached as Annexure G to the Board's report. During the year under review a circular resolution was passed by the Board of Directors on 02/04/2022 regarding authority to file/sign Writ Petition before Hon'ble Rajasthan High Court, Jaipur, under article 226 and 14 & 19(1)(g) of the Constitution of India and was noted and confirmed at the subsequent meeting of the Board of Directors and made part of the minutes of such meeting.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

Audit Committee of the Board of Directors is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013, rules made thereunder and the provisions of Regulation 18 of the Listing Regulations. All members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, and Economics etc. The constitution of the committee as on 31st March 2022 is as follows:

Sl. No.	Name of Director	Position held in the Committee	Category of Director
1.	Shri Ram Rai Kabra	Chairman	Independent Director
2.	Shri Rohit Singh	Member	Independent Director
3.	Shri Laleet Kumar (upto 12/02/2022)	Member	Non-Executive Director
4.	Shri Ram Awatar Kabra (w.e.f. 14/02/2022)	Member	Executive Director

(Shri Laleet Kumar has resigned as a member of the committee with effect from 12/02/2022. Shri Ram Awatar Kabra (Executive Director) was appointed as a member of the Audit Committee with effect from 14/02/2022.)

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

NOMINATION AND REMUNERATION COMMITTEE

As per the provisions of section 178 of the Companies Act, 2013 and the rules made thereunder and as per the criteria laid down under regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has in place a Nomination and Remuneration Committee and constitution of the Committee as on 31st March 2022 is as follows:

Sl. No.	Name of Director	Position held in the Committee	Category of Director
1.	Shri Ram Rai Kabra	Chairman	Independent Director
2.	Shri Rohit Singh	Member	Independent Director
3.	Shri Laleet Kumar (upto 12/02/2022)	Member	Non-Executive Director
4.	Shri Jagdishnarayan Sharma (w.e.f. 14/02/2022)	Member	Independent Director

(Shri Laleet Kumar has resigned as a member of the committee with effect from 12/02/2022. Shri Jagdish Narayan Sharma (Independent Director) was appointed as a member of the Nomination and Remuneration Committee with effect from 14/02/2022.)

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

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

POLICY FOR DIRECTORS, KMP AND OTHER EMPLOYEES

Appointment Criteria and Qualifications

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

decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.

Term/Tenure

(a) Managing Director/Whole-time Director:

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

(b) Independent Director:

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

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

Remuneration

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

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

(b) Remuneration to Non-Executive/Independent Director:

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

Evaluation

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

Removal

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

Retirement

The Director, KMP and Other employees shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP and other employees in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

This policy is available on the website of the company <https://www.modernwoollens.com>.

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

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

As per the requirement of sec. 178 of the Companies Act, 2013 and the rules made thereunder and also as per the criteria laid down under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has in place the Stakeholders' Relationship Committee and constitution of the Committee as on 31st March, 2022 is as follows:

Sl. No.	Name of Director	Position held in the Committee	Category of Director
1.	Shri Ram Rai Kabra	Chairman	Independent Director
2.	Shri Rohit Singh	Member	Independent Director
3.	Shri Laleet Kumar (upto 12/02/2022)	Member	Non-Executive Director
4.	Shri Ram Awatar Kabra (w.e.f. 14/02/2022)	Member	Executive Director

(Shri Laleet Kumar has resigned as a member of the committee with effect from 12/02/2022. Shri Ram Awatar Kabra (Executive Director) was appointed as a member of the Stakeholders Relationship Committee Meeting with effect from 14/02/2022.)

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As per the provisions of section 135(1) of the Companies Act, 2013 and the rules made thereunder, the Company has constituted the Corporate Social Responsibility Committee. The constitution of the Committee as on 31st March 2022 is as follows:

Sl. No.	Name of Director	Position held in the Committee	Category of Director
1.	Shri Rajesh Ranka	Chairman	Managing Director
2.	Shri Ram Rai Kabra	Member	Independent Director
3.	Shri Rohit Singh	Member	Independent Director

A meeting of the CSR Committee was held on 14th February, 2022 with all three directors as mentioned above were present.

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

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

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

Details of complaints received/disposed during the financial year 2021-22 is provided on page 21 of this Annual Report.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

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

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

Goyal D. Kumar & Co, Chartered Accountants, Bhilwara (Firm Registration No.007817C), were appointed as Statutory Auditors of the Company at the 36th Annual General Meeting held on 28th September, 2017 for a period of five years till the conclusion of 41st Annual General Meeting of the Company. Accordingly, the term of appointment of Goyal D. Kumar & Co, Chartered Accountants, Bhilwara (Firm Registration No.007817C), will expire at the conclusion of the ensuing Annual General Meeting of the Company. Therefore, it is required to appoint Statutory Auditors to conduct the audit of the accounts of the Company.

S.S. Surana & Co., Chartered Accountants, Jaipur (Firm Registration No. 001079C) meet the criteria of eligibility in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder. The Company has received a certificate from the S.S. Surana & Co., to the effect that if they are appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013 and the rules made thereunder. Thus, it is proposed for the appointment of S.S. Surana & Co., Chartered Accountants, Jaipur (Firm Registration No. 001079C) as a Statutory Auditors of the Company for a period of five year from the conclusion of 41st Annual General Meeting until the conclusion of 46th Annual General Meeting of the Company

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

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

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. R.K. Jain & Associates, Company Secretaries, Bhiwara to undertake the Secretarial Audit of the Company for the financial year ended 31st March, 2022.

The Company has also undergone an audit for the FY 2021-22 pursuant to SEBI Circular No. CIR/CFD/CMO/1/27/2019 dated 8th February, 2019 for all applicable compliances as per the Securities and Exchange Board of India Regulations and Circular/guidelines issued thereunder. The Report (Annual Secretarial Compliance Report) has been submitted to the stock exchanges within the prescribed time limit, of the end of the financial year ended 31st March, 2022.

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

Cost Auditors

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

Pursuant to the provisions of Section 148(2) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, your company is required to get its cost accounting records audited by cost auditors. Accordingly, the Board, at its meeting held on 30th May, 2022 has on the recommendation of the Audit Committee, re-appointed M. Goyal & Co., Cost Accountants, Jaipur (Firm Registration No. 000051) to conduct the audit of the cost accounting records of the Company for FY 2022-23 on a remuneration of Rs. 50,000/- plus applicable taxes and reimbursement of actual travel and out-of-pocket expenses upto Rs. 25,000/-. The remuneration is subject to the ratification of the Members in terms of Section and a resolution seeking members approval for the remuneration payable to the Cost Auditors forms part of the Notice convening Annual General Meeting for their Ratification.

Internal Auditors

During the year under review Shri Kamlesh Kumar Somani, Chartered Accountant has resigned as Internal Auditor of the Company with effect from 30th May, 2022. On the recommendation of Audit Committee the Board of Directors in its meeting held on 30/05/2022, has appointed Shri Rahul Kumar Jain as Internal Auditor of the Company with effect from 30/05/2022. Internal Audit report, their significant findings and follow up actions taken by the management is reviewed by the audit committee on a quarterly basis.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under the Company has taken unsecured borrowing of Rs. 14 crores from Modern Polytext Limited and the same has also been repaid.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

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

The information on conservation of energy, technology absorption, Foreign exchange earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013

read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed as Annexure-B to the Board's Report.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

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

ENVIRONMENT HEALTH AND SAFETY

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

The Company has zero tolerance towards sexual harassment at the workplace and has a proper management system to prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. During the financial year 2021-22, the Company has not received any complaints of sexual harassment.

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 (as amended) the Annual Return as on March 31, 2022 is available on the Company's website at the weblink https://modernwoollens.com/admin/public/uploads/1/2022-09/form_no_mgt_7_annual_return.pdf By virtue of amendment to Section 92(3) of the Companies Act, 2013, the Company is not required to provide extract of Annual Return (Form MGT-9) as part of the Board's report.

CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

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

In accordance with the provisions of section 188 of the Companies Act, 2013 and rules made thereunder, all related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions which may have a potential conflict with the interests of the Company at large. All related party transactions are placed before the Audit Committee for approval. Omnibus approval was obtained on a yearly basis for transactions which are of repetitive nature.

The details of contracts and arrangement with related parties for the financial year ended 31st March, 2022, are given in Note No. 34 to the Financial Statements forming part of this Annual Report.

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company as on 31st March, 2022.

CODE OF CONDUCT

In compliance of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct and Ethics. The code is applicable to the Board of Directors, Key Managerial Personnel and all other employees in the course of day to day business operations of the Company. The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors, Key Managerial Personnel and all other designated employees of the Company in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. This code is available on the website of the company at <https://www.modernwoollens.com>.

DECLARATION BY INDEPENDENT DIRECTORS

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

The Ministry of Corporate Affairs ('MCA') vide Notification No. G.S.R.804(E) dated October 22, 2019 and effective from December 01, 2019 has introduced the provision relating to inclusion of names of Independent Directors in the Data Bank maintained by Indian Institute of Corporate Affairs ('IICA'). All Independent Directors of your Company are registered with IICA. In the opinion of the Board, the independent directors possess the requisite integrity, experience, expertise, proficiency and qualifications.

Shri Ram Rai Kabra and Shri Rohit Singh were Independent Director of the Company. However, they have not passed the 'Online Proficiency Self-Assessment Test' under the provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014, therefore their name has been removed from the databank of Independent Directors with effect from 28/02/2022. However, they have resigned from the Directorship of the company w.e.f. 18/7/2022.

FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

The company believe that the board be continuously empowered with the knowledge of the latest developments in the company's business and the external environment affecting the industry as a whole. Familiarization Program for Independent Directors has been adopted by the Company, pursuant to the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is available on the website of the company at <https://www.modernwoollens.com>. The details of the familiarization program are provided on page 21 of this Annual Report.

BUSINESS RISK MANAGEMENT

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

INDUSTRIAL RELATIONS AND PARTICULARS OF EMPLOYEES

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

SECRETARIAL STANDARDS

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

DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT (UNCLAIMED SHARES)

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

LISTING OF SHARES

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

CORPORATE GOVERNANCE REQUIREMENTS

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

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

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

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

MATERIAL CHANGES AND COMMITMENTS EFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE FINANCIAL YEAR

There is no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the financial year 2021-2022.

INSURANCE

Your company has taken appropriate insurance for all assets against foreseeable perils.

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:

- Issue of equity shares with differential rights as to dividend, voting or otherwise;
- Issue of shares (including sweat equity shares) to employees of the Company under any Scheme;
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in the future; and
- There was no instance of fraud during the year under review, which required the statutory auditors to report to the audit committee and/or board under section 143(12) of the Act and the rules framed thereunder.

APPRECIATIONS AND ACKNOWLEDGEMENTS

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business partners/associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company. Your Directors also wish to place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment.

For and on behalf of the Board of Directors

RAJESH RANKA

Chairman & Managing Director

DIN : 03438721

Place : Bhilwara

Dated : 30th May, 2022

Form No. MR-3
ANNEXURE "A" TO THE BOARD'S REPORT:
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2022

[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
Unit: Modern Woollens Hamirgarh Road,
Pragati Path, Near Transport Nagar,
Bhilwara-311001 (Rajasthan)

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by MODERN THREADS (INDIA) LIMITED (hereinafter called the Company) (CIN No. - L17115RJ-1980PLC002075) 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, 2022**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:-

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **MODERN THREADS (INDIA) LIMITED** for the financial year ended on **31st March, 2022** 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 was no transaction relating FDI and ODI during the year under review. **(Not applicable to the Company during the Audit Period)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, **(Not applicable to the Company during the Audit Period)**;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Upto 12th August, 2021); The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equities) Regulations, 2021 (w.e.f 13th August, 2021) **(Not applicable to the Company during the Audit Period)**;
 - e) The Securities and Exchange Board of India (Issue and Listing of debt Securities) Regulations, 2008 (upto 15th August, 2021); The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (w.e.f 16th August, 2021) **(Not applicable to the Company during the Audit Period)**
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**;
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Company during the Audit Period)**
 - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vi) Other applicable Laws like, The Factories Act, 1948; The Payment of Gratuity Act, 1972; Industrial Disputes Act, 1947; The Payment of wages Act, 1936;

Employees State Insurance Act, 1948; The Employees' Provident Fund and Misc. Provisions Act, 1952; The Payment of Bonus Act, 1985; The Contract Labour (Regulation & Abolition) Act, 1970; Environment Laws.

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

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India
- (ii) The Listing Agreements entered into by the Company with BSE Limited, The Calcutta Stock Exchange Ltd. and National Stock Exchange of India Ltd. The Trading in Securities of the Company has been **suspended by BSE since January 2002 and by NSE since 11 November, 2002. However, the Company is in the process of revocation of suspension of trading of its securities and submitted its documents to Stock Exchanges.**

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

1. The preference shares were redeemable in four equal instalments commencing from the year 2003-04. As informed by the management of the Management, the same was not paid due to paucity of funds. Thereafter, the preference shares were expected to be redeemed as per Rehabilitation Scheme to be approved by BIFR. The Dividend on Cumulative redeemable Preference Shares has not been provided for earlier years. The company was expected waiver/ relief under Draft Rehabilitation Scheme pending for approval with BIFR. But pursuant to Sick Industrial Companies (Special Provisions) Repeal Act, 2003 (SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 1/12/2016 and the company has not initiated any reference to National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code 2016. However, during the financial year under review 1,00,000 Preference Shares of Rs. 100/- each were redeemed vide One Time Settlement (OTS) with Oriental Insurance Company Limited (OICL) at 30% of the face value by paying Rs. 30,00,000/- (Rupees Thirty Lacs Only) and balance Rs. 70,00,000/- has been recognised as exceptional items (Income) in the quarter ended 31st March, 2022. The company is in process of settlement of remaining Preference Shareholders. The company has not complied with the provisions of Section 55(3) of the Companies Act, 2013.
2. The company had an outstanding amount of share application money Rs. 1450.00 Lakhs received from promoters and associates pursuant to the Draft rehabilitation scheme to be approved by BIFR. After repealing of the Sick Industrials Companies (Special Provisions) Act, 1985 the Rehabilitation Scheme is not under consideration w.e.f. 1st December, 2016, but company has not initiated any process of making reference to National Company Law Tribunal under Insolvency and Bankruptcy Code, 2016. The Share Application Money had been received before the commencement of the Companies Act, 2013.
3. As per the regulation 33(3) of SEBI (LODR) Regulations, 2015 Company had been delayed in submission of September quarter-2021 financial Results & limited review report to both the Stock Exchanges.
4. As per regulation 34(1) of SEBI (LODR) Regulations, 2015 company has been delayed in submission of Annual report for 31.03.2021 to both the stock exchanges. As informed to us, the Company is in the process of revocation of suspension of trading of its securities and submitting its documents to Stock Exchanges
5. As per regulation 23(9) of SEBI (LODR) Regulations, 2015 the company been delayed in submission regarding disclosure of related party transaction for the Half year ended 30.09.2021 to both the stock exchanges. As informed to us, the Company is in the process of revocation of suspension of trading of its securities and submitting its documents to Stock Exchanges.
6. Requirements of regulation 30(8) of SEBI (LODR) Regulations, 2015 not complied with by the company. Hence, not disclosed on website of the company as per Regulation 30(8). As informed to us, the Company is in the process of revocation of suspension of trading of its securities and submitting its documents to Stock Exchanges.

We further report that-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the Audit Period were carried out in compliance with the provisions of the Act.

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

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

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

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

- i. Redemption of 100000 Preference Shares of Rs. 100/- each through One Time Settlement (OTS) with Oriental Insurance Company Limited (OICL) at 30% of the face value of Shares.

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

R K Jain & Associates
Company Secretaries

R.K. Jain
Proprietor
COP No. 5866
FCS No. 4584
UDIN : F004584D000423651

Place: Bhilwara
Date: 30.05.2022

'Annexure A'

To,
The Members,

Modern Threads (India) Limited
Unit: Modern Woollens Hamirgarh Road,
Pragati Path, Near Transport Nagar,
Bhilwara-311001 (Rajasthan)

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

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

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

R K Jain & Associates
Company Secretaries

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

Place: Bhilwara
Date: 30.05.2022

ANNEXURE "B" TO THE BOARD'S REPORT :
Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earning and Outgo required under the Companies (Accounts) Rules, 2014

(A) Conservation of energy-

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

(B) Technology absorption-

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

(C) Foreign exchange earnings and Outgo-

Particulars	Details
1. Activities relating to exports, initiatives to increase exports, Developments of New export markets for products and services and export plan	We are sending our marketing team to various part of the world for development of yarn market and attending exhibitions on regular basis.
2. Total Foreign Exchange Earned and Used	
i) The Foreign Exchange earned in terms of actual inflows during the year	₹ 7863.51 Lakh
ii) Foreign Exchange outgo during the year in terms of actual outflows	₹ 7588.00 Lakh

ANNEXURE "C" TO THE BOARD'S REPORT
ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.]

