

Independent Auditors' Report

To the Members of **Modern Cotton Yarn Spinners Limited**

Report on the Audit of 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, 2024, the statement of profit and loss, including the statement of other comprehensive income, the cash flow statement and the statement of 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, as amended ("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 31, 2024, 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), as 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 Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations

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 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 relevant Rules issued thereunder.

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 Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements 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, 2020 ("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 the statement of other comprehensive income, the cash flow statement and 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 Indian Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued thereunder;
- (e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 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 with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;
- (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, 2024. Hence, provisions of section 197 read with Schedule V to the Act are not applicable to the Company and has not commented upon;
- (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, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The financial statements disclose the impact of pending litigations as at March 31, 2024 on the financial position of the company - Refer Note 26 to the financial statements;;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested by the Company to or in any other person or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the



company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause iv (a) and iv (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

vi. The Company had made the assessment for books of account as per definition in the Act and identified an accounting software used for the creation and maintenance of books of accounts which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded. Further, in case of the Company, audit trail (edit log) facility was enabled and operated throughout the year, we did not come across any instance of the audit trail feature being tampered with except there are some inherent limitations of this accounting software as mentioned in note 40 of the financial statements.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

For S.S. KOTHARI MEHTA & CO LLP

Chartered Accountants

Firm's Registration No. 000756N/N500441



Amit Goel

Amit Goel

Partner

Membership No. 500607

Place: New Delhi

Date: April 30, 2024

UDIN : 24500607 BKEIXA 1369

Annexure A to the Independent Auditor's Report to the Members of Modern Cotton Yarn Spinners Limited dated April 30, 2024.

Report on the matters specified in paragraph 3 of the Companies (Auditor's Report) Order, 2020 ("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)(A) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (a)(B) The Company has not capitalized any intangible assets in the books of the Company and accordingly, the requirement to report on clause 3(i)(a)(B) of the Order is not applicable to the Company.
- (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) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its property, plant and equipment during the year ended March 31, 2024. The Company does not have any intangible asset or right to use of asset.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- ii. (a) The inventory has been physically verified by the management during the year except for inventories lying with third parties. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. No Discrepancies of 10% or more in aggregate for each class of inventory were noticed on such physical verification.
- (b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.
- iii. According to the information and explanations given to us, the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, limited liability partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) to clause (iii)(f) of the Order is not applicable to the Company.



- iv. According to the information and explanation given to us and on the basis of examination of the records of the Company, loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Act are applicable 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 thereunder.
- vi. The Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, Hence reporting under clause 3(vi) of the Order is not applicable to the Company.
- vii. a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- b. There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess, goods and service tax and other statutory dues which have not been deposited on account of any dispute except following:

| Name of the statute | Nature of the dues | Amount (Rs in lakh) | Period to which the amount relates | Forum where the dispute is pending |
|--------------------------------------|--|---------------------|------------------------------------|------------------------------------|
| Tamil Nadu Value Added Tax Act, 2006 | Penalty on ineligible input tax credit | 0.33 | 2006-07 | DC-Appeals-CT, Trichy |
| Tamil Nadu Value Added Tax Act, 2006 | Disallowance of ITC on Traded goods directly sold without involving production | 15.51 | 2010-11 to 2013-14 | DC-Appeals-CT, Trichy |
| Central Sale Tax Act | Disallowance of form H for merchant export | 13.90 | 2011-12 | DC-Appeals-CT, Trichy |
| Central Sale Tax Act | Penalty for issuing C forms | 22.61 | 2007-08, 2008-09 and 2009-10 | DC-Appeals-CT, Trichy |

- viii. The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.



- ix. (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause ix(a) and clause ix(c) of the Order is not applicable to the Company.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company did not raise any funds during the year. Hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.
- (d) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company does not have any subsidiaries, associates or joint ventures, hence clause 3(ix) (e) and (f) of the Order is not applicable.
- x. (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments). Hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) No fraud/ material fraud by the Company or no fraud / material fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Act, has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- xii. The Company is not a Nidhi Company as per the provisions of the Act. Therefore, the requirement to report on 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 the 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 hence not commented upon.
- xiv (a) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Act. Therefore, the requirement to report under clause 3(xiv) of the Order is not applicable to the Company.



- 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 as referred in section 192 of the Act.
- xvi. (a) 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.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company
- (d) The Group has two Core Investment Company as part of the Group.
- xvii. The Company hasn't incurred cash losses during the current and in the immediately preceding year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- xix. On the basis of the financial ratios disclosed in note 39 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. The Company has not meeting the requirement of applicability of section 135 of the Act, hence report on clause 3(xx)(a) and 3(xx)(b) is not applicable to the Company.



SS KOTHARI MEHTA
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CHARTERED ACCOUNTANTS

xxi. Consolidated financial statements is not applicable to the Company. Hence requirement of clause 3(xxi) is not applicable to the Company.

For S.S. KOTHARI MEHTA & CO LLP
Chartered Accountants
Firm's Registration No. 000756N/N500441



Amit Goel

Amit Goel
Partner
Membership No. 500607
Place: New Delhi

Date: April 30, 2024
UDIN : 24500607BKEIXA1369

Annexure B to the Independent Auditor's Report to the Members of Modern Cotton Yarn Spinners Limited dated April 30, 2024.

