
MODERN COTTON YARN SPINNERS LIMITED

Board of Directors

Nagaraju Srirama
A.K.Kinra
V.Rengaswamy

Registered Office

3, Madurai-Melakkal Road,
Madurai-625016.

Administrative Office

19/5-H, Seetharam Avenue,
Saradha College Road Extn,
Salem - 636 007.

Banker

Canara Bank

Auditors

Messrs S.S. Kothari Mehta & Co.,
Chartered Accountants.

Plant

Manavasi, Kulithalai Taluk, Karur (Dt.)

DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in presenting the 11th Annual Report and Audited Financial Statements of the Company for the financial year ended on 31st March, 2016.

FINANCIAL RESULTS

The turnover for the year under review was ₹ 37.38 Crore as against ₹ 43.40 Crore in the previous year. The Loss after providing financial charges and depreciation was ₹ 0.44 Crore, as against the profit of ₹ 0.63 Crore last year.

OPERATIONS

Your Directors Report that the Company's performance during the year affected by the volatility of cotton and finished product price. From August 2015 onwards, the market is so depressed and there is no parity between raw material and finished product prices. Chinese slowdown has affected the exports to a greater extent and export prices witnessed steep fall from August 2015 onwards.

Since October 2015, the domestic sector consumption also witnessed slow growth. Your Company continues to work in all areas of operation to improve efficiency and reduce the cost. Your Company is focusing more on value added products and steadily focusing on converting the yarn into fabric sales which can fetch better margins.

EXTRACT OF THE ANNUAL RETURN

An Extract of the Annual Return as on 31st March 2016 in the prescribed Form MGT-9 is attached as Annexure 'A' to this Report and forms part of it.

DIVIDEND

No Dividend is recommended for the financial year ended on 31st March 2016.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The particulars of loans, guarantees, securities and investments under Section 186 of the Companies Act, 2013, are given in the financial statements.

RELATED PARTY TRANSACTIONS

During the financial year ended 31st March 2016, all the contracts or arrangements or transactions entered into by the Company with the Related Parties were in the ordinary course of business and on arm's length basis and were in compliance with the applicable provisions of the Companies Act, 2013.

Further, the Company has not entered into any contract or arrangement or transaction with the related parties which could be considered material. In view of the above, disclosure in Form AOC-2 is not applicable.

DIRECTORS

Shri Ashok Kumar Kinra retires by rotation and being eligible offers himself for re-appointment at the ensuing AGM.

The provisions of Section 149 pertaining to the appointment of Independent Directors do not apply to your Company.

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

A) CONSERVATION OF ENERGY

Your Company continues to invest in replacement of low energy efficient systems with effective and high efficient systems to conserve power and reduce costs.

- (i) The Steps taken or impact on conservation of energy;
 - a) In speed frame the suction motors have been modified to run only at the time of waste evacuation instead of non-stop running.
 - b) Street lamps have been replaced.

c) Drier capacity has been increased from 250 to 400 CFM to reduce the power consumption and the pipeline diameter has been increased from 1 1/4" to 2" in turn the compressor running time is reduced substantially.

(ii) The steps taken by the Company for utilising alternate sources of energy;

The Company has been using wind power in place of thermal power as an alternate power during the year.

(iii) The capital investment on energy conservation equipments;

The Company has not spent any amount on energy conservation in capital equipments.

(B) TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption;

The company is consistently looking for absorption of new technology available in the market.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution; NA

(iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year) -

(a) The details of technology imported;

Your Company has not imported any technology for the past 3 years.

(b) The year of import; N.A

(c) Whether the technology been fully absorbed; N.A

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; N.A

(iv) the expenditure incurred on Research & Development and Technology

i) **Areas of R&D Activities**

The Company Developed and introduced newer products like Tubular fabric, Waffle Fabric for industrial use and pilot lots were sent to customers.

ii) **Research & Development Expenses**

The capital expenditure incurred on R&D during the year was ₹Nil and recurring expenditure amounted to ₹0.23 Crore, which was 0.62% of the turnover.

(C) EXPORTS, FOREIGN EXCHANGE EARNINGS AND OUTGO

		₹ in Lacs
	2015-16	2014-15
Earnings in Foreign Exchange	1095.43	792.45
Foreign Exchange Outgo	8.00	32.41

DEPOSITS

The company has not accepted any deposits during the year.

STATUTORY AUDITORS AND THEIR REPORT

M/s. S.S. Kothari Mehta & Co., Chartered Accountants, New Delhi, the Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The observations of the Auditors in their report on Accounts and the Financial Statements, read with the relevant notes are self explanatory.

PARTICULARS OF EMPLOYEES

None of the employees of the Company is in receipt of remuneration in excess of the limits as given in accordance with the provisions of Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.

CORPORATE SOCIAL RESPONSIBILITY

The requirement of Corporate Social Responsibility (CSR) in terms of Section 135 of the Companies Act, 2013 and the rules made thereunder is not applicable to the Company.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal controls with reference to financial statements and no material reportable weakness was observed in the

system. Further, the Company has in place adequate internal financial controls commensurate with the size and nature of its operations.

The Company also has robust Budgetary Control System and Management Information System (MIS) which are backbone of the Company for ensuring that your Company's assets and interests are safeguarded.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the financial year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

MEETINGS OF THE BOARD

The Board consists of 3 Directors as on 31st March 2016, of which all are Non-Executive Directors (NED). Four Board Meetings were held during the twelve months period from 1st April 2015 to 31st March 2016 ie., on 12th May, 2015, 5th August, 2014, 29th October, 2015 and 9th February, 2016. Attendance and other details are as given below:-

Name of the Director	Category	Number of Board Meetings Attended
Shri Nagaraju Srirama	Non-Executive Directors	4
Shri A K Kinra	Non-Executive Directors	4
Shri V.Rengaswamy	Non-Executive Directors	4

AUDIT COMMITTEE

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 are not applicable to the Company.