1. Brief outline on CSR Policy of the Company.

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

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

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

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

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Shri Rajesh Ranka	Chairman & Managing Director, Chairman of CSR Committee	1	1
2	Shri Ram Rai Kabra	Independent Director, Member of CSR Committee	1	1
3	Shri Rohit Singh	Independent Director, Member of CSR Committee	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

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

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) : Not Applicable.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any : Not Applicable

6. Average net profit of the company as per section 135(5) : Rs. 11.54 Crores

7. (a) Two percent of average net profit of the company as per section 135(5) : Rs. 23.10 Lacs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. : **0.34 Lacs**

(c) Amount required to be set off for the financial year, if any. : **0.34 Lacs**

(d) Total CSR obligation for the financial year (7a+7b- 7c) : **Rs. 23.10 Lacs**

8. (a) CSR amount spent or unspent for the financial year :

Total Amount Spent for the Financial Year (in Rs. Lacs)	Amount Unspent (Rs. in Lacs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
23.10	NA	NA	NA	NA	NA

(b) Details of CSR amount spent against ongoing projects for the financial year: Not Applicable

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Project duration	State	District	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation Direct (Yes/No)	Mode of Implementation Through Implementing Agency
-	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	Name CSR Registration number NA NA

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Amount spent for the project (in Rs.)	(7) Mode of implementation Direct (Yes/No)	(8) Mode of implementation Through implementing agency	
				State	District			Name	CSR Registration Number
1.	Animal Welfare Fund	Care Taking Cow in Cowshed	Yes	Rajasthan	Bhilwara	23,10,000	No	H.M. Ranka Foundation	CSR 00015953

(d) Amount spent in Administrative Overheads : Nil

(e) Amount spent on Impact Assessment, if applicable : Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : Rs. 23.10 Laacs

(g) Excess amount for setoff, if any

Sl. No.	Particular	Amount (Rs. in Laacs)
(i)	Two percent of average net profit of the company as per section135(5)	23.10
(ii)	Total amount spent for the Financial Year	23.10
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.00
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NA

9. a) Details of Unspent CSR amount for the preceding three financial years: Nil

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section135(6) (in Rs.)	Amount spent in the Reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs.)	Date of transfer	
-	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1) Sl. No.	(2) Project ID	(3) Name of the Project	(4) Financial Year in Which the project was commenced	(5) Project duration	(6) Total amount allocated for the project (in Rs.)	(7) Amount spent on the project in the reporting Financial Year (in Rs.)	(8) Cumulative amount spent at the end of reporting Financial Year (in Rs.)	(9) Status of the project- Completed / Ongoing
-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s). N.A.

(b) Amount of CSR spent for creation or acquisition of capital asset. N.A.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. N.A.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). N.A.

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section135(5) : Nil

(Rajesh Ranka)

Chairman & Managing Director
and Chairman CSR Committee
DIN:03438721Place : Bhilwara
Date : 30th May, 2022

ANNEXURE "D" TO THE BOARD'S REPORT**Form No. AOC-2**

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

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

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

(a) Name(s) of the related party and nature of relationship

(b) Nature of contracts/arrangements/transactions

(c) Duration of the contracts/arrangements/transactions

(d) Salient terms of the contracts or arrangements or

Transactions including the value, if any

NIL

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

(e) Justification for entering into such contracts or arrangements or transactions

(f) date(s) of approval by the Board

(g) Amount paid as advances, if any:

(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

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

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/transactions	Duration of the contracts/arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any Company paid (in Rs.)	Date(s) of approval by the Board, if any	Amount paid as advances, if any:
Modern Polytex Limited	Unsecured Loan Taken	01.04.2021 to 31.03.2022	1400.00	14/02/2022	Nil
Modern Polytex Limited	Unsecured Loan Repaid	01.04.2021 to 31.03.2022	1400.00	14/02/2022	Nil
Modern Polytex Limited	Purchase of goods	01.04.2021 to 31.03.2022	744.69	14/02/2022	Nil
Modern Polytex Limited	Interest on Unsecured Loan	01.04.2021 to 31.03.2022	32.55	14/02/2022	Nil
Modern Polytex Limited	Interest on purchase of goods	01.04.2021 to 31.03.2022	165.69	14/02/2022	Nil
Modern terry towels	Purchase of goods	01.04.2021 to 31.03.2022	1.05	14/02/2022	Nil
H. M. Ranka Foundation	Corporate Social Responsibility expenses	01.04.2021 to 31.03.2022	23.10	14/02/2022	Nil

FOR Modern Threads (India) Limited

Place : Bhilwara
 Date : 30 May, 2022

Rajesh Ranka
 Chairman & Managing Director
 DIN:03438721

ANNEXURE "E" TO THE BOARD'S REPORT

Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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

Median remuneration of all the employees of the Company for the Financial Year 2021-22	7638	
Percentage increase in the median remuneration of employees in the Financial Year 2021-22	-16.08%	
Number of permanent employees on the rolls of the Company as on 31st March, 2022	1776	
Name of Director and KMP	Ratio of remuneration to median remuneration of all employees	% increase in remuneration in the Financial Year 2021-22
Shri Rajesh Ranka (CMD)	34.37	0.00%
Shri P.K. Nahar (CFO)	21.61	22.33%
Shri. B.L. Sani (CS)	7.59	13.91%

(2) Top ten employee remuneration of the company

Name	Designation	Qualification & Experience	Date of Commencement of Employment	Age	Last Employment	% of Equity Shares held	Whether relative of Director or Manager
RAJESH RANKA	Chairman & Managing Director	MBA	22/09/2011	56 Years	NA	Nil	NA
SUJEET KUMAR	Vice-President (Export-Marketing)	MMS (Mkt)	07/04/2012	52 Years	R.S.W.M.	Nil	NA
RAMAWATAR KABRA	Executive Director	B.Com. FCA.FCS.	11-06-2017	66 Year	Suzuki Textiles Ltd. Gudda (Mandal), BHL	Nil	NA
PRABODH KUMAR NAHAR	Chief Financial Officer	Chartered Accountant	16/04/1992	57 Years	Bhilwara Textile (p)Ltd	10 shares	NA
ALOK SRIVASTAVA	Sr. V.P. (Tech)	B.Tech.	06/09/2006	59 Years	Sharma Woollen mill	Nil	NA
DHARMENDRA KUMAR SHUKLA	Dy. G.M. (Mkt)	MBA	09/07/2013	45 Years	Vikram Woollens	Nil	NA
VIVEK PANDEY	G.M. (Combing)	B. Tech.	02/09/2019	48 Years	Grentex Pvt. Ltd.	Nil	NA
SATYA PRAKASH SINGH	G.M. (Tech.)	M. Sc.	17/08/2021	46 Years	Saurav Chemicals Ltd.	Nil	NA
MAHENDRA CHOPRA	Vice President (IR)	M.Com. DLL	27/11/1989	59 Years	Hindustan Motors	Nil	NA
ANIL KUMAR YADAV	Dy. G.M. (Dyeing)	B.Sc. (Skill Tex)	21/04/2018	53 Years	Uniworth India Limited	Nil	NA

- 3) Name of the employee who was in receipt of remuneration not less than 1.02 Crore in the financial year ending 31st March 2022- Nil
- 4) Name of the employee who was in receipt of remuneration not less than 8.5 Lacs per month for any part of the financial year ending 31st March 2022- Nil
- 5) Name of the employee if employed throughout the financial year or part thereof, was in receipt of remuneration in the financial year ending 31st March 2022 which is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company- Nil
- 6) The remuneration is as per the remuneration policy of the company.

ANNEXURE "F" TO THE BOARD'S REPORT

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

I) INDUSTRY STRUCTURE AND DEVELOPMENTS

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

II) OUTLOOK

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

III) OPPORTUNITIES, THREATS, RISK AND CONCERNS

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

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

Significant presence of small suppliers which has reduced the bargaining power, threat from unorganized sector & Low cost substitute products from other countries are also factors of concern for management.

IV) CHALLENGES

The company is expected to encounter various challenges including Covid-19 Pandemic, rising input costs, restrictive labour laws and intensified competition from other low cost countries.

V) INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

VI) HUMAN RESOURCE DEVELOPMENT

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

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

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

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

• Composition

The Company has a balanced mix of executive and non-executive Directors. As at the end of financial year, the Board of Directors comprises of 6 Directors and out of which 4 are non-executive directors including one Woman director. The Chairman is executive and Promoter of the Company and the number of Independent Directors is 3 which is in compliance with the stipulated one half of the total number of Directors as per the requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All Independent Directors meet with the criteria of independence as prescribed both under sub-section(6) of Section 149 of the Act and under Regulation 16 (1)(b) of the SEBI (LODR) Regulations. Shri Ram Rai Kabra and Shri Rohit Singh were Independent Director of the Company. However, they have not passed the 'Online Proficiency Self-Assessment Test' under the provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014, therefore their name has been removed from the databank of Independent Directors with effect from 28/02/2022. Shri Ram Rai Kabra has resigned from the directorship of the Company with effect from 18/07/2022 due to his personal reasons and there is no any other material reason for his resignation. Shri Rohit Singh has resigned from the directorship of the Company with effect from 18/07/2022 due to his personal reasons and there is no any other material reason for his resignation.

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

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees across all the companies in which he is a Director.

The information stipulated under Part A of Schedule II of SEBI (LODR) Regulations is being made available to the Board. All the Directors have made the requisite disclosures regarding committee positions held by them in other companies.

Details of meeting held

The Board met seven times on the following dates during the financial year 2021-22:

QUARTERS	Date of Meeting
1 st QUARTER	16.06.2021 & 30.06.2021
2 nd QUARTER	12.08.2021 & 20.09.2021
3 rd QUARTER	19.11.2021
4 th QUARTER	14.02.2022 & 24.03.2022

Category and Attendance of Directors

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the financial year 2021-22 and at the last Annual General Meeting (AGM), as also the number of Directorships and Committee positions held by them in other Public Limited Companies as on March 31, 2022 are as follows:

Name of Directors	Designation	Attendance at Board Meetings								Attendance at last AGM	Number of Directorship Held in other Public Companies	Board Committee Membership/ Chairmanship held in other Public Companies
		16.06.2021	30.06.2021	12.08.2021	20.09.2021	19.11.2021	14.02.2022	24.03.2022				
Shri Rajesh Ranka	Chairman & Managing Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	2	1
Shri Ram Awatar Kabra	Executive Director	-	-	-	-	-	-	Yes	Yes	-	Nil	Nil
Smt. Veena Jain	Non-Executive Director	Leave of Absence	Leave of Absence	Yes	Leave of Absence	Yes	Yes	Leave of Absence	No	Nil	Nil	Nil
Shri J.N. Sharma	Non-Executive Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Nil	Nil
Shri Ram Rai Kabra	Independent Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Nil	Nil
Shri Laleet Kumar	Non-Executive Director	Yes	Yes	Yes	Yes	Yes	-	-	No	Nil	Nil	Nil
Shri Rohit Singh	Independent Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Nil	Nil

(Shri Ram Awatar Kabra was appointed w.e.f. 19/11/2021. Shri Laleet Kumar has resigned w.e.f. 12/02/2022)

Shareholding of Non-Executive Directors as on March 31, 2022 is as under:

Sr. No.	Name of Directors	No. of shares held	% of Paid-up Capital
1.	Smt. Veena Jain	Nil	-
2.	Shri Ram Rai Kabra	Nil	-
3.	Shri Rohit Singh	Nil	-
4.	Shri J.N. Sharma	Nil	-
5.	Shri Laleet Kumar	Nil	-

3. AUDIT COMMITTEE

The Audit Committee has been constituted as per Section 177(8) of the Companies Act, 2013 and the guidelines set out in the regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of audit committee are in compliance with the provision of Part C of Schedule II of SEBI (LODR) Regulations, 2015 and Companies Act, 2013. The composition of committee as at 31.03.2022 is given below:

S.No.	Name	Designation	Category	Attendance at Committee Meetings Held				
				16.06.2021	30.06.2021	12.08.2021	19.11.2021	14.02.2022
1	Shri Ram Rai Kabra	Chairman	Independent Director	Yes	Yes	Yes	Yes	Yes
2	Shri Rohit Singh	Member	Independent Director	Yes	Yes	Yes	Yes	Yes
3	Shri Laleet Kumar	Member	Non-Executive Director	Yes	Yes	Yes	Yes	-

(Shri Laleet Kumar resigned w.e.f. 12/02/2022)

4. NOMINATION AND REMUNERATION COMMITTEE

The Company has constituted the Nomination and Remuneration Committee in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in pursuant to the provisions of Companies Act, 2013. The terms of reference of Nomination and Remuneration Committee are in compliance with the part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013. The composition of committee as at 31.03.2022 is given below:

S.No.	Name	Designation	Category	Attendance at Committee Meetings Held	
				19.11.2021	14.02.2022
1	Shri Ram Rai Kabra	Chairman	Independent Director	Yes	Yes
2	Shri Rohit Singh	Member	Independent Director	Yes	Yes
3	Shri Laleet Kumar	Member	Non-Executive Director	Yes	-

(Shri Laleet Kumar resigned w.e.f. 12/02/2022)

The details of the remuneration payable to the Executive Director(s) for the financial year 2021-22 are:

Sl. No.	Name of Director	Gross Salary (Rs.)	Sitting Fee (Rs.)
1	Mr. Rajesh Ranka (Chairman & Managing Director)	31,60,000/-	-
2	Mr. Ram Awatar Kabra (Executive Director) (Appointed w.e.f. 19/11/2021)	8,51,000/-	-

The details of remuneration/sitting fees paid to the Non Executive Directors for the financial year 2021-22 are :

Name of Non-Executive Director	Amount of Sitting Fees (in Rs.)
Smt. Veena Jain	3,000/-
Shri J.N. Sharma	8,000/-
Shri Laleet Kumar	13,000/-
Shri Rohit Singh	20,000/-
Shri Ram Rai Kabra	20,000/-

The company has adopted the criteria of making payments to non-executive directors and the same has been disseminated on the website of the company www.modernwoollens.com. Non-Executive directors are provided with sitting fee for attending the meeting of the Board of directors and Committees. The committee carries out evaluation of every Director's performance. Disclosures with respect to remuneration of directors and key managerial personnel are disclosed in Annual Report.

5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Board of Directors constituted the Stakeholders' relationship/investors' grievance committee to look into the redressal of investors' complaints like share transfers, non-receipt of annual reports, issue of duplicate share certificate, transfer and transmission of shares and other allied transactions. The Stakeholders' Relationship Committee's constitution and terms of reference are in compliance with provisions of the Companies Act, 2013, regulation 20 and part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition of committee as at 31.03.2022 is given below:

S.No.	Name	Designation	Category	Attendance at Committee Meetings Held			
				16.06.2021	12.08.2021	19.11.2021	14.02.2022
1	Shri Ram Rai Kabra	Chairman	Independent Director	Yes	Yes	Yes	Yes
2	Shri Rohit Singh	Member	Independent Director	Yes	Yes	Yes	Yes
3	Shri Laleet Kumar	Member	Non-Executive Director	Yes	Yes	Yes	-

(Shri Laleet Kumar resigned w.e.f. 12/02/2022)

Name & Designation of Compliance Officer

Banwari Lal Saini, Company Secretary and compliance officer of the company, His contact details are as below:

Address: Modern Threads (India) Limited, Unit : Modern woollens, Hamirgarh Road, Pragati Path, Near Transport Nagar, Bhulwara - 311 001 (Rajasthan)

Phone: 1482-241801, E-mail-cs@modernwoollens.com

Status of Investor Complaints

Number of complaints received and resolved to the satisfaction of Shareholders/Investors during the FY 2021-22 and their break-up is as under:

No. of shareholders' Complaints received during the year ended 31.03.2022 : 2 (two nos.)

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

No. of pending complaints as on 31.03.2022 : Nil

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

Our Company has a policy and framework for employees to report sexual harassment cases at work place and our process ensures complete anonymity and confidentiality of information. The below table provides details of complaints received/disposed during the financial year 2021-22:

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

SCORES (SEBI Complaints Redressal System):

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

6. INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on February 14, 2022, inter alia, to discuss and review:

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

7. GENERAL BODY MEETINGS

(A) ANNUAL GENERAL MEETING

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

AGM/EGM	Date	Time	Venue	Special Resolutions passed
AGM	28.09.2019	2.00 P.M.	A-4, Vijay Path, Tilak Nagar, Jaipur 302004 (Rajasthan)	Re-appointment of Shri Rajesh Ranka as Chairman & Managing Director of the Company for a period of three years w.e.f. 01/07/2019.
				To make loan(s) or give guarantee(s) or make investment(s) in excess of the prescribed limit under section 186 of the Companies Act, 2013
AGM	28.12.2020	2.00 P.M.	A-4, Vijay Path, Tilak Nagar, Jaipur 302004 (Rajasthan)	Shifting of the Registered Office of the Company pursuant to the provisions of section 12 and other applicable provisions, if any, of the Companies Act, 2013
AGM	30.09.2021	2.00 P.M.	Unit : Modern Woollens, Hamirgarh Road, Pragati Path, Near Transport Nagar, Bhilwara – 311 001 (Rajasthan)	Re-appointment of Shri Ram Rai Kabra as Independent Director of the Company pursuant to the provisions of section 149 & 152 and other applicable provisions, if any, of the Companies Act, 2013

(B) EXTRA ORDINARY GENERAL MEETING DURING THE YEARS

No Extra-Ordinary General Meeting was conducted during the financial year 2021-22

(C) SPECIAL RESOLUTION PASSED THROUGH POSTAL BALLOT DURING 2021-22

No special resolution was passed through postal ballot during the FY 2021-22 and no special resolution is proposed to be passed through postal ballot in the ensuing Annual General Meeting of the company.

