

Independent Auditor's Report

To the Members of Modern Cotton Yarn Spinners Limited

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **Modern Cotton Yarn Spinners Limited** ("the Company"), which comprise the balance sheet as at March 31, 2021, the statement of profit and loss (including other comprehensive income), cash flow statement and the statement changes in equity 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, 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March, 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

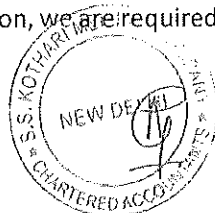
Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the financial statements and our auditor's 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 for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended..

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 are 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 Companies act, 2013, 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

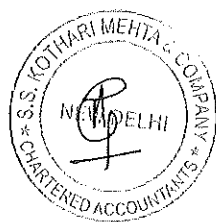
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.
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) 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 cash flows statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued thereunder;



**S S KOTHARI MEHTA
& COMPANY**
CHARTERED ACCOUNTANTS

- e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";
- g) In our opinion, and according to the information and explanations given to, the company has not paid any managerial remuneration during the year ended March 31, 2021. Hence, provisions of section 197 read with Schedule V to the Act are not applicable to the Company and has not commented upon; and
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) 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 on its financial position in Note 24 to financial statements;
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There is no amount required to be transferred to the Investor Education and Protection Fund by the Company.



For S. S. Kothari Mehta & Company
Chartered Accountants
Firm's Registration No. 000756N

Amit Goel

AMIT GOEL
Partner

Membership No. 500607

Place: New Delhi
Date: May 5, 2021
UDIN: 21500607AAAQV5944

Annexure A to the Independent Auditor's Report to the members of Modern Cotton Yarn Spinners Limited dated May 5, 2021.

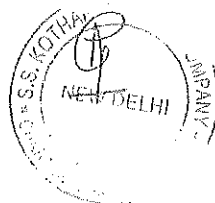
Report on the matters specified in paragraph 3 of the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013 ('the Act') as referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' section.

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year, the frequency of which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, the title deeds of immovable properties are held in the name of the company.
- ii. The Management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- iii. The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly clauses 3(iii) (a) to (c) of the Order are not applicable.
- iv. According to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable. Hence, clause 3(iv) of the Order is not applicable to the Company.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of directives issued by the Reserve Bank of India and provisions of sections 73 to 76 or any other relevant provisions of the Act and the Rules framed thereunder.
- vi. We have broadly reviewed the Cost Accounting records maintained by the Company pursuant to the Rules prescribed by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We are, however, not required to make a detailed examination of such books and records.



S S KOTHARI MEHTA
& COMPANY
CHARTERED ACCOUNTANTS

- vii. a. According to the records of the Company examined by us and the information and explanations given to us, the Company is generally regular in depositing its undisputed statutory dues including Employees' Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Service Tax, Custom Duty, Excise duty, Cess, Value Added Tax, Goods and Service Tax and any other material statutory dues, as applicable, with the appropriate authorities during the year and there are no such undisputed amounts payable which have remained outstanding as at March 31, 2021 for a period of more than six months from the date they became payable.
- b. We are informed that there are no dues in respect of Sales Tax, Income Tax, Customs Duty, Excise Duty, Goods and Service Tax and Service Tax which have not been deposited on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution and bank. The company does not have any outstanding debentures and Government.
- ix. In our opinion, and according to the information and explanations given to us during the course of audit, the Company has not raised any money way of initial public offer / further public offer and term loans. Hence, reporting under clause (ix) of the Order is not applicable to the Company.
- x. In our opinion, and according to the information and explanations given to us, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi. In our opinion, and according to the information and explanations given to, the company has not paid any managerial remuneration. Hence, reporting under clause 3(xi) of the Order is not applicable.
- xii. The Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company.
- xiii. In our opinion, and according to the information and explanations given to us during the course of audit, transactions with the related parties are in compliance with section 188 of Act, where applicable, and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 of the Act are not applicable to the Company and accordingly reporting under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- xiv. According to the information and explanations given to us and on an overall examination of the books of account, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence not commented upon.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.



**S S KOTHARI MEHTA
& COMPANY**
CHARTERED ACCOUNTANTS

- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S S Kothari Mehta & Company
Chartered Accountants
Firm's Registration No. 000756N



Amit Goel

AMIT GOEL
Partner
Membership No. 500607

Place: New Delhi
Date: May 5, 2021
UDIN : 21500607AAAAFV5944

Annexure B to the Independent Auditor's Report to the Members of Modern Cotton Yarn Spinners Limited on its financial statements dated May 5, 2021

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act as referred to in paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' section

We have audited the internal financial controls over financial reporting of the Company as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

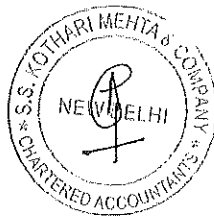


S S KOTHARI MEHTA
& COMPANY
CHARTERED ACCOUNTANTS

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For S S Kothari Mehta & Company
Chartered Accountants
Firm's Registration No. 000756N



