

**S. S. SURANA & CO.**  
**CHARTERED ACCOUNTANTS**

**E- 285, Lal Kothi Scheme, Jaipur- 302015 Phone 0141-2741946**

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Auditor's Report on Annual Standalone Financial Results of the Company Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To  
The Board of Directors of  
Modern Threads (India) Limited

1. We have audited the accompanying Statement of Standalone Financial Results of **Modern Threads (India) Limited** ('the Company') for the year ended March 31, 2017 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared on the basis of the annual standalone financial statements in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Account) Rules, 2014 and other accounting principles generally accepted in India. Our responsibility is to express an opinion on this Statement, based on our audit of such annual standalone financial statements.
2. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that the audit provides a reasonable basis for our opinion.

*Surana*



### 3. Basis for Qualified Opinion

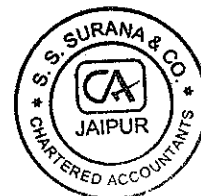
- i. Dividend on cumulative redeemable preference shares amounting to ₹ 140.37 lacs for the year (₹ 2,947.87 lacs up to 31.03.2017) has not been provided in view of accumulated losses.
- ii. Provision of interest on certain unsecured loans/deposits amounting to ₹ 63.35 lacs for the year (₹ 872.38 lacs up to 31.03.2017) has not been made as company expects waiver/ relief under rehabilitation scheme pending before BIFR. Pursuant to Sick Industrial Companies (Special Provision) Repeal Act, 2003 (SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 1.12.2016 and the company is in process of making reference to National Company Law Tribunal (NCLT) under Insolvency And Bankruptcy Code, 2016.
- iii. Balances of trade payables amounting to ₹ 500.08 lacs pertaining to Thread Division of the company which was laying closed upto 19.12.2016 due to seizure of entire plant and office block by Ajmer Vidyut Vitaran Nigam Limited, are subject to confirmation and consequential adjustments, if any.
- iv. Impairment loss on fixed assets and impact of depletion in inventories pertaining to Thread Division of the company which was laying closed upto 19.12.2016 due to seizure of entire plant and office block by Ajmer Vidyut Vitaran Nigam Limited, if any, not ascertained.
- v. The accounts of the company have been prepared on going concern basis though the board of industrial and financial reconstruction (BIFR) has declared the company as a sick company. Pursuant to Sick Industrial Companies (Special Provision) Repeal Act, 2003 (SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 1.12.2016 and the company is in process of making reference to National Company Law Tribunal (NCLT) under Insolvency And Bankruptcy Code, 2016.

### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effect of our observations reported in Para 3 above*, the statement:

- a) is presented in accordance with the requirements of Regulation 33 of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No.CIR/CFD/FAC/62/2016 dated 05th July, 2016 in this regard: and
- b) give true & fair view of the net profit and other financial information of the company for the year ended 31st March, 2017.


*[Handwritten Signature]*



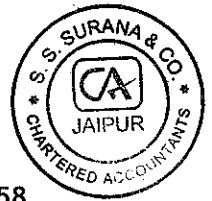
5. The statement includes the results for the quarter ended March 31, 2017 being the balancing figure between the audited figures in respect of the full financial year and the published to date figures up to the third quarter of the current financial year which were subject to limited review by us.

Place: Bhilwara  
Date: 25/05/2017

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

  
(Pralhad Gupta)  
Partner

Membership No. 074458



**MODERN THREADS (INDIA) LIMITED**  
REGD. OFFICE: A-4, VIJAY PATH, TILAK NAGAR, JAIPUR - 302 004  
Audited Financial Results for the quarter and year ended 31st March 2017

(Rs. in Lakhs)