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 **Modern Cotton Yarn Spinners Limited** (the 'Company') as of March 31, 2024 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 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



SS KOTHARI MEHTA
& CO. LLP
CHARTERED ACCOUNTANTS

effectively as at March 31, 2024, 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 LLP
Chartered Accountants
Firm's Registration No. 000756N/N500441



Amit Goel

Amit Goel
Partner

Membership No. 500607
Place: New Delhi

Date: April 30, 2024
UDIN : 24500607 BK.EJXA 1369

MODERN COTTON YARN SPINNERS LIMITED
Balance Sheet as at 31st March 2024

| | | ₹ In Lacs | |
|---|-------------|----------------------|----------------------|
| | Note No. | As at 31.03.2024 | As at 31.03.2023 |
| ASSETS | | | |
| (1) Non - current assets | | | |
| (a) Property, Plant and Equipment | 2 | 52.30 | 56.75 |
| (b) Intangible Asset | 3 | - | - |
| (c) Capital Work-in-Progress | 4 | - | - |
| (d) Financial assets | 5 | 3.25 | 2.67 |
| (e) Other Non-current assets | 6 | 1.93 | 1.93 |
| (f) Deferred Tax Assets(Net) | 7 | 54.35 | 103.26 |
| | | <u>111.83</u> | <u>164.61</u> |
| (2) Current assets | | | |
| (a) Inventories | 8 | 309.57 | 321.29 |
| (b) Financial assets | | | |
| (i) Trade receivables | 9 | 210.78 | 201.38 |
| (ii) Cash and cash equivalents | 10 | 136.76 | 2.58 |
| (c) Other current assets | 11 | 169.42 | 122.84 |
| | | <u>826.53</u> | <u>648.09</u> |
| Total Assets | | <u>938.36</u> | <u>812.70</u> |
| EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| (a) Equity Share capital | 12 | 305.00 | 305.00 |
| (b) Other Equity | | 465.42 | 342.36 |
| | | <u>770.42</u> | <u>647.36</u> |
| (2) Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Short Term Borrowings | 13 | - | - |
| (ii) Trade payables | 14 | | |
| Micro and Small Enterprises | | 18.84 | 114.15 |
| Others | | 119.70 | 28.61 |
| (iii) Other Financial liabilities | 15 | 8.09 | 2.60 |
| (b) Other current liabilities | 16 | 21.31 | 19.98 |
| (c) Provisions | 17 | - | - |
| | | <u>167.94</u> | <u>165.34</u> |
| Total Equity and Liabilities | | <u>938.36</u> | <u>812.70</u> |
| Company overview, Basis of preparation and Material 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., LLP
Chartered Accountants
F.R.No 060756N/N500441

Amit Goel
Amit Goel

Partner
M.No.500607



ashu
Chandrasekar

Directors

New Delhi, the 30th April 2024

Chennai, the 30th April 2024

MODERN COTTON YARN SPINNERS LIMITED
Statement Of Profit & Loss For The Year Ended March 31, 2024

₹ In Lacs

| | Note No | 2023-24 | 2022-23 |
|---|---------|-----------------|-----------------|
| I Income | | | |
| Income from operations | 18 | 2,850.99 | 3,633.06 |
| Other income | 19 | 60.54 | 51.40 |
| Total income | | 2,911.53 | 3,684.46 |
| II Expenses | | | |
| Cost of materials consumed | | | |
| Changes in inventories of finished goods, stock - in - trade and work - in - progress | 20 | 11.72 | 195.14 |
| Purchase of Stock-in-Trade | | 2,539.21 | 3,155.06 |
| Employee benefits expenses | 21 | 76.30 | 47.29 |
| Finance costs | 22 | 0.46 | 1.20 |
| Depreciation and amortization expenses | 23 | 4.28 | 4.55 |
| Other expenses | 24 | 107.59 | 118.95 |
| Total expenses | | 2,739.56 | 3,522.19 |
| III Profit before tax | | 171.97 | 162.27 |
| IV Tax expense | | | |
| Current Tax | | - | - |
| Deferred Tax | | 48.91 | 45.44 |
| V Profit for the year (VII - VIII) | | 123.06 | 116.83 |
| 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 | | 123.06 | 116.83 |
| VII Earnings per equity share | | | |
| Basic / Diluted | | 4.03 | 3.83 |

The accompanying notes form an integral part of the financial statements

Per our report of even date
S.S.Kothari Mehta & Co., LLP
Chartered Accountants
F.R.No 000756N/N500441