VIGIL MECHANISM

The provisions of Section 177(9) and (10) relating to establishment of Vigil Mechanism for directors and employees are not applicable to the Company.

NOMINATION AND REMUNERATION COMMITTEE

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company.

RISK MANAGEMENT

The Company has an elaborate risk management system to inform Board Members about risk assessment and minimization procedures.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Your Company is sensitive to women employees at workplace. As required under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has a formal policy to ensure safety of women and prevention of sexual harassment and has set up Internal Complaints Committee (ICC) at its work places to redress the complaints of women employees. During the year, no complaint has been filed with ICC with allegation of sexual harassment.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(3)(c) of the Companies Act 2013, your Directors state that:

- a) in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and

detecting fraud and other irregularities;

- d) the annual accounts have been prepared on a going concern basis; and
- e) the proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

The Board places on record its appreciation of the valued services and dedicated efforts of the employees of the Company, as also the co-operation and support extended by Company's bankers, customers, shareholders, dealers, vendors, various Government agencies and other stakeholders.

On Behalf of the Board

Nagaraju Srirama

Date: 11.05.2016

Place: New Delhi

V.Rengaswamy
Directors

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31.03.2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1 CIN	:	U17111TN2005PLC057274
2 Registration Date	:	24.08.2005
3 Name of the Company	:	MODERN COTTON YARN SPINNERS LIMITED
4 Address of the Registered office and contact details	:	3, Madurai-Melakkal Road, Madurai 625 016 Tel No. 0452-4283826 Fax No. 0452-4283831
5 Category/Sub-Category of the Company	:	Public Company
6 Whether listed company Yes / No	:	No
7 Name, Address and Contact details of Registrar and Transfer Agent, if any.	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Blended Cotton Yarn	17111	43.6%
2	Cotton Mixture Fabrics	17115	53.1%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S.No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	J.K. Fenner (India) Limited 3. Madurai-Melakkal Road, Madurai 625 016	U24231TN1992PLC062306	Holding Company	100%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a. Individual/HUF	-	-	-	-	-	-	-	-	--
b. Central Govt.	-	-	-	-	-	-	-	-	--
c. State Govt (s)	-	-	-	-	-	-	-	-	--
d. Bodies Corp.	-	3050000	3050000	100%	-	3050000	3050000	100%	--
e. Banks / FI	-	-	-	-	-	-	-	-	--
f. Any Other....	-	-	-	-	-	-	-	-	--
Sub-total (A) (1):-	-	3050000	3050000	100%	-	3050000	3050000	100%	--
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	--
b) Other – Individuals	-	-	-	-	-	-	-	-	--
c) Bodies Corp.	-	-	-	-	-	-	-	-	--
d) Banks / FI	-	-	-	-	-	-	-	-	--
e) Any Other....	-	-	-	-	-	-	-	-	--
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	--
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	3050000	3050000	100%	-	3050000	3050000	100%	--
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	--
b) Banks / FI	-	-	-	-	-	-	-	-	--
c) Central Govt.	-	-	-	-	-	-	-	-	--
d) State Govt(s)	-	-	-	-	-	-	-	-	--
e) VentureCapitalFunds	-	-	-	-	-	-	-	-	--
f) Insurance Companies	-	-	-	-	-	-	-	-	--
g) FIs	-	-	-	-	-	-	-	-	--
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	--
i) Others (specify)	-	-	-	-	-	-	-	-	--
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	--
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	--
ii) Overseas	-	-	-	-	-	-	-	-	--
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	-	-	-	-	-	-	-	-	--
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	-	-	-	-	-	-	-	-	--
c) Others (specify)	-	-	-	-	-	-	-	-	--
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	--
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	--
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	--
Grand Total (A+B+C)	-	3050000	3050000	100%	-	3050000	3050000	100%	--

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	J.K. Fenner (India) Ltd.	3050000	100	--	3050000	100	--	--
	Total	3050000	100	--	3050000	100	--	--

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	There is no change in the Promoters' Shareholding during the FY 2015-16.			
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc):				
	At the End of the year				

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Nil				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of share	% of total shares of the company	No. of shares	% of total shares of the company
1	Shri Nagaraju Srirama (Jt.) J.K. Fenner (India) Limited	1	--	1	--
2	Shri V.Rengaswamy (Jt.) J.K. Fenner (India) Limited	1	--	1	--

V. INDEBTEDNESS

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

(₹ in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1079.54	-	-	1079.54
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1079.54	-	-	1079.54
Change in Indebtedness during the financial year				
- Addition	31.33	-	-	31.33
- Reduction	-	-	-	-
Net Change	31.33	-	-	31.33
Indebtedness at the end of the financial year				
i) Principal Amount	1110.87	-	-	1110.87
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1110.87	-	-	1110.87

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

As per the provisions of the Companies Act, 2013 and Rules thereunder, appointment of Managing Director, Whole-time Director/Manager are not applicable to the Company.

B. Remuneration to other directors:

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Name of Directors			Total
1	Independent Directors	NIL			--
	· Fee for attending board meetings				
	· Fee for attending Committee meetings				
	· Commission				
	· Others, please specify				
	Total (1)				--
2	Other Non-Executive Directors	Mr.Nagaraju Srirama	Mr.A.K.Kinra	Mr.V.Rengaswamy	Total Amount
	· Fee for attending board meetings	0.04	0.04	0.04	0.12
	· Fee for attending Committee meetings	--	--	--	--
	· Commission	--	--	--	--
	· Others, please specify	--	--	--	--
	Total (2)	0.04	0.04	0.04	0.12
	Total (B)=(1+2)				0.12
	Total Managerial Remuneration	Not Applicable			
	Overall Ceiling as per the Act	Not Applicable			

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

As per the provisions of the Companies Act, 2013 and Rules thereunder, KMP provisions are not applicable to the Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended 31st March 2016.