Particulars	For the quarter			Year to date	
	Ended on 31.03.2017	Ended on 31.12.2016	Ended on 31.03.2016	Current year ended 31.03.2017	Previous year ended 31.03.2016
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
<b>1. Income from Operations</b>					
(a) Net Sales/Income from Operations (Net of excise duty)	3589.93	3498.14	4103.95	14836.52	15148.78
(b) Other Operating Income	101.64	16.12	101.12	161.02	234.77
<b>Total income from Operations (net)</b>	<b>3691.57</b>	<b>3514.26</b>	<b>4205.07</b>	<b>14997.54</b>	<b>15383.55</b>
<b>2. Expenses</b>					
(a) Cost of Materials consumed	1923.06	2181.65	2707.82	9767.72	10239.87
(b) Purchase of stock-in-trade	-	-	-	-	-
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	666.18	99.95	(16.71)	209.89	80.83
(d) Employee benefits expense	282.47	288.71	283.26	1138.78	1090.88
(e) Depreciation and amortisation expense	32.05	38.44	22.49	147.37	153.71
(f) Other expenses	-	-	-	-	-
i) Store & Spares	114.66	151.30	212.69	620.29	617.27
ii) Power & Fuel	253.09	252.03	213.81	1013.38	908.13
iii) Carriage outward (net)	71.92	77.79	46.79	273.61	236.69
iv) Other	32.60	144.05	361.31	708.22	1055.63
<b>Total Expenses</b>	<b>3376.03</b>	<b>3233.92</b>	<b>3831.46</b>	<b>13879.26</b>	<b>14383.01</b>
<b>3. Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)</b>	<b>315.54</b>	<b>280.34</b>	<b>373.61</b>	<b>1118.28</b>	<b>1000.54</b>
<b>4. Other income</b>	-	-	-	-	-
<b>5. Profit / (Loss) before finance costs and exceptional items (3+4)</b>	<b>315.54</b>	<b>280.34</b>	<b>373.61</b>	<b>1118.28</b>	<b>1000.54</b>
<b>6. Finance Costs</b>	<b>14.89</b>	<b>21.75</b>	<b>31.13</b>	<b>79.45</b>	<b>107.52</b>
<b>7. Profit / (Loss) after finance costs but before exceptional and Extraordinary items (5 - 6)</b>	<b>300.65</b>	<b>258.59</b>	<b>342.48</b>	<b>1038.83</b>	<b>893.02</b>
<b>8. Exceptional Items</b>	<b>50.55</b>	<b>89.60</b>	<b>499.53</b>	<b>50.55</b>	<b>499.53</b>
<b>9. Extraordinary items (Expense)</b>	<b>33.46</b>	<b>89.60</b>	<b>-</b>	<b>123.06</b>	<b>-</b>
<b>10. Profit / (Loss) before tax (7 + 8 - 9)</b>	<b>317.74</b>	<b>168.99</b>	<b>842.01</b>	<b>966.32</b>	<b>1,392.55</b>
<b>11. Tax expense</b>	-	-	-	-	-
<b>12. Net Profit / (Loss) after tax (9 - 10)</b>	<b>317.74</b>	<b>168.99</b>	<b>842.01</b>	<b>966.32</b>	<b>1,392.55</b>
<b>13. Minority Interest</b>	-	-	-	-	-
<b>14. Net Profit / (Loss) after taxes, minority interest</b>	<b>317.74</b>	<b>168.99</b>	<b>842.01</b>	<b>966.32</b>	<b>1,392.55</b>
<b>15. Paid-up equity share capital (Face Value of the Share ₹ 10/-)</b>	<b>3477.52</b>	<b>3477.52</b>	<b>3477.52</b>	<b>3477.52</b>	<b>3477.52</b>
<b>16. Reserve excluding Revaluation Reserves</b>	<b>(19088.77)</b>	<b>(19406.11)</b>	<b>(20055.09)</b>	<b>(19088.77)</b>	<b>(20055.09)</b>
<b>17.i Earnings Per Equity Share (before exceptional and extraordinary items) in ₹</b>					
(a) Basic	-	-	-	2.99	2.57
(b) Diluted	-	-	-	2.11	1.81
<b>17.ii Earnings Per Equity Share (after exceptional and extraordinary items) in ₹</b>					
(a) Basic	-	-	-	2.78	4.00
(b) Diluted	-	-	-	1.96	2.83

**SEGMENT REPORTING**

Particulars	For the quarter			Year to date	
	Ended on 31.03.2017	Ended on 31.12.2016	Ended on 31.03.2016	Current year ended 31.03.2017	Previous year ended 31.03.2016
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
<b>1. Segment Revenue</b>					
(a) Woollen	3589.93	3498.14	4103.95	14836.52	15148.78
(b) Synthetic Yarn	-	-	-	-	-
(c) Others	-	-	-	-	-
<b>Total</b>	<b>3589.93</b>	<b>3498.14</b>	<b>4103.95</b>	<b>14836.52</b>	<b>15148.78</b>
Less: Inter Segment Sales	-	-	-	-	-
<b>Net sales</b>	<b>3,589.93</b>	<b>3,498.14</b>	<b>4,103.95</b>	<b>14836.52</b>	<b>15148.78</b>
<b>2. Segment Results</b>					
<b>Profit / (Loss) before tax and interest</b>					
(a) Woollen	331.94	286.43	382.64	1,152.00	1028.63
(b) Synthetic Yarn	(16.40)	(6.09)	(9.03)	(33.72)	(28.09)
(c) Others	-	-	-	-	-
<b>Total</b>	<b>315.54</b>	<b>280.34</b>	<b>373.61</b>	<b>1118.28</b>	<b>1000.54</b>
Less: Interest	14.89	21.75	31.13	79.45	107.52
<b>Total Profit Before Exceptional and extraordinary (expense) items &amp; Tax</b>	<b>300.65</b>	<b>258.59</b>	<b>342.48</b>	<b>1038.83</b>	<b>893.02</b>
Add: Exceptional items	50.55	89.60	499.53	50.55	499.53
Less: Extraordinary items (expense)	33.46	89.60	-	123.06	-
<b>Total Profit Before Tax</b>	<b>317.74</b>	<b>168.99</b>	<b>842.01</b>	<b>966.32</b>	<b>1392.55</b>
<b>3. Capital Employed (Segment assets - Segment Liabilities)</b>					
(a) Woollen	14895.57	14551.22	13795.72	14895.57	13795.72
(b) Synthetic Yarn	(15422.95)	(15396.34)	(15289.42)	(15422.95)	(15289.42)
(c) Others	(12758.87)	(12758.87)	(12758.87)	(12758.87)	(12758.87)
<b>Total</b>	<b>(13286.25)</b>	<b>(13603.99)</b>	<b>(14252.57)</b>	<b>(13286.25)</b>	<b>(14252.57)</b>