Amit Goel
Amit Goel

Partner
M.No.500607



eshl

Deepa

Directors

New Delhi, the 30th April 2024

Chennai, the 30th April 2024

Modern Cotton Yarn Spinners Limited

Statement of changes in cash flow for the year ended March 31, 2024

₹ In Lacs

| | 2023-24 | 2022-23 |
|---|---------------|----------------|
| A. Cash flow from Operating activities: | | |
| Net profit before tax | 171.97 | 162.27 |
| Adjustments for: | | |
| Depreciation | 4.28 | 4.55 |
| Finance Cost (net of interest income) | (0.17) | 0.77 |
| Remeasurement on defined benefit plans charged to OCI | - | - |
| (Profit)/Loss on Fixed Assets sold (Net) | - | (0.05) |
| Operating profit before working capital changes | 176.08 | 167.54 |
| Adjustments for changes in working capital : | | |
| - (Increase)/Decrease in Trade Receivable | (9.40) | 276.09 |
| - (Increase)/Decrease in other non current assets | (0.58) | (0.25) |
| - (Increase)/Decrease in Inventories | 11.72 | 195.14 |
| - (Increase)/Decrease in other financial assets | - | - |
| - (Increase)/Decrease in other current assets | (47.90) | 23.62 |
| - Increase/(Decrease) in short term provisions | - | - |
| - Increase/(Decrease) in other financial liabilities | 5.49 | (4.92) |
| - Increase/(Decrease) in other current liabilities | 1.33 | (5.52) |
| - Increase/(Decrease) in Trade and Other Payables | (4.22) | (620.65) |
| Cash generated from operations | 132.52 | 31.05 |
| - Taxes (Paid) / Received (Net of TDS) | 1.32 | 3.61 |
| Net cash from operating activities | 133.84 | 34.66 |
| B. Cash Flow from Investing Activities | | |
| Proceeds from Sale of fixed assets | 0.17 | 0.20 |
| Purchase of fixed assets | - | - |
| Interest/Dividend Received (Revenue) | 0.63 | 0.43 |
| Net cash from Investing activities | 0.80 | 0.63 |
| C. Cash flow from Financing activities: | | |
| Interest Paid | (0.46) | (1.20) |
| Increase/(Decrease) in cash credit | - | (31.97) |
| Net cash used in financing activities | (0.46) | (33.17) |
| Net Increase/(Decrease) in Cash & Cash Equivalents | 134.18 | 2.12 |
| Cash and cash equivalents at the beginning of the year | 2.58 | 0.46 |
| Cash and cash equivalents at the end of the year | 136.76 | 2.58 |
| Cash and cash equivalents comprise | | |
| Cash, cheques & drafts (in hand) and remittances in transit | 46.47 | 0.01 |
| Balance with Scheduled Banks | 90.29 | 2.57 |
| Total | 136.76 | 2.58 |

The accompanying notes form an integral part of the financial statements

Per our report of even date
S.S.Kothari Mehta & Co., LLP
 Chartered Accountants
 F.R.No 000756(N)/N500441

Amit Goel
Amit Goel
 Partner
 M.No.500607



[Signature]
[Signature]

Directors

New Delhi, the 30th April 2024

Chennai, the 30th April 2024

Modern Cotton Yarn Spinners Limited
Statement of changes in Equity (SOCE) for the year ended 31st March, 2024

I. Share Capital

₹ In Lacs

| Particulars | As at 31.03.2024 | As at 31.03.2023 |
|---|---------------------|---------------------|
| 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 | Comprehe nsive Income | Total |
|---|-----------------------|--------------------|----------------------|-----------------------------|--------|
| As on 31st March,2022 | 1,250.00 | 24.79 | (973.95) | - | 300.84 |
| Profit for the year | - | - | 116.83 | - | 116.83 |
| Other Comprehensive Income | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | - | - |
| As on 31st March,2023 | 1,250.00 | 24.79 | (857.13) | (75.30) | 342.36 |
| Profit for the year | - | - | 123.06 | - | 123.06 |
| Other Comprehensive Income | - | - | - | - | - |
| As on 31st March,2024 | 1,250.00 | 24.79 | (734.07) | (75.30) | 465.42 |

Details of shares held by promoters

As on 31st March 2024

| S. No | Promotor Name | No. of shares at the beginning of the year | Change during the year | No.of shares at the end of the year | % of change during the year |
|-------------------------|-------------------------|---|------------------------------|--|--------------------------------------|
| Equity Shares ₹ 10 each | J.K.Fenner (India) Ltd. | 3050000 | - | 3050000 | - |

As on 31st March 2023

| S. No | Promotor Name | No. of shares at the beginning of the year | Change during the year | No.of shares at the end of the year | % of change during the year |
|-------------------------|-------------------------|---|------------------------------|--|--------------------------------------|
| Equity Shares ₹ 10 each | J.K.Fenner (India) Ltd. | 3050000 | - | 3050000 | - |

Per our report of even date
S.S.Kothari Mehta & Co., LLP
Chartered Accountants
F.R.No 000756N/N500441

Amit Goel
Amit Goel
Partner
M.No.500607



[Signature]
[Signature]

Directors

New Delhi, the 30th April 2024

Chennai, the 30th April 2024

Modern Cotton Yarn Spinners Limited

Notes to the financial statements for the year ended March 31, 2024

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 Material 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 company. 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, 2024

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, 2024

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 as at March 31, 2024

NON CURRENT ASSETS

2 Property, plant and equipments

₹ In Lacs

| Particulars | Gross Value | | | Depreciation | | | Net Value | | |
|------------------------|--------------------|-----------|--------------------|--------------------|--------------------|----------------|--------------------|--------------------|------------------|
| | As at 01-04-2023 | Additions | Sales/ Adjustments | As at 31.03.2024 | As at 01-04-2023 | For the year | Sales/ Adjustments | As at 31.03.2024 | As at 31-03-2023 |
| Land - Freehold | 21.07 (21.07) | - | - | 21.07 (21.07) | - | - | - | 21.07 (21.07) | 21.07 (21.07) |
| Buildings | 155.78 (155.78) | - | - | 155.78 (155.78) | 123.28 (118.85) | 4.28 (4.43) | - | 127.56 (123.28) | 28.22 (36.93) |
| Plant and Equipment | 14.04 (14.09) | - | (0.05) | 14.04 (14.04) | 11.49 (11.54) | - | (0.05) | 11.49 (11.49) | 2.55 (2.55) |
| Furniture and Fixtures | 1.92 (3.14) | - | 0.35 (1.22) | 1.57 (1.92) | 1.87 (2.97) | - | 0.33 (1.11) | 1.54 (1.87) | 0.03 (0.05) |
| Vehicles | 3.00 (3.00) | - | 3.00 | - (3.00) | 2.85 (2.85) | - | 2.85 | - (2.85) | 0.15 (0.15) |
| Office Equipments | 1.38 (2.00) | - | (0.62) | 1.38 (1.38) | 0.95 (1.43) | - | (0.59) | 0.95 (0.95) | 0.43 (0.57) |
| Total | 197.19 (199.08) | - | 3.35 (1.89) | 193.84 (197.19) | 140.44 (137.64) | 4.28 (4.55) | 3.18 (1.75) | 141.54 (140.44) | 56.75 (61.44) |

