

20TH **ANNUAL REPORT** 2010 / 2011





Board of Directors

B K Patodia	Chairman
N K Bafna	
B L Singhal	
R Rajagopalan	
Rajen K Mariwala	
Yoshikazu Ono	Nominee of ITOCHU Corporation (w.e.f 28.01.2011)
Yoichi Ikezoe	Nominee of ITOCHU Corporation (upto 21.12.2010)
Keisuke Oba	Alternate to Yoshikazu Ono
T Pius Joseph	Nominee of KSIDC
Umang Patodia	Managing Director

Deputy Company Secretary Abhilash N A

Bankers & Financial Institutions

Central Bank of India
State Bank of India
Export-Import Bank of India
State Bank of Travancore
IDBI Bank Limited
The Karur Vysya Bank Limited
Oriental Bank of Commerce
Canara Bank
Bank of Maharashtra

Auditors M/s. M S Jagannathan & Visvanathan,
[Chartered Accountants], Coimbatore

Legal Advisors M/s. Menon & Pai, Kochi

Registered Office 3rd Floor, Palal Towers, Ravipuram
M G Road, Ernakulam, Kochi 682 016, India

Corporate Office 43, Mittal Chambers, 228 Nariman Point,
Mumbai 400 021, India



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PATSPIN INDIA LIMITED

ATTENTION MEMBERS

1. All Members (both Physical and Demat) are requested to lodge their e-mail ID's along with Name and Folio /Client ID No. at the following address / e-mail to enable us to send all future communications including Annual Reports through e mode.

Company Secretary
Patspin India Ltd.
Palal Towers,
M.G. Road, Ravipuram,
Kochi- 682 016,
cs@patspin.com

Integrated Enterprises (India) Ltd.
2nd Floor, Kences Towers, No.1,
Ramakrishna Street, T Nagar
Chennai- 600 017.
corpsev@iepindia.com; shaji@iepindia.com

2. SEBI has made it mandatory for every participant in the securities/capital market to furnish the details of Income Tax Permanent Account Number (PAN). Accordingly, all the shareholders holding shares in physical form are requested to submit their details of PAN alongwith photocopy of both sides of PAN Card, duly attested to the Registrar and Share Transfer Agent of the Company, M/s Integrated Enterprises (India) Ltd. as above.

NOTICE

NOTICE is hereby given that the **TWENTIETH** Annual General Meeting of **PATSPIN INDIA LIMITED** will be held at Bharat Hotel (BTH), Durbar Hall Road, Kochi – 682 016. at 9.30 a.m on Friday, the 29th day of July 2011 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri. R Rajagopalan who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. N. K. Bafna , who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

5. **Appointment of Shri. Yoshikazu Ono as a Director pursuant to Section 257 of the Companies Act, 1956.**

To consider and if thought fit to pass with or without modification(s), the following resolution as an ordinary resolution.

“RESOLVED that Shri. Yoshikazu Ono, who was appointed as an Additional Director of the company pursuant to Section 260 of the Companies Act, 1956 read with Clause 95 of the Articles of Association of the Company, in the meeting of the Board of Directors with effect from 28th January, 2011 and who holds the said office up to the date of the forthcoming Annual General Meeting and a Notice in respect of whom has been received by the Company from a Member and also

deposit of Rs. 500/- from him, signifying his intention to propose the candidature for the Office of Director under Section 257 of the Companies Act, 1956, be and is hereby re-appointed as the Director of the Company with effect from the date of Annual General Meeting”.

6. **Approval to extend mortgage in favour of Working Capital Bankers on Second Charge basis**

To consider and if thought fit to pass with or without modification(s), the following resolution as an ordinary resolution.

“RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof) for creating such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties of the Company wheresoever situate, both present and future and of conferring power to enter upon and to take possession of the assets of the Company in certain events, to or in favour of Central Bank of India (CBI), State Bank of India (SBI) , State Bank of Travancore (SBT), IDBI Bank Ltd. (IDBI Bank) to secure on pari passu second charge basis:

- i) Additional working capital limits aggregating Rs. 3950 lacs lent and advanced by Central Bank of India (CBI) to the Company;
- ii) Additional Working Capital limits aggregating Rs. 2850 lacs lent and advanced by State Bank of India (SBI) to the Company; and
- iii) Additional Working Capital limits aggregating Rs. 1475 lacs lent and advanced by State Bank of Travancore (SBT) to the Company.
- iv) Additional Working Capital limits aggregating Rs. 1190 lacs lent and advanced by IDBI Bank Ltd. (IDBI Bank) to the Company.

NOTICE (Contd.)

NOTES:-

1. **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the Proxy need not be a Member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto and forms part of the Notice.
3. The Company has already notified Closure of Register of Members and Share Transfer Books thereof from Saturday, the 23rd July, 2011 to Friday, the 29th July, 2011 (both days inclusive).
4. Pursuant to Section 205A(5) of the Companies Act, 1956, Dividend for the Financial Year upto 31st March, 2003 have been transferred by the Company to the Investor Education and Protection Fund (IEPF), established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Dividend which remain Unpaid / Unclaimed for a period of 7 (Seven) years will be transferred by the Company to the IEPF pursuant to the said provisions of the Act.

Information in respect of such Unclaimed Dividend when due for transfer to the said Fund with reference to dividend for the financial year ended 31st March, 2004 and thereafter, is given below:

Financial year Ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEPF
31.3.2004	30.7.2004	29.7.2011	27.8.2011
31.3.2005	29.7.2005	28.7.2012	27.8.2012
31.3.2006	28.7.2006	27.7.2013	26.8.2013
31.3.2007	26.7.2007	25.7.2014	24.8.2014

Shareholders who have not so far encashed the Dividend Warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company. Also, note that no claim shall lie against the said Fund or the Company in respect of any amounts which were unclaimed and unpaid after a period of 7 (Seven) years from the date that they first became due for payment and no payment shall be made in respect of any such claim.

5. Consequent upon introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Individual Shareholder(s) can avail

of the facility of nomination. The nominee shall be a person in whom all rights of transfer and / or amount payable in respect of the shares shall vest in the event of the death of the Shareholder(s). A minor can be a nominee provided the name of the guardian is given in the Nomination form. The facility of nomination is not available to non-individual Shareholders such as Body Corporates, Kartas of Hindu Undivided Families, Partnership Firms, Societies, Trust and holders of Power of Attorney. For further details please contact Company's Secretarial Department. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Share Transfer Agent, M/s.Integrated Enterprises (India) Limited.

6. Disclosure relating to particulars of Cost Auditor as per general Circular No.15/2011 dated 11th April, 2011 for the year ended 31.03.2010.

Name	M/s STR & Associates
Address	Mr. S.T. Rengarajan, STR & Associates, 37 &38, Kaveri Nagar, Srirangam, Trichy - 620 006. Ph: 0431 6547726, 2432224 e-mail ID's : strengarajan@hotmail.com strassociates@rediffmail.com
Due date for filing Cost Audit Report	30.09.2010
Actual date of filing	18.09.2010

REQUEST TO THE MEMBERS:

1. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company atleast 7 (Seven) days in advance, so as to enable the Company to keep the information ready.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.
3. All communications relating to shares including change in their address are to be addressed to the Company's Share Transfer Agents M/s.Integrated Enterprises (India) Ltd.,2nd Floor, Kences Towers, No.1, Ramakrishna Street, T Nagar, Chennai - 600017, Tel: 044 28140801-803; E-Mail:corpsew@iepindia.com or shaji@iepindia.com.
4. Members who hold shares in physical forms are requested to dematerialise their holdings for facilitating the transfers of company's equity shares in all stock exchanges connected to the depository system.

**DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT /
REGULARISATION PURSUANT TO SECTION 257 OF THE ACT (IN PURSUANCE OF CLAUSE
49 OF THE LISTING AGREEMENT)**

Name of Director	Shri. R. Rajagopalan	Shri. N. K. Bafna	Shri. Yoshikazu Ono
Date of Birth	21.07.1938	03.07.1939	20.01.1963
Date of appointment	27.01.2005	20.06.2000	28.01.2011
Qualification	FCA, FCS	B.Com, FCA, Law Graduate	University Graduate,
Expertise in specific functional area	Retired as Managing Director – Commercial & Company Secretary with M/s. Vidia (India) Ltd. Besides his proficiency in Finance, Accounts and Secretarial Functions, he was part of management team for finalization of many collaboration tie-ups with Vidia GmbH and also with other reputed European and American Companies. He was also associated with various organizations and was the National President of the Institute of Company Secretaries of India (ICSI) President of Employers' Federation of Southern India (EFSI), Chairman of Taxation and Finance Sub-Committee of Confederation of Indian Industry (CII), Member of Southern Regional Council of CII, Member of Engineering Export Promotion Council (EEPC), Greater Mysore Chamber of Industry (GMCI), etc. etc.	Practicing Chartered Accountant and a Senior Partner of M/s. Lodha & Co. Chartered Accountants, Mumbai. Besides his proficiency in Finance and Accounts, he is also an expert in Company Law matters.	He has 25 years of experience in textile material import and export.
Shareholding in the Co.	Nil	Nil	Nil

Details of other Directorship:-

Name of Director	Name of the Company	Position held	Committee type	Membership Status
Shri. R. Rajagopalan	GTN Textiles Limited	Director	Audit Shareholders / IGC	Member Chairman
	MRO-TEK Limited	Director	Audit Shareholders / IGC	Chairman Member
	SAKSOFT Limited	Director	Audit Shareholders / IGC	Chairman Chairman
Shri. N. K. Bafna	GTN Textiles Limited	Director	Audit Shareholders / IGC	Member Member
	Prime Urban Development India Ltd.	Director	Shareholders / IGC	Chairman
	National Collateral Management Services Ltd.	Director	Audit	Chairman
Shri. Yoshikazu Ono	None	None	None	None

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

ITEM No.5:

The Board of Directors of the company have appointed Shri. Yoshikzu Ono as Additional Director of the company with effect from 28.01.2011. In terms of section 260 of the Companies Act, 1956, read with Clause 95 of the Articles of Association, he holds the said office only upto the date of the ensuing Annual General Meeting. A notice has been received from a Member and also deposit Rs. 500/- from him pursuant to Section. 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri. Yoshikzu Ono for the office of the Director.