8. CODE OF CONDUCT

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

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

9. CODE FOR PREVENTION OF INSIDER TRADING

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

10. DISCLOSURES

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

Familiarization Programme and Training for Independent Directors:

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

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

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

Policy for determining subsidiaries:

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

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

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

10. SKILL/EXPERTISE/COMPETENCE OF THE BOARD OF DIRECTORS

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

S. No.	Skill/Competency	Rajesh Ranka	Ram Awatar Kabra	Veena Jain	J.N. Sharma	Laleet Kumar	Ram Rai Kabra	Rohit Singh
1.	Industry Knowledge and experience							
	a. Industry experience	*	*		*	*	*	
	b. Knowledge of sector	*	*		*	*	*	*
	c. Knowledge of Govt. Policy	*	*					
2.	Technical Skills and experience							
	a. Accounting		*					
	b. Finance		*		*	*		
	c. Public Relations		*					*
3.	Governance Competencies							
	a. Compliance Focus	*	*				*	
	b. Executive performance management	*	*					
4.	Behavioral Competencies							
	a. Interpersonal relations	*	*	*			*	
	b. Listening skills				*		*	
	c. Verbal Communication Skills	*	*	*				

11. MEANS OF COMMUNICATION

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

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

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

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

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

12. GENERAL SHAREHOLDER INFORMATION

a. Annual General Meeting for the Financial Year 2021-22 :

Date : Friday, 30th September, 2022
Venue : Unit : Modern Woollens, Hamirgarh Road,
 Pragati Path, Near Transport Nagar,
 Bhilwara – 311 001 (Rajasthan)
Time : 2:00 PM

Last Date for receipt of Proxy Forms: 28th September, 2022 before 2:00 PM

b. Book Closure Date

The Share Transfer Register of the Company shall remain closed from 24th September, 2022 to 30th September, 2022 (both days inclusive).

c. Dividend

No dividend being recommended by the Board during the year.

d. Listing of Equity Shares in Stock Exchange

The share of the Company are Listed at Bombay Stock Exchange, National Stock Exchange and Calcutta Stock Exchange. Trading of the equity shares of the company are suspended at the trading platform of stock exchanges. The Company has filed an application to BSE Ltd. and NSE for Revocation of suspension of trading in equity shares of the Company and the same are under consideration.

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

INE794W01014

Stock Code

Bombay Stock Exchange Limited, Mumbai – 500282.

National Stock Exchange of India Limited, Mumbai -MODTHREAD

f. Market Price data

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

g. Registrar & share transfer agent

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

Address & Correspondence:

M/S Beetal Financial & Computer Services (P) Ltd Beetal house, 3rd floor, 99, Madangir Behind Local Shopping Centre,

Near Dada Harsukhdas Mandir, New Delhi-110 062

Telephone no. 011-2996 1281/82 Fax: 011-29961284

h. Share transfer system

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

i. Shareholding pattern by ownership as on March 31, 2022

Particulars	As on March 31 st 2022		As on March 31 st 2021	
	No. of shares held	% of shareholding	No. of shares held	% of shareholding
Promotor & Promotor Group	22636901	65.09	22636901	65.09
Foreign Portfolio Investors	436900	1.26	436900	1.26
Mutual Funds	16205	0.05	16205	0.05
Financial institutions/Banks	3335809	9.59	3335809	9.59
Central Govt /state Govt	374900	1.08	374900	1.08
Insurance companies	361282	1.04	361282	1.04
NRI's	136278	0.39	136250	0.39
Individuals including HUF	5944706	17.09	5944734	17.09
Bodies Corporates	1532179	4.41	1532179	4.41
Total	34775160	100	34775160	100

j. Distribution of shareholding as on 31st March, 2022

Shareholding of Nominal value	Number of Shareholders	% of Total	No. of Shares	Amount in Rs.	% of Total
Up to 5000	134172	99.55	5438338	54383380	15.6386
5001 to 10000	405	0.30	304239	3042390	0.8749
10001 to 20000	130	0.09	187805	1878050	0.5401
20001 to 30000	17	0.01	42403	424030	0.1219
30001 to 40000	11	0.00	39312	393120	0.1130
40001 to 50000	6	0.00	27321	273210	0.0786
50001 to 100000	14	0.01	96126	961260	0.2764
100001 & Above	23	0.01	28639616	286396160	82.3565
Total	134778	100	34775160	3.48E+08	100

k. Dematerialization of shares

The Company has set up requisite facilities for dematerialization of its Equity Shares in accordance with the provisions of Depository Act, 1996 with National Securities Depository Limited and Central Depository Services (India) Limited. The Company has entered into agreements with both of the Depositories. The status as on 31st March, 2022 is as under:

Mode	No. of Shares	% (Percentage)
Physical Form	8199900	23.579
NSDL	3874487	11.142
CDSL	22700773	65.279
Total	34775160	100

However, currently the shares of the company are not traded on stock exchanges platform but company is in the process of revocation of suspension from BSE & NSE.

l. Liquidity of shares

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

m. CIN

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

n. Non-Compliance of any requirement of corporate governance

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

o. Compliance with accounting standards

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

p. Compliance certificate of the practicing company secretary

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

The Company has received certificate from M/s. R K Jain & Associates, (Company Secretaries), confirming that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/Ministry of Corporate Affairs or any such authority. The certificate is given at page 25 of this Annual Report.

q. Affirmation

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

r. Disclosures with respect to demat suspense account/unclaimed suspense account (Unclaimed Shares)

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

s. Compliance with the discretionary requirements under listing regulations

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

The Board

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

Shareholders Rights

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

Audit Qualification

The Company has modified opinion in the audit report.

Reporting of Internal Auditor

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

t. CEO/CFO certificate

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

u. Reconciliation of share capital audit

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

v. Plant locations

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

w. Address for correspondence

M/S Beetal Financial & Computer Services (P) Ltd Beetal house, 3rd floor, 99, Madangir
 Behind Local Shopping Centre
 Near Dada Harsukhdas Mandir, New Delhi-110 062 Tele- 011-2996 1281/82
 Fax: 011-29961284

Shareholders may also contact to:

The Company Secretary & Compliance officer:
 Modern Threads (India) Limited
 Unit : Modern Woollens
 Pragati Path, Near Transport Nagar
 Bhilwara – 311 001 (Rajasthan)
 Phone : 1482-241801

For and on behalf of the Board of Directors

Rajesh Ranka
 Chairman & Managing Director
 DIN: 03438721

Place : Bhilwara
 Date : 30.05.2022

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To
**The Members of
 Modern Threads (India) Limited
 Unit : Modern Woollens, Hamirgarh Road,
 Pragati Path, Near transport Nagar,
 Bhilwara - 311 001 (Rajasthan)**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of MODERN THREADS (INDIA) LIMITED having CIN: L17115RJ1980PLC002075 and having registered office at, Unit: Modern Woollens Hamirgarh Road, Pragati Path, Near Transport Nagar, Bhilwara-311001 Rajasthan, India (hereinafter referred to as "the Company"), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Status of DIN
1.	Rajesh Ranka	03438721	Active
2.	Veena Jain	07148606	Active
3.	Jagdishnarayan Sharma	07552825	Active
4.	Ram Rai Kabra	07985411	Active
5.	Rohit Singh	08469801	Active
6.	Ram Awatar Kabra	00945603	Active
7.	Laleet Kumar*	08465100	Active

*Shri Laleet Kumar has resigned from Director of the company w.e.f. 12.02.2022.

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

For R.K. Jain & Associates
 Company Secretaries

CS R.K. Jain
 Proprietor
 FCS : 4584, COP : 5866
 UDIN : F004584D000423739

Place : Bhilwara
 Date : 30.05.2022

CERTIFICATE ON CORPORATE GOVERNANCE

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

To
**The Members of
 Modern Threads (India) Limited
 Unit : Modern Woollens, Hamirgarh Road, Pragati Path,
 Near transport Nagar, Bhilwara - 311 001 (Rajasthan)**

We have examined the compliance of conditions of Corporate Governance by Modern Threads (India) Limited ("the Company") for the year ended on 31st March, 2022 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) & other applicable regulations and paragraphs C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the SEBI Listing Regulations").

Management Responsibility

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

Auditors' Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as mentioned in the Corporate Governance Report forming part of the Annual Report for the Financial Year 2021-22.

Other matters and Restriction on use

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

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

For R.K. Jain & Associates
 Company Secretaries

CS R.K. Jain
 Proprietor
 FCS : 4584, COP : 5866
 UDIN : F004584D000423761

Place : Bhilwara
 Date : 30.05.2022

**CODE OF CONDUCT
DECLARATION**

As provided under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors and Senior Management Personnel have affirmed Compliance of the Code of Conduct for the financial year ended on March 31, 2022.

For Modern Threads (India) Limited

Rajesh Ranka

(Chairman & Managing Director)

DIN: 03438721

Place : Bhilwara

Dated : 30.05.2022

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

The Board of Directors

Modern Threads (India) Limited

**Unit : Modern Woollens, Hamirgarh Road,
Pragati Path, Near transport Nagar,
Bhilwara - 311 001 (Rajasthan)**

- A. We have reviewed financial statements and the cash flow statement for the financial year ending 31st March, 2022 and that to the best of our knowledge and belief :
- i) these statements do not contain any materially untrue statement or omit any material factor contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered in to by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee :
- i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

FOR Modern Threads (India) Limited

Place : Bhilwara
Date : 30.05.2022

Prabodh Kumar Nahar
Chief Financial Officer

Rajesh Ranka
Chairman & Managing Director
DIN: 03438721

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MODERN THREADS INDIA LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of **MODERN THREADS INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2022, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind-AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, and its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

- (i) The company has not provided for Dividend on cumulative redeemable preference shares amounting to Rs. 36.13 Lakhs for the year (Rs.939.35 Lakhs up to 31.03.2022). (Note No.17.2b)
- (ii) Balances of trade payables and trade receivables are subject to confirmation and consequential adjustments, if any. (Note No. 16.1 and 9.1)

Had the impact of above qualification in Para (i), without considering Para (ii) for which impact could not be determined, been considered, the total comprehensive income for the year would have been Rs. 784.89 Lakhs as against reported total comprehensive income of Rs. 821.02 Lakhs and other equity would have been Rs.(-) 15509.82 Lakhs as against the reported figure of Rs. (-)14570.47 Lakhs and Other Current financial liabilities would have been Rs. 3207.34 lakhs as against reported figure of Rs. 2267.99 Lakhs.

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

Material Uncertainty related to going Concern

We draw attention to Note 29 in the financial statements, where the company had made a reference to The Board of Industrial and Financial Reconstruction (BIFR) based on audited accounts for the financial ended 31st March, 2004 and BIFR in the hearing held on 12th December, 2005 had declared the company as sick industrial company u/s 3(1)(c) of the SICA Act. Consequent to abatement of Sick Industrial Companies (Special Provision) Act, 1985, the company has not filed rehabilitation/ revival scheme to NCLT under Insolvency and Bankruptcy Code. The company has accumulated losses with its net worth continuing to stand fully eroded and the financial statements of the company have been prepared on going concern as the Debentures, term loan and accrued interest has been settled and only balance Rs. 75 Lakhs is payable till 31st March 2023. The company is expecting compliance of term of settlement and liability will be written back on discharge of full payment.

Our opinion is not modified in this matter.

Key Audit Matters

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

Information Other than the Standalone Financial Statements and Auditor's report thereon

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work, and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. Except for the effects of the matters described in the basis for qualified opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - d. Except for the effects of the matters described in the basis for qualified opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. The qualification relating to the maintenance of account and other matters connected there with are as stated in the 'Basis for Qualified Opinion' paragraph.

- g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses a modified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
- h. With respect to the matter to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- i. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31st March 2022 on its financial position in its financial statements - Refer Note 32 to the financial statements;
 - ii. The Company did not have any long term contracts including derivative, contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company during the year ended on 31st March, 2022. (Refer Note 17)
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The company has not declared or paid any dividend during the FY 2021-22. Hence, the provisions of section 123 of Companies Act, 2013 does not apply.

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

(D.K. Goyal)
 Proprietor

Membership No. 076713
 UDIN : 22076713AJWTIM7102

Place: Bhilwara
 Date: 30/05/2022

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

Referred to in paragraph under the heading of "Report on other Legal & Regulatory Requirements" of our report of even date to the Members of Modern Threads (India) Limited on the Ind AS financial statement for the year ended March 31st, 2022;

(i)	(a)	(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.																																										
	(B)	The company has maintained proper records showing full particulars of intangible assets.																																										
	(b)	As explained to us, the company has a phased program for physical verification of Property, Plant and Equipment and right-of-use assets. In our opinion, the frequency of verification is reasonable, considering the size of the company and nature of its Property, Plant and Equipment and right-of-use assets. Pursuant to the program, physical verification has been carried out during the year and no material discrepancies have been noticed on such verification except for furniture & fixtures for which detailed records are not maintained.																																										
	(c)	<p>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 all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company except for the following:</p> <table border="1"> <thead> <tr> <th>Description of Property</th> <th>Gross Carrying Value</th> <th>Held in name of</th> <th>Whether promoter, director or their relative or employee</th> <th>Period Held Since</th> <th>Reasons for not being in the name of the company</th> </tr> </thead> <tbody> <tr> <td>Leasehold land at khasra no. 3404, 3745/3404, 3747/3406, 3746/3409 at Hamirgarh Road, Bhilwara</td> <td>92.25</td> <td>Sunil Textiles Mills Pvt. Ltd.</td> <td>No</td> <td>21.10.1994</td> <td>Sunil Textile Mill Pvt Ltd. has been amalgamated with Modern Threads India Ltd. Vide order of high court dated 21.10.1994</td> </tr> <tr> <td>Leasehold land at khasra no. 2616 and 2617 at Hamirgarh Road, Bhilwara</td> <td>125.00</td> <td>Modern Woollens Pvt. Ltd.</td> <td>No</td> <td>21.10.1994</td> <td>Modern Woollens Pvt Ltd. Converted into Modern Woollens Ltd. On 13.08.1976 and subsequently has been acquired by Modern Threads India Ltd. under the scheme of Reconstruction/ arrangement Vide order of high court dated 21.10.1994</td> </tr> <tr> <td>Leasehold land at khasra no. 2616/1 at Hamirgarh Road, Bhilwara</td> <td>7.50</td> <td>Modern Woollen Mill (Firm)</td> <td>No</td> <td>21.10.1994</td> <td>Modern Woollens Mills (Firm) Converted into Modern Woollens Pvt Ltd. and subsequently converted into Modern Woollens Ltd. And then has been acquired by Modern Threads India Ltd. under the scheme of Reconstruction/ arrangement Vide order of high court dated 21.10.1994</td> </tr> <tr> <td>Leasehold land at khasra no. 3361/2, 3367/3k, 3402/3k, 3368/2, 3402/2k, 3368/1 and 3367/2k at Hamirgarh Road, Bhilwara</td> <td>43.77</td> <td>Modern Woollens Ltd.</td> <td>No</td> <td>21.10.1994</td> <td>Modern Woollens Ltd. has been acquired by Modern Threads India Ltd. under the scheme of Reconstruction/ arrangement Vide order of high court dated 21.10.1994</td> </tr> <tr> <td>Freehold land at Saha Mohalla, gosaitola, Mirzapur, Bhadohi</td> <td>2.63</td> <td>Modern Woollens Ltd.</td> <td>No</td> <td>21.10.1994</td> <td>Modern Woollens Ltd. has been acquired by Modern Threads India Ltd. under the scheme of Reconstruction/ arrangement Vide order of high court dated 21.10.1994</td> </tr> <tr> <td>Freehold land at Ahemdabad</td> <td>12.66</td> <td>Modern Woollens Ltd.</td> <td>No</td> <td>21.10.1994</td> <td>Modern Woollens Ltd. has been acquired by Modern Threads India Ltd. under the scheme of Reconstruction/ arrangement Vide order of high court dated 21.10.1994</td> </tr> </tbody> </table>	Description of Property	Gross Carrying Value	Held in name of	Whether promoter, director or their relative or employee	Period Held Since	Reasons for not being in the name of the company	Leasehold land at khasra no. 3404, 3745/3404, 3747/3406, 3746/3409 at Hamirgarh Road, Bhilwara	92.25	Sunil Textiles Mills Pvt. Ltd.	No	21.10.1994	Sunil Textile Mill Pvt Ltd. has been amalgamated with Modern Threads India Ltd. Vide order of high court dated 21.10.1994	Leasehold land at khasra no. 2616 and 2617 at Hamirgarh Road, Bhilwara	125.00	Modern Woollens Pvt. Ltd.	No	21.10.1994	Modern Woollens Pvt Ltd. Converted into Modern Woollens Ltd. On 13.08.1976 and subsequently has been acquired by Modern Threads India Ltd. under the scheme of Reconstruction/ arrangement Vide order of high court dated 21.10.1994	Leasehold land at khasra no. 2616/1 at Hamirgarh Road, Bhilwara	7.50	Modern Woollen Mill (Firm)	No	21.10.1994	Modern Woollens Mills (Firm) Converted into Modern Woollens Pvt Ltd. and subsequently converted into Modern Woollens Ltd. And then has been acquired by Modern Threads India Ltd. under the scheme of Reconstruction/ arrangement Vide order of high court dated 21.10.1994	Leasehold land at khasra no. 3361/2, 3367/3k, 3402/3k, 3368/2, 3402/2k, 3368/1 and 3367/2k at Hamirgarh Road, Bhilwara	43.77	Modern Woollens Ltd.	No	21.10.1994	Modern Woollens Ltd. has been acquired by Modern Threads India Ltd. under the scheme of Reconstruction/ arrangement Vide order of high court dated 21.10.1994	Freehold land at Saha Mohalla, gosaitola, Mirzapur, Bhadohi	2.63	Modern Woollens Ltd.	No	21.10.1994	Modern Woollens Ltd. has been acquired by Modern Threads India Ltd. under the scheme of Reconstruction/ arrangement Vide order of high court dated 21.10.1994	Freehold land at Ahemdabad	12.66	Modern Woollens Ltd.	No	21.10.1994	Modern Woollens Ltd. has been acquired by Modern Threads India Ltd. under the scheme of Reconstruction/ arrangement Vide order of high court dated 21.10.1994
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	(d)	The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.																																										
	(e)	No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.																																										
(ii)	(a)	The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. Management has not found discrepancies of 10% or more in the aggregate for each class of inventories on such physical verification of inventories when compared with books of account.																																										
	(b)	According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions on the basis of security of current assets, and hence reporting under clause (ii)(b) of the Order is not applicable.																																										