Figures in brackets represent amounts pertaining to previous year

3 Intangible Assets

| Particulars | Gross Value | | | Depreciation | | | Net Value | | |
|-------------|------------------|-----------|--------------------|------------------|------------------|--------------|--------------------|------------------|------------------|
| | As at 01-04-2023 | Additions | Sales/ Adjustments | As at 31.03.2024 | As at 01-04-2023 | For the year | Sales/ Adjustments | As at 31.03.2024 | As at 31-03-2023 |
| 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

| Relevant line item in the Balance Sheet | Description of item of Property | Gross Carrying Value | Title Deeds held in the name of | Whether Title deed holder is a promoter, director or relative of promoter/ director or employee of promoter or director | Property held since which date | Reason for not being held in the name of the company |
|---|---------------------------------|----------------------|-------------------------------------|---|--------------------------------|--|
| PPE | Land | 21.07 | Modern Cotton Yarn Spinners Limited | No | 10-01-2007 | Not applicable |
| PPE | Building | 155.78 | Modern Cotton Yarn Spinners Limited | No | 10-01-2007 | Not applicable |



Modern Cotton Yarn Spinners Limited
Notes to the Financial Statements as at March 31, 2024

4 : Capital- work - in progress
CWIP aging schedule

₹ In Lacs

| CWIP | Amount in CWIP for a period of | | | | Total |
|--------------------------------|--------------------------------|------------|-----------|-------------------|-------|
| | Less than 1 year | 1 -2 years | 2-3 years | More than 3 years | |
| Projects in progress | - | - | - | - | - |
| | (-) | (-) | (-) | (-) | (-) |
| Projects temporarily suspended | - | - | - | - | - |
| | (-) | (-) | (-) | (-) | (-) |
| Total | - | - | - | - | - |

Figures in brackets represent amounts pertaining to previous year

Modern Cotton Yarn Spinners Limited
Notes to the Financial Statements as at March 31, 2023

Intangible assets under development aging schedule:

₹ In Lacs

| Intangible assets under development | Amount in CWIP for a period of | | | | Total |
|-------------------------------------|--------------------------------|------------|-----------|-------------------|-------|
| | Less than 1 year | 1 -2 years | 2-3 years | More than 3 years | |
| Projects in progress | - | - | - | - | - |
| | (-) | (-) | (-) | (-) | (-) |
| Projects temporarily suspended | - | - | - | - | - |
| | (-) | (-) | (-) | (-) | (-) |
| Total | - | - | - | - | - |

Figures in brackets represent amounts pertaining to previous year



Modern Cotton Yarn Spinners Limited
Notes to the Financial Statements as at March 31, 2024

| | ₹ In Lacs | |
|---|---------------------|---------------------|
| | As at 31.03.2024 | As at 31.03.2023 |
| 5 Other Financial Assets | | |
| Unsecured, considered good | | |
| Security deposits | 3.25 | 2.67 |
| | <u>3.25</u> | <u>2.67</u> |
| 6 Other Non-current Assets | | |
| Unsecured, considered good | | |
| Capital Advance | 1.93 | 1.93 |
| | <u>1.93</u> | <u>1.93</u> |
| 7 Deferred Tax Assets (Net) | | |
| Deferred tax assets : | | |
| Expenses /Provision allowable and Losses | 50.43 | 99.30 |
| Property, Plant and Equipment and Others | 3.92 | 3.96 |
| | <u>54.35</u> | <u>103.26</u> |
| 8 Inventories (Valued at lower of cost or net realisable value) | | |
| Raw materials | - | - |
| Work-in-progress | - | - |
| Stock in Trade | 309.57 | 321.29 |
| Stores and spares | - | - |
| | <u>309.57</u> | <u>321.29</u> |



Modern Cotton Yarn Spinners Limited
Notes to the Financial Statements as at March 31, 2024

| | | |
|-------|------------|------------|
| | ₹ In Lacs | ₹ In Lacs |
| As at | 31.03.2024 | 31.03.2023 |

| | | | |
|--|---------------|---------------|---------------|
| 9 Trade receivables | | | |
| Considered good | | | |
| Secured | - | - | - |
| Unsecured | 210.78 | - | 201.38 |
| Unsecured which have significant increase in credit risk | | | |
| Credit impaired | - | - | - |
| Total | 210.78 | - | 201.38 |
| Less : Allowances for expected credit loss | | | |
| Total | - | - | - |
| Total | 210.78 | 210.78 | 201.38 |