Amit Goel

AMIT GOEL
Partner

Membership No. 500607

Place: New Delhi

Date: May 5, 2021

UDIN : 21500607AAAAFV5944

MODERN COTTON YARN SPINNERS LIMITED
Balance Sheet as at 31st March, 2021

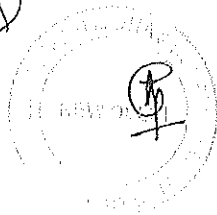
		₹ In Lacs	
	Note No.	As at 31.03.2021	As at 31.03.2020
ASSETS			
(1) Non - current assets			
(a) Property, Plant and Equipment	2	66.06	74.19
(b) Intangible Asset	3	-	-
(c) Other Non-current assets	4	4.44	4.33
(d) Deferred Tax Assets(Net)	5	246.57	395.23
		<u>317.07</u>	<u>473.75</u>
(2) Current assets			
(a) Inventories	6	271.25	25.80
(b) Financial assets			
(i) Trade receivables	7	377.99	61.32
(ii) Cash and cash equivalents	8	0.18	0.62
(c) Other current assets	9	110.99	74.08
		<u>760.41</u>	<u>161.82</u>
Total Assets		<u>1,077.48</u>	<u>635.57</u>
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share capital	10	305.00	305.00
(b) Other Equity		(28.39)	(126.54)
		<u>276.61</u>	<u>178.46</u>
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Short Term Borrowings	11	1.56	92.96
(ii) Trade payables	12		
Micro and Small Enterprises		-	-
Others		788.60	349.57
(iii) Other Financial liabilities	13	3.98	3.79
(b) Other current liabilities	14	6.73	10.79
(c) Provisions	15	-	-
		<u>800.87</u>	<u>457.11</u>
Total Equity and Liabilities		<u>1,077.48</u>	<u>635.57</u>
Company overview, Basis of preparation and Significant Accounting Policies	1		

The accompanying notes are an integral part of the financial statements

Per our report of even date
S.S.Kothari Mehta & Co.
Chartered Accountants

Amit Goel

Partner
Amit Goel
m.n. 588607
New Delhi, the 5th May 2021



[Signature]
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Directors

New Delhi, the 5th May 2021

MODERN COTTON YARN SPINNERS LIMITED
Statement Of Profit & Loss For The Year Ended March 31, 2021

₹ In Lacs

	Note No	2020-21	2019-20
I Income			
Revenue from operations	16	1,991.22	921.31
Other income	17	37.70	50.37
Total income		<u>2,028.92</u>	<u>971.68</u>
II Expenses			
Cost of materials consumed		-	-
Changes in inventories of finished goods, stock - in - trade and work - in - progress	18	(245.45)	(25.80)
Purchase of Stock-in-Trade		1,950.51	894.36
Employee benefits expenses	19	2.80	4.71
Finance costs	20	3.89	4.91
Depreciation and amortization expenses	21	4.59	4.71
Other expenses	22	65.77	45.66
Total expenses		<u>1,782.11</u>	<u>928.55</u>
III Profit before tax		246.81	43.13
IV Tax expense			
Current Tax			
Deferred Tax		148.66	63.86
V Profit / (loss) for the year (VII - VIII)		98.15	(20.73)
VI Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement(gains) /losses on Defined benefit plans		-	-
Total comprehensive income for the year		98.15	(20.73)
VII Earnings per equity share			
Basic / Diluted		3.22	(0.68)

The accompanying notes form an integral part of the financial statements

Per our report of even date
S.S.Kothari Mehta & Co.
Chartered Accountants

Amit Goel



Partner
Amit Goel
M.No - 500607
New Delhi, the 5th May 2021

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Handwritten signature of a Director.

Directors

New Delhi, the 5th May 2021

Modern Cotton Yarn Spinners Limited
Statement of changes in Equity (SOCE) for the year ended 31st March, 2021

I. Share Capital

₹ In Lacs

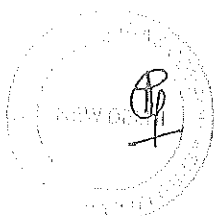
Particulars	As at	As at
	31.03.2021	31.03.2020
Issued, Subscribed and fully paid up Equity Shares -3050000 of ₹ 10 each		
Balance at the beginning of the year	305.00	305.00
Changes in equity share capital during the year	-	-
Balance at the end of the year	<u>305.00</u>	<u>305.00</u>

II. Other Equity

Particulars	Securities premium	General Reserve	Retained earnings	Comprehensive Income	Total
As on 31st March,2019	1,250.00	24.79	(1,305.29)	(75.30)	(105.81)
Profit for the year	-	-	(20.73)	-	(20.73)
Other Comprehensive Income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
As on 31st March,2020	1,250.00	24.79	(1,326.02)	(75.30)	(126.54)
Profit for the year	-	-	98.15	-	98.15
Other Comprehensive Income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
As on 31st March,2021	<u>1,250.00</u>	<u>24.79</u>	<u>(1,227.87)</u>	<u>(75.30)</u>	<u>(28.39)</u>

Per our report of even date
S.S.Kothari Mehta & Co.
Chartered Accountants

Amit Goel



Partner
Amit Goel
m. no: 500607
New Delhi, the 5th May 2021

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Directors

New Delhi, the 5th May 2021

Modern Cotton Yarn Spinners Limited

Notes to the financial statements for the year ended March 31, 2021

1.1 The Company overview

Modern Cotton Yarn Spinners Limited (the "Company") is a public limited company incorporated and domiciled in India. The registered office of the company is situated at 3, Madurai-Melakkal Road, Kochadai, Madurai - 625016, Tamilnadu, India. The Company is a subsidiary of J.K.Fenner (India) Limited.

Modern Cotton Yarn Spinners Limited ('the company') is a public limited company domiciled in India and incorporated under the provisions of the erstwhile Companies Act, 1956. The company is engaged in trading of Yarn and Industrial Fabric products.

1.2 Basis of preparation of financial statements

(i) Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and relevant provisions of the Companies Act, 2013. All accounting policies and applicable Ind AS have been applied consistently for all periods presented.

The financial statements have been prepared on the historical cost convention on accrual basis, except for the items that have been measured at fair value as required by relevant Ind AS- 1 (Presentation of Financial Statements)

The preparation of these Financial Statements requires management judgements, estimates and assumptions that affect the application of accounting policies, the accounting disclosures made and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected pursuant to such revision.

1.3 Significant accounting policies

The accounting policies set out below have been applied consistently throughout the periods presented in these financial statements.

1.3.1 Property, Plant and Equipment

Recognition and measurement:

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenses directly attributable in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Expenditure directly attributable in bringing the asset to the location during construction / erection period is included under 'Capital Work-in-Progress' and is allocated to the respective property, plant and equipment on completion of construction / erection.