(iii)	According to the information and explanations provided to us and on the basis of our examination, company has not made any investments, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties, hence clause (iii) of the order is 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, investments and guarantees made, as applicable.																																								
(v)	As per information and explanations given to us, the company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Section 73 to 76 of the Act, and the rules framed thereunder. Accordingly, clause 3(v) of the Order is not applicable.																																								
(vi)	We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.																																								
(vii)	<p>(a) According to the records of the company produced for our verification, the company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax, goods and service tax, cess and any other statutory dues with appropriate authorities except the dues pertaining to Thread Division of the company which was lying closed upto 19.12.2016 and the dues are outstanding for more than 6 months from the date of becoming payable :</p> <ul style="list-style-type: none"> • Textiles Committee Cess Rs. 7.32 Lakhs • Custom Duty Rs. 11.31 Lakhs <p>(b) According to the information and explanation given to us, the dues in respect of Income Tax, Sales Tax, Service Tax, Custom duty, Excise duty, Value added Tax, Goods and Service Tax that have not been deposited on account of dispute and amount involved and forum where dispute is pending are as under:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Name of statute</th> <th style="text-align: left;">Nature of Dues</th> <th style="text-align: left;">Amount (Rs. in Lakhs)</th> <th style="text-align: left;">Forum where dispute is pending</th> </tr> </thead> <tbody> <tr> <td>Textile Committee Cess</td> <td>TC Cess</td> <td>19.08</td> <td>Textile Comm. Delhi</td> </tr> <tr> <td>The Raj. Land Revenue Act</td> <td>Land Tax</td> <td>1.83</td> <td>DJ, Bhilwara</td> </tr> <tr> <td></td> <td>Land Tax</td> <td>14.50</td> <td>High Court, Jaipur</td> </tr> <tr> <td>Employee State Insurance Act</td> <td>ESI</td> <td>24.55</td> <td>High Court, Jodhpur</td> </tr> <tr> <td></td> <td>ESI</td> <td>7.07</td> <td>Labour Tribunal, Delhi</td> </tr> <tr> <td>Provident Fund Act</td> <td>PF</td> <td>4.67</td> <td>Comm., Jaipur</td> </tr> <tr> <td>The Rajasthan Agriculture Product Market Act</td> <td>Mandi Tax</td> <td>455.20</td> <td>High Court, Jaipur</td> </tr> <tr> <td>The Rajasthan Tax on Entry for goods in to Local area Act</td> <td>Entry Tax</td> <td>4.50</td> <td>Tax Board, Ajmer</td> </tr> <tr> <td>Income Tax Act, 1961</td> <td>Regular Assessment Demand</td> <td>41.08</td> <td>CIT (Appeals)</td> </tr> </tbody> </table>	Name of statute	Nature of Dues	Amount (Rs. in Lakhs)	Forum where dispute is pending	Textile Committee Cess	TC Cess	19.08	Textile Comm. Delhi	The Raj. Land Revenue Act	Land Tax	1.83	DJ, Bhilwara		Land Tax	14.50	High Court, Jaipur	Employee State Insurance Act	ESI	24.55	High Court, Jodhpur		ESI	7.07	Labour Tribunal, Delhi	Provident Fund Act	PF	4.67	Comm., Jaipur	The Rajasthan Agriculture Product Market Act	Mandi Tax	455.20	High Court, Jaipur	The Rajasthan Tax on Entry for goods in to Local area Act	Entry Tax	4.50	Tax Board, Ajmer	Income Tax Act, 1961	Regular Assessment Demand	41.08	CIT (Appeals)
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(viii)	As per information and explanations given to us and based on the records of the company, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).																																								
(ix)	<p>(a) According to the records of the Company and information given to us, the company has settled its term loans and dues to debenture holders and repaying dues/ interest as per settlement terms and conditions.</p> <p>(b) According to the information and explanations given to us and based on the records of the company, the company has not been declared willful defaulter by any bank or financial institution or government or government authority.</p> <p>(c) The Company has not taken any term loan during the year and there are no unutilized term loans at the beginning of the year.</p> <p>(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.</p> <p>(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. The company does not have any subsidiary, joint ventures or associates.</p> <p>(f) The Company has not raised loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.</p>																																								
(x)	<p>(a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.</p> <p>(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.</p>																																								
(xi)	<p>(a) According to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of our audit. Hence clause (xi)(a) of the order is not applicable.</p> <p>(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.</p> <p>(c) No whistle-blower complaints were received by the company during the year.</p>																																								
(xii)	<p>(a) 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.</p>																																								
(xiii)	According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.																																								
(xiv)	<p>(a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.</p> <p>(b) We have considered, the internal audit reports, issued to the Company during the year covering the period upto 31st December, 2021 for the period under audit.</p>																																								
(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)	<p>(a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a) and (b) of the Order is not applicable.</p>																																								

	(c)	The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
	(d)	According to the information and explanations provided to us during the course of audit, the Group does not have any CICs.
(xvii)		The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
(xviii)		There has been no resignation of the statutory auditors of the Company during the year.
(xix)		On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
(xx)		According to the information and explanation provided to us, The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

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

(D.K. Goyal)
Proprietor

Membership No. 076713
UDIN: 22076713AJWTIM7102

Place: Bhillwara
Date: 30/05/2022

Annexure –B to the Independent Auditor’s Report on Financial Statements of Modern Threads (India) Limited **Report on the Internal Financial Controls under Clause (j) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls with reference to financial statements of Modern Threads (India) Limited (“the Company”) as of 31st March, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Basis of Qualified Opinion

According to the information and explanation given to us and based on our audit, the following material weakness has been identified as at March 31, 2022:

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

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

Qualified Opinion

In our opinion, except for the possible effects of the material weakness described above and on the achievement of the objectives of control criteria, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

We have considered the material weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the financial statements of the Company for the year ended March 31, 2022 and these material weaknesses have affected our opinion on the financial statements of the Company and we have issued a qualified opinion on the financial statements.

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

(D.K. Goyal)
Proprietor

Membership No. 076713
UDIN : 22076713AJWTIM7102

Place: Bhillwara
Date: 30/05/2022

BALANCE SHEET AS AT 31ST MARCH, 2022

CIN NO. L17115RJ1980PLC002075

[₹ in Lakhs]

Particulars	Note No.	As at 31.03.2022	As at 31.03.2021
ASSETS			
1 Non-Current Assets			
a Property, Plant and Equipment	3A	3647.86	3495.96
b Right Of Use Asset	3B	407.09	414.24
c Other Intangible assets	3C	13.35	20.02
d Financial Assets			
i Investments	4	0.79	1.13
ii Other Financial assets	5	260.91	246.80
e Income Tax Assets	6	14.32	24.05
f Other non-current assets	7	233.36	259.63
Total Non-current Assets (A)		4577.68	4461.83
2 Current Assets			
a Inventories	8	6026.72	3927.14
b Financial Assets			
i Investments	4	–	–
ii Trade Receivables	9	2334.35	1596.50
iii Cash and Cash Equivalents	10	517.94	1734.33
iv Bank Balances other than iii above	11	45.56	45.51
v Other Financial Assets	5	22.63	19.32
c Other Current Assets	7	306.03	462.76
Total Current Assets (B)		9253.23	7785.56
Total Assets (A+B)		13830.91	12247.39
EQUITY AND LIABILITIES			
Equity			
a Equity Share Capital	12	3,477.52	3,477.52
b Other Equity	13	(14,570.47)	(15,391.49)
Total Equity (A)		(11,092.95)	(11,913.97)
Liabilities			
1 Non Current Liabilities			
a Financial Liabilities			
i Borrowings	14	18,874.85	18,874.85
ii Lease Liabilities	35	0.52	0.49
b Provisions	15	369.40	329.19
Total Non Current Liabilities (B)		19,244.77	19,204.53
2 Current Liabilities			
a Financial Liabilities			
i Borrowings	14	75.00	104.03
ii Lease Liabilities	35	0.01	0.02
iii Trade Payables	16		
(a) total outstanding dues of micro enterprises and small enterprises		57.08	95.38
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		2,621.84	1,717.15
iv Other Financial Liabilities	17	2,267.99	2,232.16
b Other Current Liabilities	18	631.88	778.32
c Provisions	15	25.29	29.77
Total Current Liabilities (C)		5,679.09	4,956.83
Total Equity and Liabilities (A+B+C)		13,830.91	12,247.39
Notes forming part of the Financial Statements	1 to 42		

As per our report of even date attached

For Goyal D. Kumar & Co.

Chartered Accountants
FRN 007817C

(D.K. Goyal)

Proprietor
M. No. 076713

Place : Bhilwara

Date : 30.05.2022

UDIN : 22076713AJWTIM7102

For and on behalf of the Board

Rajesh Ranka	– Chairman & Managing Director	(DIN : 03438721)
Ram Awatar Kabra	– Executive Director	(DIN : 00945603)
Jagdish Narayan Sharma	– Non-Executive – Independent Director	(DIN : 07552825)
Rohit Singh	– Non-Executive – Independent Director	(DIN : 08469801)
P.K. Nahar	– Chief Financial Officer	–
B.L.Saini	– Company Secretary	–

Place : Bhilwara

Date : 30.05.2022

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2022
CIN NO. L17115RJ1980PLC002075

[₹ in Lakhs]

Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
INCOME			
I Revenue from Operations	19	22263.09	14713.09
II Other Income	20	206.46	253.93
III Total Income (I+II)		22469.55	14967.02
IV EXPENSES			
Cost of Materials Consumed	21	14578.82	8748.51
Changes in Inventories of Finished Goods and Work-in-progress	22	(1,099.20)	302.95
Employee Benefits Expense	23	2505.24	1879.04
Finance Costs	24	219.92	148.82
Depreciation and Amortisation Expense	24A	299.83	276.74
Other Expenses	25	5240.27	3508.93
Total Expenses		21744.88	14864.99
V Profit before tax and exceptional items (III-IV)		724.67	102.03
VI Exceptional Items	26	70.00	70.00
VII Profit before tax (V-VI)		794.67	172.03
VIII Tax Expense	31		
a Current Tax		-	-
b Income tax for earlier year		0.76	-
c Deferred Tax		-	-
IX Profit for the year (VII-VIII)		793.91	172.03
X Other Comprehensive Income			
A (i) Items that will not be reclassified subsequently to profit or loss			
Re-measurements of defined benefit plans		27.11	33.27
(ii) Income Tax relating to above		-	-
B (i) Items that will be reclassified subsequently to profit or loss		-	-
(ii) Income Tax relating to above		-	-
Total Other Comprehensive Income (XA+XB)		27.11	33.27
Total Comprehensive Income (IX+X)		821.02	205.30
Earning per equity share of Face Value of ₹ 10/- each	27		
Basic		2.28	0.49
Diluted		2.28	0.49
Notes forming part of the Financial Statements	1 to 42		

As per our report of even date attached**For Goyal D. Kumar & Co.**Chartered Accountants
FRN 007817C**(D.K. Goyal)**Proprietor
M. No. 076713

Place : Bhilwara

Date : 30.05.2022

UDIN : 22076713AJWTIM7102

For and on behalf of the Board

Rajesh Ranka	- Chairman & Managing Director	(DIN : 03438721)
Ram Awatar Kabra	- Executive Director	(DIN : 00945603)
Jagdish Narayan Sharma	- Non-Executive - Independent Director	(DIN : 07552825)
Rohit Singh	- Non-Executive - Independent Director	(DIN : 08469801)
P.K. Nahar	- Chief Financial Officer	-
B.L.Saini	- Company Secretary	-

Place : Bhilwara

Date : 30.05.2022

CIN NO. L17115RJ1980PLC002075

Cash Flow Statement for the year ended 31st March, 2022

[₹ in Lakhs]

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
A. Cash flow from operating activities		
Profit before exceptional items and tax	724.67	102.03
Adjustments for:		
Depreciation and amortisation	299.83	276.74
Finance costs	219.92	148.82
Loss/(Profit) on sale of Property, Plant and Equipment	0.70	7.47
Gain on Sale of Investments	(17.55)	(16.56)
Remeasurement of employee benefits (Net)	27.11	33.27
	1,254.68	551.77
Operating profit / (loss) before working capital changes	1,254.68	551.77
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(2099.58)	314.58
Trade receivables	(737.85)	685.21
Other non-current financial assets	(14.11)	29.03
Other current financial assets	(3.31)	11.99
Other current assets	156.73	(181.70)
Other non-current assets	26.27	7.53
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	866.39	(387.43)
Other Financial Liabilities	135.83	(152.41)
Other current liabilities	(146.44)	43.44
Provisions	35.73	(8.77)
Bank balance other than cash & cash equivalents	(0.05)	5.57
Cash generated from operations	(525.71)	918.81
Net income tax (paid) / refunds	8.97	10.52
Net cash flow from / (used in) operating activities (A)	(516.74)	929.33
B. Cash flow from investing activities		
Purchase of Property, plant and equipment (including capital work in progress)	(462.28)	(226.07)
Proceeds from sale of Property, plant and equipment	23.67	51.51
Purchase of Mutual funds	(1,200.00)	(1,315.00)
Proceeds from sale of mutual funds	1,217.55	1,331.56
Investment	0.34	(0.04)
	(420.72)	(158.04)
Net cash flow from / (used in) investing activities (B)	(420.72)	(158.04)
C. Cash flow from financing activities		
Borrowings	(29.03)	2.87
Lease Liabilities	0.02	0.03
Finance costs	(219.92)	(148.82)
Redemption of preference share	(30.00)	(30.00)
	(278.93)	(175.92)
Net cash flow from / (used in) financing activities (C)	(278.93)	(175.92)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(1,216.39)	595.37
Cash and cash equivalents at the beginning of the year	1,734.33	1,138.96
Cash and cash equivalents at the end of the year (Refer Note No. 10)	517.94	1,734.33

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

Notes forming part of the Financial Statements

As per our report of even date attached For Goyal D. Kumar & Co. Chartered Accountants FRN 007817C (D.K. Goyal) Proprietor M. No. 076713 Place : Bhilwara Date : 30.05.2022 UDIN : 22076713AJWTIM7102	For and on behalf of the Board Rajesh Ranka – Chairman & Managing Director (DIN : 03438721) Ram Awatar Kabra – Executive Director (DIN : 00945603) Jagdish Narayan Sharma – Non-Executive – Independent Director (DIN : 07552825) Rohit Singh – Non-Executive – Independent Director (DIN : 08469801) P.K. Nahar – Chief Financial Officer – B.L. Saini – Company Secretary –
	Place : Bhilwara Date : 30.05.2022

Notes on Financial statements for the year ended 31st March, 2022

CIN NO. L17115RJ980PLC002075

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2022

A. Equity Share Capital

(1) Current reporting period

₹ in Lakhs

Particulars	No of Shares	Equity Shares Capital
Balance at the beginning of the current reporting period	34775160	3,477.52
Change in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	34775160	3477.52
Change in equity share capital during the current year	-	-
Balance at the end of the current reporting period	34775160	3,477.52

(2) Previous reporting period

₹ in lakhs

Particulars	No of Shares	Equity Shares Capital
Balance at the beginning of the previous reporting period	34775160	3,477.52
Change in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the previous reporting period	34775160	3477.52
Change in equity share capital during the previous year	-	-
Balance at the end of the previous reporting period	34775160	3,477.52

B. Other Equity

(1) Current reporting period

₹ in Lakhs

Particulars	Capital Reserve	Capital Redemption Reserve	Security Premium	Debenture Redemption Reserve	Retained Earnings	Total Other Equity
Opening balance as at April 01, 2021	35.90	971.72	7,985.77	970.00	(25,354.88)	(15,391.49)
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated Balance as at April 01, 2021	35.90	971.72	7,985.77	970.00	(25,354.88)	(15,391.49)
Profit for the year	-	-	-	-	793.91	793.91
Other Comprehensive Income	-	-	-	-	27.11	27.11
Transfer from retained earnings	-	-	-	-	96.72	96.72
Total Comprehensive Income for the year	-	-	-	-	917.74	917.74
Transfer to retained earnings	-	(96.72)	-	-	-	(96.72)
Closing balance as at March 31, 2022	35.90	875.00	7,985.77	970.00	(24,437.14)	(14,570.47)

(2) Previous reporting period

₹ in Lakhs

Particulars	Capital Reserve	Capital Redemption Reserve	Security Premium	Debenture Redemption Reserve	Retained Earnings	Total Other Equity
Opening balance as at April 01, 2020	35.90	871.72	7,985.77	970.00	(25,460.18)	(15,596.79)
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated Balance as at April 01, 2020	35.90	871.72	7,985.77	970.00	(25,460.18)	(15,596.79)
Profit for the year	-	-	-	-	172.03	172.03
Other Comprehensive Income	-	-	-	-	33.27	33.27
Transfer from retained earnings	-	100.00	-	-	-	100.00
Total Comprehensive Income for the year	-	100.00	-	-	205.30	305.30
Transfer to retained earnings	-	-	-	-	(100.00)	(100.00)
Closing balance as at March 31, 2021	35.90	971.72	7,985.77	970.00	(25,354.88)	(15,391.49)

Notes forming part of the Financial Statements

As per our report of even date attached

For Goyal D. Kumar & Co.