Trade Receivable ageing schedule
As at March 31, 2024

| Particulars | Not due | Outstanding for the following period from due date of payment | | | | Total |
|---|---------|---|--------------------|-------------|-----------|--------|
| | | Less than 6 months | 6 months to 1 year | 1 - 2 years | 2-3 years | |
| Considered good - Undisputed | | | | | | |
| Secured | 210.78 | - | - | - | - | 210.78 |
| Unsecured | - | - | - | - | - | - |
| Unsecured which significant increase in credit risk | | | | | | |
| Credit impairment | - | - | - | - | - | - |
| Total | 210.78 | - | - | - | - | 210.78 |

Trade Receivable ageing schedule
As at March 31, 2023

| Particulars | Not due | Outstanding for the following period from due date of payment | | | | Total |
|---|---------|---|--------------------|-------------|-----------|--------|
| | | Less than 6 months | 6 months to 1 year | 1 - 2 years | 2-3 years | |
| Considered good - Undisputed | | | | | | |
| Secured | 186.33 | - | 15.05 | - | - | 201.38 |
| Unsecured | - | - | - | - | - | - |
| Unsecured which significant increase in credit risk | | | | | | |
| Credit impairment | - | - | - | - | - | - |
| Total | 186.33 | - | 15.05 | - | - | 201.38 |

10 Cash and Cash Equivalents

| | | |
|---|---------------|-------------|
| Balances with Banks - Current Accounts | 46.47 | 2.57 |
| Balances with Banks - Short term deposits | 90.00 | - |
| Cash on hand | 0.29 | 0.01 |
| Total | 136.76 | 2.58 |

11 Other Current Assets

| | | |
|--|---------------|---------------|
| Advance income tax | 9.70 | 11.02 |
| Amount receivable from VAT authorities | 24.43 | 24.43 |
| GST accruals | 128.32 | 80.34 |
| Export benefit receivable | - | 1.85 |
| Others | 6.97 | 5.20 |
| Total | 169.42 | 122.84 |



Modern Cotton Yarn Spinners Limited
Statement of Changes in Equity (SOCE) for the year ended March 31, 2024

12. Share Capital

₹ In Lacs

| Particulars | As at 30.03.2024 | As at 31.03.2023 |
|---|---------------------|---------------------|
| Authorized | | |
| Equity Shares -30,50,000 (previous year 30,50,000) equity shares of ₹10 /-each | <u>305.00</u> | <u>305.00</u> |
| 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 | <u>305.00</u> | <u>305.00</u> |
| Reconciliation of the number of equity shares outstanding: | | |
| Equity shares outstanding at the beginning of the Year | 30,50,000 | 30,50,000 |
| Changes during the year | - | - |
| Balance at the end of the year | 30,50,000 | 30,50,000 |

Details of each shareholder holding more than 5% shares:

Class of Shares / Names of Shareholder:

| | | |
|---|-----------|-----------|
| J.K. Fenner(India) Ltd - Holding Company (Nos.) | 30,50,000 | 30,50,000 |
|---|-----------|-----------|

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, 2024

13 Current Financial Liabilities-Short Term Borrowings

| | | |
|--------------------------------------|--------------|------------------|
| Particulars | As at | ₹ In Lacs |
| Secured | 31.03.2024 | 31.03.2023 |
| Working Capital borrowing from banks | - | - |

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

14 Current Financial Liabilities: Trade payables

| | | |
|-----------------------------|---------------|---------------|
| Micro and Small Enterprises | 18.84 | 114.15 |
| Other Payables | 119.70 | 28.61 |
| | <u>138.54</u> | <u>142.76</u> |

Trade Payable ageing schedule

As at March 31, 2024

| Particulars | Not due | Outstanding for the following period from due date of payment | | | | | Total |
|------------------------|---------------|---|--------------------|-------------|-----------|--|---------------|
| | | Less than 6 months | 6 months to 1 year | 1 - 2 years | 2-3 years | | |
| Micro and Small | 18.84 | | | | | | 18.84 |
| Others | 119.70 | | | | | | 119.70 |
| Disputed dues- MSME | | | | | | | |
| Disputed dues - Others | | | | | | | |
| Total | 138.54 | | | | | | 119.70 |

As at March 31, 2023

| Particulars | Not due | Outstanding for the following period from due date of payment | | | | | Total |
|------------------------|---------------|---|--------------------|-------------|-----------|--|---------------|
| | | Less than 6 months | 6 months to 1 year | 1 - 2 years | 2-3 years | | |
| MSME | 114.15 | | | | | | 114.15 |
| Others | 28.61 | | | | | | 28.61 |
| Disputed dues- MSME | | | | | | | |
| Disputed dues - Others | | | | | | | |
| Total | 142.76 | | | | | | 142.76 |

15 Current Financial Liabilities - Others

| | | |
|----------------------|------|------|
| (a) Interest Accrued | 0.59 | 0.07 |
| Employee Benefits | 7.50 | 2.53 |
| Others | 8.09 | 2.60 |

16 Other Current Liabilities

| | | |
|------------------------|--------------|--------------|
| Statutory dues Payable | 15.67 | 14.34 |
| Other liabilities | 5.64 | 5.64 |
| | <u>21.31</u> | <u>19.98</u> |