The cost and related accumulated depreciation are eliminated from the financial statements, upon sale and disposition of the assets and the resultant gains or losses are recognised in the statement of profit and loss

Depreciation:

Depreciation on property, plant and equipment has been provided using straight line method over their useful lives and in the manner prescribed under Schedule II of the Companies Act, 2013. However, in respect of certain assets including assets given on the operating lease, depreciation is provided as per the useful lives as assessed by the management supported by technical advice ranging from 9 to 24 years for plant and machinery.

1.3.2 Intangible Assets:

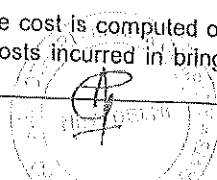
Intangible assets are recognised, if the future economic benefits attributable to the assets are expected to flow to the Specialised software is amortised over a period of five years from the year of installation.

1.3.3 Foreign currency transactions and translation:

The functional currency of the company is Indian rupee (₹). Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies as at the balance sheet date are translated at exchange rate prevailing at the year end. Exchange differences arising on actual payments / realisations and year end translations including on forward contracts are recognized within Statement of Profit and Loss.

1.3.4 Inventories

Inventories are valued at lower of cost or net realisable value. The cost is computed on weighted average basis. Finished goods and process stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.



Modern Cotton Yarn Spinners Limited

Notes to the financial statements for the year ended March 31, 2021

1.3.5 Borrowing cost:

Borrowing Cost is charged to statement of profit and loss statement except borrowing cost meant for acquisition of qualifying assets, which is capitalised, using the effective interest method till the date of commercial use.

1.3.6 Employee benefits:

(a) Defined-contribution plans

Contributions to the Employees' Regional Provident Fund, Superannuation Fund, Employees Pension Scheme and Employees' State Insurance are recognised as defined contribution plan and charged as expenses during the period in which the employees perform the services.

(b) Defined benefit plan

Retirement benefits in the form of Gratuity and Leave Encashment are considered as defined benefit plan and determined on an actuarial valuation using the projected unit credit method at the Balance Sheet date. Actuarial gains or losses through remeasurement of the net obligation of a defined benefit liability or asset are recognised in Other Comprehensive Income. Such re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

The Provident Fund Contribution other than contribution to Employees' Regional Provident Fund, is made to Trust administered by the trustees. The interest rate to the members of the Trust shall not be lower than the statutory rate declared by the Central Government under Employees' Provident Fund and Miscellaneous Provision Act, 1952. The Employer shall make good deficiency, if any.

(c) Short term employee benefits

Short term benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

1.3.7 Income tax:

Income tax comprises of current and deferred tax. Income tax expense is recognised in the Statement of Profit and Loss, except to the extent it relates to items directly recognised in Equity or in Other Comprehensive Income.

a) Current tax: Current Tax is the amount of tax payable on the estimated taxable income for the current year as per the provisions of Income Tax Act, 1961.

b) Deferred tax: Deferred Tax is recognised for temporary differences. However, Deferred Tax Asset is recognised to the extent that, it is probable that taxable income will be available against which the same can be realised.

1.3.8 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the present value of best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Contingent liabilities (if material) are disclosed by way of notes to accounts. Contingent assets if any, are disclosed in financial statements.

1.3.9 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.

(a) Financial assets

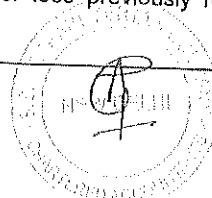
Financial assets include cash and cash equivalents, trade and other receivables, loans, investments in securities and other eligible current and non-current assets.

At initial recognition, all financial assets are measured at fair value. Such financial assets are subsequently classified under one of the following three categories according to the purpose for which they are held. The classification is reviewed at the end of each reporting period.

Financial assets at amortised cost:

Financial assets at fair value through other comprehensive income:

At the date of initial recognition, these financial assets are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates, as well as held for selling. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in Other Comprehensive Income (OCI). Interest income calculated using the EIR method, impairment gain or loss and foreign exchange gain or loss are recognised in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the OCI to Statement of Profit and Loss.



Modern Cotton Yarn Spinners Limited

Notes to the financial statements for the year ended March 31, 2021

Financial assets at fair value through profit or loss:

At the date of initial recognition, financial assets that are held for trading, or which are measured neither at amortised cost nor at fair value through OCI. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in the Statement of Profit and Loss.

Investment in equity shares of subsidiaries and associates are valued at cost.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109 '*Financial Instruments*'.

The Company assesses impairment based on the expected credit losses ("ECL") model to all its financial assets except equity instruments measured at fair value and financial assets measured on fair value through profit and loss ("FVTPL") basis.

1.3.10 Derivative financial instruments:

Derivative instruments such as forward currency contracts are used to hedge foreign currency risks. Premium in respect of forward contracts is recognised over the life of contract. Gain or loss arising on remeasuring derivative instruments identified as effective fair value hedges and ineffective cash flow hedges is accounted for in the statement of profit and loss.

1.3.11 Revenue:

Revenue is recognised when the significant risks and rewards of ownership have been passed on to buyer. Revenue is measured at the fair value of the consideration received or receivable, including excise duty, but net of returns, allowances, trade discounts and volume discounts and GST etc.

Dividend income is recognized in the statement of profit and loss on the date on which the Company's right to receive payment is established

Export incentives are recognised in the Statement of Profit and Loss.

1.3.12 Impairment

The carrying amount of property, plant and equipments, intangible assets and investment property are reviewed at each Balance Sheet date to assess impairment if any, based on internal / external factors. An asset is treated as impaired, when the carrying cost of asset or cash generating unit exceeds its recoverable value, being higher of value in use and fair value less costs of disposal. An impairment loss is recognised as an expense in 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 an improvement in recoverable amount.

1.3.13 Earnings per share (EPS):

Basic earnings per share is calculated by dividing the profit or loss for the period attributable to the equity holders of the company by the weighted average number of ordinary shares outstanding during the year.