Chartered Accountants

FRN 007817C

(D.K. Goyal)

Proprietor

M. No. 076713

Place : Bhilwara

Date : 30.05.2022

UDIN : 22076713AJWTIM7102

For and on behalf of the Board

Rajesh Ranka

Ram Awatar Kabra

Jagdish Narayan Sharma

Rohit Singh

P.K. Nahar

B.L. Saini

Place : Bhilwara

Date : 30.05.2022

- Chairman & Managing Director

- Executive Director

- Non-Executive - Independent Director

- Non-Executive - Independent Director

- Chief Financial Officer

- Company Secretary

(DIN : 03438721)

(DIN : 00945603)

(DIN : 07552825)

(DIN : 08469801)

-

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Notes on Financial statements for the year ended 31st March, 2022
CIN NO. L17115RJ1980PLC002075
SIGNIFICANT ACCOUNTING POLICIES

NOTE-1 COMPANY OVERVIEW : Modern Threads (India) Limited is a Public limited company incorporated on 28th August, 1980 having its registered office at Modern Woollens, Hamirgarh Road, Pragati Path, Near Transport Nagar, Bhilwara-311001 (Rajasthan) India. The Company corporate identification No. is L17115RJ1980PLC002075. The company manufactures and sells mainly Worsted Yarn, Wool Tops and Synthetic Yarn.

NOTE-2 : SIGNIFICANT ACCOUNTING POLICIES
A) Basis of Preparation of Accounts

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the act) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The financial statements are prepared and presented on accrual basis and under the historical cost convention, except for the following material items that have been measured at fair value as required by the relevant Ind AS:

- (i) Financial instruments measured at fair value through Profit and Loss.
- (ii) Financial instruments measured at fair value through other comprehensive income.
- (iii) Defined benefit plans measured at fair value through other comprehensive income.

B) Functional and Presentation Currency

The financial statements are prepared in Indian Rupees ("INR") which is the Company's presentation currency and the functional currency for all its operations. All financial information presented in INR has been rounded to the nearest lakhs with two decimal places unless stated otherwise.

C) Classification of Assets and Liabilities as Current and Non Current

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of product & activities of the Company and their realization in cash and cash equivalent, the Company has determined its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

D) Use of estimates and critical accounting judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Critical estimates and judgements

- i. Property, plant and equipment :** Useful lives of tangible assets and intangible assets are based on the life prescribed in Schedule II of the Companies Act, 2013. The Company reviews its estimate of the useful lives of tangible/ intangible assets at each reporting date, based on the expected utility of the assets.
- ii. Recognition and measurement of defined benefit obligations :** The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy.
- iii. Provisions and contingent liabilities :** In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallising or are very difficult to quantify reliably, company treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, company do not expect them to have a materially adverse impact on financial position or profitability.

E) Property, plant and equipment

Freehold land is carried at historical cost. All other items of Property, plant and equipment are initially recognized at cost including the cost directly attributable for bringing the asset to the location and conditions necessary for it to be capable

of operating in the manner intended by the management. After the initial recognition the property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Any gain or loss on disposal of an item of property, plant and equipment is recognized in the statement of profit and loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

The Company has opted for an exemption provided by the Indian Accounting Standard (Ind AS)-101. Accordingly the carrying value for all Property, plant and Equipment recognized in the financial statements, as at the date of transition to Ind AS i.e 01.04.2016 measured as per previous GAAP and use that carrying value as deemed cost of Property, plant and Equipment.

Capital work-in-progress includes cost of property, plant and equipment under installation/ under development as at the balance sheet date.

F) Depreciation and amortisation of property, plant and equipment and intangible assets

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives of assets in accordance with Schedule II to the Companies Act, 2013 using the straight-line method except in respect of Plant and Equipment where the useful life is considered differently based on an independent technical evaluation as 10 to 15 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Profit and loss on disposals are determined by comparing proceeds with carrying amount. These are included in statement of profit and loss.

G) Intangible Assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Costs comprises purchase price after deducting trade discounts/ rebates, including import duties and non-refundable purchase taxes, borrowing costs and any directly attributable cost of preparing the asset for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Cost of items of intangible assets not ready for intended use as on the balance sheet date are disclosed as intangible assets under development.

Amortisation is charged on a straight-line basis over a period of 5 years, which in Management's estimate represents the period during which the economic benefits will be derived from their use. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

H) Leases : The Company has adopted Ind AS 116 effective from 1 April 2019 using modified retrospective approach. For the purpose of preparation of Standalone Financial Information, management has evaluated the impact of change in accounting policies required due to adoption of Ind AS 116 for year ended 31 March 2020.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability, if any, is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company

changes its assessment of whether it will exercise a purchase, extension or termination option.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature. However, there are no assets which are given on lease as a lessor.

I) Impairment of Non-Financial Assets

The Property, Plant and Equipment and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, the assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment loss are reviewed for possible reversal of impairment at the end of each reporting period. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

J) Employee benefits

(i) **Defined contribution plans** : Defined contribution plans Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

(ii) **Defined benefit plans** : The liability recognised in the standalone balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is determined at the year end by independent actuary using the projected unit credit method.

The present value of the defined benefit obligation denominated in Indian Rupees is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the standalone statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the standalone statement of changes in equity. Remeasurements are not reclassified to profit and loss in the subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in standalone statement of profit and loss as past service cost.

(iii) Other employee benefits :

(a) Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the obligation as at the Balance sheet date determined based on an actuarial valuation.

(b) Undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the related services.

K) Inventories

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

L) Provisions, Contingent Liabilities & Contingent Assets

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

B. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, when appropriate, the risks specific to the liability.

M) **Taxes on Income** : Current Tax is recognised in the statement of profit and loss account but deferred tax asset is not recognised in the statement of profit and loss as the company is not confident of earning sufficient profits to utilise unabsorbed depreciation in future.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Deferred Tax

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

The carrying value of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and when the deferred tax balances relate to the same taxation authority.

N) **Revenue Recognition** : The Company has adopted Ind AS 115, Revenue from Contract with Customers with effect from 1st April 2018.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity.

Revenue from Sale of goods and services : The Company derives revenue primarily from sale of Wool Yarn, Wool Tops and Synthetic Yarn.

Revenue from contracts with customers is recognized when the Company satisfies performance obligation by transferring promised goods or services to the customer or to his designated agent. Performance obligation is satisfied when the Company transfers significant risks and rewards to the customer and ceases its control over the goods.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions and incentives, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Payments from customers for the goods and services rendered are normally received within the credit terms as per the contracts with the customers. The Company recognizes sales return only when the goods are actually returned by the customer. Therefore, a refund liability which is included in current financial liabilities or is reduced from current financial assets, is recognized for the goods actually returned. Revenue

from sale of goods is recognized at the point of time when the significant risks and rewards are transferred to the customer and the Company ceases to have its control over the goods.

Revenue from job work charges is recognised at a point of time when the control is transferred usually when the material is fully processed and dispatched to customers. Incentives on exports and other Government incentives related to operations are recognized in books after due consideration of certainty of utilization/receipt of such incentives.

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

O) Foreign currency transactions and translations :

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit and loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

P) Borrowing costs :

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

Q) Segment Reporting :

Operating segments are reported in a manner consistent with the internal reporting provided to the chief decision maker being MD of the company. The MD assesses the financial performance and the position of the company as a whole, and strategic decisions.

The accounting policies adopted for Segment reporting are in line with the accounting policies of the Company with the following additional policies:

- Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors.
- Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the Segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis have been included under "Un-allocated expenses/revenue".

R) Financial Instruments

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

Financial assets

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

- Those to be measured subsequently at fair value (either through other comprehensive, or through Statement of profit and loss), and
- Those measured at amortised cost.

The classification depends on the company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the Statement of Profit or Loss or other comprehensive income.

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

settlement date, i.e., the date that the Company settles to purchase or sell the asset.

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

i) **Debt Instrument at amortised cost:** 'Debt instrument' is measured at the amortised cost if both the following conditions are met: (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

ii) **Debt Instrument at FVTOCI:** Debt instruments are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Debt instruments included within the FVTOCI category are measured at fair value with all changes recognized in the Other Comprehensive Income.

iii) **Debt Instrument at FVTPL:** FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

iv) **Equity Instruments measured at FVTOCI or FVTPL:** All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and loss.

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

d. **Derecognition :** A financial asset is derecognised only when:

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

e. **Impairment of financial assets :** In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- i) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance

- ii) Trade receivables - The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Financial Liabilities

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

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

- ii) Measurement :** Financial liabilities are initially recognised at fair value, reduced by transaction costs (in case of financial liability not at fair value through statement of profit or loss), that are directly attributable to the issue of financial liability. After initial recognition, financial liabilities are measured at amortised cost using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees paid, transaction cost, and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through statement of profit and loss.

- iii) Borrowings :** Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in statement of profit and loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit and loss.

- iv) Trade and other payables :** Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

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

Offsetting financial instruments : Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

S) Earnings Per Share

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

Diluted earnings per share : Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

T) Cash Flow Statement

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

U) Cash and Cash Equivalents

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

- V) Government Grants:** Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grant will be received.

Government grants relating to income/expense are determined and recognised in the statement of profit and loss over the period necessary to match them with the cost that they are intended to compensate and presented within other income.

Government grants relating to the property, plant and equipment are credited to deferred revenue income on account of capital subsidy and recognised in profit and loss on a systematic basis over the period in which entity recognises as expenses the related costs for which the grants are intended to compensate.

W) Fair Value Measurement

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Notes on Financial statements for the year ended 31st March, 2022

CIN NO. L1711SRJ1980PLC002075

3 (A) PROPERTY, PLANT AND EQUIPMENT

₹ in Lakhs

Particulars	Free Hold Land	Building	Plant and Equipment	Office Equipment	Furniture & Fixtures	Computer	Vehicles	Total
GROSS BLOCK								
As at 01.04.2020	1,182.11	1,663.15	17,446.50	42.48	123.18	57.46	146.89	20,661.77
Additions	9.36	-	209.26	1.47	4.84	1.14	-	226.07
Deductions	-	-	1,114.40	-	1.13	-	2.20	1,117.73
As at 31.03.2021	1,191.47	1,663.15	16,541.36	43.95	126.89	58.60	144.69	19,770.11
Additions	-	-	445.85	3.16	7.01	4.54	1.72	462.28
Deductions	-	-	312.96	-	-	-	45.65	358.61
As at 31.03.2022	1,191.47	1,663.15	16,674.25	47.11	133.90	63.14	100.76	19,873.78
DEPRECIATION								
As at 01.04.2020	-	1,394.11	15,425.43	37.84	73.63	47.92	91.04	17,069.97
Charge for the year	-	32.11	209.66	0.82	6.90	4.61	8.83	262.93
Deductions	-	-	1,057.71	-	0.33	-	0.71	1,058.75
As at 31.03.2021	-	1,426.22	14,577.38	38.66	80.20	52.53	99.16	16,274.15
Charge for the year	-	32.11	234.06	0.94	7.43	2.52	8.95	286.01
Deductions	-	-	293.97	-	-	-	40.27	334.24
As at 31.03.2022	-	1,458.33	14,517.47	39.60	87.63	55.05	67.84	16,225.92
NET BLOCK								
As at 31.03.2021	1,191.47	236.93	1,963.98	5.29	46.69	6.07	45.53	3,495.96
As at 31.03.2022	1,191.47	204.82	2,156.78	7.51	46.27	8.09	32.92	3,647.86

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

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

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

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

Note No. 3 (B) : RIGHT OF USE ASSETS

₹ in Lakhs

Gross Carrying Amount	Lease Hold Land
Balance at April 1, 2020	458.25
Additions	-
Disposals/Adjustments	-
Balance at March 31, 2021	458.25
Additions	-
Disposals/Adjustments	-
Balance at March 31, 2022	458.25
Amortisation	Lease Hold Land
Balance at April 1, 2020	36.87
Amortisation for the year	7.14
Disposals/Adjustments	-
Balance at March 31, 2021	44.01
Amortisation for the year	7.15
Disposals/Adjustments	-
Balance at March 31, 2022	51.16
Net Carrying Amounts	Lease Hold Land
Balance at March 31, 2021	414.24
Balance at March 31, 2022	407.09

3 (C) : OTHER INTANGIBLE ASSETS

CURRENT REPORTING PERIOD

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As at 01.04.2021	Addition	Deduction	As at 31.03.2022	As at 01.04.2021	For the Year	Deductions	As at 31.03.2022	As at 31.03.2022
Software	33.34	-	-	33.34	13.32	6.67	-	19.99	13.35
Total :	33.34	-	-	33.34	13.32	6.67	-	19.99	13.35

PREVIOUS REPORTING PERIOD

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As at 01.04.2020	Addition	Deduction	As at 31.03.2021	As at 01.04.2020	For the Year	Deductions	As at 31.03.2021	As at 31.03.2021
Software	33.34	-	-	33.34	6.65	6.67	-	13.32	20.02
Total :	33.34	-	-	33.34	6.65	6.67	-	13.32	20.02

Notes on Financial statements for the year ended 31st March, 2022
 CIN NO. L17115RJ1980PLC002075

₹ in Lakhs

	As at 31.03.2022	As at 31.03.2021
4 INVESTMENTS		
Non-current		
At Amortised Cost (Unquoted)		
Investment in Govt. Securities*	0.51	0.76
Interest Accrued on Govt. Securities*	0.28	0.37
	0.79	1.13
*Pledged with Government Departments		
Aggregate value of unquoted investments	0.79	1.13
Current		
Unquoted		
Investment in mutual funds	-	-
Nil Units (Previous year Nil units)	-	-
	-	-
Aggregate value of unquoted investments	-	-
5 OTHER FINANCIAL ASSETS		
Non Current		
Deposit with Government Departments / Others	238.79	217.87
Earmarked balances with Banks (FDR) under lien held as security against Guarantee/overdraft limit	1.14	25.00
FDR With Bank	20.93	-
Interest Receivable	0.05	3.93
	260.91	246.80
All FDRs having maturity more than 12 months		
Current		
Interest Receivable	8.19	11.60
Employees advances	14.44	7.72
	22.63	19.32
6 Income Tax Assets		
Non Current		
TDS/TCS receivable	14.32	24.05
	14.32	24.05
7 OTHER ASSETS		
Non-Current		
Deposits under Protest	37.79	62.57
Export Benefits	185.87	171.19
Capital Advance	-	4.51
Other Receivables	9.70	21.36
	233.36	259.63
Current		
Prepaid expenses	19.20	18.49
Advances to Suppliers	238.47	351.70
Balance with Revenue Authorities	46.05	80.57
Other Receivables	2.31	12.00
	306.03	462.76
8 INVENTORIES		
(At lower of cost and Net Realisable value)		
Raw Material	2,164.81	1,213.58
Stores & Spares (including Capital Stores)	179.85	130.70
Work in Process	746.19	412.57
Finished Goods	2,935.87	2,170.29
	6,026.72	3,927.14

Inventory of Raw Material includes Stock in transit of NIL as at 31.03.2022 and Nil as at 31.03.2021.