The Board recommends the passing of the Ordinary Resolution contained in Item no.5 of the accompanying Notice.

None of the Directors, except Shri. Yoshikzu Ono, is interested in the resolution.

ITEM No.6:

The Company has availed/to be availed additional financial assistance by way of enhanced Working Capital Limits of Rs. 3950 lacs, Rs. 2850 lacs, Rs. 1475 lacs and Rs. 1190 lacs from Central Bank of India (CBI), State Bank of India (SBI), State Bank of Travancore (SBT) and IDBI Bank Ltd. (IDBI Bank) respectively. The said financial assistance is

to be secured by way of pari passu second charge on the immovable properties of the company, present and future.

Hypothecation or mortgage does not amount to disposal of undertaking. The Board/Committee propose to extend equitable mortgage in favour of CBI, SBI, SBT and IDBI Bank for the above said financial assistance ranking pari passu in all respects with the existing mortgage on the Company's property and assets created in favour of Banks/Financial Institution for the loans granted by them to the company.

Copies of the Sanction Letters from the Banks are open for inspection at the registered office of the Company between 11. a.m and 2. p.m on any working day prior to the date of the meeting.

None of the Directors is interested or concerned in this resolution.

Your Directors recommend this resolution for approval.

By Order of the Board
For **PATSPIN INDIA LIMITED**

Place : Kochi
Date : 10th May, 2011

ABHILASH N.A
Deputy Company Secretary

ATTENTION MEMBERS

1. *All Members (both Physical and Demat) are requested to lodge their e-mail ID's along with Name and Folio /Client ID No. at the following address / e-mail to enable us to send all future communications including Annual Reports through e mode.*

*Company Secretary
Patspin India Ltd.
Palal Towers,
M.G. Road, Ravipuram,
Kochi- 682 016,
cs@patspin.com*

*Integrated Enterprises (India) Ltd.
2nd Floor, Kences Towers, No.1,
Ramakrishna Street, T Nagar
Chennai- 600 017.
corpserv@iepindia.com; shaji@iepindia.com*

2. *SEBI has made it mandatory for every participant in the securities/capital market to furnish the details of Income Tax Permanent Account Number (PAN). Accordingly, all the shareholders holding shares in physical form are requested to submit their details of PAN alongwith photocopy of both sides of PAN Card, duly attested to the Registrar and Share Transfer Agent of the Company, M/s Integrated Enterprises (India) Ltd. as above.*

PATSPIN INDIA LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the **TWENTIETH** Annual Report together with the Audited Statements of Account for the year ended 31st March, 2011.

FINANCIAL RESULTS

(Rs. in lacs)

	Year ended	
	31.3.2011	31.3.2010
INCOME		
Net sales / Income from operations	42344	30254
Other Operating Income	21	100
Variation in Stock	1259	(1082)
Total	<u>43624</u>	<u>29272</u>
EXPENDITURE		
a) Cost of materials	28733	19105
b) Staff Cost	1659	1388
c) Power Cost	2662	2502
d) Other expenditure	2715	2827
Total	<u>35769</u>	<u>25822</u>
OPERATING PROFIT	7855	3450
Interest	1978	2061
Profit before depreciation and taxation	5877	1389
Depreciation	1985	2000
PROFIT BEFORE TAX	3892	(611)
Provision for current tax (MAT)	432	—
MAT Credit entitlement	(432)	—
Provision for deferred tax	1358	204
PROFIT AFTER TAX	2534	(407)
Surplus / (Loss) Brought forward from previous year	(2504)	(2097)
Profit available for appropriations	30	—
Surplus / (Loss) carried forward to Balance Sheet	<u>30</u>	<u>(2504)</u>

DIVIDEND

Even though the Company has reported excellent results and profitability for the financial year 2010-11, after adjusting carried forward loss from earlier years of Rs. 2504 lacs, the net profit recorded was only Rs. 30 lacs. In view of the same, your Board is unable to recommend dividend on both equity and preference shares.

PERFORMANCE REVIEW

Performance of your company during the current year has significantly improved showing a healthy growth in its top line. Post global financial crisis which had impacted the textile industry during 2008-09, most of the economies

across the world have recovered faster than anticipated, giving the much needed impetus to the lagging demand. As mentioned in the previous Directors' Report, second half of fiscal 2009-10 witnessed revival in consumer demand for textile products in domestic as well as international markets.

Your Directors are glad to report that the total revenues for the year under review have improved to Rs. 423.44 crores from Rs. 302.54 crores. While operating profit more than doubled to Rs. 78.55 crores from Rs. 34.50 crores, the cash profit quadruplicated to Rs.58.77 crores as against previous year's Rs.13.89 crores. As a result, Profit before Tax stood at Rs. 38.92 crores as against a loss of Rs.6.11 crores in the previous year. The year witnessed unprecedented increase in cotton prices as a result of shortfall in crop in several major cotton growing countries. However, due to pro active management action, judicious and timely procurement of cotton could contain the raw material cost within reasonable level. As a result, the company could substantially benefit from increase in yarn prices which remained high during the year in tandem with cotton prices.

During the year under review, both the plants of the company at Tamil Nadu and Kerala were effectively utilized inspite of power and labour shortages. As you are aware, your company had undertaken substantial expansion by more than doubling its capacities to 1.11 lakhs spindles during fiscal 2008-09, which helped output growth leading to smart recovery in the current year.

MODERNISATION, UPGRADATION AND MARGINAL EXPANSION PLANS

Your Board has approved a proposal for modernization, upgradation and marginal expansion plans at Kanjikode unit as well as addition of balancing equipment to enhance the output at Ponneri unit at an approximate project cost of Rs. 46 crores . This project is being implemented under the restructured Technology Upgradation Fund Scheme (TUFS) announced on 28th April, 2011 by the Ministry of Textiles, Government of India.

With this, installed capacity of Kanjikode unit will marginally go up from the existing 48624 spindles to 53136 spindles, there by the total installed capacity of the company will be 115536 spindles.

ISSUE OF REDEEMABLE PREFERENCE SHARES

As approved by the shareholders at the Annual General Meeting held on 31st July, 2009, your Board had allotted 7 lacs 5% Non-Cumulative Redeemable Preference Shares aggregating Rs.700 lacs under Series I to IV. Out of this, 4.50 lacs shares of Rs. 100 each totalling Rs. 450 lacs were issued during the previous year and the balance 2.50 lacs shares of Rs. 100 each totaling Rs. 250 lacs were issued during the year under review under Series III and IV on 31.5.2010 (Rs. 100 lacs) and on 13.7.2010 (Rs. 150 lacs). These shares shall carry a dividend at the rate of 5% per annum as non-cumulative in nature and shall be redeemed at the

DIRECTORS' REPORT (Contd.)

end of 12th year from the date of allotment, or earlier but not earlier than 30.5.2015 and 12.7.2015 respectively at the option of the Board / Committee of the Board of Directors of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:-

- (a) in the preparation of the annual accounts, the applicable Accounting Standards have been followed and that there are no material departures;
- (b) appropriate accounting policies have been selected and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of the Company for that period;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.
- (d) the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

Your Directors affirm their commitments to the Corporate Governance standards prescribed by the Securities and Exchange Board of India (SEBI).

A Report on Corporate Governance with Management Discussion and Analysis as required under Clause 49 of the Listing Agreement is attached.

FIXED DEPOSITS

The Company had no unclaimed deposits outstanding as at the close of the financial year.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Shri. R. Rajagopalan and Shri. N. K. Bafna, Directors, retire from Office by rotation and are eligible for re-appointment.

Shri Yoshikazu Ono, Nominee of ITOCHU Corporation, Japan was appointed as a Director effective from 28.1.2011 in place of Shri. Yoichi Ikezoe. Shri K.Oba was appointed as Alternate Director by Shri. Yoshikazu Ono effective from 28.1.2011

The Board placed on record its profound appreciation to Shri. Yoichi Ikezoe for his valuable contribution during his tenure as a Director of the Company.

AUDITORS

M/s.M S Jagannathan & Visvanathan, Chartered Accountants, Coimbatore, Auditors of the Company will retire at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

PERSONNEL & INDUSTRIAL RELATIONS

Industrial Relations were cordial and satisfactory. There were no employees whose particulars are to be given in terms of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011 dated 31st March, 2011.

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

The information required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in Annexure, attached hereto and forms part of this Report.

ACKNOWLEDGEMENT

Your Directors place on record their gratitude to Central Bank of India, State Bank of India, State Bank of Travancore, The Karur Vysya Bank Limited, IDBI Bank Limited, Export-Import Bank of India, Oriental Bank of Commerce, Bank of Maharashtra and Canara Bank and the concerned Departments of the State and Central Government, valuable Customers, Employees and Shareholders for their assistance, support and co-operation to the Company.

For and on behalf of the Board

Place : Kochi,
Date : 10th May, 2011

B. K. PATODIA
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report.

A. Conservation of Energy

- a) energy conservation measures taken.

The Company is making all round efforts for the conservation of energy. To reduce the energy cost, energy efficient equipments were used and the effect of the same has been felt.

- b) additional investments and proposals, if any, being implemented for reduction of consumption of energy
- c) impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.
- d) Total energy consumption and energy consumption per unit of production as prescribed in Form-A given below

	Year ended 31.3.2011	Year ended 31.3.2010
I. Power and fuel consumption		
1 Electricity		
a) Purchased (Units in lacs) [wind Mill Units Consumed 117.53(Previous year 135.91)]	691.78	678.52
Total amount (Rs. in lacs)	3050.83	3002.14
Rate per unit (Rs.)	4.41	4.42
b) Own generation		
i) through Diesel Generator (units in lacs)	5.32	2.32
Total amount (Rs. in lacs)	62.13	18.97
Units per liter of diesel oil	3.59	3.60
Cost per unit (Rs.)	11.68	8.18
ii) through steam turbine / generator		
Units	Nil	Nil
Unit per liter of fuel oil / gas	Nil	Nil
Cost per unit (Rs.)	Nil	Nil

	Year ended 31.3.2011	Year ended 31.3.2010
2 Coal	Nil	Nil
3 Furnace Oil	Nil	Nil
4 Others/internal generation	Nil	Nil
II. Consumption per unit of production		
a) Electricity – Units per Kg. Yarn	6.30	4.89
b) Furnace Oil	Nil	Nil
c) Coal	Nil	Nil
d) Others	Nil	Nil

B. Technology Absorption

Efforts made in Technology Absorption as per Form B

Indigenous technology alone is used and Research and Development are carried out by a separate Textile Research Association for Textile Units situated in Southern Region (SITRA).