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

1.3.14 Cash and cash equivalents:

Cash and cash equivalents include cash on hand and at bank, cheques on hand and remittances in transit for the purpose of meeting short-term cash commitments.



Modern Cotton Yarn Spinners Limited

Notes to the financial statements for the year ended March 31, 2021

1.3 Significant accounting policies

The accounting policies set out below have been applied consistently throughout the periods presented in these financial statements.

1.3.15 Lease:

Implementation of Ind AS – 116

Ind AS 116 supersedes Ind AS 17 Leases including evaluating the substance of transactions involving the legal form of a lease. The standard sets out the principles for the recognition, measurement presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under Ind AS 116 is substantially unchanged in comparison with earlier under Ind 17. Lessors will continue to classify leases as either operating or finance lease using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the group is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 1st April 2019.

Right of Use Assets

The Company recognises a right-of-use asset, on a lease-by-lease basis, to measure that right-of-use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

Lease Liabilities

The Company recognise a lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on a lease by lease basis.

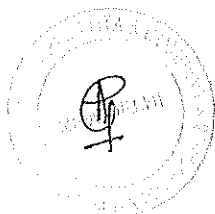
In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Short-term Leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgment in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.



Modern Cotton Yarn Spinners Limited
Notes to the Financial Statements as at March 31, 2021

NON CURRENT ASSETS

₹ In Lacs

2 Property, plant and equipments

Particulars	Gross Value			Depreciation			Net Value		
	As at 01-04-2020	Additions	Sales/ Adjustments	As at 31-03-2021	As at 01-04-2020	For the year	Sales/ Adjustments	As at 31-03-2021	As at 31-03-2020
Land - Freehold	21.07 (21.07)	-	-	21.07 (21.07)	-	-	-	-	21.07 (21.07)
Buildings	156.29 (156.29)	-	0.51	155.78 (156.29)	110.38 (105.82)	4.48 (4.56)	0.48	114.38 (110.38)	41.40 (45.91)
Plant and Equipment	59.24 (69.31)	-	45.15 (10.07)	14.09 (59.24)	52.54 (61.83)	- (0.06)	41.00 (9.34)	11.54 (52.54)	2.55 (6.70)
Furniture and Fixtures	3.96 (4.33)	-	0.82 (0.37)	3.14 (3.96)	3.71 (4.03)	0.03 (0.03)	0.81 (0.35)	2.93 (3.71)	0.21 (0.25)
Vehicles	3.00 (4.00)	-	-	3.00 (3.00)	2.85 (3.80)	-	-	2.85 (2.85)	0.15 (0.15)
Office Equipments	2.32 (4.04)	0.60	0.92 (1.72)	2.00 (2.32)	2.21 (3.78)	0.08 (0.07)	0.97 (1.64)	1.32 (2.21)	0.68 (0.11)
Total	245.88 (259.04)	0.60 -	47.40 (13.16)	199.08 (245.88)	171.69 (179.26)	4.59 (4.71)	43.26 (12.28)	133.02 (171.69)	66.06 (74.19)

Figures in brackets represent amounts pertaining to previous year

3 Intangible Assets

Particulars	Gross Value			Depreciation			Net Value		
	As at 01-04-2020	Additions	Sales/ Adjustments	As at 31-03-2021	As at 01-04-2020	For the year	Sales/ Adjustments	As at 31-03-2021	As at 31-03-2020
Software	0.51 (0.51)	-	-	0.51 (0.51)	0.51 (0.51)	-	-	0.51 (0.51)	-

Figures in brackets represent amounts pertaining to previous year



MODERN COTTON YARN SPINNERS LIMITED
Notes to the Financial Statements as at March 31, 2021

	As at 31.03.2021	₹ In Lacs As at 31.03.2020
4 Other Financial Assets		
Unsecured, considered good		
Capital Advance	1.93	1.93
Security deposits	2.51	2.40
	<u>4.44</u>	<u>4.33</u>
5 Deferred Tax Assets (Net)		
Deferred tax assets :		
Expenses /Provision allowable and Losses	242.28	390.20
Deferred tax liabilities:		
Property, Plant and Equipment and Others	4.29	5.03
	<u>246.57</u>	<u>395.23</u>
6 Inventories (Valued at lower of cost or net realisable value)		
Raw materials	-	-
Work-in-progress	-	-
Finished goods	271.25	25.80
Stores and spares	-	-
	<u>271.25</u>	<u>25.80</u>
7 Trade receivables		
Considered good		
Secured	232.63	61.32
Unsecured	145.36	-
Unsecured which have significant increase in credit risk	-	-
Credit impaired	-	-
	<u>377.99</u>	<u>61.32</u>
8 Cash and Cash Equivalents		
Balances with Banks - Current Accounts	0.17	0.61
Cash on hand	0.01	0.01
	<u>0.18</u>	<u>0.62</u>
9 Other Current Assets		
Advance income tax	11.45	31.58
Amount receivable from VAT authorities	24.43	24.43
GST accruals	37.13	10.45
Export benefit receivable	-	1.32
Others	37.98	6.30
	<u>110.99</u>	<u>74.08</u>



Modern Cotton Yarn Spinners Limited
Statement of Changes in Equity (SOCE) for the year ended March 31, 2021

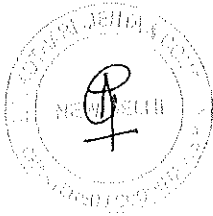
10. Share Capital

₹ In Lacs

Particulars	As at	As at
	31.03.2021	31.03.2020
Authorized		
Equity Shares -30,50,000 (previous year 30,50,000) equity shares of ₹10 /-each	305.00	305.00
Issued, Subscribed and fully paid up		
Equity Shares -30,50,000 of ₹10 /-each	305.00	305.00
Balance at the beginning of the year	-	-
Changes in equity share capital during the year	-	-
Balance at the end of the year	305.00	305.00
Reconciliation of the number of equity shares outstanding:		
Equity shares outstanding at the beginning of the Year	3,050,000	3,050,000
Changes during the year	-	-
Balance at the end of the year	3,050,000	3,050,000
Details of each shareholder holding more than 5% shares:		
Class of Shares / Names of Shareholder:		
J.K. Fenner(India) Ltd - Holding Company (Nos.)	3,050,000	3,050,000

i. The company has only one class of equity shares having face value of Rs.10 each.