Independent Auditors' Report

To the Members of Modern Cotton Yarn Spinners Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Modern Cotton Yarn Spinners Limited** ("the Company"), which comprise the balance sheet as at 31st March, 2016, the statement of profit and loss, and the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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



selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

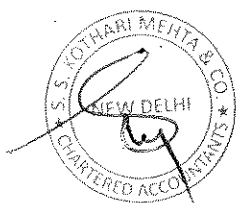
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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 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 31st March, 2016, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 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, and the cash flow statement 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 Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is



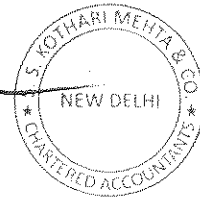
disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;

- 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) 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 litigation on its financial position in its financial statements as referred to in Note 25 to the financial statements.
 - ii. Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

For S.S.KOTHARI MEHTA & Co.

Chartered Accountants

Firm Registration No. 000756N



Sunil Wahal

Partner

Membership No. 087294

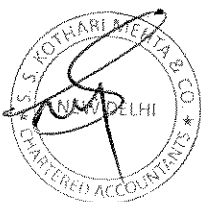
Place: New Delhi

Date: 11th May 2016

Annexure A to the Independent Auditor's Report to the Members of Modern Cotton Yarn Spinners Limited dated 11th May 2016.

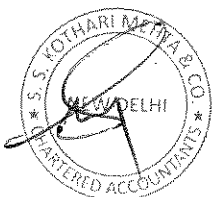
Report on the matters specified in paragraph 3 of the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013 ("the Act") as referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' 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. In respect of the Company's inventories:
 - (a) As explained to us the Management has conducted physical verification of inventory at reasonable intervals during the year.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of accounts.
- 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.

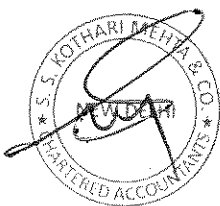


- iv. In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Act in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by 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 there under are not applicable.
- vi. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 148 of the Act for the Company's activities. Hence, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- vii.
 - a. According to the records of the Company examined by us and the information and explanations given to us, the Company has generally deposited its statutory dues including Employees' Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Cess and any other material statutory dues, as applicable, within the prescribed time with the appropriate authorities during the year and there are no such undisputed amounts payable which have remained outstanding as at March 31, 2016 for a period of more than six months from the date they became payable.
 - b. According to the records of the Company, the details of dues of Income-tax, Sales-tax, Wealth-tax, Service-tax, Customs Duty, Excise Duty and Value added tax which have not been deposited on account of any dispute and the forum where the dispute is pending, are as follows :

Name of the Statue	Period to which the amount relates	Nature of Dues	Forum Where dispute is pending	Amount (in lacs)
VAT	2007-08, 2010-11, 2011-12, 2012-13, 2013-14	Disallowance of purchases	Madras High Court, Madurai Bench	624.39



- 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, bank or debenture holders.
- ix. In our opinion, and according to the information and explanations given to us, the Company has not raised any money way of initial public offer / further public offer, further term loans taken during the year were applied for the purpose for which the loan were obtained. 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 are not applicable and hence not commented upon.
- 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 under review 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.

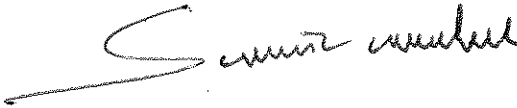


- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.S.KOTHARI MEHTA & Co.

Chartered Accountants

Firm's Registration No. 000756N



Sunil Wahal

Partner

Membership No. 087294

Place: New Delhi

Date: 11th May 2016

Annexure B to the Independent Auditor's Report to the members of Modern Cotton Yarn Spinners Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("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 **Modern Cotton Yarn Spinners Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

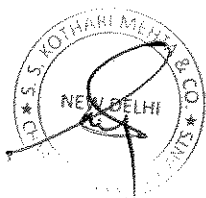
The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial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

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

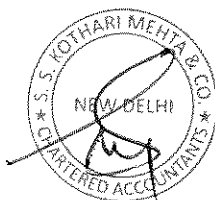
Meaning of Internal Financial Controls Over Financial Reporting

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

- 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 authorizations of management and directors of the company; and
- c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting



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



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 31st March, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For S.S.KOTHARI MEHTA & Co.
Chartered Accountants
Firm's Registration No. 000756N

Sunil Wahal
Partner
Membership No. 087294

Place: New Delhi
Date: 11th May 2016

MODERN COTTON YARN SPINNERS LTD.
Balance sheet as at 31st March 2016

	Note	As at 31.03.2016	₹ in Lacs As at 31.03.2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	305.00	305.00
Reserves and surplus	3	339.50	407.86
Total shareholders' funds		644.50	712.86
Non-current liabilities			
Long term provisions	4	9.06	6.49
Total non-current liabilities		9.06	6.49
Current liabilities			
Short-term borrowings	5	1,110.87	1,074.55
Trade payables	6	487.02	538.12
Other current liabilities	7	171.70	189.26
Short-term provisions	8	0.14	0.59
Total current liabilities		1,769.73	1,802.52
		2,423.29	2,521.87
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	473.93	569.00
Capital work in progress		-	4.21
Non current investments	10	6.25	2.03
Deferred tax assets (net)	11	475.37	500.03
Long term loans and advances	12	59.66	53.03
Total non-current assets		1,015.21	1,128.30
Current assets			
Inventories	13	741.83	770.83
Trade receivables	14	498.25	546.33
Cash and bank balances	15	9.55	13.65
Short-term loans and advances	16	158.45	62.76
Total current assets		1,408.08	1,393.57
		2,423.29	2,521.87
Significant accounting policies	1		

The accompanying notes form an integral part of these financial statements

Per our report attached
For S.S.Kothari Mehta & Co.
Chartered Accountants

Suman Mehta

Partner



[Handwritten signatures]

New Delhi, the 11th May 2016

New Delhi, the 11th May 2016

MODERN COTTON YARN SPINNERS LTD.