C. Foreign Exchange Earnings & Outgo

- a) Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans

The company is presently exporting yarn and knitted fabric. Steps are being taken to explore new markets and product development.

- b) Total Foreign Exchange earned and used excluding capital goods, components & Spares:

Earned: Rs. 21741.49 lacs (Previous year Rs.14142.73 lacs) (including shipping freight realisation and agents commission) Used: Rs.4417.45 lacs (Previous year Rs. 8313.31 lacs)

For and on behalf of the Board

Place : Kochi,
Date : 10 th May 2011

B.K PATODIA
Chairman

REPORT ON CORPORATE GOVERNANCE

1) Company's Philosophy on Code of Corporate Governance

The Company firmly believes in and has consistently endeavored to practice good Corporate Governance. The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, professionalism and accountability, in all facets of its operations, and in all its interactions with its stake holders, including shareholders, employees, the government and lenders.

2) Board of Directors

The Board is headed by a Non-Executive Chairman, Shri. B. K. Patodia and comprises eminent persons with considerable professional experience in diverse fields. Over 87% of the Board consists of Non-Executive Directors.

As on 31st March, 2011, the Board comprises of 4 Independent Directors constituting 50% of the total Board strength.

Composition and category of Directors is as follows:

Category	Name of Directors
Promoter / Executive Director	Shri. Umang Patodia
Promoter / Non-Executive Directors	Shri. B. K. Patodia Shri. Y Ikezoe (Nominee of Itochu Corporation) (upto 21.12.2010) Shri Yoshikazu Ono (Nominee of ITOCHU Corporation) (w.e.f 28.01.2011) Shri. Keisuke Oba (Alternate Director to Shri. Y. Ikezoe- upto 21.12.2010) (Alternate Director to Shri. Yoshikazu Ono-w.e.f. 28.01.2011) Shri. T Pius Joseph (Nominee of KSIDC)
Independent Directors	Shri. N. K. Bafna Shri. B. L. Singhal Shri. R. Rajagopalan Shri. Rajen K. Mariwala

Attendance of Directors at Board Meetings, last Annual General Meeting and Number of Other Directorships and Chairmanships / Memberships of Committees of each Directors in various Companies:

Name of the Director	Attendance particulars		No. of other Directorships and Committee memberships / Chairmanships			Relationship interse Directors
	Board meetings	Last AGM	Other Directorship including Pvt. Ltd.Cos.	Other Committee Membership #	Other Committee Chairmanship #	
Shri.B K Patodia	4	Yes	9	None	None	Related to Shri.Umang Patodia
Shri. N. K. Bafna	4	Yes	3	5	2	None
Shri. B. L. Singhal	4	Yes	9	6	3	None
Shri. R Rajagopalan	4	Yes	3	6	4	None
Shri. Rajen K. Mariwala	1	No	7	2	None	None
Shri. K.Oba [Itochu Nominee]	1	No	None	None	None	None
Shri. T. Pius Joseph [KSIDC nominee]	3	Yes	2	None	None	None
Shri. Umang Patodia	4	Yes	3	None	None	Related to Shri. B. K. Patodia

In accordance with Clause 49 of the Listing Agreement, Membership / Chairmanship of only the Audit Committees and Shareholders /Investors' Grievance Committees of all Public Limited Companies has been considered.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Number of Board meetings held and the dates on which held;

Four Board meetings were held during the year. The maximum time gap between any such two meetings was not more than 4 calendar months.

The details of the Board Meetings are as under:-

Sl. No.	Date	Board Strength	No. of Directors present
1)	13th May, 2010	8	8
2)	30th July, 2010	8	6
3)	29th October, 2010	8	5
4)	28th January, 2011	8	6

3) Audit Committee

Audit Committee comprises of three Independent Directors namely; Shri. N. K. Bafna, Chairman, Shri. B. L. Singhal, Shri. R Rajagopalan and Shri. Umang Patodia, Managing Director. All the Members of the Audit Committee possess financial / accounting expertise. The composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Shri. Abhilash N. A, Deputy Company Secretary is the Secretary of the Audit Committee.

The composition, role, functions and powers of the Audit Committee are in line with the requirements of applicable laws and regulations.

The Audit Committee shall oversee financial reporting process and disclosures, review annual financial statements, management discussion and analysis of financial condition and results of operation, review adequacy of internal audit function, management letters/ letters of internal control weakness issued by the statutory auditors, internal audit report relating to internal control weakness, related party transactions, review financial and risk management policies, to look into the reasons for substantial defaults in the payment to depositors, debenture / shareholders and creditors, oversee compliance with stock exchange and legal requirements concerning financial statements, review auditors qualifications (draft), compliance with Accounting Standards, recommending the appointment and renewal of external Auditors / Chief internal auditor, Cost Auditor, fixation of audit fee ,approval for payment for any other services and also approval of appointment of Chief Financial Officer (CFO).

During the year, the Committee met four times. Attendance of each Member at the Audit Committee meetings held during the year:

Sl. No.	Name of the Member	Status	No. of meetings attended
1)	Shri. N K Bafna	Chairman & Independent Director	4
2)	Shri. B.L Singhal	Independent Director	4
3)	Shri. R Rajagopalan	Independent Director	4
4)	Shri. Umang Patodia	Executive Director	4

The details of the meetings are as under:-

Sl. No.	Date	Committee Strength	No. of Directors present
1)	13th May, 2010	4	4
2)	30th July, 2010	4	4
3)	29th October, 2010	4	4
4)	28th January, 2011	4	4

At the Annual General Meeting of the company held on 31st July, 2010 the Chairman of the Audit Committee Shri. N. K. Bafna was present.

The Managing Director, Chief Financial Officer, Internal Auditors, Statutory Auditors and other Executives as considered as appropriate were also attending the Audit Committee meetings.

REPORT ON CORPORATE GOVERNANCE (Contd.)

i) **Internal Audit and Control:**

M/s. Varma & Varma, Chartered Accountants, Kochi, Internal Auditors carried out Audit of the Company except Ponneri Unit, which is being carried out by M/s. V.C.Tirupathi, Chartered Accountants, Coimbatore. Internal Audit Plan and their remuneration are being approved by the Audit Committee. The reports and findings of the Internal Auditors and the Internal Control Systems are periodically reviewed by the Audit Committee.

ii) **Prevention of Insider Trading:**

The Audit Committee also monitors implementation and compliance of the Company's Code of Conduct for prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended upto date. The Board has designated Shri. Abhilash N. A, Deputy Company Secretary as the Compliance Officer of the Company.

iii) **Risk Management:**

The Company has laid down procedures to inform the Board Members about the risk assessment and minimization procedures. The Designated Officials submit quarterly reports which are reviewed periodically by the Management Committee to ensure effective risk management.

4) **Remuneration Committee**

The Remuneration Committee of the Board of Directors comprises of 3 Independent Non-Executive Directors namely; Shri. B. L. Singhal, Chairman; Shri. N. K. Bafna and Shri. R. Rajagopalan.

The Remuneration Committee has to recommend / review the remuneration package of the Managing Director. The remuneration policy is in consonance with the existing industry practice and also with the provisions of Companies Act.

Details of the remuneration paid to Managing Director for the Year:

The aggregate of salary and perquisites paid for the year ended 31st March, 2011 to Managing Director, was as follows:-

Shri. Umang Patodia : Rs. 47.65 lacs.

Besides this, the Managing Director was also entitled to Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent not taxable and Gratuity as per the Rules of the Company.

Remuneration paid to Non-Executive Directors:

No Remuneration is paid to Non-Executive Directors except sitting fee for attending the meeting of the Board and Committees thereof.

The details of payment of sitting fee are as follows;

Meeting	Amount (in Rs.)
Board	7,500
Committee	5,000

The Fees paid for the year ended 31st March, 2011 to the Directors are as follows:

Name of the Non-Executive Director	Sitting fee (Rs.)
Shri. B. K. Patodia	30,000
Shri. N. K. Bafna	70,000
Shri. B. L. Singhal	70,000
Shri. R. Rajagopalan	50,000
Shri. T. Pius Joseph	22,500
Shri. Rajen K. Mariwala	7,500
Total	2,50,000

There were no other pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company. The Company has not granted any stock option to any of its Directors.

REPORT ON CORPORATE GOVERNANCE (Contd.)

5) Shareholder's / Investors' Grievance Committee

The Board has constituted Shareholders / Investors' Grievance Committee comprising Shri. B. L. Singhal, Chairman; Shri. N. K. Bafna and Shri. Umang Patodia.

The Committee reviews redressing of shareholders and investors complaints like transfer of shares, non-receipt of Balance Sheet, non-receipt of declared Dividends, etc besides complaints from SEBI, Stock Exchanges, Court and various Investor forums. The Committee also oversees the performance of Registrar and Transfer Agents and recommends measures for overall improvement in the quality of investor's services.

During the year, the Committee met four times, details of which are as under:-

Sl. No.	Date	Committee Strength	No. of Directors present
1)	13th May, 2010	3	3
2)	30th July, 2010	3	3
3)	29th October, 2010	3	3
4)	28th January, 2011	3	3

The Board has designated Shri. Abhilash N.A, Deputy Company Secretary as the Compliance Officer.

Investor Grievance Redressal:

The total number of Complaints received and resolved to the satisfaction of investors during the year under review is as under:-

Type of complaints	Number of complaints
Non-receipt of Annual Reports	1
Non-receipt of Dividend Warrants	6
Non-receipt of Share Certificates	1
Complaints in respect of Electronic Transfers	6
Complaints / queries received from Regulatory Agencies	-
Total:	14

There were no outstanding complaints as on 31st March, 2011. 4 requests for dematerialization were pending in the NSDL system for approval as on 31st March, 2011, and 2 requests were pending in the CDSL System, which were approved / confirmed on 4th, 5th, 15th & 19th April, 2011.