17 Current Liabilities - Provisions

| | | |
|------------|---|---|
| Provisions | - | - |
|------------|---|---|



MODERN COTTON YARN SPINNERS LIMITED

Notes to the financial statements for the year ended March 31, 2024

| | ₹ In Lacs | |
|---|-----------------|-----------------|
| | 2023-24 | 2022-23 |
| 18 Income from Operations | 2833.03 | 3599.26 |
| Other Operating revenues | | |
| Miscellaneous Sales | 17.96 | 33.80 |
| | <u>2,850.99</u> | <u>3,633.06</u> |
| 19 Other Income | | |
| Interest income | 0.63 | 0.43 |
| Profit on sale of fixed assets (Net) | - | 0.05 |
| Other non operating income | 59.91 | 50.92 |
| | <u>60.54</u> | <u>51.40</u> |
| 20 Changes in inventories of finished goods & work in progress | | |
| Closing Stock: : | | |
| Finished stock | 309.57 | 321.29 |
| Work-in-Progress | - | - |
| | <u>309.57</u> | <u>321.29</u> |
| Less: Opening Stock : | | |
| Finished stock | 321.29 | 516.43 |
| Work-in-progress | - | - |
| | <u>321.29</u> | <u>516.43</u> |
| Net(Increase)/Decrease in stock | <u>(11.72)</u> | <u>(195.14)</u> |
| 21 Employee benefit expenses | | |
| Salary and Wages | 75.85 | 47.00 |
| Employees' welfare and other benefits | 0.45 | 0.29 |
| Contribution to Provident and Other Funds | - | - |
| | <u>76.30</u> | <u>47.29</u> |
| 22 Finance Costs | | |
| Interest expenses -Banks | 0.46 | 1.20 |
| Others | - | - |
| | <u>0.46</u> | <u>1.20</u> |
| 23 Depreciation and amortization expenses | | |
| Depreciation on property, plant and equipment | 4.28 | 4.55 |
| | <u>4.28</u> | <u>4.55</u> |
| 24 Other Expenses | | |
| Consumption of store & spare parts | - | - |
| Power & Fuel | 17.14 | 11.54 |
| Rent | 2.36 | 2.16 |
| Freight and Transportation | 40.88 | 41.42 |
| Repairs to Machinery | - | - |
| Repairs to Buildings | 0.98 | 2.78 |
| Commission | 0.06 | - |
| Insurance | 1.35 | 4.67 |
| Rates & Taxes | 4.33 | 13.00 |
| Travelling Expenses | 4.22 | 4.71 |
| Miscellaneous Expenses | 36.27 | 38.67 |
| | <u>107.59</u> | <u>118.95</u> |



MODERN COTTON YARN SPINNERS LIMITED
Notes to the Financial Statements as at March 31, 2024

₹ In lacs

25 Capital Commitments (Net of advances) Nil (Previous year) (nil) and other commitments Nil (previous year (nil)).

26 Contingent liabilities in respect of claims not accepted and not provided for ₹95.06Lacs (Previous Year ₹ 89.15 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.

27 Forward contracts for hedging receivables ₹ Nil - USD Nil (Previous year ₹ Nil - USD Nil)
 Foreign Currency unhedged (a) net receivables ₹ Nil USD Nil
 (Previous Year ₹Nil USD Nil) (b) Loans ₹ Nil USD Nil (Previous year Loans ` Nil USD Nil)

28 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 31.03.2024 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 31.03.2024 Nil (Previous year Nil)

| | 2023-24 | 2022-23 |
|------------------------------|-------------|-------------|
| 29 Amount paid to auditors | | |
| a) Audit Fee | 1.17 | 0.90 |
| b) Taxation | 0.38 | 0.30 |
| c) Reimbursement of expenses | 0.15 | 0.26 |
| Total | <u>1.70</u> | <u>1.46</u> |

| | 31-03-2024 | 2022-23 |
|---|------------|---------|
| 30 Earnings per share | | |
| Profit/(Loss) for the year attributable to Equity shareholders | 123.06 | 116.83 |
| Weighted average number of Equity Shares for Basic /Diluted EPS | 3050000 | 3050000 |
| Earnings per share ₹10 each | 10 | 10 |
| Basic /Diluted | 4.03 | 3.83 |

31 Operating Segment Information

The company operates in a single segment of textiles.

Information about geographical areas

A. Income from external customers

| Particulars | 2023-24 | 2022-23 |
|---------------|-----------------|-----------------|
| Within India | 2,850.99 | 3,633.06 |
| Outside India | - | - |
| Total | <u>2,850.99</u> | <u>3,633.06</u> |



MODERN COTTON YARN SPINNERS LIMITED
Notes to the Financial Statements as at March 31, 2024

₹ In lacs

32 : Tax Expense

A. Income Tax Expenses

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| (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 | 48.87 | 45.31 |
| (Decrease) increase in deferred tax Liabilities | <u>0.04</u> | <u>0.13</u> |
| Total Deffered Tax Expenses | 48.91 | 45.44 |
| Total Income tax Expense | 48.91 | 45.44 |