Statement of profit and loss account for the year ended 31st March 2016

₹ in Lacs

	Note	For the year ended 31-03-2016	For the year ended 31-03-2015
REVENUE:			
Revenue from operations (Gross)	17	3,737.83	4,339.78
Less: Excise duty		219.88	334.71
Revenue from operations (Net)		3,517.95	4,005.07
Other income	18	14.23	14.10
Total revenue		3,532.18	4,019.17
EXPENSES:			
Cost of materials consumed	19	2,020.15	2,643.38
Purchase of stock-in-trade		57.04	181.30
(Increase)/ Decrease in inventories of finished goods, work-in-progress and stock-in-trade	20	102.72	(228.56)
Employee benefit expenses	21	465.05	433.76
Other expenses	22	700.68	653.78
Total expenses		3,345.64	3,683.66
Profit before interest & depreciation (I-II)		186.54	335.51
Finance cost	23	121.96	159.89
Profit before depreciation		64.58	175.62
Depreciation and amortization expenses	24	108.28	113.07
Profit/ (Loss) before tax		(43.70)	62.55
Tax expense:			
Current tax		-	-
Deferred tax charge/(Credit)	11	24.66	(45.84)
Net profit/(Loss) after tax		(68.36)	108.39
Basic / Diluted Earnings per equity share			
Nominal Value per Share ₹10 (2014-15: ₹10)			
Cash	₹	1.31	₹ 5.76
After Tax	₹	(2.24)	₹ 3.55

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements

Per our report attached
For S.S.Kothari Mehta & Co.
 Chartered Accountants

Partner



[Handwritten signature]

[Handwritten signature]
 Directors

New Delhi, the 11th May 2016

New Delhi, the 11th May 2016

MODERN COTTON YARN SPINNERS LTD.

Notes to the financial statements for the year ended 31st March 2016

1. ACCOUNTING POLICIES

- a The financial statements have been prepared under historical cost convention on accrual basis in compliance with applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 read with Rule 7 of the Companies (Accounts) Rules,2014 and relevant Provisions of the Companies Act,2013
- b Fixed Assets are stated at cost and Fixed Assets held for disposal are stated at realisable value.
- c The carrying amount of Assets are reviewed at each balance sheet date to assess impairment, if any based on internal and external factors. An asset is treated as impaired when the carrying value of asset exceeds its recoverable value being higher of value in use and net selling price. An impairment loss is recognised as an expense in the Statement of Profit & 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.
- d Intangible assets are recognised if future economic benefits are likely and cost of the asset can be measured reliably. The depreciable amount of an intangible asset is allocated on a systematic basis over the useful life of the asset.
- e Specialised software is amortised over a period of five years from the year of installation.
- f Expenditure during construction / erection period is included under capital work in progress and is allocated to the respective fixed assets on completion of construction / erection.
- g Depreciation on fixed assets has been provided as per straight line method over the useful lives in the manner as specified under Schedule II of the Companies Act,2013.
- h Long term investments are stated at cost and current investments at lower of cost or fair market value. Diminution in value of long term investments is accounted for if the decline is other than temporary.
- i Inventories are valued at the lower of cost and 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.
- j Cash and Cash equivalents include cash in hand, current account and fixed deposit with banks.
- k **Employee Benefits :**
 - (i) Defined Contribution Plan
Employee benefits in the form of Superannuation Fund, Provident Fund (PF) and ESI are considered as defined contribution plan and the contributions are charged to the Statement of Profit and Loss of the year when the contribution to the respective funds are due.
 - (ii) Defined Benefit Plan
Retirement benefits in the form of Gratuity and long term compensated absences (Leave Encashment) are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.
 - (iii) Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of profit and loss of the year in which the related service is rendered. Actuarial gain / loss, if any, is recognised in the Statement of Profit and Loss.
- l Transactions denominated in foreign currency are accounted for at the exchange rate on the date of transactions. Outstanding Monetary Assets and Liabilities related to foreign currency transactions are translated at exchange rate prevailing at the end of the year and all exchange gains/ losses adjusted to the Statement of Profit and Loss. Non monetary foreign currency items are stated at cost. 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.
- m Revenue expenditure on research & development is charged to statement of profit & loss and capital expenditure is added to fixed assets.
- n Revenue is recognised when significant risks and rewards of ownership have been passed to the buyer.
- o Borrowing cost is charged to statement of profit and loss except cost of borrowing including net gain / loss on foreign currency transactions for acquisition of qualifying assets which is capitalised till the date of commercial use of the asset.
- p Export incentives and benefits are recognised in the statement of profit and loss.
- q Deferred tax is recognised for timing differences. However, deferred tax asset is recognized on the basis of reasonable / virtual certainty that sufficient future taxable income will be available against which the same can be realised.
- r Provision in respect of present obligation arising out of past events are made in accounts when reliable estimates can be made of the amount of the obligation. Contingent Liabilities (if material) are disclosed by way of notes to accounts. Contingent assets are not recognised or disclosed in financial statements and are included, if any, in the Directors Report.



MODERN COTTON YARN SPINNERS LTD.