The Shareholders/Investors may note the following for lodging their grievances as well as accessing Company information.

Clause 47(f)	Investor Grievance	Email ID : cs@patspin.com
Clause 54	Functional Website	www.patspin.com

6) General Body Meetings:

(i) Location, date and time of Annual General Meetings held during the preceding 3 years and Special Resolutions passed:

Year	Location	Date	Day	Time	Special Resolution
2007-08	Aangan Hall, Bharat Hotel, Kochi - 682 016.	25.07.2008	Friday	9.30 a.m	De-listing of equity shares from the Cochin Stock Exchange Ltd.
2008-09	-do-	31.07.2009	Friday	9.30 a.m	i) Consent for appointment and fixing of Remuneration of Managing Director ii) Consent to issue of Redeemable Preference Shares
2009-10	-do-	31.07.2010	Saturday	10.30 a.m	None

No Special Resolution was moved at the last Annual General Meeting.

REPORT ON CORPORATE GOVERNANCE (Contd.)

- (ii) Whether resolutions were put through Postal Ballot last year?
NO
- (iii) Are votes proposed to be conducted through postal ballot, this year?
NO

7) Disclosures:

i) Related Party Transactions/Material Contract

Disclosure on materially significant related party transactions that may have potential conflict with the interests of the Company at large.

During the year, the Company had not entered into any transaction of a material nature with any of the related parties which were in conflict with the interest of the company.

All transactions with the Related Parties were in the ordinary course of business and at arms length.

ii) Details of Compliance

Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI, or any Statutory Authority, on any matter related to Capital markets, during the last three years.

None.

iii) Code of Conduct

The Company has laid down a Code of Conduct for all Board Members as well as for all Employees of the Company. The Code of Conduct is available on www.patspin.com. The Managing Director has confirmed and declared that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. The declaration to that effect forms part of this report.

iv) Adoption, Compliance and Non Adoption of non mandatory requirements

a) The Board

The company meets expenses to maintain Chairman's office in the performance of his duties. The company has not fixed up the tenure of the Independent Directors of the Board. The dates of appointment of Independent Directors are, as follows:-

Name of Independent Directors	Date of first appointment
Shri. N K Bafna	20.06.2000
Shri. B.L. Singhal	20.06.2000
Shri. R. Rajagopalan	27.01.2005
Shri. Rajen K. Mariwala	21.01.2006

b) Remuneration Committee

Information pertaining to Remuneration Committee is provided in Point No.4 of this report.

c) Shareholder Rights

The Company's quarterly and half yearly results are published in the Newspaper and also uploaded on its website www.patspin.com. Therefore, no individual communication is sent to shareholders on the quarterly and half yearly financial results. However, if requested, the company provides the same to them individually.

d) Audit Qualifications

There are no qualifications in the Auditors Report on the accounts for the year 2010-11.

e) Others

The Company has not adopted other non-mandatory requirements of Clause 49 of the Listing Agreement relating to imparting training to the Non-Executive Directors, evaluation of their performance and the whistle blower policy.

v) Reconciliation of Share Capital Audit

A qualified Practicing Company Secretary has carried out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical forms and the total number of dematerialized shares held with NSDL and CDSL.

REPORT ON CORPORATE GOVERNANCE (Contd.)

8) Means of communication

Half-yearly report sent to each household of shareholders

Although, Half-yearly report is not sent to each household of shareholders, the Company normally publishes the same in the all India editions of THE HINDU: BUSINESS LINE [National Daily] and MANGALAM [Regional News Paper].

Quarterly results

The quarterly results are normally published in the all India editions of THE HINDU: BUSINESS LINE [National Daily] and MANGALAM [Regional Newspaper] along with the official news release.

The above said results and the Shareholding pattern have been uploaded in the website of SEBI under CFDS System, periodically.

The Company did not make any presentation to the analysts / institutional investors.

The Management Discussion and Analysis (MD&A) is a part of the Annual Report.

9) General Shareholder information:

I) Annual General Meeting:

a)	Date and Time	:	Friday, 29th July, 2011, 9.30 a.m
b)	Venue	:	'Aangan Hall', Bharat Hotel (BTH), Durbar Hall Road, Kochi. Pin: 682 016.
c)	Financial calendar (tentative):		
	Annual General Meeting	:	Friday, 29th July, 2011
	Results for quarter ending 30th June, 2011	:	Thursday, 28th July, 2011
	Results for quarter ending 30th Sept.,2011	:	Second week of November, 2011
	Results for quarter ending 31st Dec., 2011	:	Second week of February, 2012
	Results for Year ending 31st March, 2012	:	Second week of May, 2012, if it is un-audited and last week of May, 2012, if it is audited.
d)	Book closure date	:	Saturday, the 23rd day of July, 2011 to Friday, the 29th day of July, 2011 (both days inclusive)

II) Listing

a)	Listing of Equity Shares on Stock Exchanges at	:	Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE)
b)	Listing Fee	:	Annual Listing fee for the year 2011-12 have been duly paid to all the above Stock Exchanges. The Annual Custodial Charges to NSDL and CDSL has also been paid.
c)	i) Stock Code: Scrip Code No.	:	Bombay Stock Exchange : 514326
	Trading symbol	:	National Stock Exchange : PATSPINLTD
	ii) Demat ISIN Nos. in NSDL and CDSL for Equity Shares	:	INE790C01014

III) Stock market data :

(in Rs. per Share)

Month	BSE		NSE	
	High	Low	High	Low
April, 2010	10.90	8.25	10.30	9.45
May, 2010	12.66	9.06	12.75	9.00
June, 2010	14.50	10.00	14.20	10.45
July, 2010	14.90	11.85	14.70	12.05
August, 2010	16.50	12.96	16.50	13.00
September, 2010	18.20	14.70	18.00	14.80
October, 2010	17.65	14.60	17.75	14.70
November, 2010	25.50	17.85	25.50	17.70
December, 2010	22.65	16.75	22.90	16.70
January, 2011	20.70	16.35	20.15	16.15
February, 2011	19.35	15.40	19.35	15.00
March, 2011	17.65	14.00	17.45	15.85

REPORT ON CORPORATE GOVERNANCE (Contd.)

IV)	Registrar and Transfer Agents (Share Transfer and communication regarding Share Certificates, Dividends and change of Address)	:	M/s. Integrated Enterprises India Limited, 2nd Floor, Kences Towers No. I Ramakrishna Street T Nagar Chennai, 600 017. Tel: 044 28140801-803 E-Mail : corpserv@iepindia.com or shaji@iepindia.com
V)	Share Transfer System	:	Presently, the share transfers which are received in physical form are processed and the share certificates returned within a period of 21 days from the date of receipt, subject to the documents being valid and complete in all respects. The Board has delegated the authority for approving transfer, transmission, etc. of the Company's Securities to the Share Transfer Committee of the Board of Directors, constituted for this purpose. A summary of transfer / transmission of the Securities Company so approved by the Share Transfer Committee is placed at every Board Meeting. The Company obtains from a Company Secretary in Practice half yearly Certificate of Compliance with the Share Transfer formalities as required under Clause 47(C) of the Listing Agreement with Stock Exchanges and files a copy of the Certificate with the Stock Exchanges, within the prescribed time limit. As regards shares held in Electronic form, the credit being given as per guidelines / by-laws issued by SEBI / NSDL / CDSL.

VI) Shareholding pattern and Distribution on Shareholding of the Company:-

(a) Shareholding Pattern as on 31st March, 2011:

S. No.	Category	No of Shares	% of Shareholding
01)	Promoters GTN Textiles Limited Itochu Textile Materials (Asia) Limited KSIDC Patodia Family	14287068 3000000 2490000 319850	46.21 9.70 8.05 1.04
02)	Indian Financial Institutions, Banks, Mutual Funds	7300	0.02
03)	Foreign Institutional Investors/NRIs	268357	0.87
04)	Others	10547425	34.11
	Total:-	30920000	100.00

(b) Distribution on Shareholding as on 31st March 2011

No. of shares held	No. of share-holders	% of share-holder	No. of shares (Issued Equity)	% of share-holding
Upto 100	11303	57.94	1065062	3.44
101-500	5899	30.24	1685806	5.45
501-1000	1222	6.27	1050302	3.40
1001-10000	991	5.08	2865068	9.27
10001-100000	80	0.41	2087749	6.75
Above 100000	12	0.06	22166013	71.69
Total	19507	100.00	30920000	100.00

REPORT ON CORPORATE GOVERNANCE (Contd.)

VII) Dematerialisation of shares and Liquidity:

The shares of the company are compulsorily traded in DEMAT form by all categories of investors with effect from 29th January, 2001. The company has arrangements with both National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity of our shares for scrip less trading. As on 29th April, 2011; 84.15% of shares of the company were held in Dematerialised form.

Pursuant to Clause 5A of the Listing Agreement in respect of uniform procedure for dealing with unclaimed shares in physical mode and getting the same dematerialized after completing the procedure as prescribed, the Company's Registrar & Share Transfer Agent is in the process of complying with the same.

Liquidity of shares:

The shares of the company are actively traded in Bombay Stock Exchange Limited (BSE) and on The National Stock Exchange of India Limited (NSE).

VIII)	Plant Locations :	(1)	Patodia Nagar, 5/345, Para road, Kanjikode East P.O Palakkad, Kerala – 678 621.
		(2)	S.F No.190 and 191, Tirupur Road, Ponneri, Udumalpet, Tamil Nadu

IX) Address for correspondence:-

i)	Investor Correspondence:-		
	For transfer / dematerialisation of shares, payment of dividend on shares and any other query relating to the shares of the Company	a)	For shares held in Physical Form:- M/s. Integrated Enterprises India Limited, 2nd Floor, Kences Towers No. 1 Ramakrishna Street T Nagar Chennai - 600 017 Tel: 044 28140801-803 E-Mail : corpseiv@iepindia.com or shaji@iepindia.com
		b)	For share held on Demat form:- To the Depository Participants.
ii)	Any query on Annual Report		Secretarial Department PATSPIN INDIA LIMITED 5th Floor, Palal Towers, M G Road, Ravipuram, Ernakulam, Kochi – 682 016 E-Mail: cs@patspin.com

DECLARATION BY CEO ON CODE OF CONDUCT AS REQUIRED BY CLAUSE 49 I(D)(ii) OF THE LISTING AGREEMENT

“As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, this is to declare that all the Members of the Board and the Senior Management have affirmed with the Code of Conduct for the year ended 31st March,2011”

For **PATSPIN INDIA LIMITED**

Place : Kochi
Date : 10th May, 2011

UMANG PATODIA
Managing Director

The above report was adopted by the Board of Directors at their meeting held on 10.05.2011.