Notes on Financial statements for the year ended 31st March, 2022

CIN NO. L17115RJ1980PLC002075

₹ in Lakhs

	As at 31.03.2022	As at 31.03.2021
9 TRADE RECEIVABLES		
Current		
Receivables considered good - Secured	-	-
Receivables considered good - Unsecured	2,334.35	1,596.50
Receivables which have significant increase in Credit Risk	-	-
Receivables - credit impaired	49.07	46.46
	2,383.42	1,642.96
Less: Allowance for doubtful debts	49.07	46.46
	2,334.35	1,596.50

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

9.2 Trade Receivables ageing schedule for the year ended as on March 31, 2022 and March 31, 2021:

As at 31.03.2022

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 Months - 1 year	1 -2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables - considered good	2,315.79	10.36	0.09	8.11	-	2,334.35
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	0.91	5.94	6.85
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	31.28	10.94	42.22
TOTAL	2,315.79	10.36	0.09	40.30	16.88	2,383.42

As at 31.03.2021

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 Months - 1 year	1 -2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables - considered good	1,512.64	17.70	53.71	12.45	-	1,596.50
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	1.38	-	1.38
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	45.08	45.08
TOTAL	1,512.64	17.70	53.71	13.83	45.08	1,642.96

9.3 Movement for allowance in Doubtful Debts

₹ in Lakhs

	As at 31.03.2022	As at 31.03.2021
Opening Balance	46.46	45.08
Allowances made*	38.92	1.38
Less : Provision transferred to Bad Debts	36.31	-
Closing Balance	49.07	46.46

*Net of Provision written Back Rs. 0.18 Lac

10. CASH AND CASH EQUIVALENTS

Cash on hand	1.88	5.55
Balances with Banks		
In Current Accounts	516.06	1,684.84
In FDR Accounts	-	43.94
	517.94	1,734.33

Notes on Financial statements for the year ended 31st March, 2022

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₹ in Lakhs

	As at 31.03.2022	As at 31.03.2021
11 OTHER BALANCES WITH BANK		
Fixed Deposits with Banks	39.80	0.64
Earmarked balances with banks-FDR under lien held as margin against guarantee/Overdraft Limits (All deposits are having maturity between 3 to 12 months)	5.76	44.87
	45.56	45.51
12 EQUITY SHARE CAPITAL		
Authorised :		
Equity Share Capital 18,50,00,000 (18,50,00,000 as at 31.03.2021) Equity Shares of ₹ 10/- each	18,500.00	18,500.00
	18,500.00	18,500.00
Preference Share Capital 20,00,000 (20,00,000 as at 31.03.2021) Preference Shares of ₹ 100/- each (Refer Note No. 17)	2,000.00	2,000.00
	2,000.00	2,000.00
Issued, subscribed and paid-up Equity		
Equity Shares: 3,47,75,160 (3,47,75,160 as at 31.03.2021) Equity Shares of ₹ 10/- each	3,477.52	3,477.52
	3477.52	3477.52

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

Particulars	As at 31.03.2022 Equity Shares		As at 31.03.2021 Equity Shares	
	Nos	Rs. in Lakhs	Nos	Rs. in Lakhs
Outstanding at the beginning of the year	3,47,75,160	3,477.52	3,47,75,160	3,477.52
Add: Shares issued during the year	-	-	-	-
Outstanding at the end of the year	3,47,75,160	3477.52	3,47,75,160	3477.52

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

Name of the share holders	As at 31.03.2022		As at 31.03.2021	
	No. of shares	% Held	No. of shares	% Held
1) Generotrade Exim LLP	15636901	44.97	15636901	44.97
2) Arihant Beneficiary Trust through Smt Lalitha Ranka	7000000	20.13	7000000	20.13
3) Administrator of the specified undertaking of Unit Trust of India unit scheme 1964	2171376	6.24	2171376	6.24
4) Unit Trust of India	906356	2.61	906356	2.61

12.3 Terms/rights attached to equity shares

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

12.4 Shareholdings of Promoters**Shares held by promoters at the end of year**

Promoter Name	As at 31.03.2022		As at 31.03.2021		% change during the year
	No. of Shares	% of total Shares	No. of Shares	% of total Shares	
1) Generotrade Exim LLP	15636901	44.97	15636901	44.97	-
2) Arihant Beneficiary Trust through Smt Lalitha Ranka	7000000	20.13	7000000	20.13	-

Notes on Financial statements for the year ended 31st March, 2022

CIN NO. L17115RJ1980PLC002075

₹ in Lakhs

	As at 31.03.2022	As at 31.03.2021
13 OTHER EQUITY		
a Capital Reserve		
Balance at the beginning of the year	35.90	35.90
Balance at the end of the year	<u>35.90</u>	<u>35.90</u>
b Capital Redemption Reserve		
Balance at the beginning of the year	971.72	871.72
Add : Transferred from retained earnings	–	100.00
Less : Transferred to retained earnings	96.72	–
Balance at the end of the year	<u>875.00</u>	<u>971.72</u>
c Securities Premium		
Balance at the beginning of the year	7,985.77	7,985.77
Balance at the end of the year	<u>7,985.77</u>	<u>7,985.77</u>
d Debenture Redemption Reserve		
Balance at the beginning of the year	970.00	970.00
Balance at the end of the year	<u>970.00</u>	<u>970.00</u>
e Retained Earnings		
Balance at the beginning of the year	(25,354.88)	(25,460.18)
Add: Profit for the year	793.91	172.03
Add: Other comprehensive income		
Arising from re-measurement of defined benefit plans (net of tax)	27.11	33.27
Add: Transferred from Capital Redemption Reserve	96.72	–
Less: Transferred to Capital Redemption Reserve	–	(100.00)
Balance at the end of the year	<u>(24,437.14)</u>	<u>(25,354.88)</u>
Total Other Equity	<u>(14,570.47)</u>	<u>(15,391.49)</u>

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

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

B) Capital Redemption Reserve

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

C) Securities Premium

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

D) Debenture Redemption Reserve

Debenture Redemption Reserve has been created for redemption of Debentures.

E) Retained Earnings

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

14 BORROWINGS

	As at 31.03.2022	As at 31.03.2021
A Non Current		
Debentures - Secured		
Optionally fully Convertible Debentures	1,666.34	1,666.34
Non Convertible Debentures	3,359.33	3,359.33
Accrued interest	3,438.76	3,438.76
Term Loans - Secured		
From others	6,044.13	6,044.13
Accrued interest	4,366.29	4,366.29
	<u>18,874.85</u>	<u>18,874.85</u>

Terms of Debentures and Term Loan
1 Security

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

Notes on Financial statements for the year ended 31st March, 2022

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₹ in Lakhs

	As at 31.03.2022	As at 31.03.2021
2 Repayment and Interest		
Debentures, term loan and accrued interest are settled at Rs. 1855 Lakhs, amount paid their against Rs. 1780 Lakhs up to 31.03.2022 and balance Rs. 75 lakhs is payable till 31.03.2022, the date of payment of which further extended til 31.03.2023. Rs. 75.00 lakhs has been shown as current maturity of secured long term borrowings under current borrowings. The remaining amount will be written back on discharge of full payment and it carries no interest from the date of settlement.		
B Current		
Loans - Secured		
Current maturity of secured long term borrowings	75.00	75.00
Overdraft against FDRs	-	29.03
Loans - Unsecured		
From Corporates	-	-
	75.00	104.03
Terms of Overdraft Limits		
1 Security		
Lien against FDR's of NIL (Previous Year Rs. 53.27 lakhs)		
2 Repayment and Interest		
Overdraft limit was repayable on demand. It carries interest @ 7.50% P.A. for ICICI Bank and @ 4.90% P.A. for HDFC Bank.		
15 PROVISIONS		
Non-current		
For Employees benefit		
Gratuity	300.09	276.59
Un-availed leave	69.31	52.60
	369.40	329.19
Current		
For Employees benefit		
Gratuity	6.03	11.47
Un-availed leave	19.26	18.30
	25.29	29.77
16 TRADE PAYABLES		
Total outstanding dues of micro enterprises and small enterprises	57.08	95.38
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,621.84	1,717.15
	2,678.92	1,812.53

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

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

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

a The principal amount remaining unpaid to supplier as at the end of the year	57.08	95.38
b Interest due thereon remaining unpaid to supplier as at the end of the year	-	-
c The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
d The amount of Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
e The amount of Interest accrued & remaining unpaid at the end of the year	-	-
f The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises for the purpose of disallowance of a deductible expenditure under section 23 of this Act.	-	-

Notes on Financial statements for the year ended 31st March, 2022

CIN NO. L17115RJ1980PLC002075

16.3 Trade Payables ageing Schedule

As at 31.03.2022

	Outstanding for periods from due date of payment				Total
	Less than 1 Year	1 -2 years	2-3 years	More than 3 Year	
(i) MSME	57.08	-	-	-	57.08
(ii) Others	1,571.13	121.90	50.04	757.10	2,500.17
(iii) Disputed dues- MSME	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	121.67	121.67
TOTAL	1,628.21	121.90	50.04	878.77	2,678.92

As at 31.03.2021

	Outstanding for periods from due date of payment				Total
	Less than 1 Year	1 -2 years	2-3 years	More than 3 Year	
(i) MSME	95.38	-	-	-	95.38
(ii) Others	699.49	10.63	144.02	741.34	1,595.48
(iii) Disputed dues- MSME	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	121.67	121.67
TOTAL	794.87	10.63	144.02	863.01	1,812.53

17 OTHER FINANCIAL LIABILITY

₹ in Lakhs

	As at 31.03.2022	As at 31.03.2021
Current		
Share Application Money refundable (Refer note 17.1)	1450.00	1450.00
Sundry deposits	46.52	43.07
Other payable	546.47	414.09
Preference Share Capital		
– 16.50% Cumulative Redeemable Preference Share of ₹ 100/- each fully paid up.	25.00	50.00
– 16% Cumulative Redeemable Preference Share of ₹ 100/- each fully paid up.	200.00	275.00
	2267.99	2232.16

17.1 Share Application Money Rs. 1450 Lakhs has been raised pursuant to restructuring / settlement scheme submitted to BIFR. Consequent to abatement of Sick Industrial Companies (Special Provision) Act, 1985, it became refundable.

17.2 Preference Share Capital

- Preference shares of Rs. 100 Lakhs has been settled at Rs. 30 Lakhs in F.Y. 2021-22 and balance Rs. 70 Lakhs recognised in statement of Profit & loss as exceptional items. Balance Preference Shares Rs. 225 Lakhs which were redeemable in F.Y. 2001-02 Rs. 6.25 Lakhs, F.Y. 2002-03 Rs. 72.92 Lakhs F.Y. 2003-04 Rs. 72.92 Lakhs and F.Y. 2004-05 Rs. 72.91 Lakhs.
- Interest on cumulative redeemable preference shares amounting to Rs. 36.13 Lakhs for the year and Rs. 939.35 Lakhs cumulative up to 31-03-2022 (Previous year Rs. 55.25 Lakhs & cumulative up to 31-03-2021 Rs. 1306.39 Lakhs) has not been provided in view of accumulated losses.
- Consequent to enactment of Sick Industrial Companies (Special Provision) Repeal Act, 2003(SICA Repeal Act) with effect from 1/12/2016, the company is in process of settlement with respective Preference Shareholders.
- The Cumulative Redeemable Preference Share holders are entitled to cumulative interest at the rate specified. Each share holder of Cumulative Redeemable Preference Shares is entitled to one vote per share only on resolution placed before the company, which directly affects the right attached to cumulative redeemable preference share. Since the interest in respect of cumulative preference share holders has not been paid for more than two years, cumulative redeemable preference share holder have right to 10 votes per share on every resolution placed before the company in a meeting.
- In the event of liquidation of the company, the holder of cumulative redeemable preference share will have priority over equity share holders in the payment of interest and re-payment of capital.

Notes on Financial statements for the year ended 31st March, 2022

CIN NO. L17115RJ1980PLC002075

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

₹ in Lakhs

Name of Shareholders	As at 31.03.2022		As at 31.03.2021	
	No. of preference shares	% held	No. of preference shares	% held
16.50% Preference share holders				
1) Oriental Insurance Company Limited	–	0.00	25,000	50.00
2) The New India Assurance Company Limited	25,000	100.00	25,000	50.00
	25,000	100.00	50,000	100.00
16% Preference share holders				
1) The New India Assurance Company Limited	1,25,000	62.50	1,25,000	45.45
2) Oriental Insurance Company Limited	–	0.00	75,000	27.27
3) National Insurance Company Limited	75,000	37.50	75,000	27.27
	2,00,000	100.00	2,75,000	100.00

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

₹ in Lakhs

Name of Shareholders	As at 31.03.2022		As at 31.03.2021	
	Preference Shares Nos	Amount Rs. in Lakhs	Preference Shares No.	Amount Rs. in Lakhs
Outstanding at the beginning of the year	3,25,000	325.00	4,25,000	425.00
Add: Shares issued	–	–	–	–
Less: Redeemed/settled during the year {refer note no. 17.2(a)}	1,00,000	100.00	1,00,000	100.00
Outstanding at the end of the year	2,25,000	225.00	3,25,000	325.00

₹ in Lakhs

	As at 31.03.2022	As at 31.03.2021
18 OTHER CURRENT LIABILITIES		
Advance from customers	85.93	157.23
Statutory Dues	71.68	63.10
Statutory Dues-Disputed	474.27	557.99
	631.88	778.32
19 REVENUE FROM OPERATIONS		
Sale of Products	21,494.04	14,208.18
Sale of services	449.39	232.07
Other operating revenue		
Export Incentives	289.36	256.34
Scrap Sales	30.30	16.50
	22,263.09	14,713.09
20 OTHER INCOME		
Interest received on financial assets carried at amortised cost	13.06	22.36
Interest on I.Tax Refund	1.33	1.39
Gain on Sale of Investment	17.55	16.56
Sundry Balances written back	105.96	212.92
Foreign currency transaction and translation	68.34	–
Miscellaneous Income	0.22	0.70
	206.46	253.93
21 COST OF MATERIALS CONSUMED		
Raw materials at the beginning of the year	1213.58	1246.56
Add: Purchases	15530.05	8715.53
Less: Stock at close	2164.81	1213.58
COST OF MATERIALS CONSUMED	14578.82	8748.51

Notes on Financial statements for the year ended 31st March, 2022

CIN NO. L17115RJ1980PLC002075

₹ in Lakhs

	Period Ended 31st March, 2022	Year Ended 31st March, 2021
22 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS		
Inventories at the beginning of the year		
Finished Goods	2,170.29	2,135.18
Work in Process	412.57	750.63
	2,582.86	2,885.81
Inventories at the end of the year		
Finished Goods	2,935.87	2,170.29
Work in Process	746.19	412.57
	3,682.06	2,582.86
	(1,099.20)	302.95
23 EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	2,320.09	1,728.95
Contribution to Provident Fund & Other Funds	140.50	117.06
Employees Welfare Expenses	44.65	33.03
	2,505.24	1,879.04
24 FINANCE COSTS		
Interest on borrowings	0.41	1.73
Interest to others	198.80	135.87
Other borrowing cost	20.68	11.16
Interest Expenses on lease liability	0.03	0.06
	219.92	148.82
24A DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of Property, Plant and Equipment (Note 3A)	286.01	262.93
Amortisation of Right of use Assets (Note 3B)	7.15	7.14
Amortisation of Intangible Assets (Note 3C)	6.67	6.67
	299.83	276.74
25 OTHER EXPENSES		
Manufacturing Expenses		
Packing Material	299.94	184.21
Stores & Spares	945.20	554.04
Power and fuel	2,260.81	1,604.97
Job charges	175.33	119.16
Repairs & Maintenance :		
Plant and Equipment	95.50	64.29
Building	62.42	41.02
Others	11.14	31.84
	3,850.34	2,599.53
Administrative Expenses		
Rent	19.72	19.65
Insurance	25.53	25.29
Rates and Taxes	14.62	9.84
Travelling and Conveyance	36.67	16.78
Legal and Professional expenses	47.42	30.41
Bank Charges	32.64	34.21
Directors Fees	0.64	0.05
Share listing fees & Demat Charges	7.10	25.53
Payment to Auditors		
For Audit Fee	2.00	2.00
For Tax Audit Fee	0.50	0.50
For Expenses	0.29	0.10
For Certification	1.20	1.20
Corporate social responsibility Expenses	23.10	27.66
Loan/Liability processing Charges	70.00	30.00
Miscellaneous expenses	77.74	96.63

Notes on Financial statements for the year ended 31st March, 2022
CIN NO. L1711SRJ1980PLC002075

₹ in Lakhs

	Period Ended 31st March, 2022	Year Ended 31st March, 2021
Selling Expenses		
Commission and Brokerage	209.59	155.76
Carriage outward (net)	721.64	382.20
Rebate, Claims and Discounts	20.81	–
Others Selling expenses	75.41	23.15
Provision for Doubtful Receivables	2.61	1.38
Net loss on foreign currency transaction and translation	–	19.59
Loss on Disposal of Property, plant and equipment	0.70	7.47
	5,240.27	3,508.93

26 EXCEPTIONAL ITEMS**Income**

Amount written back on account of settlement of certain Preference Share

70.00 70.00

70.00 70.00**Expense**

– –

– –

Exceptional items (Net)**70.00 70.00****27 EARNINGS PER SHARE**

Profit after exceptional items and tax

793.91 172.03

Weighted Avg. No. of Equity Shares outstanding during the year
for **Basic Earning Per Shares**

3,47,75,160 3,47,75,160

Weighted Avg. No. of Equity Shares outstanding during the year
for **Diluted Earning Per Shares:**

3,47,75,160 3,47,75,160

Nominal Value of Shares (in Rs.)

10.00 10.00

Basic Earning per Share (in Rs.)

2.28 0.49

Diluted earning per share (in Rs.)