Notes to the financial statements for the year ended 31st march 2016

Note	Particulars	₹ in Lacs	
		As at 31.03.2016	As at 31.03.2015
2	<u>SHARE CAPITAL</u>		
	AUTHORISED:		
	30,50,000 shares (Previous year 30,50,000) equity shares of ₹10 /- each	<u>305.00</u>	<u>305.00</u>
	Issued, Subscribed and Fully Paid (Equity Shares with equal rights)		
	30,50,000 shares (Previous year 30,50,000) equity shares of ₹10 /- each fully paid up	<u>305.00</u>	<u>305.00</u>
		<u>305.00</u>	<u>305.00</u>
	a) <u>Reconciliation of the number of shares outstanding :</u>		
	Shares outstanding as at the beginning of the year	3,050,000	3,050,000
	Additions during the year	-	-
	Deletions during the year	-	-
	Shares outstanding as at the end of the year	<u>3,050,000</u>	<u>3,050,000</u>
	b) <u>Details of each shareholder holding more than 5% shares:</u>		
	J.K. Fenner(India) Ltd - Holding Company	3,050,000	3,050,000
	As per the records of the company including its register of shareholders/ members and other declaration received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.		
	c) Aggregate number of equity shares allotted as fully paid up pursuant to Scheme of arrangement without payment being received in cash during the year ended 31st Mar'2007.	3,050,000	3,050,000
3	<u>RESERVES AND SURPLUS</u>		
a	Securities premium reserve	1,250.00	1,250.00
b	General Reserve	24.79	24.79
c	Surplus /(Deficit) in Statement of Profit and Loss	(935.29)	(777.56)
d	Less : Unamortised carrying value of fixed assets at the end of useful life adjusted - (i)	-	(89.37)
		<u>(935.29)</u>	<u>(89.37)</u>
	Total reserves and surplus	<u>339.50</u>	<u>407.86</u>
	Details of surplus in profit and loss		
	Balance at the beginning of the year	(866.93)	(885.95)
	Profit/(Loss) for the year	(68.36)	108.39
	Balance at the end of the year	<u>(935.29)</u>	<u>(777.56)</u>

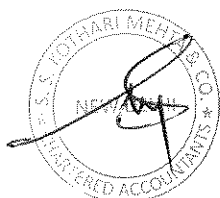
(i) A sum of ₹ 89.37 Lacs adjusted to statement of profit and loss statement pursuant to adoption of Schedule II of the Companies Act 2013 towards written down value in respect of certain fixed assets, net of deferred tax of ₹ 29.40 lacs, whose lives had expired on 31st March 2014.



MODERN COTTON YARN SPINNERS LTD.

Notes to the financial statements for the year ended 31st march 2016

Note	Particulars	₹ in Lacs	
		As at 31.03.2016	As at 31.03.2015
4	<u>LONGTERM PROVISIONS</u>		
	Provision for employee benefits	9.06	6.49
5	<u>SHORT-TERM BORROWINGS</u>		
	Secured		
	Working Capital Borrowings from Bank	<u>1,110.87</u>	<u>1,074.55</u>
		<u>1,110.87</u>	<u>1,074.55</u>
	a.Working Capital borrowings from bank is secured by hypothecation of stocks and book debts and charge on the immovable assets of the company		
6	<u>TRADE PAYABLES</u>		
	From related parties	360.10	436.91
	Others	126.92	101.21
		<u>487.02</u>	<u>538.12</u>
7	<u>OTHER CURRENT LIABILITIES</u>		
	Other payables		
	Interest accrued and due	6.16	4.99
	Employees	25.28	27.21
	Statutory dues	89.74	90.12
	Others	50.52	66.94
		<u>171.70</u>	<u>189.26</u>
8	<u>SHORT TERM PROVISIONS</u>		
	Provision for employee benefits	0.14	0.07
	Others	-	0.52
		<u>0.14</u>	<u>0.59</u>



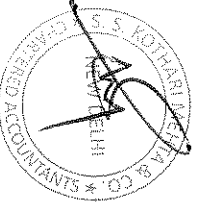
MODERN COTTON YARN SPINNERS LTD.

Notes to the financial statements for the year ended 31st March 2016

9. Fixed Assets

Assets	Gross Value				Depreciation/Amortization				Net Value	
	As at 01-04-15	Additions	Sales/ Adjustments	As at 31-03-16	Up to 31-03-15	For the year	Sales/ Adjustments	Up to 31-03-16	As at 31-03-16	As at 31-03-15
i) Tangible Assets										
Land - Freehold	38.06	-	16.99 *	21.07	-	-	-	-	21.07	38.06
Buildings	144.76	26.75	-	171.51	101.40	4.71	-	106.11	65.40	43.36
Plant and Equipment	1,133.70	2.39	-	1,136.09	647.57	102.44	-	750.01	386.08	486.13
Furniture and Fixtures	4.73	0.06	-	4.79	4.03	0.34	-	4.37	0.42	0.70
Vehicles	4.00	-	-	4.00	3.80	-	-	3.80	0.20	0.20
Office equipment	5.63	1.00	-	6.63	5.08	0.79	-	5.87	0.76	0.55
Sub Total	1,330.88	30.20	16.99	1,344.09	761.88	108.28	-	870.16	473.93	569.00
Intangible Assets										
Software	0.51	-	-	0.51	0.51	-	-	0.51	-	-
Grand Total	1,331.39	30.20	16.99	1,344.60	762.39	108.28	-	870.67	473.93	569.00
Previous Year	1,307.06	34.75	10.42	1,331.39	538.50	231.84	7.95	762.39	569.00	768.55

* Denotes refund of stamp duty paid earlier under protest was capitalised, now adjusted.



MODERN COTTON YARN SPINNERS LTD.

Notes to the financial statements for the year ended 31st March 2016

₹ in Lacs

Note	Particulars	Face Value (In ₹ Fully paid up)	31.03.2016		Face Value (In ₹ Fully paid up)	31.03.2015	
			Nos.	Value		Nos.	Value
10	NON- CURRENT INVESTMENTS						
	Long Term, Other investments (at cost)						
	a) Investments in Equity Instruments						
	Unquoted						
	Body Corporate						
	TVH Energy Resource Private Ltd.	10	13300	1.33	10	20300	2.03
	Sanmar Estates and Investments Ltd.	10	44500	4.45	-	-	-
	TCP Ltd.	100	470	0.47	-	-	-
				<u>6.25</u>			<u>2.03</u>

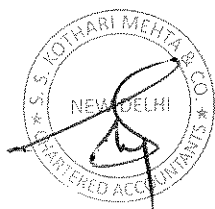


MODERN COTTON YARN SPINNERS LTD.