REPORT ON CORPORATE GOVERNANCE (Contd.)

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

To the Members of PATSPIN INDIA LIMITED

We have examined the compliance of conditions of corporate governance by PATSPIN INDIA LIMITED for the year ended March 31,2011 as stipulated in clause 49 of the Listing agreement(s) of the said company with the stock exchange(s) in India.

The compliance of conditions on Corporate Governance is the responsibility of the company's Management. Our examination was carried out in accordance with to the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us read along with paragraph 2 of the Report on Corporate Governance, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s).

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

FOR M. S. JAGANNATHAN & VISVANATHAN
CHARTERED ACCOUNTANTS
(ICAI Firm No. 001209S)

R.MUGUNTHAN
PARTNER
M NO. 21397

Place : Kochi
Date : 10th May, 2011

ATTENTION MEMBERS

1. *All Members (both Physical and Demat) are requested to lodge their e-mail ID's along with Name and Folio /Client ID No. at the following address / e-mail to enable us to send all future communications including Annual Reports through e mode.*

*Company Secretary
Patspin India Ltd.
Palal Towers,
M.G. Road, Ravipuram,
Kochi- 682 016,
cs@patspin.com*

*Integrated Enterprises (India) Ltd.
2nd Floor, Kences Towers, No.1,
Ramakrishna Street, T Nagar
Chennai- 600 017.
corpserv@iepindia.com; shaji@iepindia.com*

2. *SEBI has made it mandatory for every participant in the securities/capital market to furnish the details of Income Tax Permanent Account Number (PAN). Accordingly, all the shareholders holding shares in physical form are requested to submit their details of PAN alongwith photocopy of both sides of PAN Card, duly attested to the Registrar and Share Transfer Agent of the Company, M/s Integrated Enterprises (India) Ltd. as above.*

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENTS

The textile industry plays a pivotal role in the Indian economy in terms of industrial production, employment and exports. Its contribution to forex earnings of the country was 11 per cent in 2010-11. This sector currently employs about 35 million workers directly and 47 million workers in allied sectors like Agriculture.

Working of Indian textile industry which had undergone a very difficult phase for almost two years from 2007-08 on account of adverse factors like financial turmoil in industrialized countries leading to economic slowdown, unprecedented hike in Minimum Support Prices of Raw cotton and massive exports of raw cotton, recovered remarkably from the third quarter of 2009-10. The markets became buoyant on account of strong domestic demand arising from favourable demographic factor and rapid changes in the lifestyle of consumers. Although currently there is a temporary slowdown in demand both in the domestic and international markets, the overall sentiment is positive and optimistic for the sustained growth in demand in the period ahead. Another favourable factor is that in the coming cotton season, Indian cotton crop is expected to be higher and prices are forecasted to be relatively lower than the current levels. The cumulative impact of all these favourable factors augurs well for the improved working of textile industry.

The factors which impact working of textile industry are:

- (1) The average prices of cotton during October, 2010 - March, 2011 reached historic high with escalation of around 85 percent over the corresponding period of last year. This is the primary reason for an increase in the cost of production of cotton yarn. Although from mid-April 2011 cotton prices have shown a softening trend, cotton prices in the period ahead will generally remain at higher level than what was prevailing prior to 2010-11 cotton season.
- (2) Frequent and several changes brought about by Government in the policy for exports of cotton yarn from April, 2010 onwards, impeding the hitherto smooth flow of exports.
- (3) Increase of two to three per cent in the cost of borrowings.

The focus of monetary policy followed by Reserve Bank of India (RBI) has been to tackle the inflationary pressures in the economy. Consequently, RBI has been escalating the rates of interest from time to time. In fact, during the last one year, the Reserve Bank of India has increased the rate of interest eight times, resulting in cumulative increase of 2.5 percent.

- (4) Fluctuations in Rupee Exchange Rate

The Rupee exchange rate which was Rs. 44.47 to US Dollar in April, 2010 and Rs. 47 in July 2010, strengthened to Rs. 45 in March, 2011. Any fluctuation in the exchange rate impact export realizations.

It is pertinent to mention that despite the above mentioned adverse factors, there has been improvement in the working of textile industry primarily due to strong domestic as well as international demand.

Spinning and Weaving Capacities

Figures of world's installed spinning and weaving capacities are available upto end December, 2009. As of 2009, world's total spindleage was 227 million, with China having 110 million spindles, representing the share of 48 percent and India having 41.53 million spindles, representing 18 per cent. As of December 2010, however, India's installed spindles have increased to 44.32 million, accounting for 20 per cent of the global spindleage. It is significant to mention that in one year, India's spindleage has increased by 2.8 million and it is projected that in future spindleage will increase at the rate of 3 to 3.5 million per annum. Deducting 9.88 million spindles of closed mills, the number of active spindles works out to around 34.5 million. The number of installed open-end rotors has also increased to 740 thousand in December, 2010 as compared to 668 thousand in December, 2009. It is pertinent to point out that expansion of spinning capacity has been significant both in the organized and small spinning sector.

In addition, mills have placed huge orders for spindles with machinery manufacturers. This will lead to expansion and modernization of spinning sector. Thus, it will be in a position to cater to the rising domestic demand from the downstream value chain and also cater to higher export demand for cotton yarn.

A major chunk of spinning capacity expansion took place under the TUF Scheme, which was operative for a span of eight years from 1st April, 1999 to 31st March, 2007. Further, under the modified TUF Scheme operative from 1st April, 2007, investments during three years 2007-08 to 2009-10, increased considerably towards modernization and expansion of spinning capacity.

The Restructured TUF Scheme has since been announced by the Ministry of Textiles on 28th April, 2011. The Scheme will be operative from 28th April, 2011 to 31st March, 2012, the terminal year of the Eleventh Five Year Plan. The major change in the Restructured Scheme is a reduction in the repayment period to seven years with two years moratorium as compared

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

to earlier repayment period of ten years with two years moratorium.

The number of looms in the mill sector continues to remain stagnant at 71,000 for the last five years. However, the weaving capacity in the powerloom sector has increased from 22.05 lakh looms in 2008-09 to 22.70 lakh looms as of October, 2010.

Production of Yarn

The total production of spun yarn which had marginally declined from 4003 million kgs in 2007-08 to 3912 million kgs in 2008-09 rose to 4193 million kgs in 2009-10. For the year 2010-11, the production is projected at 4650 million kgs, showing a rise of 11 percent. Similarly, production of cotton yarn had also escalated from 2896 million kgs in 2008-09 to 3079 million kgs in 2009-10. For the year 2010-11, production of cotton yarn is projected at 3510 million kgs. This shows a rise of 14 percent. For the year 2011-12, the Textile Commissioner has projected the production of cotton yarn at 3931 million kgs. However, the Industry Associations have projected the production at around 4000 million kgs. With the continuing modernization and expansion in capacity, production of cotton yarn will continue to expand in coming years.

Exports of Cotton Yarn

In pursuance of National Fibre Policy, Government set up in September 2010, Cotton Yarn Advisory Board (CYAB) to advise the Government on matters pertaining to production, consumption and availability of cotton yarn. There were four meetings of CYAB during the year under review.

After protracted deliberations at the Board meetings, the Cotton Yarn Balance Sheet for 2010-11 was drawn up in terms of which exportable surplus was arrived at 720 million kgs. Although some of the stakeholders like AEPC, Tirupur Exporters Association did not agree to this figure, the Ministry of Textiles went ahead and fixed the export ceiling at 720 million kgs for 2010-11. Subsequently, DGFT issued notification restricting exports of cotton yarn from 1st December, 2010, under the licensing procedure. Subsequently, several changes were made in the procedure for exports of yarn. Consequent to the procedural wrangles, exports of cotton yarn came to a grinding halt from mid-January, 2011 upto end March, 2011. As a result, stocks of cotton yarn piled up with mills, affecting the financial viability of the spinning industry.

The detailed figures of exports of textiles and clothing are published by the Director General of Commercial Intelligence & Statistics (DGCIS). The latest detailed figures published by DGCIS are available only up to September, 2010. Hence, no authentic figures of exports of cotton yarn for the full year 2010-11 are available but one could safely assume that exports would have more or less reached the ceiling of 720 million kgs.

For the year, 2011-12 also, there was no consensus amongst various stakeholders on the figure of ceiling for cotton yarn exports. However, the Textile Commissioner has recommended to the Government of India a ceiling of 845 million kgs. The representatives of textile industry have recorded their dissent to this figure. The industry has represented to Government that in view of ongoing modernization and expansion of capacity, there is no need to restrict cotton yarn exports which should be allowed freely from 1st April, 2011.

Upto 2009-10 exports of cotton yarn were operating smoothly and were in the range of 20 to 22 percent of the production of cotton yarn. The slipshod manner in which Government has handled exports of cotton yarn has done immense harm to the textile industry. Fortunately, DGFT has since notified that exports of cotton yarn will be free from 1st April, 2011, subject, of course, to registration of contracts with Offices of DGFT.

Cotton Scenario

For the cotton season 2009-10, Cotton Advisory Board has estimated area under cotton at 103.10 lakh hectares and crop 295 lakh bales. The per hectare yield for the season dropped to 486 kgs as against 524 kgs achieved in 2008-09 and 567 kgs in 2007-08. For the cotton season 2010-11, Cotton Advisory Board has estimated the area at 111.61 lakh hectares and a crop of 312 lakh bales per hectare yield in the cotton season 2011-12 works out lower at 475 kgs.

Earlier, the CAB had estimated the crop at 329 lakh bales. However, due to unseasonal rains and extreme cold wave, the crop was damaged in Gujarat, Maharashtra and Andhra Pradesh. Almost 88 percent of the total cotton acreage has been under Bt. cotton. In the years to come, the share of Bt. cotton in the total production is expected to increase.