(Rajesh Ranka)  
(Chairman & Managing Director)  
DIN:03438721



Date: 25/5/2017

**MODERN THREADS (INDIA) LIMITED**  
 Reg Office: A-4, VIJAY PATH, TILAK NAGAR, JAIPUR RAJ: 302004  
 CIN: L17115RJ1980PLC002075, PHONE: 07823040996 FAX: 0141-2621382  
 Website: www.modernwoollens.com

**Statement of Assets and Liabilities as at 31<sup>st</sup> March, 2017**

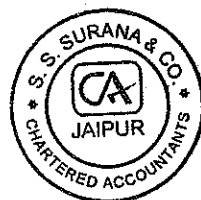
(Rs. in Lacs.)

Standalone Statement of Assets and Liabilities	As at	
	31.03.2017	31.03.2016
	Audited	
<b>Â EQUITY AND LIABILITIES</b>		
<b>1 Shareholders' funds</b>		
(a) Share capital	4,352.52	4,352.52
(b) Reserves and surplus	(19,088.77)	(20,055.09)
(c) Money received against share warrants	-	-
<b>Sub-total - Shareholders' funds</b>	<b>(14,736.25)</b>	<b>(15,702.57)</b>
<b>2. Share application money pending allotment</b>	<b>1,450.00</b>	<b>1,450.00</b>
<b>3. Minority interest *</b>	-	-
<b>4. Non-current liabilities</b>		
(a) Long-term borrowings	18,949.85	18,949.85
(b) Deferred tax liabilities (net)	-	-
(c) Other long-term liabilities	-	-
(d) Long-term provisions	224.10	210.18
<b>Sub-total - Non-current liabilities</b>	<b>19,173.95</b>	<b>19,160.03</b>
<b>5. Current liabilities</b>		
(a) Short-term borrowings	-	-
(b) Trade payables	999.87	939.59
(c) Other current liabilities	2,910.30	3,078.77
(d) Short-term provisions	28.80	22.97
<b>Sub-total - Current liabilities</b>	<b>3,938.97</b>	<b>4,041.33</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>9,826.67</b>	<b>8,948.79</b>

<b>B ASSETS</b>		
<b>1. Non-current assets</b>		
(a) Tangible Assets	3,545.96	3,196.21
(b) Capital Work-in-progress	24.50	-
(c) Goodwill on consolidation *	-	-
(d) Non-current investments	0.76	0.46
(e) Deferred tax assets (net)	-	-
(f) Long-term loans and advances	107.90	116.16
(g) Other non-current assets	57.45	57.45
<b>Sub-total - Non-current assets</b>	<b>3,736.57</b>	<b>3,370.28</b>
<b>2 Current assets</b>		
(a) Current investments	-	-
(b) Inventories	2,459.68	2,541.59
(c) Trade receivables	1,901.17	1,865.57
(d) Cash and cash equivalents	1,479.26	841.36
(e) Short-term loans and advances	249.99	329.99
(f) Other current assets	-	-
<b>Sub-total - Current assets</b>	<b>6,090.10</b>	<b>5,578.51</b>
<b>Total -Assets</b>	<b>9,826.67</b>	<b>8,948.79</b>

\*Applicable in the case of consolidated statement of assets and Liabilities

Date: 25/05/2017



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Rajesh Ranka  
Chairman & Managing Director  
DIN: 03438721

**Modern Threads (India) Limited**

CIN: L17115RJ1980PLC002075

Reg. Office: A-4, Vijay Path, Tilak Nagar, Jaipur – 302004.