Notes to the financial statements for the year ended 31st March 2016

₹ in Lacs

Note	Particulars	As at 31.03.2016	As at 31.03.2015
11	<u>DEFERRED TAX ASSET (NET)</u>		
	Deferred tax liability		
	Related to Fixed Assets	(7.17)	1.74
	Deferred tax asset		
	Unabsorbed losses and depreciation under IncomeTax & Expenses	468.20	501.77
		<u>475.37</u>	<u>500.03</u>
12	<u>LONG TERM LOANS & ADVANCES</u>		
	(Unsecured, considered good)		
	Capital advances	1.88	4.38
	Security deposits with Govt. Authorities and others	57.78	48.65
		<u>59.66</u>	<u>53.03</u>
13	<u>INVENTORIES</u>		
	(Valued at lower of cost and net realizable value)		
	Raw materials	135.54	49.75
	Work-in-progress	37.82	48.93
	Finished goods	561.56	661.65
	Stores and spares	6.91	10.50
		<u>741.83</u>	<u>770.83</u>
14	<u>TRADE RECEIVABLES</u>		
	(Unsecured, considered good)		
	Outstanding for a period exceeding six months from the date they are due for payment	3.89	-
	Others	494.36	546.33
		<u>498.25</u>	<u>546.33</u>
15	<u>CASH & CASH EQUIVALENTS</u>		
	Cash on hand	1.35	1.61
	Balances with banks		
	Current accounts	8.20	8.39
	Fixed deposit account		
	Margin money	-	3.65
		<u>9.55</u>	<u>13.65</u>
16	<u>SHORT TERM LOANS & ADVANCES</u>		
	(Unsecured, considered good)		
	Others		
	Amount receivable from VAT authorities	98.57	3.48
	Cenvat/VAT accruals	7.63	3.52
	Export benefit receivable	14.97	15.05
	Advance income tax (Net of provision for taxation ₹ nil) (previous year ₹ nil)	22.12	25.40
	Others	15.16	15.31
		<u>158.45</u>	<u>62.76</u>



MODERN COTTON YARN SPINNERS LTD.

Notes to the financial statements for the year ended 31st March 2016

₹ in Lacs

Note No.	Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
17	<u>REVENUE FROM OPERATIONS</u>		
	Sale of products		
	Yarn	1,629.89	1,712.82
	Fabric	1,986.13	2,454.54
		<u>3,616.02</u>	<u>4,167.36</u>
	Conversion & Other Operating Income	121.81	172.42
		<u>3,737.83</u>	<u>4,339.78</u>
	Less: Excise Duty	219.88	334.71
		<u>3,517.95</u>	<u>4,005.07</u>
18	<u>OTHER INCOME</u>		
	Interest income	4.65	4.34
	Profit on sale of fixed assets	-	6.05
	Other non operating income		
	Others	9.58	3.71
		<u>14.23</u>	<u>14.10</u>
19	<u>COST OF MATERIALS CONSUMED</u>		
	Cotton	1,737.16	2283.03
	Polyester Yarn and others	282.99	360.35
		<u>2020.15</u>	<u>2643.38</u>
	% of Imported / Indigenous materials consumed		
	- Imported (value)	-	-
	- Imported (%)	-	-
	- Indigenous (value)	2,020.15	2,643.38
	- Indigenous (%)	100%	100%



MODERN COTTON YARN SPINNERS LTD.

Notes to the financial statements for the year ended 31st March 2016

₹ in Lacs

Note No.	Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
20	(Increase)/ Decrease in inventories of finished goods, work-in-progress and stock-in-trade		
	Closing stock		
	Finished goods	561.56	661.65
	Work in progress	37.82	48.93
		<u>599.38</u>	<u>710.58</u>
	Opening stock		
	Finished goods	661.65	374.01
	Work in progress	48.93	49.20
		<u>710.58</u>	<u>423.21</u>
	NET (INCREASE)/DECREASE IN STOCK - (A)	111.20	(287.37)
	Differential excise duty on (increase)/decrease of finished goods (B)	(8.48)	58.81
	Total (increase) / Decrease in Stock (A + B)	<u>102.72</u>	<u>(228.56)</u>
21	<u>EMPLOYEE BENEFIT EXPENSES</u>		
	Salary , wages and bonus	417.39	375.19
	Contribution to provident and other funds	29.36	42.30
	Employees welfare expenses & other benefits	18.30	16.27
		<u>465.05</u>	<u>433.76</u>

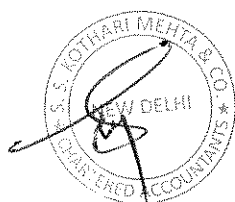


MODERN COTTON YARN SPINNERS LTD.