For the cotton year 2010-11 CAB had arrived at the figure of 55 lakh bales of cotton as exportable surplus. The full quantity has since been exported. The cotton trade has been clamouring for additional exports in spite of the fact that closing stock is the lowest in the last seven years. The textile industry has been persistently pleading that every cotton year, exports should be allowed only from January after the exportable surplus is determined in December, after providing for two-and-half months stocks for the user industry. It is heartening to note that the Commerce and Industry Minister has made a categorical statement that there was no scope for additional exports of cotton in the current season and therefore further exports of cotton can be considered only in the new cotton season.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Production of organic cotton at global level has been continually rising. The global production of organic cotton in 2009-10 reached the level of 2,42,000 metric tons, registering a growth of 15 percent over 2008-09. India's production of organic cotton in 2009-10 was over 195,000 metric tons, accounting for a hefty share of 81 percent in the global production. The world over the demand for organic textile products has been rising and it is expected that India's production of organic cotton and its downstream products will increase further to meet this demand.

With Government's prediction of normal monsoon for the coming season and other favourable factors like higher cotton prices in the current season, farmers will find it attractive to increase area under cotton cultivation. Other encouraging factors are: growing awareness among farmers for adoption of better technology and augmented supply of a good quality seed. The area under cotton cultivation for the season 2011-12 is expected to rise to 120 lakh hectares and preliminary estimates are that cotton production in the next season will be around 350 lakh bales, subject to normal monsoon and favourable agro-climatic conditions. Even globally also, cotton production in the coming year is projected to be higher than current year, according to International Cotton Advisory Committee (ICAC).

It has been observed that the performance of textile industry hinges largely on adequate availability of quality cotton. The industry has the potential to absorb larger cotton crop with the expansion of capacity. However, Government should exercise abundant caution in deciding policy for exports of raw cotton, keeping overall national interest in mind.

According to ICAC, global production of cotton in the season 2009-10 (August –July) was 22 million tons and consumption was 25 million tons. Since consumption was higher than production, ending stocks declined to 8.6 million tons, as against 12.75 million tons in 2008-09. This led to massive increase in cotton prices. For the cotton season 2010-11, global production is estimated higher by 13 percent at 24.8 million tons and consumption at 25.1 million tons, with lower ending stocks of 8.4 million tons.

For the cotton season 2011-12, the ICAC has projected that world cotton production will rise again by 11 percent to 27.6 million tons. The consumption will be higher at 25.8 million tons as compared to the previous season. Since the production will be higher than consumption, ending stocks will rise to 10.1 million tons. The world ending stocks-to-use ratio, forecast to reach an all-time low of 33 percent this season, could rebound to 39 percent in 2011-12. This would be lower than the 10-year average of 49 percent prevailing before 2009-10.

ICAC's price forecast (Cotlook 'A' Index) for the season 2009-10 was 78 cents per pound. For 2010-11 the earlier forecast of 85 cents per pound went totally haywire and the price spurted to a steep level of \$ 1.65 per pound. For the season 2011-12, the current forecast is that it will be significantly lower than \$ 1.65 per pound, but it will be higher than the ten-year average of 60 cents per pound. It is the considered opinion of cotton experts that for a couple of years, cotton prices might remain at higher level and they will start moderating only after supply imbalance is corrected.

OPPORTUNITIES AND THREATS

The health of textile units is primarily dependent on adequate availability of quality cottons at competitive prices. With the augmented supply of quality seed and larger production of hybrids and Bt. cottons, production of cotton in the coming season 2011-12 is forecast to be comfortable.

It may be stated that Duty Drawback is not incentive but only refund of indirect taxes suffered by export products. Denial of this legitimate due is totally unjustified. Further, remission of duties suffered by exported products is totally WTO-compliant. Withdrawal of Duty Drawback runs counter to the well-accepted Government Policy of not exporting taxes. One can only hope that Government will restore the Duty Drawback for cotton yarn.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The company is engaged in the business of manufacture and export of cotton yarn and accordingly this is the only Single Reportable Segment.

OUTLOOK

The Indian Spinning Industry has tremendous potential for healthy growth on a sustained basis provided market forces of demand and supply are allowed to operate unhindered. Government's recent measures for regulating export of cotton yarn are not in consonance with the tenets of liberalization and globalization. Confederation of Indian Textile Industry (CITI), The Cotton Textiles Export Promotion Council (Texprocil) and other concerned organizations have been pleading with the Government not to tinker with the healthy growth of the spinning industry and one can only hope that Government will realize the importance of the same.

Fortunately for the spinning industry, the domestic demand continues to be strong and with the revival of export market, prospects for the spinning industry are highly promising and positive.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

RISKS AND CONCERNS

- (I) Raw Cotton, an agricultural product, is the key raw material used for the manufacture of cotton yarn. Almost 65 per cent of area under cotton cultivation is rain-fed and hence is dependent on vagaries of monsoon. Adequate availability of raw cotton at right prices is crucial for the Company. Any disruption in the supply and/or violent changes in the cost structure would affect the profitability of the Company.
- (II) The RBI's monetary policies are largely dictated towards controlling the inflation. Consequently, it has been raising the rates of interest, making the finance cost higher.
- (III) Your company follows an efficient inventory management system and a well-crafted strategy of procuring raw materials through a mix of spot and long-term contracts. The company's conscious efforts on maintaining a judicious mix of markets for its sales and thrust on specialty products like organic, fair trade and Better Cotton Initiative (BCI) textile products have also proved to be effective.
- (IV) Volatility in foreign currency exchange rates vis-a-vis Indian Rupee is another area of concern since a sizeable production of cotton yarn is exported by your Company. The Company has in place various Management Information Systems, which enable the management to take decisions on exposures relating to exports, imports, foreign currency loans, etc. The Company continues to strengthen these systems to minimize the risk involved due to adverse movement of exchange rates.
- (V) Your company has a system of assessing the risks on an ongoing basis. This includes an effective internal control and management reporting system. Further, the framework also captures the existing practices to manage commodity price risk, interest risk, and foreign exchange risk etc. An important aspect of this framework is to promote a balanced approach that considers risk and return.
- (VI) Apart from the intensification of international competition, the areas of concern are poor infrastructure resulting in higher transaction cost, withdrawal of Duty Drawback rates for cotton yarn, high cost of power and Government's reluctance to introduce labour reforms. It is hoped that satisfactory solutions will be found in the near future. Another area of concern is Government's periodical announcements for liberalized tariff concessions offered to Least Developed countries like Bangladesh, Nepal, Bhutan and other countries under SAFTA. Recent increase in the quota for duty-free imports of garments from Bangladesh to India from 8 to 10 million pieces is a case in point.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate internal control system to ensue that all assets are safeguarded and protected against loss from unauthorised use or disposition and that all transactions are authorized, recorded and reported correctly.

The internal control is supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Please refer to Directors' Report on performance review.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

The company recognizes the importance and contribution of its human resources for its growth and development and is committed to the development of its people. The company has been adopting methods and practices for Human Resources Development. With utmost respect to human values, the Company continues to develop its human resources, through a variety of services by providing appropriate training, motivation techniques and employee welfare activities.

Industrial relations are cordial and satisfactory.

As on 31st March, 2011, the Company has about 1340 employees in its various offices and factory.

CAUTIONARY STATEMENT

Statements made in this report describing the Company's projections, estimates, expectations or predictions may be 'forward looking predictions' within the meaning of applicable securities laws and regulations. Actual result may differ from such estimates, projections, etc. whether expressed or implied. Factors which would make a significant difference to the Company's operations include availability of quality raw cotton, market prices in the domestic and overseas markets, changes in Government regulations and tax laws, economic conditions affecting demand / supplies and other environmental factors over which the company does not have any control.

AUDITORS' REPORT

Auditor's Report to the Members of PATSPIN INDIA LIMITED

1. We have audited the attached Balance Sheet of PATSPIN INDIA LIMITED as at 31st March, 2011 Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and as amended by the Companies (Auditor's Report) Amendment Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the Books of Account;
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v) On the basis of written representation received from the directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, on the said date.
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and Notes to Accounts in Schedule "19" and those appearing elsewhere in the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - b) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

FOR M S JAGANNATHAN & VISVANATHAN
CHARTERED ACCOUNTANTS (FRN 001209S)

(R.MUGUNTHAN)
PARTNER
M NO.21397

Place : Kochi
Date : 10th May, 2011

Annexure referred to in our Report of even date on the accounts for the year ended 31st March, 2011 of PATSPIN INDIA LIMITED.

On the basis of such checks as we considered appropriate during the course of our audit, we state that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets are physically verified in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noted on such verification.
- (c) During the year, there was no sale of substantial part of fixed assets and hence the going concern of the Company is not affected.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company had not granted loan to Companies covered in the register maintained under Section 301 of the Companies Act, 1956 and hence sub clauses (b) to (d) of clause (iii) of the said Order are not applicable.
- (b) The Company had taken Fixed Deposits from Three Companies and six other parties amounting to Rs.279.50 lacs and maximum amount outstanding at anytime during the year and year end balance remains the same.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the Fixed Deposits taken by the Company are prima facie not prejudicial to the interest of the Company.
- (d) The re-payment of Fixed Deposit and interest are as stipulated.
- (e) There is no overdue amount in respect of the Fixed Deposit mentioned in para (b) above.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the Books of Account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

Annexure referred to in our Report of even date on the accounts for the year ended 31st March, 2011 of PATSPIN INDIA LIMITED. (Contd.)

- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanation given to us there is following dues of which have not been deposited on account of dispute and the same is being contested by the Company.

Srl. No.	Name of the Statute	Nature of the Dues	Amount (Rs. in lacs)	Year to which the amount relates	Forum where dispute is pending
1)	Kerala VAT Act, 2003	Penalty	1.11	2009-10	Deputy Commissioner, Appeals

- (x) The Company does not have accumulated losses as at 31st March, 2011. The Company has not incurred cash loss during the financial year covered by our audit and during immediately preceding financial year.
- (xi) Based on our Audit procedures and according to the information given to us, the company has not defaulted in repayment of dues to Financial Institutions and Banks.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion, during the year the Company has not given guarantee for loans taken by others from banks or Financial Institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.
- (xviii) During the year, Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any monies by way of Public Issues during the year.
- (xxi) According to the explanation and information given to us, based upon the audit procedures performed and representations made by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our Audit.