MODERN COTTON YARN SPINNERS LIMITED

₹ In lacs

Notes to the Financial Statements as at March 31, 2024

33 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 | |
|--|------------------|---------|----------|---------|
| | 2023-24 | 2022-23 | 2023-24 | 2022-23 |
| I.Change in the present value of the defined benefit obligation | | | | |
| Present value of defined benefit obligation at the beginning of the year | - | - | - | - |
| Current Service Cost | - | - | - | - |
| Past Service Cost | - | - | - | - |
| Interest Expenses or cost | - | - | - | - |
| Actuarial (gains)/losses on obligation | - | - | - | - |
| Benefit paid /Transfers | - | - | - | - |
| 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 | - | - | - | - |
| Benefit Paid | - | - | - | - |
| Actuarial gains/(losses) on obligation | - | - | - | - |
| Closing fair value of plan assets | - | - | - | - |
| III.Expenses recognised in the Statement of Profit and Loss | | | | |
| | Leave encashment | | Gratuity | |
| | 2023-24 | 2022-23 | 2023-24 | 2022-23 |
| Current Service cost | - | - | - | - |
| Interest Cost | - | - | - | - |
| Expected return on Plan assets | - | - | - | - |
| Net Actuarial ((Gain)/Loss) | - | - | - | - |
| Past Service Cost | - | - | - | - |
| Total expenses | - | - | - | - |
| Actual return on planned assets | - | - | - | - |

| Particulars | Leave encashment | | Gratuity | |
|--|------------------|---------|----------|---------|
| | 2023-24 | 2022-23 | 2023-24 | 2022-23 |
| IV. Other Comprehensive income | | | | |
| 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 | 2023-24 | 2022-23 | 2021-22 | 2020-21 | 2019-20 |
|---|---------|---------|---------|---------|---------|
| Defined benefit obligation | - | - | - | - | - |
| Plan assets | - | - | - | - | - |
| Surplus / (Deficit) | - | - | - | - | - |
| Experience adjustment on plan assets | - | - | - | - | - |
| Experience adjustment on plan liabilities | - | - | - | - | - |

Gratuity (Funded)

| Particulars | 2023-24 | 2022-23 | 2021-22 | 2020-21 | 2019-20 |
|---|---------|---------|---------|---------|---------|
| Defined benefit obligation | - | - | - | - | - |
| Plan assets | - | - | - | - | - |
| Surplus / (Deficit) | - | - | - | - | - |
| Experience adjustment on plan assets | - | - | - | - | - |
| Experience adjustment on plan liabilities | - | - | - | - | - |

Sensitivity Analysis

| Particulars | Leave encashment (Non funded) | | Gratuity (funded) | |
|--|-------------------------------|----------|-------------------|----------|
| | March 31, 2024 | | March 31, 2024 | |
| | 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, 2024

34 (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. (AEL) (Till 27th June 2023)
 Divyashree Company Private Ltd.(DCPL)
 JKF Americas Inc.(JKFA)
 JKF Evolve Limited (JKFEL)

(B) Transactions between related parties

(i) Related party transactions

| Nature of Transaction | | ₹ In lacs |
|--|----------------|------------------|
| <u>Holding Company -JKFIL</u> | 2023-24 | 2022-23 |
| Purchase of Goods | - | 122.09 |
| Sale of goods | 2396.30 | 2633.64 |
| Other income | 25.43 | 27.25 |
| <u>Fellow Subsidiary Company - Southern Spinners and Processors limited</u> | | |
| Purchase of Goods | 2,136.13 | 2417.04 |
| Sale of goods | 40.95 | 67.13 |
| Other Expenses | 49.93 | 56.61 |

(C) Outstanding Balances

| <u>Amount Receivable/ (payable)</u> | 31.03.2024 | 31.03.2023 |
|--|-------------------|-------------------|
| From holding company -JKFIL | 132.67 | 41.71 |
| To fellow subsidiary company - SSPL | (100.10) | (107.88) |



MODERN COTTON YARN SPINNERS LIMITED
Notes to the Financial Statements as at March 31, 2024

35 : 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 31.03.2024 | | As at 31.03.2023 | |
|------------------------------------|------------------|---------------|------------------|---------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| ₹ In lacs | | | | |
| Financial Asset | | | | |
| Investments | | | | |
| -Investments in equity instruments | | | | |
| Trade receivables | 210.78 | 210.78 | 201.38 | 201.38 |
| Cash and Bank Balances | 136.76 | 136.76 | 2.58 | 2.58 |
| Others | - | - | - | - |
| Total Financial Assets | 347.54 | 347.54 | 203.96 | 203.96 |
| Financial Liabilities | | | | |
| Borrowings | - | - | - | - |
| Trade payables | 138.54 | 138.54 | 142.76 | 142.76 |
| Other Financial Liabilities | 8.09 | 8.09 | 2.60 | 2.60 |
| Total Financial Liabilities | 146.63 | 146.63 | 145.36 | 145.36 |

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, 2024 | 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 March 31 2024 | | | | |
| (i) Financial Liabilities | | | | |
| Borrowings | - | - | - | - |
| Total | - | - | - | - |



MODERN COTTON YARN SPINNERS LIMITED
Notes to the Financial Statements as at March 31, 2024

| | Carrying Value March 31, 2023 | 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 March 31, 2023 | | | | |

(i) Financial Liabilities
Borrowings

| | | | | |
|-------|---|---|---|---|
| Total | - | - | - | - |
|-------|---|---|---|---|

(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, 2024

36 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, 2024 | As at March 31, 2023 |
|--------------------------|-------------------------|-------------------------|
| Variable rate borrowings | - | - |
| Total borrowings | - | - |

(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, 2024 | As at March 31, 2023 |
|---|----------------------------------|----------------------------------|
| | Carrying Value March 31, 2024 | Carrying Value March 31, 2023 |
| Borrowings | - | - |
| Net exposure to cash flow interest rate risk | - | - |

(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, 2024

| | In USD Lacs |
|---|-------------|
| Trade Receivables | - |
| Hedged Portion | - |
| Net Exposure to foreign currency risk (assets) | - |