Note : The company has neither issued shares for consideration other than Cash nor buy back or issued bonus share in preceding five years



MODERN COTTON YARN SPINNERS LIMITED
Notes to the Financial Statements as at March 31, 2021

11 Current Financial Liabilities-Short Term Borrowings

Particulars	₹ In Lacs	
	As at 31.03.2021	As at 31.03.2020
Secured		
Working Capital borrowing from banks	1.56	92.96
	<u>1.56</u>	<u>92.96</u>

Working Capital borrowings from bank is secured by hypothecation of stocks and book debts and charge on the immovable assets of the company.

12 Current Financial Liabilities: Trade payables (Refer note no.26)

Micro and Small Enterprises		
Other Payables	788.60	349.57
	<u>788.60</u>	<u>349.57</u>

13 Current Financial Liabilities - Others

(a) Other Payables		
Employee Benefits	0.05	0.05
Others	3.93	3.74
	<u>3.98</u>	<u>3.79</u>

14 Other Current Liabilities

Statutory dues Payable	2.59	7.88
Other liabilities	4.14	2.91
	<u>6.73</u>	<u>10.79</u>

15 Current Liabilities- Provisions

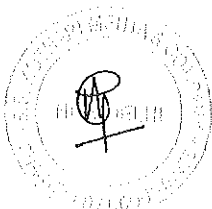
Provision for Leave encashment	-	-
	<u>-</u>	<u>-</u>



MODERN COTTON YARN SPINNERS LIMITED

Notes to the financial statements for the year ended March 31, 2021

	₹ In Lacs	
	2020-21	2019-20
16 Revenue from Operations	1980.38	913.52
Other Operating revenues		
Miscellaneous income	10.84	7.79
	<u>1,991.22</u>	<u>921.31</u>
17 Other Income		
Interest income	1.95	0.08
Profit on sale of fixed assets (Net)	0.46	1.26
Other non operating income	35.29	49.03
	<u>37.70</u>	<u>50.37</u>
18 Changes in inventories of finished goods & work in progress		
Closing Stock: :		
Finished stock	271.25	25.80
Work-in-Progress	-	-
	<u>271.25</u>	<u>25.80</u>
Less: Opening Stock :		
Finished stock	25.80	-
Work-in-progress	-	-
	<u>25.80</u>	<u>-</u>
Net(Increase)/Decrease in stock	<u>245.45</u>	<u>25.80</u>
19 Employee benefit expenses		
Salary and Wages	2.59	4.04
Employees' welfare and other benefits	0.21	0.38
Contribution to Provident and Other Funds	-	0.29
	<u>2.80</u>	<u>4.71</u>
20 Finance Costs		
Interest expenses -Banks	3.89	4.91
Others	-	-
	<u>3.89</u>	<u>4.91</u>
21 Depreciation and amortization expenses		
Depreciation on property, plant and equipment	4.59	4.71
	<u>4.59</u>	<u>4.71</u>
22 Other Expenses		
Consumption of store & spare parts	-	-
Power & Fuel	5.70	5.59
Rent	1.54	1.52
Freight and Transportation	33.21	15.28
Repairs to Machinery	-	-
Repairs to Buildings	0.82	0.45
Commission	2.86	7.06
Insurance	1.76	1.19
Rates & Taxes	0.21	0.40
Travelling Expenses	2.03	0.76
Miscellaneous Expenses	17.64	13.41
	<u>65.77</u>	<u>45.66</u>



MODERN COTTON YARN SPINNERS LIMITED
Notes to the Financial Statements as at March 31, 2021

₹ In lacs

- 23 Capital Commitments (Net of advances) Nil (Previous year) (nil) and other commitments Nil (previous year (nil)).
- 24 Contingent liabilities in respect of claims not accepted and not provided for ₹ 74.39 Lacs (Previous Year ₹ 74.39 Lacs)
 In respect of certain disallowances and additions made by VAT authorities, appeals are pending before the Appellate Authorities and adjustments, if any will be made after the same is finally settled.
- 25 Forward contracts for hedging receivables ₹ Nil lacs - USD Nil lacs (Previous year ₹ Nil lacs - USD Nil lacs)
 Foreign Currency unhedged (a) net receivables ₹ 25.16 Lacs USD 0.34 Lacs
 (Previous Year ₹ 32.51 Lacs USD 0.46 Lacs) (b) Loans ₹ Nil USD Nil
- 26 The details of amounts outstanding under the Micro, Small and Medium Enterprises Development Act,2006 (MSMED) to the extent of information available with the company is as : (i) Principal & Interest amount due and remaining unpaid as at 31.03.2021 Nil (Previous year Nil), (ii) Payment made beyond the appointed day during the year Nil (previous year Nil) and (iii) Interest accrued and unpaid as at 31.03.2021 Nil (Previous year Nil)

27 Amount paid to auditors		
a) Audit Fee	2020-21	2019-20
b) Taxation	0.90	0.90
c) Reimbursement of expenses	0.30	0.30
Total	-	0.14
	<u>1.20</u>	<u>1.34</u>

28 Earnings per share		
Profit/(Loss) for the year attributable to Equity shareholders	2020-21	2019-20
Weighted average number of Equity Shares for Basic /Diluted EPS	98.15	(20.73)
Earnings per share ₹10 each	3050000	3050000
Basic /Diluted	10	10
	3.22	(0.68)

29 Operating Segment Information

The company operates in a single segment of textiles.