FOR M S JAGANNATHAN & VISVANATHAN
 CHARTERED ACCOUNTANTS (FRN 001209S)

(R.MUGUNTHAN)
 PARTNER
 M NO.21397

Place : Kochi
 Date : 10th May, 2011

PATSPIN INDIA LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedules	As at 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	3,792.00	3,542.00
Reserves and Surplus	2	<u>1,499.16</u>	<u>1,468.28</u>
		5,291.16	5,010.28
Loan Funds			
Secured Loans	3	29,228.33	28,847.68
Unsecured Loans	4	<u>494.50</u>	<u>25.00</u>
		29,722.83	28,872.68
Deferred Tax Liability (Net)		<u>1,810.98</u>	<u>453.35</u>
Total		<u>36,824.97</u>	<u>34,336.31</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	36,565.26	36,851.39
Less : Depreciation		<u>13,329.59</u>	<u>12,414.15</u>
Net Block		23,235.67	24,437.24
Capital Work-In-Progress		<u>—</u>	<u>4.16</u>
		23,235.67	24,441.40
Investments			
	6	0.32	0.32
Current Assets, Loans and Advances			
Inventories	7	11,790.43	6,021.07
Sundry Debtors		1,632.10	1,598.26
Cash and Bank balances		655.91	1,077.18
Other Current Assets		23.64	106.35
Loans and Advances		<u>2,423.29</u>	<u>2,138.75</u>
		16,525.37	10,941.61
Less: Current Liabilities and Provisions			
Liabilities	8	2,936.39	3,550.63
Provisions		<u>—</u>	<u>—</u>
		2,936.39	3,550.63
Net Current Assets			
		13,588.98	7,390.98
Profit and Loss Account			
		<u>—</u>	<u>2,503.61</u>
Total		<u>36,824.97</u>	<u>34,336.31</u>
Significant Accounting Policies and Notes forming part of Accounts Schedules 1 to 8 and 19 form part of the Balance Sheet			
19			

As per our report of even date attached
For **M. S. JAGANNATHAN & VISVANATHAN**
Chartered Accountants

R. MUGUNTHAN
Partner
(M. No.21397)

Place: Kochi
Date:10th May, 2011

For and on behalf of the board

B. K. PATODIA
Chairman

N. K. BAFNA
Director

UMANG PATODIA
Managing Director

ABHILASH N. A.
Deputy Company Secretary

PATSPIN INDIA LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH , 2011

	Schedules	Year Ended 31.03.2011 (Rs. in lacs)	Year Ended 31.03.2010 (Rs. in lacs)
INCOME			
Sales	9	42,344.21	30,197.59
Less : Excise Duty		<u>—</u>	<u>—</u>
		42,344.21	30,197.59
Other Operating Income	10	—	99.80
Other Income	11	20.80	56.81
Increase/(Decrease) in stock	12	1,259.52	(1,082.33)
	Total	<u>43,624.53</u>	<u>29,271.87</u>
EXPENDITURE			
Cost of Materials	13	28,733.38	19,104.69
Personnel Expenses	14	1,658.86	1,387.62
Manufacturing Expenses	15	3,705.42	3,483.52
Sales and Distribution Expenses	16	1,283.37	974.64
Interest Charges	17	1,978.40	2,061.70
Other Expenses	18	387.81	870.62
	Total	<u>37,747.24</u>	<u>27,882.79</u>
Profit (Loss) before Depreciation and Tax		5,877.29	1,389.08
Depreciation		<u>1,985.17</u>	<u>1,999.71</u>
Profit (Loss) before Tax		3,892.12	(610.63)
Less: Provision for Current Tax (MAT)		432.31	—
Add: Minimum Alternate Tax (MAT) credit Entitlement		432.31	—
Less: Deferred Tax Expense / (Benefit)		1,357.63	(204.34)
Profit / (Loss) after Tax		2,534.49	(406.29)
Profit (Loss) brought forward from Previous year		<u>(2,503.61)</u>	<u>(2,097.32)</u>
Surplus/(Deficit) carried over to Balance Sheet		30.88	<u>(2,503.61)</u>
Basic/Diluted Earning Per Shares (in Rs.) (Face value of Rs. 10 each)		8.20	(1.31)
Significant Accounting Policies and Notes forming part of Accounts	19		
Schedules 9 to 19 form part of the Profit & Loss Account			

As per our report of even date attached
For **M. S. JAGANNATHAN & VISVANATHAN**
Chartered Accountants

R. MUGUNTHAN
Partner
(M. No.21397)

Place: Kochi
Date: 10th May, 2011

For and on behalf of the board

B. K. PATODIA
Chairman

N. K. BAFNA
Director

UMANG PATODIA
Managing Director

ABHILASH N. A.
Deputy Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax and Extra Ordinary Items	3,892.12	(610.63)
Adjustments for:		
Depreciation	1,985.17	1,999.71
Interest Charged	1,978.40	2,061.70
Profit on Sale of Assets	—	(6.19)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>7,855.69</u>	<u>3,444.59</u>
Adjustments for:		
Trade and other Receivables	(453.72)	(353.21)
Inventories	(5,769.36)	(925.90)
Trade payables	(434.46)	(1,029.59)
CASH GENERATED FROM OPERATIONS	<u>1,198.15</u>	<u>1,135.89</u>
Direct Taxes Paid	328.36	10.20
Net Cash from Operating activities	<u>1,526.51</u>	<u>1,146.09</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(1,139.90)	(260.52)
Sale of Fixed Assets	250.15	15.13
Net Cash used in Investing activities	<u>(889.75)</u>	<u>(245.39)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Issue of Preference Share Capital	250.00	450.00
Proceeds from Long Term Borrowings	2,511.87	2,575.14
Repayment of Long Term Borrowings	(2,156.52)	(1,676.01)
Proceeds from Hire Purchase Borrowings (Net)	25.30	(7.98)
Fixed Deposits Others	469.50	25.00
Interest Paid	(2,158.18)	(1,820.44)
NET CASH FROM FINANCING ACTIVITIES	<u>(1,058.03)</u>	<u>(454.29)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>(421.27)</u>	<u>446.41</u>
CASH & CASH EQUIVALENTS AS AT (OPENING BALANCE)	<u>1,077.18</u>	<u>630.77</u>
CASH & CASH EQUIVALENTS AS AT (CLOSING BALANCE)	<u>655.91</u>	<u>1,077.18</u>

Note :

1. The above cash flow statement has been prepared by using the indirect method as per Accounting Standard 3 - Cash Flow Statement.
2. Previous year's figures have been regrouped wherever necessary.

As per our report of even date attached
For **M. S. JAGANNATHAN & VISVANATHAN**
Chartered Accountants

R. MUGUNTHAN
Partner
(M. No.21397)

Place: Kochi
Date: 10th May, 2011

For and on behalf of the board

B. K. PATODIA
Chairman

N. K. BAFNA
Director

UMANG PATODIA
Managing Director

ABHILASH N. A.
Deputy Company Secretary

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED		
4,00,00,000 Equity shares of Rs.10 each	4,000.00	4,000.00
25,00,000 Redeemable Preference Shares of Rs.100 each	2,500.00	2,500.00
Total	<u>6,500.00</u>	<u>6,500.00</u>
ISSUED, SUBSCRIBED, CALLED AND PAID UP		
3,09,20,000 Equity shares of Rs.10 each fully paid up	3,092.00	3,092.00
7,00,000 5% Non Cumulative Redeemable Preference Shares of Rs.100 each (Previous year:Rs 450 Lacs)	700.00	450.00
Total	<u>3,792.00</u>	<u>3,542.00</u>
SCHEDULE 2		
RESERVES AND SURPLUS		
CAPITAL REDEMPTION RESERVE		
As per last Balance Sheet	1,000.00	1,000.00
SECURITIES PREMIUM ACCOUNT		
As per last Balance Sheet	468.28	468.28
SURPLUS AS PER PROFIT AND LOSS ACCOUNT		
Total	<u>1,499.16</u>	<u>1,468.28</u>
SCHEDULE 3		
SECURED LOANS		
I. TERM LOANS		
(a) From Financial Institutions	638.23	876.37
(b) From Banks	22,186.08	23,422.87
II. HIRE PURCHASE LOANS		
From Banks	28.74	3.44
III. WORKING CAPITAL LOANS		
From Banks	6,375.28	4,545.00
	<u>29,228.33</u>	<u>28,847.68</u>

Notes to Schedule 3

- 1 (i) Term loans , excluding corporate term loan from a bank of Rs. 1500 lacs (security for which is explained in Para 1(ii) below), are secured by first charge by way of equitable mortgage on all the immovable assets of the company, both present and future and by way of hypothecation on all movable assets (excluding assets purchased on hire purchase basis) of the company and further secured by second charge on current assets of the company, subject to prior charges in favour of banks for working capital ranking pari passu, inter se (as mentioned in 3(i) and (ii) below), and further secured by personal guarantee of 2 directors of the Company
- (ii) Corporate term loan from a bank of Rs. 1500 lacs mentioned in para 1 (i) above is secured by way of hypothecation of moveable assets (excluding assets purchased on hire purchase basis) of the company, both present and future, has been secured by second charge by way of equitable mortgage on the immovable assets of the company, both present and future ,and further secured by personal guarantee of two directors of the company.
- 2 Hire Purchase loans from banks are relating to vehicles and are secured by hypothecation of respective vehicles costing Rs.40.53 lacs (Previous year Rs.20.43 lacs)
- 3 (i) Working Capital loans from banks are secured by first charge by way of hypothecation on current assets of the company and further secured/to be secured by way of second charge over the assets mentioned in para (1) above and further secured by personal guarantee of two Directors of the Company.
- (ii) Non-fund based limits sanctioned by the bankers are secured by extension of first charge on the current assets of the Company and further secured/to be secured by second charge on the immovable properties of the company and further secured by personal guarantee of two directors of the Company. Total amount outstanding at the end of the year is Rs 3918.17 lacs (Previous Year Rs 3108.95 lacs).