Notes to the financial statements for the year ended 31st March 2016

₹ in Lacs

Note No.	Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
22	<u>OTHER EXPENSES</u>		
	Consumption of stores,packing and spare parts	71.29	71.73
	Power & Fuel	377.46	348.35
	Repairs to Building	8.92	5.93
	Repairs to Machinery	69.07	70.25
	Freight & Transportation	55.63	66.37
	Commission	21.67	23.01
	Rent	0.77	0.54
	Insurance	5.99	4.76
	Rates & Taxes	16.22	9.54
	Travelling Expenses	12.91	9.45
	Exchange Difference (Net)	-	2.22
	Miscellaneous Expenses	60.75	41.63
		<u>700.68</u>	<u>653.78</u>
a	Stores and Spares consumed		
	- Imported (value)	-	-
	- Imported (%)	-	-
	- Indigenous (value)	71.29	71.73
	- Indigenous (%)	100%	100%
b	Miscellaneous Expenses include		
	Payment to Auditors		
	Audit Fee	0.65	0.65
	Tax Audit Fee	0.25	0.25
	Reimbursement of expenses	0.39	0.34
		<u>1.29</u>	<u>1.24</u>
23	<u>FINANCE COST</u>		
	Interest expense	121.96	159.81
	Net (gain)/ loss on foreign currency transactions	-	0.08
		<u>121.96</u>	<u>159.89</u>
24	<u>DEPRECIATION AND AMORTIZATION EXPENSES</u>		
	Depreciation on tangible assets	108.28	112.69
	Amortization of intangible assets	-	0.38
		<u>108.28</u>	<u>113.07</u>



Modern Cotton Yarn Spinners Ltd.

Notes to the financial statements for the year ended 31st March 2016

25 a) Contingent liabilities in respect of claims not accepted and hence not provided for ₹ 51.17 Lacs (Previous year ₹ 48.17 Lacs)

b) 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.

26 The details of amounts outstanding under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) to the extent of information available with the Company are as under:

(i) Principal & interest amount due and remaining unpaid as on 31.03.2016 Nil (Previous year Nil)

(ii) Payment made beyond the appointed day during the year Nil (Previous year Nil)

(iii) Interest Accrued and unpaid as at 31.03.2016 Nil (Previous Year Nil)

27 Derivative Instruments and Unhedged foreign currency transactions

(i) Forward Contracts for hedging - Receivables ₹ Nil - USD Nil
(Previous Year ₹ Nil USD Nil)

(ii) Foreign Currency unhedged (a) net receivables ₹ 325.77 Lacs USD 4.92 Lacs
(Previous Year ₹ 67.47 Lacs USD 1.08 Lacs) (b) Loans ₹ Nil USD Nil

28 **Segment information:**

i) Primary Segments - Business :

Company operates in a single segment of Textiles.

ii) Secondary Segments - Geographical Segments :

	For the year ended	₹ Lacs
	2015-16	2014-15
Domestic Revenues	2641.39	3527.03
Export Revenues	1096.44	812.75
Total	3737.83	4339.78

29 **Employees' Benefits**

Defined Benefit Plan Gratuity (Funded) and Leave Encashment (Non-funded) - As per Actuarial Valuation on 31.03.2016

₹ Lacs				
A	Gratuity (Funded)		Leave Encashment (Non Funded)	
	2015-16	2014-15	2015-16	2014-15
Expenses recognised in the Statement of Profit and Loss				
Current Service cost	8.45	6.18	3.30	2.59
Interest Cost	11.53	10.76	0.50	0.44
Expected return on Plan assets	(11.64)	(11.17)	-	-
Net Actuarial (Gain)/Loss	10.33	2.61	(0.44)	(1.97)
Past Service Cost				
Total expenses	18.67	8.37	3.36	1.07
Actual return on planned assets				
B	Net Asset / (Liability) recognised in the Balance Sheet			
Present Value of Obligation as at year end	169.35	148.70	9.20	6.56
Fair Value of plan assets as at year end	150.68	140.33	-	-
Less Unrecognised past service cost	-	-	-	-
Funded Status - Surplus /(Deficit)	(18.67)	(8.37)	(9.20)	(6.56)
Net Asset / (Liability) as at year end	(18.67)	(8.37)	(9.20)	(6.56)
C	Change in the present value of the defined benefit obligation			
Opening defined benefit obligation	148.70	134.53	6.56	5.62
Interest Cost	11.53	10.76	0.50	0.44
Current Service Cost	8.45	6.18	3.30	2.59
Benefit paid out of funds	(9.22)	(5.37)	-	-
Benefit paid by Company	-	-	(0.71)	(0.14)
Past Service Cost	-	-	-	-
Actuarial (gains)/losses on obligation	9.89	2.60	(0.44)	(1.97)
Closing defined benefit obligation	169.35	148.70	9.20	6.56
D	Change in the Fair value of Plan Assets are as follows:-			
Opening fair value of plan assets	140.33	122.07	-	-
Expected return	11.64	11.17	-	-
Contribution by employer	8.37	12.46	0.71	(0.14)
Benefit Paid	(9.22)	(5.37)	(0.71)	0.14
Actuarial gains/(losses) on obligation	(0.44)	-	-	-
Closing fair value of plan assets	150.68	140.33	-	-



Notes to the financial statements for the year ended 31st March 2016

Amounts for the current and previous four periods in respect of Gratuity & Leave Encashment are as follows:-

Particulars	Gratuity (Funded)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Defined benefit obligation	169.35	148.71	134.53	123.19	101.02
Plan assets	150.68	140.33	122.07	129.06	78.36
Surplus / (Deficit)	(18.67)	(8.37)	(12.46)	5.87	(22.66)
Experience adjustment on plan assets	-	-	-	-	-
Experience adjustment on plan liabilities	-	-	-	-	-

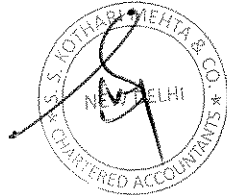
Particulars	Leave Encashment (Non Funded)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Defined benefit obligation	9.20	6.56	5.62	5.75	4.48
Plan assets	-	-	-	-	-
Surplus / (Deficit)	(9.20)	(6.56)	(5.62)	(5.75)	(4.48)
Experience adjustment on plan assets	-	-	-	-	-
Experience adjustment on plan liabilities	-	-	-	-	-

Particulars	2015-16	2014-15
Provident and Other Funds	Nil	Nil
Superannuation Contributory Fund with LIC	Nil	Nil

Provident Fund

- a) The expected return on plan assets has been determined considering several applicable factors mainly the composition of plan assets held, associated risks of assets management, historical results of returns and policies for plan assets.
- b) The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotions and other relevant factors such as supply and demand factors in the employment market.
- c) Defined Contribution Plan

Employer's contribution to Provident Fund and Other Funds aggregating to ₹ 29.36 lacs (Previous year ₹ 42.30 lacs) has been included under note -21 - Employees Benefit Expenses.