Information about geographical areas

A. Revenue from external customers

Particulars		
Within India	2020-21	2019-20
Outside India	1,869.68	507.46
Total	<u>121.54</u>	<u>413.85</u>
	<u>1,991.22</u>	<u>921.31</u>



MODERN COTTON YARN SPINNERS LIMITED
Notes to the Financial Statements as at March 31, 2021

₹ In lacs

30 : Tax Expense

A. Income Tax Expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(a) Current tax		
Current tax on profit for the period	-	-
Adjustments for current tax of prior periods	-	-
Total Current tax expense	-	-
(b) Deferred tax		
Decrease (increase) in deferred tax assets	147.92	62.57
(Decrease) increase in deferred tax Liabilities	0.74	1.29
Total Deffered Tax Expenses	148.66	63.86
Total Income tax Expense	148.66	63.86



31 Employee benefits

The disclosures required under Ind AS 19 "Employee benefits" notified in the Companies (Indian Accounting Standards) Rules, 2015 are as given below:

Particulars	Leave encashment		Gratuity	
	2020-21	2019-20	2020-21	2019-20
I.Change in the present value of the defined benefit obligation				
Present value of defined benefit obligation at the beginning of the year	-	1.68	-	-
Current Service Cost	-	-	-	-
Past Service Cost	-	-	-	-
Interest Expenses or cost	-	-	-	-
Actuarial (gains)/losses on obligation	-	-	-	-
Benefit paid /Transfers	-	(1.68)	-	-
Present value of defined benefit obligation at end of the year	-	-	-	-
II.Change in the Fair value of Plan Assets are as follows:-				
Opening fair value of plan assets	-	-	-	-
Expected return	-	-	-	-
Contribution by employer	-	1.68	-	-
Benefit Paid	-	(1.68)	-	-
Actuarial gains/(losses) on obligation	-	-	-	-
Closing fair value of plan assets	-	-	-	-
III.Expenses recognised in the Statement of Profit and Loss				
	Leave encashment		Gratuity	
	2020-21	2019-20	2020-21	2019-20
Current Service cost	-	-	-	-
Interest Cost	-	-	-	-
Expected return on Plan assets	-	-	-	-
Net Actuarial (Gain)/Loss	-	-	-	-
Past Service Cost	-	-	-	-
Total expenses	-	-	-	-
Actual return on planned assets	-	-	-	-

IV. Other Comprehensive Income	Leave encashment		Gratuity	
	2020-21	2019-20	2020-21	2019-20
Actuarial (gain)/loss on defined benefit obligation	-	-	-	-
Return on Plan Asset, excluding amount recognised in ne interest expenses	-	-	-	-
Components of defined benefit costs recognised in other comprehensive income	-	-	-	-
V.Actuarial Assumptions				
Discount Rate	-	-	-	-
Mortality	-	-	-	-
Salary escalation	-	-	-	-

Leave Encashment (Non Funded)

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17
Defined benefit obligation	-	-	-	(10.38)	9.03
Plan assets	-	-	-	-	-
Surplus / (Deficit)	-	-	0.00	10.38	(9.03)
Experience adjustment on plan assets	-	-	-	-	-
Experience adjustment on plan liabilities	-	-	1.08	1.11	(2.74)

Gratuity (Funded)

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17
Defined benefit obligation	-	-	16.68	10.34	174.90
Plan assets	-	-	19.77	20.99	174.61
Surplus / (Deficit)	-	-	3.09	10.65	(0.29)
Experience adjustment on plan assets	-	-	-	-	-
Experience adjustment on plan liabilities	-	-	5.75	63.01	(22.74)

Sensitivity Analysis

Particulars	Leave encashment (Non funded)		Gratuity (funded)	
	March 31, 2021		March 31, 2021	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+1%)	-	-	-	-
Salary Growth Rate (-/+ 1%)	-	-	-	-
Attrition Rate (-/+ 1% of attrition rate)	-	-	-	-

MODERN COTTON YARN SPINNERS LIMITED
Notes to the Financial Statements as at March 31, 2021

32 (A) Related Parties

List of related parties

- (a) Ultimate Holding Company
 Bengal & Assam Company Ltd.(BACL)
- (b) Holding Company
 J.K Fenner (India) Ltd (JKFIL)
- (c) Key Management Personnel (KMP)
 Shri. Nagaraju Srirama Director
 Shri. Ashok Kumar Kinra Director
 Shri. Vidya Charan Shukla Director
- (d) Fellow subsidiary companies
 Southern Spinners and Processors Ltd. (SSPL)
 Acorn Engineering Ltd.
 Divyashree Company Private Ltd.

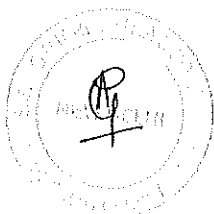
(B) Transactions between related parties

(i) Related party transactions

Nature of Transaction	₹ In lacs	
	2020-21	2019-20
<u>Holding Company -JKFIL</u>		
Purchase of Goods	124.22	155.51
Sale of goods	1319.28	287.75
Other income	7.13	43.2
<u>Fellow Subsidiary Company - Southern Spinners and Processors limited</u>		
Purchase of Goods	1232.66	93.73
Sale of goods	56.34	57.27
Job Conversion charges paid	30.35	3.89

(C) Outstanding Balances

<u>Amount Receivable/ (payable)</u>	31.03.2021	31.03.2020
To holding company -JKFIL	162.76	25.54
To fellow subsidiary company - SSPL	(703.29)	(332.78)



MODERN COTTON YARN SPINNERS LIMITED
Notes to the Financial Statements as at March 31, 2021

33 : Financial Instruments - Fair value and risk management

Set out below, is a comparison by class of the carrying amounts and fair value of the financial instruments of the company