2.28 0.49

28 EXPENDITURE TOWARDS CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

a) Gross amount required to be spent as per section 135 of the act

23.10 27.32

b) Amount spent during the year

i) Construction/acquisition of any assets

– –

ii) On projects other than (i) above

23.10 27.66

c) Shortfall at the end of the year

– –

d) Total of previous years shortfall amounts

– –

e) Reason for shortfalls

– –

f) Nature of CSR activities : CSR Activity focus Area is Animal Welfare

g) Details of Related party transactions : H.M. Ranka Foundation (Chairman is trustee)

23.10 –

h) Where provision is made with respect to a liability incurred by entering into contractual obligations

The movement in Provision during the year

NIL –

29 The company had made a reference to The Board of Industrial and Financial Reconstruction (BIFR) based on audited accounts for the financial ended 31st March, 2004 and BIFR in the hearing held on 12th December, 2005 declared the company as sick industrial Companies (Special Provision) Act, 1985, the company has not filed rehabilitation/ revival scheme to NCLT under Insolvency and Bankruptcy Code. The company has accumulated losses with its net worth continuing to stand fully eroded and the financial statements of the company have been prepared on going concern basis as the Debentures, term loan and accrued interest has been settled and only balance Rs. 75 Lakhs is payable till 31.03.2023. The company is expecting compliance of term of settlement and liability will be written back on discharge of full payment.

30 EMPLOYEE BENEFITS**i) Defined benefits plan****a) Gratuity**

In accordance with the provisions of payment of Gratuity Act, 1972 the company has a defined benefits plan which provides for gratuity payments. Every employee who has completed continuous service of 5 years or more gets a gratuity on retirement/termination at 15 days salary (last drawn) for each completed year of service. Liabilities in respect of gratuity plan are determined by an actuarial valuation. Based on the actuarial valuation obtained in this respect, the following table sets out the details of the employees benefits obligation as at balance sheet date.

Notes on Financial statements for the year ended 31st March, 2022

CIN NO. L17115RJ1980PLC002075

Change in present value of the defined benefit obligation:

₹ in Lakhs

Particulars	2021-22	2020-21
Present Value of obligation as at the beginning of the year	288.06	290.35
Current service cost	50.20	46.53
Interest cost	17.99	18.16
Past Service Cost	–	–
Actuarial (gain)/loss	(27.11)	(33.27)
Benefit paid	(23.02)	(33.71)
Present value of obligation as at the end of the year	306.12	288.06

Amount recognized in the balance sheet:

Particulars	2021-22	2020-21
Present value of defined benefit obligation	306.12	288.06
Fair value of plan assets	–	–
Net liability	306.12	288.06
Amounts shown in the balance sheet		
Current Provisions	6.03	11.47
Non-current Provisions	300.09	276.59
Net liability	306.12	288.06

Amount recognized in Profit and Loss:

Particulars	2021-22	2020-21
Current service cost	50.20	46.53
Past service cost	–	–
Interest cost	17.99	18.16
Total amount recognized in Profit and Loss:	68.19	64.69

Amount recognized in other comprehensive income:

Particulars	2021-22	2020-21
Actuarial (Gain)/Loss on Obligation	–	–
Actuarial (Gain)/Loss arising from change in demographic assumptions	–	–
Actuarial (Gain)/Loss arising from change in financing assumptions	(2.62)	–
Actuarial (Gain)/Loss arising from change in experience adjustment on plan liabilities	(24.49)	(33.27)
Return on plan assets less interest on plan assets	–	–
Total Actuarial (Gain)/Loss recognised in other comprehensive income	(27.11)	(33.27)

Change in the present value of defined benefit obligation and the fair value of the plan assets:

Particulars	2021-22	2020-21
Present value of obligation at year end	306.12	288.06
Fair value of plan assets at year end	–	–
Funded status excess of actual over estimated.	(306.12)	(288.06)
Assets/(Liabilities) recognized in the Balance Sheet	(306.12)	(288.06)

Actuarial assumption

Particulars	2021-22	2020-21
Discount rate*	7.26% & 7.18%	6.76% & 6.91%
Expected return on plan assets	–	–
Employee turnover ratio	6.00%	6.00%
Salary escalation rate**	7.50%	7.50%
Mortality rate inclusive of provision for disability	100% of IALM (2012-14)	100% of IALM (2012-14)

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

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

Sensitivity analysis

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

Notes on Financial statements for the year ended 31st March, 2022

CIN NO. L17115RJ1980PLC002075

₹ in Lakhs

Particulars	2021-22	2020-21
a) Impact of the change in discount rate		
Impact due to increase of 0.50%	(13.02)	(12.72)
Impact due to decrease of 0.50%	14.26	13.96
b) Impact of the change in salary increase		
Impact due to increase of 0.50%	13.61	13.19
Impact due to decrease of 0.50%	(12.51)	(12.10)
Discount rate (0.5% movement)		
Salary escalation rate (0.5% movement)		

Expected Maturity analysis of the defined benefits plan in future years

Particulars	2021-22	2020-21
Within 1 year	6.03	11.47
1-2 year	30.96	8.28
2-3 year	18.35	26.03
3-4 year	28.76	17.68
4-5 year	25.31	25.75
5-6 year	14.27	–
over 5 years	182.44	198.85

Risk exposure

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

- Salary Increase- Actual salary increase will increase the plan's liability. Increase in salary increase rate assumption in future valuations which also increase the liability.
- Investment Risk - If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- Discount Rate- Reduction in discount rate in subsequent valuations can increase the plan's liability.
- Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
- Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact liability.

b) Leave encashment

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

31 INCOME TAXES**a) Tax Expenses Recognised/ not recognised in the Statement of Profit and Loss**

31st March, 2022

	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax	–	–
Income tax for earlier years	–	–
Deferred Tax*	208.97	(249.60)
	208.97	(249.60)

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

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

b) Deferred tax movement

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

31st March, 2022

Particulars	Net Balance as at 1st April 2021	Not Recognised in Statement of profit and loss	Not Recognised in OCI	Net Deferred tax assets/(liabilities)
Deferred tax assets				
Unabsorbed depreciation/ business loss	1,593.35	(210.09)		1,383.26
Other expenses allowable on payment basis	2,378.78	(1.61)		2,377.17
Provision for gratuity	80.13	12.57	(7.54)	85.16
Deferred tax liabilities				
Temporary difference of depreciable assets	(71.42)	(9.84)	–	(81.26)
Net Deferred tax assets/(liabilities)	3,980.84	(208.97)	(7.54)	3,764.33

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

Notes on Financial statements for the year ended 31st March, 2022

CIN NO. L17115RJ1980PLC002075

31st March, 2021

Particulars	Net Balance as at 1st April 2022	Not Recognised in State- ment of profit and loss	Not Recognised in OCI	Net Deferred tax assets/(liabilities)
Deferred tax assets				
Unabsorbed depreciation/ business loss	1,340.04	253.31	–	1,593.35
Other expenses allowable on payment basis	2,382.58	(3.80)	–	2,378.78
Provision for gratuity	78.25	11.14	(9.26)	80.13
Deferred tax liabilities				
Temporary difference of depreciable assets	(60.37)	(11.05)	–	(71.42)
Net Deferred tax assets/(liabilities)	3,740.50	249.60	(9.26)	3,980.84

c) A reconciliation of income tax expense applicable to accounting profit / (loss) before tax at the statutory income tax rate for the year indicated are as follows :

	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before taxes	794.67	172.03
Enacted tax rate in India	27.82%	27.82%
Income tax at statutory tax rate	221.08	47.86
Income tax effect of:		
Effect of non deductible expenses	8.23	4.68
Expenses allowable on payment basis	12.57	2.30
Others	(32.91)	(304.44)
Effect of change in Tax rate	–	–
Income tax for earlier years	–	–
Income taxes not recognised in the statement of income	208.97	(249.60)

32 CONTINGENT LIABILITIES AND COMMITMENTS

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
(A) CONTINGENT LIABILITIES		
i. Bank Guarantees (amount paid their against by way of FDR Rs. 6.89, Previous year Rs. 16.60)	6.13	12.68
ii. Disputed demands of Sales Tax/Entry Tax Cases under appeal (amount paid Rs. Nil Previous year Rs. NIL)	4.50	57.75
iii. Disputed income tax demand (amount paid their against Rs. 24.61)	65.69	–
iv. Disputed demands of Excise cases under appeal (amount paid Rs. 1.63 Previous year Rs. 54.30)	11.94	131.04
v. Other disputed demands by Government department (amount paid Rs. 8.27 Previous year Rs. 8.27)	60.89	60.89
vi. Disputed liabilities and claim not acknowledged as debts	224.18	224.18

(B) COMMITMENT

	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Estimated amount of Contracts remaining to be executed on capital account and not provided for.	–	56.77
(b) Advance paid their against	–	4.50

Notes on Financial statements for the year ended 31st March, 2022

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

The composition of business segments are :

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

Particulars	2021-22			
	Woollen	Yarn	Others	Total
Segment Revenue				
Revenue from Operations	13,418.78	8,844.31	–	22,263.09
Segment Results				
Profit before Interest, Exceptional items and Tax	927.85	26.02	(9.28)	944.59
Less : Finance cost	219.51	0.41	–	219.92
Profit before Exceptional items and Tax	708.34	25.61	(9.28)	724.67
Add : Exceptional items	–	70.00	–	70.00
Profit before Tax	708.34	95.61	(9.28)	794.67
Tax Expenses	0.76	–	–	0.76
Total Profit After Tax	707.58	95.61	(9.28)	793.91
Other Comprehensive Income	10.65	16.46	–	27.11
Total Comprehensive Income	718.23	112.07	(9.28)	821.02
Capital Employed				
Segment Assets	9,597.37	3,082.68	1,150.86	13,830.91
Segment Liabilities	3,651.02	12,413.33	8,859.51	24,923.86

Particulars	2020-21			
	Woollen	Yarn	Others	Total
Segment Revenue				
Revenue from Operations	9,386.21	5,326.88	–	14,713.09
Segment Results				
Profit before Interest, Exceptional items and Tax	398.46	(147.61)	–	250.85
Less : Finance cost	144.45	4.37	–	148.82
Profit before Exceptional items and Tax	254.01	(151.98)	–	102.03
Add : Exceptional items	–	70.00	–	70.00
Profit before Tax	254.01	(81.98)	–	172.03
Tax Expenses	–	–	–	–
Total Profit After Tax	254.01	(81.98)	–	172.03
Other Comprehensive Income	11.52	21.75	–	33.27
Total Comprehensive Income	265.53	(60.23)	–	205.30
Capital Employed				
Segment Assets	8,267.04	2,829.49	1,150.86	12,247.39
Segment Liabilities	2,598.06	12,713.07	8,850.23	24,161.36

b) Geographical Segment: -

₹ in Lakhs

	2020-21	2019-20
Revenue by Geographical Market		
In India	14063.48	8478.02
Other than India	8199.61	6235.07
	22263.09	14713.09
Carrying Amounts of Segment Assets		
In India	12007.56	10924.37
Other than India	1823.35	1323.02
	13830.91	12247.39

Notes on Financial statements for the year ended 31st March, 2022

CIN NO. L17115RJ1980PLC002075

34 RELATED PARTY DISCLOSURE
i) Names and Relationship of related parties
a) Directors and Key Managerial personnel

Shri Rajesh Ranka (Chairman and Managing Director)
Smt. Veena Jain (Non-executive Non-Independent Director)
Shri Rohit Singh (Non-executive Independent Director)
Shri Ram Rai Kabra (Non-executive Independent Director)
Shri Prabodh kumar Nahar (Chief financial officer)
Shri Banwari Lal Saini (Company Secretary)-Appointed w.e.f 28.05.2020
Shri Ram Awatar kabra (Executive-Additional Director)-Appointed w.e.f 19/11/2021.
Shri Jagdish Narayan Sharma (Non-executive Independent Director)

b) Enterprises in which directors have significant influence:

Modern Polytex Limited (Chairman & Managing Director)
Acharya Shri Nanesh Samta Vikas Trust (Trustee)
H.M. Ranka Foundation (Trustee)
Modern Terry Towels Ltd.

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

Name of related parties and nature of the transactions	2021-22		2020-21	
	Salaries and other employee benefits	Company's Contribution to PF	Salaries and other employee benefits	Company's Contribution to PF
a Directors and Key Managerial Personnel				
i. Remuneration etc				
Shri Rajesh Ranka (CMD)	30.00	3.60	28.12	3.37
Shri Prabodh kumar Nahar (CFO)	17.04	1.53	14.80	1.39
Shri Banwari Lal Saini (CS)	6.27	0.49	5.67	0.44
Shri Ram Awatar Kabra (ED)	20.75	1.87		-
Shri Sitaram Sharma			0.28	
Total	74.06	7.49	48.87	5.20

ii. Sitting fees paid to Independent Directors	2021-22	2020-21
Smt. Veena Jain	0.03	0.03
Shri J.N. Sharma	0.08	0.07
Shri Laleet Kumar	0.13	0.08
Shri Rohit Singh	0.20	0.19
Shri Ram Rai Kabra	0.20	0.19

b Enterprises in which directors have significant influence:

Unsecured Loan Taken	Modern Polytex Limited (CMD)	1,400.00	-
Unsecured Loan Repaid	Modern Polytex Limited (CMD)	1,400.00	-
Purchase of goods & services	Modern Polytex Limited (CMD)	744.69	0.20
Interest on Unsecured Loan	Modern Polytex Limited (CMD)	32.55	-
Interest Exp.	Modern Polytex Limited (CMD)	165.69	135.95
Purchase of goods & services	Modern Terry Towels Ltd.	1.05	-
CSR Expenses	Acharya Shri Nanesh Samta Vikas Trust (Trustee)	-	0.15
CSR Expenses	H.M. Ranka Foundation (Trustee)	23.10	-

Balance of related parties at the year end

₹ in Lakhs

Modern Polytex Limited (Trade Payable)	1,760.82	872.17
Total	1,760.82	872.17

Terms and conditions:

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

35 Leases

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability recognized. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

Notes on Financial statements for the year ended 31st March, 2022
CIN NO. L17115RJ1980PLC002075

Changes in the carrying value of right to use assets are stated in Note No. 3B

The weighted average incremental borrowing rate applied to lease liabilities is 9.50 % p.a.

Movement in lease liabilities:

	As at 31.03.2022	As at 31.03.2021
Opening Balance	0.51	0.48
Additions	-	-
Interest accrued during the year	0.03	0.06
Payment of lease liabilities	0.01	0.03
Closing Balance	0.53	0.51
- Current lease liabilities	0.01	0.02
- Non- Current lease liabilities	0.52	0.49

36 Financial Instruments
i Financial Instruments by Category

₹ in Lakhs

Particulars	As at March 31, 2022			As at March 31, 2021		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets						
Invesments						
- Mutual Funds	-	-	-	-	-	-
- National Saving Certificate	-	-	0.79	-	-	1.13
Other financial assets	-	-	283.54	-	-	266.12
Trade receivables	-	-	2,334.35	-	-	1,596.50
Cash and cash equivalents	-	-	517.94	-	-	1,734.33
Bank balances other than above cash and cash equivalents	-	-	45.56	-	-	45.51
Loans	-	-	-	-	-	-
Total	-	-	3,182.18	-	-	3,643.59
Financial liabilities						
Long-term borrowings#	-	-	18,874.85	-	-	18,874.85
Short-term borrowings##	-	-	75.00	-	-	104.03
Lease Liabilities	-	-	0.53	-	-	0.51
Other financial liabilities	-	-	2,267.99	-	-	2,232.16
Trade payables	-	-	2,678.92	-	-	1,812.53
Total	-	-	23,897.29	-	-	23,024.08

#Excluding current maturities of long-term borrowings.

Including current maturities of long-term borrowings.