E-mail [cs@modernwoollens.com](mailto:cs@modernwoollens.com) Phone No. : 0141-4113645**Statement on Impact of Audit Qualifications for the Financial Year ended March 31,2017**

[Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Rs. in Lacs)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	14,997.54	14,997.54
	2.	Total Expenditure	14,031.22	14,094.57
	3.	Net Profit/(Loss)	966.32	902.97
	4.	Earnings Per Share	2.78	2.60
	5.	Total Assets	9,826.67	9,826.67
	6.	Total Liabilities*	24,562.92	28,383.17
	7.	Net Worth*	(14,736.25)	(18,556.50)
	8.	Any other financial item(s) (as felt appropriate by the management)	Nil	Nil
II.	<b>Audit Qualification (each audit qualification separately):</b>			
	<b>a. Details of Audit Qualification :</b>			
	(i) Dividend on cumulative redeemable preference shares amounting to Rs. 140.37 lacs for the year (Rs. 2,947.87 lacs up to 31.03.2017) has not been provided in view of accumulated losses.			
	(ii) Provision of interest on certain unsecured loans/deposits amounting to Rs. 63.35 lacs for the year (Rs. 872.38 lacs up to 31.03.2017) has not been made as company expects waiver/ relief under rehabilitation scheme pending before BIFR. Pursuant to Sick Industrial Companies (Special Provision) Repeal Act, 2003 (SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 1.12.2016 and the company is in process of making reference to National Company Law Tribunal (NCLT) under Insolvency And Bankruptcy Code, 2016.			
	(iii) Balances of trade payables amounting to Rs. 500.08 lacs pertaining to Thread Division of the company which was laying closed upto 19.12.2016 due to seizure of entire plant and office block by Ajmer Vidyut Vitaran Nigam Limited, are subject to confirmation and consequential adjustments, if any.			
	(iv) Impairment loss on fixed assets and impact of depletion in inventories pertaining to Thread Division of the company which was laying closed upto 19.12.2016 due to seizure of entire plant and office block by Ajmer Vidyut Vitaran Nigam Limited, if any, not ascertained.			
	(v) The accounts of the company have been prepared on going concern basis though the board of industrial and financial reconstruction (BIFR) has declared the company as a sick company. Pursuant to Sick Industrial Companies (Special Provision) Repeal Act, 2003 (SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 1.12.2016 and the company is in process of making reference to National Company Law Tribunal (NCLT) under Insolvency And Bankruptcy Code, 2016.			
	<b>b. Type of Audit Qualification:</b> Qualified Opinion			
	<b>c. Frequency of qualification:</b> Repetitive			

**d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**  
**Following comments are given by the management while adopting annual accounts on the aforesaid audit qualifications:**

For the Audit Qualifications (i) & (ii) Company expects waiver/ relief under draft rehabilitation scheme pending before BIFR. Pursuant to Sick Industrial Companies (Special Provision) Repeal Act, 2003 (SICA Repeal Act) the proceedings pending before BIFR stands abated with effect from 1.12.2016 and the company is in process of making reference to National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code, 2016.

**e. For Audit Qualification(s) where the impact is not quantified by the auditor:**

**(i) Management's estimation on the impact of audit qualification:** Unable to estimate.

**(ii) If management is unable to estimate the impact, reasons for the same:**

For qualification (iii) & (iv) the company is in process of identifying liability of trade payables, impairment loss on fixed assets & impact of depletion in inventory which could not be completed upto Balance Sheet date, hence the management is unable to estimate the impact.

For qualification (v) the company is in process of making reference to NCLT consequent to abatement of BIFR w.e.f. 01.12.2016 & the impact shall be provided after outcome of the reference.

**(iii) Auditor's Comments on (i) or (ii) above:** Management's Comments are self-explanatory, so no separate comments are required.

**Signatories:**

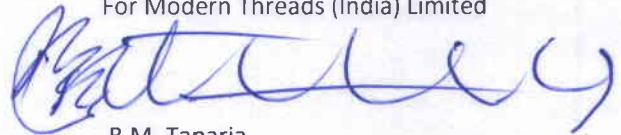
III.

For Modern Threads (India) Limited



Rajesh Ranka  
Chairman & Managing Director

For Modern Threads (India) Limited



B.M. Taparia  
Chairman of Audit Committee

For Modern Threads (India) Limited



P.K. Nahar  
Chief Financial Officer

Place: Bhilwara

Date: 25.05.2017

Refer our Audit Report dated May 25, 2017 on Financial results of the Company

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



(Prahalad Gupta)  
Partner  
M. No. 074458



Place: Bhilwara

Date: 25.05.2017