Particulars	As at 31.03.2021		As at 31.03.2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
₹ In lacs				
Financial Asset				
Investments				
-Investments in equity instruments			-	-
Trade receivables	377.99	377.99	61.32	61.32
Cash and Bank Balances	0.18	0.18	0.62	0.62
Others	-	-	-	-
Total Financial Assets	378.17	378.17	61.94	61.94
Financial Liabilities				
Borrowings	1.56	1.56	92.96	92.96
Trade payables	788.60	788.60	349.57	349.57
Other Financial Liabilities	3.98	3.98	3.79	3.79
Total Financial Liabilities	794.14	794.14	446.32	446.32

The following methods and assumptions were used to estimate the fair values:

1. Cash and trade receivables, trade payable and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.
2. Other non current receivables are evaluated by the company, based on parameters, such as interest rate, individual credit of the counterparty etc. Based on this evaluation, allowances are considered to account for the expected losses of these as at the end of each reporting year, the carrying amount of such receivables, net of allowances, (if any), are not materially their calculated fair values.
3. The fair value of unquoted investment in equity shares are estimated on net assets basis.

Fair Value Hierarchy

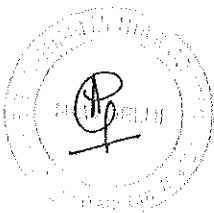
All financial assets and liabilities for which fair value is measured in the financial statements are categorised within the fair value hierarchy, described as follows:

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

Particulars	Carrying Value March 31, 2021	Fair Value Measurement using		
		Quoted price in Active Market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
(A) Financial Assets and Liabilities measured at amortised cost for which fair values are disclosed at April 1, (i) Financial Liabilities				
Borrowings	1.56	-	-	1.56
Total	1.56	-	-	1.56



MODERN COTTON YARN SPINNERS LIMITED
Notes to the Financial Statements as at March 31, 2021

	Carrying Value March 31, 2020	Fair Value Measurement using		
		Quoted price in Active Market (Level 1)	Significant observable inputs (Level 2)	Significant unobservab le inputs (Level 3)
(A) Financial Assets and Liabilities measured at amortised cost for which fair values are disclosed at March 31,				
(i) Financial Liabilities				
Borrowings	92.96	-	-	92.96
Total	92.96	-	-	92.96

(ii) Valuation techniques used to determine Fair value

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount 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.

Specific valuation technique used to value financial instrument includes:

- > the use of quoted market prices or dealer quotes for similar financial instruments.
- > the fair value of financial assets and liabilities at amortised cost is determined using discounted cash flow analysis
- > the use of quoted market prices adjusted for similar financial instruments.

The following method and assumptions are used to estimate fair values:

The Carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents, short term deposits Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. For borrowing fair value is determined by using the discounted cash flow (DCF) method using discount rate that reflects the issuer's borrowings rate. Risk of non-Financial assets and liabilities measured at fair value and the carrying amount is the the fair value.



MODERN COTTON YARN SPINNERS LIMITED
Notes to the Financial Statements as at March 31, 2021

34 Financial Risk Management

The Company's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to manage finances for the Company's operations. The Company principal financial asset includes loan, trade and other receivables, and cash and short-term deposits that arise directly from its operations.

The Company's activities are exposed to market risk, credit risk and liquidity risk.

I. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments. The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regard to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of the fixed rate and floating rate financial instruments in its total portfolio.

(i) The exposure of group borrowings to interest rate changes at the end of reporting period are as follows: ₹ In lacs

Particulars	As at	
	March 31, 2021	March 31, 2020
Variable rate borrowings	1.56	92.96
Total borrowings	1.56	92.96

(ii) As at the end of reporting period, the company had the following variable rate borrowings and interest rate swap contracts outstanding:

Particulars	As at March 31, 2021	As at March 31, 2020
	Carrying Value March 31, 2021	Carrying Value March 31, 2020
Borrowings	-	92.96
Net exposure to cash flow interest rate risk	1.56	92.96

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company operates internationally and The Company has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. The Company hedges its exposure to fluctuations by using foreign currency forwards contracts on the basis of risk perception of the management.

Foreign currency exposure as at 31st March, 2021

Trade Receivables	In USD Lacs
Hedged Portion	0.34
Net Exposure to foreign currency risk (assets)	-
Foreign currency exposure as at 31st March, 2020	0.34
Trade Receivables	In USD Lacs
Hedged Portion	0.46
Net Exposure to foreign currency risk (assets)	-
	0.46



MODERN COTTON YARN SPINNERS LIMITED
Notes to the Financial Statements as at March 31, 2021

35: Capital Management

(a) Risk Management

The primary objective of the Company's Capital Management is to maximize the shareholder value and also maintain an optimal capital structure to reduce cost of capital. In order to manage the capital structure, the Company may adjust the amount of dividend paid to shareholders, return on capital to shareholders, issue new shares or sell assets to reduce debts.

The Company monitors capital on the basis of following gearing ratio, which is net debt divided by total capital plus debt.

Particulars	₹ In lacs	
	As at 31.03. 2021	As at 31.03. 2020
Debt	1.56	92.96
Cash & bank balances	(0.18)	(0.62)
Net Debt	1.38	92.34
Total Equity	276.61	178.46
Total Equity and Net Debt	277.99	270.80
Gearing Ratio	0.5%	34%

Notes-

(i) Debt is defined as long-term and short-term borrowings including current maturities (excluding derivatives) as described in note 11

(ii) Total equity (as shown in balance sheet) includes issued capital and all other equity reserves.

(b) Loan Covenants

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to call loans and borrowings or charge some penal interest. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

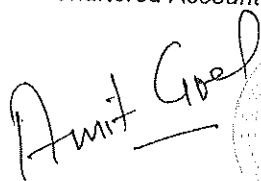
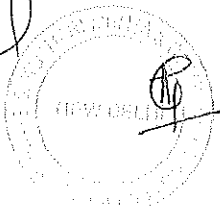
No changes were made in the objectives, policies or processes for managing capital during the current years and previous years.