Financial Instruments measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the Financial Statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

ii Fair Value Hierarchy

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

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

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

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

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

Notes on Financial statements for the year ended 31st March, 2022

CIN NO. L17115RJ1980PLC002075

iii Financial assets and liabilities measured at fair value

As at March 31, 2022	Level 1	Level 2	Level 3	Total
Financial Assets :				
Investments at FVTPL				
Mutual Funds	-	-	-	-
Total financial assets	-	-	-	-
Financial Liabilities	-	-	-	-

As at March 31, 2021	Level 1	Level 2	Level 3	Total
Financial Assets :				
Investments at FVTPL				
Mutual Funds	-	-	-	-
Total financial assets	-	-	-	-
Financial Liabilities	-	-	-	-

37 TITLE DEEDS OF IMMOVABLE PROPERTIES NOT HELD IN NAME OF THE COMPANY

As on 31.03.2022

Relevant Line Item in the Balance Sheet	Description of Item of Property	Gross Carrying Value (Rs. In Lakhs)	Title Deeds held in name of	Whether title deed holder is a promotor, director or relative of promotor/ director or employee of promotor/ director	Property held since which date	Reason for not being held in the name of the company
Right to Use Assets	Leasehold land at khasra no. 3404, 3745/3404, 3747/3406, 3746/3409 at Hamirgarh Road, Bhilwara	92.25	Sunil Textiles Mills Pvt. Ltd.	No	21.10.1994	Sunil Textile Mill Pvt.Ltd. Has been amalgamated with Modern Threads India Ltd. Vide the order of High Court Dt. 21.10.1994
Right to Use Assets	Leasehold land at khasra no. 2616 and 2617 at Hamirgarh Road, Bhilwara	125	Modern Woollens Pvt. Ltd.	No	21.10.1994	Modern Woollens Pvt Ltd. Converted into Modern Woollens Ltd. On 13.08.1976 and subsequently has been acquired by Modern Threads India Ltd. Under the scheme of Reconstruction/ arrangement vide order of High Court Dt. 21.10.1994
Right to Use Assets	Leasehold land at khasra no. 2616/1 at Hamirgarh Road, Bhilwara	7.5	Modern Woollen Mill (Firm)	No	21.10.1994	Modern Woollens Mills (Firm) Converted into Modern Woollens Pvt Ltd. and subsequently converted into Modern Woollens Ltd. And then has been acquired by Modern Threads India Ltd. Under the scheme of Reconstruction/ arrangement vide order of High Court Dt. 21.10.1994
Right to Use Assets	Leasehold land at khasra no. 3361/2, 3367/3k, 3402/3k, 3368/2, 3402/2k, 3368/1 and 3367/2k at Hamirgarh Road, Bhilwara	43.77	Modern Woollens Ltd.	No	21.10.1994	Modern Woollens Ltd. has been acquired by Modern Threads India Ltd. Under the scheme of Reconstruction/ arrangement vide order of High Court Dt. 21.10.1994
Property, Plant and Equipment	Freehold land at Saha Mohalla, gosai tola, Mirzapur, Bhadohi	2.63	Modern Woollens Ltd.	No	21.10.1994	Modern Woollens Ltd. has been acquired by Modern Threads India Ltd. Under the scheme of Reconstruction/ arrangement vide order of High Court Dt. 21.10.1994
Property, Plant and Equipment	Freehold land at Ahmedabad	12.66	Modern Woollens Ltd.	No	21.10.1994	Modern Woollens Ltd. has been acquired by Modern Threads India Ltd. Under the scheme of Reconstruction/ arrangement vide order of High Court Dt. 21.10.1994

Notes on Financial statements for the year ended 31st March, 2022

CIN NO. L17115RJ1980PLC002075

As on 31.03.2021

Relevant Line Item in the Balance Sheet	Description of Item of Property	Gross Carrying Value (Rs.)	Title Deeds held in name of	Whether title deed holder is a promotor, director or relative of promotor/ director or employee of promotor/ director	Property held since which date	Reason for not being held in the name of the company
Right to Use Assets	Leasehold land at khasra no. 3404, 3745/3404, 3747/3406, 3746/3409 at Hamirgarh Road, Bhilwara	92.25	Sunil Textiles Mills Pvt. Ltd.	No	21.10.1994	Sunil Textile Mill Pvt Ltd. Has been amalgamated with Modern Threads India Ltd. Vide the order of High Court Dt. 21.10.1994
Right to Use Assets	Leasehold land at khasra no. 2616 and 2617 at Hamirgarh Road, Bhilwara	125	Modern Woollens Pvt. Ltd.	No	21.10.1994	Modern Woollens Pvt Ltd. Converted into Modern Woollens Ltd. On 13.08.1976 and subsequently has been acquired by Modern Threads India Ltd. Under the scheme of Reconstruction/ arrangement vide order of High Court Dt. 21.10.1994
Right to Use Assets	Leasehold land at khasra no. 2616/1 at Hamirgarh Road, Bhilwara	7.5	Modern Woollen Mill (Firm)	No	21.10.1994	Modern Woollens Mills (Firm) Converted into Modern Woollens Pvt Ltd. and subsequently converted into Modern Woollens Ltd. And then has been acquired by Modern Threads India Ltd. Under the scheme of Reconstruction/ arrangement vide order of High Court Dt. 21.10.1994
Right to Use Assets	Leasehold land at khasra no. 3361/2, 3367/3k, 3402/3k, 3368/2, 3402/2k, 3368/1 and 3367/2k at Hamirgarh Road, Bhilwara	43.77	Modern Woollens Ltd.	No	21.10.1994	Modern Woollens Ltd. has been acquired by Modern Threads India Ltd. Under the scheme of Reconstruction/ arrangement vide order of High Court Dt. 21.10.1994
Property, Plant and Equipment	Freehold land at Saha Mohalla, gosai tola, Mirzapur, Bhadoli	2.63	Modern Woollens Ltd.	No	21.10.1994	Modern Woollens Ltd. has been acquired by Modern Threads India Ltd. Under the scheme of Reconstruction/ arrangement vide order of High Court Dt. 21.10.1994
Property, Plant and Equipment	Freehold land at Ahmedabad	12.66	Modern Woollens Ltd.	No	21.10.1994	Modern Woollens Ltd. has been acquired by Modern Threads India Ltd. Under the scheme of Reconstruction/ arrangement vide order of High Court Dt. 21.10.1994

38 Capital Management

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

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

Notes on Financial statements for the year ended 31st March, 2022

CIN NO. L17115RJ1980PLC002075

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

₹ in Lakhs

	2021-22	2020-21
Non - Current Borrowings	18,874.85	18,874.85
Current Borrowings	75.00	104.03
Gross Debt	18,949.85	18,978.88
Less : Cash and cash equivalent	517.94	1,734.33
Less : Other Bank Deposits	39.80	0.64
Adjusted net debt	18,392.11	17,243.91
Total Equity	(11,092.95)	(11,913.97)

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

39 Financial Risk Management

The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables and financial liabilities comprise mainly of borrowings, trade payables and other payables.

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

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

i) Credit risk

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

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

An impairment analysis is performed at each reporting date on an individual basis for all clients. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 36. The Company does not hold any collateral as security against the receivables. The Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors such as financial condition, ageing of outstanding and the Company's historical experience for customers.

b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's Management in accordance with Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Company monitors rating, credit spreads and financial strength of its counter parties. Based on ongoing assessment Company adjust its exposure to various counterparties. Company's maximum exposure to credit risk for the components of balance sheet is the carrying amount as disclosed in Note 36.

ii) Liquidity Risk

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

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

₹ in Lakhs

Particulars	Within 1 year	More than 1 year	As at 31st March 2022
Financial Liabilities			
Borrowings*	75.00	18,874.85	18,949.85
Trade Payables	2,678.92	-	2,678.92
Other Financial Liabilities	2,267.99	-	2,267.99
Total	5,021.91	18,874.85	23,896.76

Particulars	Within 1 year	More than 1 year	As at 31st March 2021
Financial Liabilities			
Borrowings*	104.03	18,874.85	18,978.88
Trade Payables	1,812.53	-	1,812.53
Other Financial Liabilities	2,232.16	-	2,232.16
Total	4,148.72	18,874.85	23,023.57

*Debentures, term loan and accrued interest are settled at Rs. 1855 Lakhs, Amount paid their against Rs. 1780 Lakhs up to 31.03.2022 and balance Rs. 75 lakhs is payable till 31.03.2022, the date of payment of which further extended till 31.03.2023. Rs. 75.00 lakhs has been shown as current maturity of secured long term borrowings under current borrowings. The remaining amount will be written back on discharge of full payment and it carries no interest from the date of settlement.

Notes on Financial statements for the year ended 31st March, 2022

CIN NO. L17115RJ1980PLC002075

iii) Market Risk:
a. Foreign currency risk

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

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

Particulars	₹ in Lakhs				
	USD	Euro	GBP	AUD	Total
As at 31st March, 2022					
Trade Receivable	382.15	1,135.81	134.85	–	1,652.81
Advance to Suppliers	43.55	126.98	–	–	170.54
Trade Payable	–	–	–	–	–
Net exposure to foreign currency risk	425.70	1,262.80	134.85	–	1,823.35

Particulars	₹ in Lakhs				
	USD	Euro	GBP	AUD	Total
As at 31st March, 2021					
Trade Receivable	393.37	481.16	138.66	–	1,013.19
Advance to Suppliers	158.76	18.27	1.63	131.17	309.83
Trade Payable	–	–	–	–	–
Net exposure to foreign currency risk	552.13	499.43	140.29	131.17	1,323.02

Foreign currency sensitivity

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

Particulars	2021-22		2020-21	
	1% increase	1% Decrease	1% increase	1% Decrease
USD	4.26	(4.26)	5.52	(5.52)
EURO	12.63	(12.63)	4.99	(4.99)
GBP	1.35	(1.35)	1.40	(1.40)
Net increase(decrease) in Profit or loss	18.23	(18.23)	11.92	(11.92)

b. Interest rate risk

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

Particulars	₹ in Lakhs	
	March 31, 2022	March 31, 2021
Fixed rate instruments		
Fixed deposit with Banks		67.63
Net (Liabilities)/Assets	67.63	114.45

Sensitivity analysis:

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

Particulars	2021-22		2020-21	
	0.5 % Increase	0.5 % Decrease	0.5 % Increase	0.5 % Decrease
Interest rate increase/ decrease	0.34	(0.34)	0.57	(0.57)
Net increase(decrease) in Profit or loss	0.34	(0.34)	0.57	(0.57)

c. Commodity Risk

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

40 Registration or Satisfaction of Charges with Registrar of Companies (ROC)

The following charges are yet to be satisfied with the Registrar of Companies

Charge Holder Name	AMOUNT IN LAKHS	REASON FOR NON SATISFACTION
GUJARAT POLYFILS (INDIA) LIMITED	22322.80	GUJARAT POLYFILS (INDIA) LIMITED has Assigned this debt amount to SUMURAI COMMERCIALS PRIVATE LIMITED and NOC is yet to be obtained from the charge holder

Notes on Financial statements for the year ended 31st March, 2022

CIN NO. L17115RJ1980PLC002075

41 Analytical ratios table

S. No.	Ratio Name	NUMERATOR	DENOMINATOR	CURRENT PERIOD	PREVIOUS PERIOD	% VARIANCE	REASON FOR VARIANCE
1.	CURRENT RATIO	Current assets	Current liabilities	1.63	1.57	3.74%	Not Applicable
2.	DEBT-EQUITY RATIO	Total Debt	Shareholder's Equity	NA	NA	NA	Not Applicable
3.	DEBT SERVICE COVERAGE RATIO	Earning available for debt service	Debt service	NA	NA	NA	Not Applicable
4.	RETURN ON EQUITY (ROE)	Net Profit after taxes-Preference Dividend (if any)	Average Equity Share Capital (Excl other equity being negative figure)	22.83%	4.95%	361.50%	Net profit increased due to increase in turnover
5.	INVENTORY TURNOVER RATIO	Cost of goods sold or sales	Average Inventory	3.99	3.31	20.31%	Not Applicable
6.	TRADE RECEIVABLES TURNOVER RATIO	Net Credit Sales	Average accounts receivable	11.33	7.59	49.29%	Due to increase in turnover
7.	TRADE PAYABLES TURNOVER RATIO	Net Credit Purchases	Average Trade Payables	6.92	4.34	59.19%	Due to increase in purchases for increased turnover
8.	NET CAPITAL TURNOVER RATIO	Net Sales	Working Capital	6.23	5.20	19.76%	Not Applicable
9.	NET PROFIT RATIO	Net Profit	Net sales	3.57%	1.17%	204.99%	Net profit increased due to increase in turnover
10.	RETURN ON CAPITAL EMPLOYED	Earning before interest and taxes	Capital Employed	13.90%	6.02%	130.91%	Net profit increased due to increase in turnover
11.	RETURN ON INVESTMENT	EBIT	Average Total Assets	7.78%	2.58%	201.83%	Net profit increased due to increase in turnover

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

Notes forming part of the Financial Statements
As per our report of even date attached
For Goyal D. Kumar & Co.
Chartered Accountants
FRN 007817C
(D.K. Goyal)
Proprietor
M. No. 076713

Place : Bhilwara

Date : 30.05.2022

UDIN : 22076713AJWTIM7102

For and on behalf of the Board

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

Ram Awatar Kabra – Executive Director (DIN : 00945603)

Jagdish Narayan Sharma – Non-Executive – Independent Director (DIN : 07552825)

Rohit Singh – Non-Executive – Independent Director (DIN : 08469801)

P.K. Nahar – Chief Financial Officer –

B.L.Saini – Company Secretary –

Place : Bhilwara

Date : 30.05.2022

MODERN THREADS (INDIA) LIMITED

Registered Office : Unit : Modern Woollens, Hamirgarh Road, Pragati Path, Near Transport Nagar, Bhilwara-311001 (Rajasthan)
 Phone : 91-1482-241801 Website : www.modernwoollens.com E-mail : cs@modernwoollens.com
 CIN : L17115RJ1980PLC002075

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting hall)
41st Annual General Meeting - 30th September, 2022

I hereby record my presence at the FORTY FIRST ANNUAL GENERAL MEETING of the Company held at Registered Office of the Company at Unit : Modern Woollens, Hamirgarh Road, Pragati Path, Near Transport Nagar, Bhilwara-311001 (Rajasthan) on Friday the 30th September, 2022 at 2:00 P.M.

Full Name of Member (IN BLOCK LETTERS)

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

Full Name of Proxy (IN BLOCK LETTERS)

Member's/Proxy's Signature

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

[Handwritten Signature]



MODERN THREADS (INDIA) LIMITED

Registered Office : Unit : Modern Woollens, Hamirgarh Road, Pragati Path, Near Transport Nagar, Bhilwara-311001 (Rajasthan)
 Phone : 91-1482-241801 Website : www.modernwoollens.com E-mail : cs@modernwoollens.com
 CIN : L17115RJ1980PLC002075

PROXY FORM

Name of the member(s) :

Registered Address :

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

DP ID :

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

1. Name : Address :

E-mail ID : Signature :, or failing him

2. Name : Address :

E-mail ID : Signature :, or failing him

3. Name : Address :

E-mail ID : Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 41st Annual General Meeting of the Company, to be held on Friday, the 30th September, 2022 at 2:00 P.M. at Unit : Modern Woollens, Hamirgarh Road, Pragati Path, Near Transport Nagar, Bhilwara-311001 (Rajasthan) (India) 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 2022.

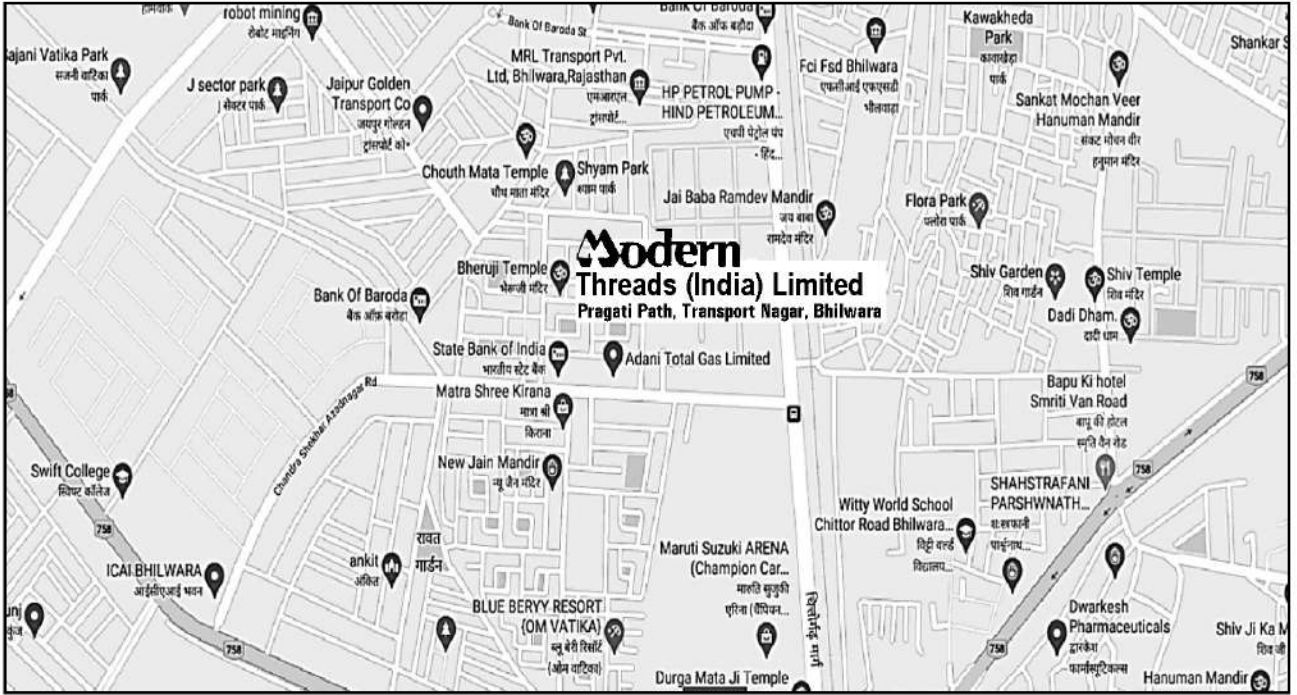
Signature of Shareholder :

Signature of Proxy Holder(s) :

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at Unit : Modern Woollens, Hamirgarh Road, Pragati Path, Near Transport Nagar, Bhilwara-311001 (Rajasthan) (India) not less than FORTY EIGHT HOURS before the commencement of the meeting.

Affix Re 1/- Revenue Stamp

Route Map to the venue of AGM



Book Post
(Printed Matter)

If undelivered please return to :



Modern Threads (India) Limited
Unit : Modern Woollens, Hamirgarh Road, Pragati Path
Near Transport Nagar, Bhilwara-311001 (Rajasthan) (India)