Modern Cotton Yarn Spinners Ltd.

Notes to the financial statements for the year ended 31st March 2016

30 Related Party Disclosures

Transactions carried out with related parties in the ordinary course of business :

- | | | |
|---------------------|--|---|
| (A) Related Parties | - Holding Company | - J.K. Fenner (India) Ltd. (JKFIL) |
| | - Fellow Subsidiary Companies | - Southern Spinners and Processors Ltd (SSPL) |
| | | - Acorn Engineering Ltd. |
| | | - BMF Investments Ltd. |
| | | - Divyashree Company Private Ltd. |
| | - Holding Company of J.K. Fenner (India) Ltd | Bengal & Assam Company Ltd. |

₹ in lacs

(B) Nature of transaction	Holding Company	Fellow Subsidiary	Holding Company	Fellow Subsidiary
	2015-16		2014-15	
Purchase of goods from JKFIL & SSPL	41.25	32.66	80.31	62.43
Sale of goods to JKFIL & SSPL	948.53	257.20	1361.05	33.29
Interest paid to SSPL	-	20.51	-	42.63
Conversion charges paid to SSPL	-	2.35	-	2.67
Conversion charges received from SSPL	-	3.66	-	51.86
c) Outstanding Balances- Amount Receivable /(Payable)				
Holding Company	(103.96)		173.70	-
Fellow subsidiary		(256.14)	-	(436.91)
31 (i) Expenditure in Foreign currency				
(a) Expenditure				
Commission		8.00		6.21
Others		-		0.31
(b) CIF value of imports		-		25.89
(ii) Earnings in foreign currency on account of FOB Value of Exports		1095.43		792.45
32 Earnings Per Share				
Profit (loss) after tax (₹ In lacs)		(68.36)		108.39
Weighted average number of equity shares		3050000		3050000
Basic and diluted earnings per equity share (Face value of ₹ 10 each)				
Cash	₹	1.31	₹	5.76
After tax	₹	(2.24)	₹	3.55
(Face value of ₹ 10 each)				

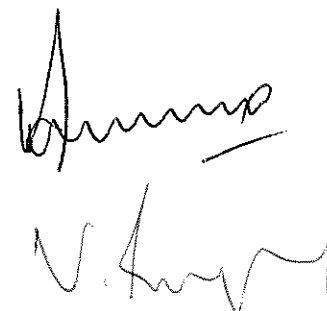
33 Previous year's figures have been regrouped and recast wherever necessary.

Per our report attached
For S.S.Kothari Mehta & Co.
 Chartered Accountants



Partner

New Delhi, the 11th May 2016



Directors

New Delhi, the 11th May 2016

Modern Cotton Yarn Spinners Ltd
Cash Flow Statement for the year ended 31st March 2016

₹ in Lacs

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
A Cash flow from Operating Activities		
Net profit (loss) before tax	(43.70)	62.55
Adjustments for :		
Depreciation and amortization expenses	108.28	113.07
Finance cost (net of interest income)	117.31	155.55
(Profit)/loss on sale of assets	-	(6.05)
Operating Profit before Working Capital Changes	181.89	325.12
(Increase)/decrease in trade receivables	48.08	20.15
(Increase)/decrease in long term loans and advances	(6.63)	(21.31)
(Increase)/decrease in short term loans and advances	(98.97)	43.00
(Increase)/decrease in inventories	29.00	(154.92)
Increase/(decrease) in trade payables	(51.10)	22.49
Increase/(decrease) in short term provisions	(0.45)	0.53
Increase/(decrease) in long term provisions	2.57	0.92
Increase/(decrease) in other current liabilities	(17.56)	(56.15)
Cash generated from operations	86.82	179.83
Direct taxes (paid)	3.28	0.97
Net cash from operating activities	90.10	180.80
B Cash flow from Investing Activities		
Purchase of investments	(4.22)	-
Purchase of fixed assets	(25.99)	(38.96)
Sale of fixed assets	16.99	8.52
Net Cash used in Investing Activities	(13.22)	(30.44)
C Cash flow from Financing Activities		
Repayment of borrowings	-	(132.97)
Interest paid (Net)	(117.31)	(155.55)
Increase /(decrease) in cash credit	36.32	136.56
Net cash used in financing activities	(80.99)	(151.96)
Net increase / (decrease) in cash and bank balances	(4.11)	(1.60)
Cash and bank balances as at the beginning of the year	13.65	15.25
Cash and bank balances as at the end of the year	9.55	13.65

Notes :

1) Figures in brackets are outflows.

2) Cash and bank balances comprise of :

(a) Cash on hands	1.35	1.61
(b) Balances with banks		
i) Current accounts	8.20	8.39
ii) Fixed deposit account		
Margin money	-	3.65

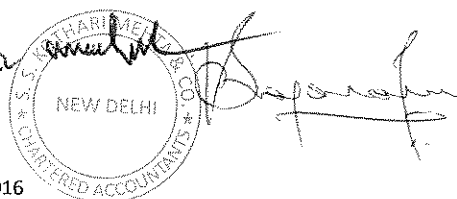
Total cash and bank balances

9.55	13.65
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Per our report attached
For S.S.Kothari Mehta & Co.
Chartered Accountants

Partner

New Delhi, the 11th May 2016



Handwritten signatures of the directors.

Directors
New Delhi, the 11th May 2016