36. Certain balances of trade receivable, loan & advance, trade payable and other liabilities are subject to confirmation and/or reconciliation. In the opinion of the management, on confirmation / reconciliation, there will not be any material impact.

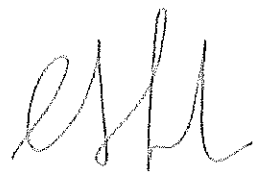
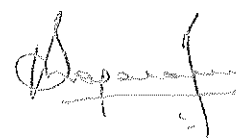
37. Previous year figures have been reclassified / regrouped / recast, wherever necessary.

The accompanying notes are an integral part of the financial statements

Per our report of even date
S.S.Kothari Mehta & Co.
Chartered Accountants

Partner
Amit Goel
M.No - 500607-
New Delhi, the 5th May 2021

Directors

New Delhi, the 5th May 2021

MODERN COTTON YARN SPINNERS LIMITED
Notes to the Financial Statements as at March 31, 2021

Foreign currency sensitivity

1% increase or decrease in foreign exchange rates will have the following impact on profit before tax and other

Particulars	2020-21		2019-20	
	1% increase	1% decrease	1% increase	1% decrease
USD	0.25	(0.25)	0.31	(0.31)

The assumed movement in exchange rate sensitivity analysis is based on the currently observable market environment.

(c) Price Risk

The company exposure to equity securities price risk arises from the investments held by company and classified in the balance sheet at fair value through profit and loss. The company have a very small portfolio of equity shares and have invested majorly in non listed entities where there is very less fluctuation in the price of shares. Therefore no sensitivity is provided.

II. Credit risk

Credit risk arises from the possibility that the counterparty will default on its contractual obligations resulting in financial loss to the company. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial conditions, current economic trends, and analysis of historical bad debts and ageing of accounts receivable.

The Company considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an on going basis through each reporting period. To assess whether there is significant increase in credit risk, it considers reasonable and supportive forward looking information such as:

- (i) Actual or expected significant adverse changes in business.
- (ii) Actual or expected significant changes in the operating results of the counterparty.
- (iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligation
- (iv) Significant increase in credit risk on other financial instruments of the same counterparty
- (v) significant changes in the value of collateral supporting the obligation or in the quality of third party guarantees or credit enhancements

The company major exposure is from trade receivables, which are unsecured and derived from external customers. Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

III. Liquidity Risk

Liquidity risk is defined as the risk that company will not be able to settle or meet its obligation on time or at a reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company's management is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risk are overseen by senior management. Management monitors the company's net liquidity position through rolling, forecast on the basis of expected cash flows.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments:

As at March 31, 2021	Carrying Amount	Less than One Year	Total
Borrowings	1.56	1.56	1.56
Trade payables	788.60	788.60	788.60
Other Liabilities	6.73	6.73	6.73
Total	796.89	796.89	796.89

As at March 31, 2020	Carrying Amount	Less than One Year	Total
Borrowings	92.96	92.96	92.96
Trade payables	349.57	349.57	349.57
Other Liabilities	10.79	10.79	10.79
Total	453.32	453.32	453.32

Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of reporting period:



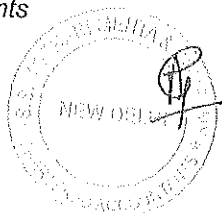
Modern Cotton Yarn Spinners Limited
Statement of changes in cash flow for the year ended March 31, 2021

	2020-21	2019-20
A. Cash flow from Operating activities:		
Net profit/(loss) before tax	246.81	43.13
Adjustments for:		
Depreciation	4.59	4.71
Finance Cost (net of interest income)	1.94	4.83
Remeasurement on defined benefit plans charged to OCI	-	-
(Profit)/Loss on Fixed Assets sold (Net)	(0.46)	(1.26)
Operating profit before working capital changes	252.88	51.41
Adjustments for changes in working capital :		
- (Increase)/Decrease in Trade Receivable	(316.66)	326.27
- (Increase)/Decrease in other non current assets	-	-
- (Increase)/Decrease in Inventories	(245.45)	(25.63)
- (Increase)/Decrease in other financial assets	(0.11)	9.44
- (Increase)/Decrease in other current assets	(57.04)	(9.00)
- Increase/(Decrease) in short term provisions	-	(1.88)
- Increase/(Decrease) in other financial liabilities	0.19	2.07
- Increase/(Decrease) in other current liabilities	(4.06)	(37.15)
- Increase/(Decrease) in Trade and Other Payables	439.03	(396.72)
Cash generated from operations	68.78	(81.20)
- Taxes (Paid) / Received (Net of TDS)	20.13	18.53
Net cash from operating activities	88.91	(62.66)
B. Cash Flow from Investing Activities		
Proceeds from Sale of fixed assets	4.59	2.15
Purchase of fixed assets	(0.60)	-
Interest/Dividend Received (Revenue)	-	-
Net cash from Investing activities	3.99	2.15
C. Cash flow from Financing activities:		
Interest Paid	(1.94)	(4.83)
Increase/(Decrease) in cash credit	(91.40)	63.32
Net cash used in financing activities	(93.34)	58.49
Net Increase/(Decrease) in Cash & Cash Equivalents	(0.44)	(2.02)
Cash and cash equivalents at the beginning of the year	0.62	2.64
Cash and cash equivalents at the end of the year	0.18	0.62
Cash and cash equivalents comprise		
Cash, cheques & drafts (in hand) and remittances in transit	0.01	0.01
Balance with Scheduled Banks	0.17	0.61
Total	0.18	0.62

The accompanying notes form an integral part of the financial statements

Per our report of even date
S.S.Kothari Mehta & Co.
Chartered Accountants

Amit Goel



Partner
Amit Goel
M.No. 500607-
New Delhi, the 5th May 2021

[Signature]

Directors

New Delhi, the 5th May 2021