Foreign currency exposure as at 31st March, 2023

| | In USD Lacs |
|---|-------------|
| Trade Receivables | - |
| Hedged Portion | - |
| Net Exposure to foreign currency risk (assets) | - |



MODERN COTTON YARN SPINNERS LIMITED
Notes to the Financial Statements as at March 31, 2024

Foreign currency sensitivity

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

| Particulars | 2023-24 | | 2022-23 | |
|-------------|-------------|-------------|-------------|-------------|
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| USD | - | - | - | - |

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:

| ₹ In lacs | | | |
|----------------------|-----------------|--------------------|---------------|
| As at March 31, 2024 | Carrying Amount | Less than One Year | Total |
| Borrowings | - | - | - |
| Trade payables | 138.54 | 138.54 | 138.54 |
| Total | 138.54 | 138.54 | 138.54 |
| | | | |
| As at March 31, 2023 | Carrying Amount | Less than One Year | Total |
| Borrowings | - | - | - |
| Trade payables | 142.76 | 142.76 | 142.76 |
| Total | 142.76 | 142.76 | 142.76 |

Financing arrangements

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



MODERN COTTON YARN SPINNERS LIMITED
Notes to the Financial Statements as at March 31, 2024

37 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. 2024 | As at 31.03. 2023 |
| Debt | - | - |
| Cash & bank balances | (136.76) | (2.58) |
| Net Debt | (136.76) | (2.58) |
| Total Equity | 770.42 | 647.36 |
| Total Equity and Net Debt | 633.66 | 644.78 |
| Gearing Ratio | -21.6% | -0.4% |

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.

38. 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.



MODERN COTTON YARN SPINNERS LIMITED
39 Notes to the Financial Statements as at March 31, 2024

| S/no | Ratio | Numerator | Denominator | 31-03-2024 | 31-03-2023 | %change | Reason for variance |
|------|---------------------------------|---|---|------------|------------|---------|--|
| 1 | Current Ratio | Current Assets | Current Liabilities | 4.92 | 3.92 | 26% | Improvement due to better utilisation of current assets and working capital management |
| 2 | Debt Equity Ratio | Total Debt | Shareholders' Equity | - | - | - | Debt is nil |
| 3 | Debt Service Coverage Ratio | PAT+ Depreciation / Amortisation + Interest + Profit / (Loss) on sale of PPE +/- Ind AS adjustments | Interest + Principal repayments of Current Maturity of Long term borrowings + Lease payments (due over next one year) | - | - | - | There is no long term borrowings |
| 4 | Return on Equity ratio | Net Profit after taxes - preference dividend | Average Shareholders' Equity | 0.40 | 0.38 | 5% | Increase in raw material cost and decrease in top line has affected earnings. |
| 5 | Inventory Turnover ratio | Cost of goods sold | Average Inventory | 8.33 | 21.15 | -61% | For meeting the customer requirement we have to keep inventory at reasonable level. |
| 6 | Trade receivable Turnover ratio | Net Credit sales = Gross credit sales - sales return | Average Trade Receivable | 13.83 | 36.08 | -62% | Due to reduction in credit cycle on receivables, there is an improvement in the ratio |
| 7 | Trade payable Turnover ratio | Net Credit purchase = Gross credit purchase - purchase return | Average Trade Payables | 18.05 | 44.20 | -59% | Due to reduction in credit cycle on payables, the company has reduced payables significantly |
| 8 | Net Capital Turnover Ratio | Net Sales = Total Sales - Sales return | Working Capital = current assets - current liabilities | 4.33 | 7.53 | -42% | Due to market conditions and volatility in the input costs, the turnover has impacted. |
| 9 | Net Profit ratio | Net Profit | Net Sales = Total Sales - sales return | 0.06 | 0.04 | 35% | Margin has increase due to consistent better management of input costs. |
| 10 | Return on Capital Employed | Earnings before interest and taxes | Capital employed = Equity + Reserves & surplus + Long term loan) | 0.23 | 0.26 | -12% | There is a slight drop |
| 11 | Return on investment | PAT+ Depreciation | Shareholders' Equity | 0.17 | 0.19 | -12% | The company has managed to achieve bottomline despite decrease in the turnover |

40 Audit Trail

The Company uses an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all transactions recorded in the software and the audit trail feature has not been tampered with. The audit trail has been preserved by the company as per the statutory requirements for record retention.



MODERN COTTON YARN SPINNERS LIMITED
Notes to the Financial Statements as at March 31, 2024

41 Corporate Social Responsibility (CSR)

The provisions of section 135 of the Companies Act, 2013 are not applicable to the Company.

42 Other Statutory Information

- a) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- b) The Company does not have pending charges which are yet to be registered with ROC beyond the statutory period.
- c) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial period.
- d) The Company is not a declared wilful defaulter by any bank or financial Institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the years ended March 31, 2024, and March 31, 2023.
- e) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- f) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- g) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- h) The Company does not have any transactions or outstanding balances with struck off companies.
- i) The Company does not have any borrowings from banks or financial institutions on the basis of security of current assets.
- j) The Company has not revalued any of its property, plant and equipments or intangible assets during the year.

43 Standards notified but not yet effective

No new standards have been notified during the year ended March 31, 2024.

44 Events after Balance Sheet Date

No adjusting or significant non-adjusting events have occurred between the reporting date and date of authorization of these financial statements.

45 Previous year figures have been regrouped/ rearranged wherever considered necessary to make them comparable with current year figures.