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

	As at 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
SCHEDULE 4		
UNSECURED LOANS		
FIXED DEPOSITS		
-Directors	154.00	—
-Corporates	226.50	—
-Public	114.00	25.00
Payable within one year Rs. 494.50 Lacs(Previous year Rs. 25 Lacs)	<u>494.50</u>	<u>25.00</u>

SCHEDULE - 5

FIXED ASSETS

(Rs. In lacs)

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions	Deductions/ Adjustments	As at 31.03.2011	Upto 31.03.2010	For the Year	Deductions/ Adjustments	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land-Freehold	271.87	1.29	—	273.16	—	—	—	—	273.16	271.87
Buildings	4,778.86	13.54	—	4,792.40	1,145.35	136.41	—	1,281.76	3,510.64	3,633.51
Plant & Machinery	25,765.20	971.56	1,297.47	25,439.29	9,034.06	1,352.16	1,051.59	9,334.63	16,104.66	16,731.14
-do- Wind Turbine	3,453.95	—	—	3,453.95	1,154.24	357.14	—	1,511.38	1,942.57	2,299.71
Electrical Installations	2,166.34	7.76	—	2,174.10	817.67	114.40	—	932.07	1,242.03	1,348.67
Furniture & Office Equipments	288.56	2.95	1.55	289.96	187.58	11.96	1.55	197.99	91.97	100.98
Vehicles	126.61	40.94	25.15	142.40	75.25	13.10	16.59	71.76	70.64	51.36
Total	36,851.39	1,038.04	1,324.17	36,565.26	12,414.15	1,985.17	1,069.73	13,329.59	23,235.67	24,437.24
Previous year	36,615.74	253.69	18.04	36,851.39	10,429.76	1,999.71	15.32	12,414.15	24,437.24	26,185.98
Capital Work - in Progress									—	4.16

	As at 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
SCHEDULE 6		
INVESTMENTS - At cost		
LONG TERM - FULLY PAID-UP		
NON-TRADE INVESTMENTS		
UNQUOTED		
National Savings Certificates (Lodged with statutory authorities)	<u>0.32</u>	<u>0.32</u>
Total	<u>0.32</u>	<u>0.32</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

	As at 31.03.2011 (Rs. in lacs)	As at 31.03.2010 (Rs. in lacs)
SCHEDULE 7		
CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS		
INVENTORIES (As taken, valued and certified by the Management)		
Stores, Spares and Packing Materials	80.01	63.00
Stock In Trade		
Raw Materials	9,137.81	4,644.98
Goods-in-Process	938.11	470.78
Finished Goods	1,578.83	808.69
Waste Stock	55.67	33.62
Total	<u>11,710.42</u>	<u>5,958.07</u>
	<u>11,790.43</u>	<u>6,021.07</u>
SUNDRY DEBTORS		
(Unsecured, considered good, except otherwise stated)		
Over Six months	28.67	33.29
Less: Provision for Doubtful Debts	<u>23.99</u>	<u>4.68</u>
Other Debts	1,627.42	1,564.97
Total	<u>1,632.10</u>	<u>1,598.26</u>
CASH AND BANK BALANCES		
Cash on Hand	3.88	1.48
Balances with Scheduled Banks in		
Current Accounts	154.50	533.41
Unpaid Dividend Accounts	22.38	29.12
Margin Money Deposit Accounts	433.38	508.52
Deposit Accounts	41.77	4.65
Total	<u>652.03</u>	<u>1,075.70</u>
	<u>655.91</u>	<u>1,077.18</u>
OTHER CURRENT ASSETS		
Interest accrued and Other Claims Receivable	23.64	106.35
LOANS AND ADVANCES		
(Unsecured, considered good, except otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Capital Advances	110.31	—
Other Advances /Receivables		
Considered Doubtful	2.13	2.13
Less: Provision for Doubtful advances	<u>2.13</u>	<u>2.13</u>
Considered Good	1,051.48	1,019.88
Deposits	157.66	124.00
Income Tax (Net of Provision Rs. 562.77 lacs ; Previous year Rs.130.46 lacs)	237.57	337.78
Balances with Statutory Authorities	433.96	657.09
Minimum Alternate Tax Credit entitlement	432.31	—
Total	<u>2,423.29</u>	<u>2,138.75</u>
SCHEDULE 8		
CURRENT LIABILITIES AND PROVISIONS		
Sundry Creditors :		
Due to Micro, Small and Medium Enterprises	16.41	25.42
Due to Others	<u>2,373.52</u>	<u>2,389.93</u>
Investor's Education and Protection Fund *		
Unclaimed Dividend	22.38	29.12
Other Liabilities	524.08	798.23
	<u>2,936.39</u>	<u>3,550.63</u>

*Due to Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 will be determined on the respective due dates.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	Year ended 31.03.2011 (Rs. in lacs)	Year ended 31.03.2010 (Rs. in lacs)
SCHEDULE 9		
SALES		
Finished Goods :		
Exports	17,999.36	11,224.30
Local	18,257.19	13,854.34
Traded Goods		
Exports	3,294.70	2,282.24
Waste and Other Sales		
Exports	447.43	636.19
Local	<u>2,266.62</u>	<u>1,383.01</u>
Export Incentives	78.91	817.51
Total	<u><u>42,344.21</u></u>	<u><u>30,197.59</u></u>
SCHEDULE 10		
OTHER OPERATING INCOME		
Insurance claim on Stock damaged due to Fire		
Raw materials	—	74.33
Goods-in-process	—	<u>25.47</u>
	—	<u><u>99.80</u></u>
SCHEDULE 11		
OTHER INCOME		
Agricultural Income	0.36	0.33
Sale of Verified Emission Reduction Certificate	—	50.29
Profit on sale/discard of Fixed Assets (Net)	—	6.19
Insurance Claim	20.44	—
Total	<u><u>20.80</u></u>	<u><u>56.81</u></u>
SCHEDULE 12		
INCREASE/(DECREASE) IN STOCK		
CLOSING STOCK		
Finished Goods	1,578.83	808.69
Goods-in-process	938.11	470.78
Waste	<u>55.67</u>	<u>33.62</u>
	2,572.61	1,313.09
LESS: OPENING STOCK		
Finished Goods	808.69	2,113.13
Goods-in-process	470.78	285.60
Waste	<u>33.62</u>	<u>22.16</u>
	1,313.09	2,420.89
	<u><u>1,259.52</u></u>	<u><u>(1,107.80)</u></u>
Stock damaged due to Fire	—	25.47
Total	<u><u>1,259.52</u></u>	<u><u>(1,082.33)</u></u>
SCHEDULE 13		
COST OF MATERIALS		
Opening Stock	4,644.98	2,601.10
Add: Purchases	30,543.97	21,862.88
Less: Sale of Cotton	280.44	2,891.60
Less: Stock damaged due to Fire	—	74.33
	30,263.53	18,896.95
Less: Closing Stock	<u>9,137.81</u>	<u>4,644.98</u>
Raw materials Consumed	25,770.70	16,853.07
Add: Purchase of Traded Goods	<u>2,962.68</u>	<u>2,251.62</u>
Total	<u><u>28,733.38</u></u>	<u><u>19,104.69</u></u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT (contd.)

	Year ended 31.03.2011 (Rs. in lacs)	Year ended 31.03.2010 (Rs. in lacs)
SCHEDULE 14		
PERSONNEL EXPENSES		
Salaries, Wages and Bonus	1,294.22	1,081.73
Contribution to Provident and Other Funds	119.24	109.18
Welfare Expenses	185.76	143.43
Managing Director's Remuneration	59.64	53.28
Total	<u>1,658.86</u>	<u>1,387.62</u>
SCHEDULE 15		
MANUFACTURING EXPENSES		
Processing Charges	180.74	219.30
Power and Fuel(net)	2,661.67	2,501.55
Stores, Spares and Packing Materials	474.01	422.34
Repairs and Maintenance :		0.00
Building	18.97	6.92
Plant & Machinery	350.36	314.40
Others	19.67	19.01
Total	<u>3,705.42</u>	<u>3,483.52</u>
SCHEDULE 16		
SALES AND DISTRIBUTION EXPENSES		
Commission and Brokerage	498.52	391.56
Freight, Forwarding and Other expenses	784.85	583.08
Total	<u>1,283.37</u>	<u>974.64</u>
SCHEDULE 17		
INTEREST CHARGES		
On Fixed Loans	1,509.59	1,506.05
On Others (Net)	468.81	555.65
Total	<u>1,978.40</u>	<u>2,061.70</u>
SCHEDULE 18		
OTHER EXPENSES		
Insurance	96.35	75.11
Rates and Taxes	38.52	58.44
Hank Yarn Obligation	73.18	9.34
Rent	14.78	22.10
Auditors' Remuneration	2.92	2.37
Directors' Sitting fees	2.50	3.93
Telephone, Fax Charges	8.92	7.61
Donation	1.50	—
Travelling and Conveyance expenses	79.57	45.55
Miscellaneous Expenses	115.70	201.29
Bank and Finance Charges	204.07	253.26
Foreign Exchange Difference -Net	(276.23)	(30.13)
Loss on cancellation of Forward Contracts	(2.25)	121.95
Provision for Doubtful Debts	23.99	—
Loss on Sale of Fixed Assets	4.29	—
Stock Damaged Due to Fire	—	99.80
Total	<u>387.81</u>	<u>870.62</u>

NOTES FORMING PART OF ACCOUNTS

SCHEDULE 19

I. SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PRESENTATION

The financial statements have been prepared to comply with the mandatory Accounting Standards prescribed in the Companies (Accounting Standards) Rules 2007, issued by National Advisory Committee on Accounting Standards and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention, on the basis of a going concern and on accrual basis.

B) USE OF ESTIMATES

The preparation of financial statements requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses of that year. Actual result could differ from these estimates. Any revision to accounting estimates is recognized prospectively.

C) FIXED ASSETS

(i) All fixed assets are stated at cost, less accumulated depreciation. Expenditure during construction period in respect of new project/expansion is allocated to the respective fixed assets on their being ready for commercial use. Fixed Assets are eliminated from Financial statements, either on disposal or when retired from active use. Also refer Para G and J below.

(ii) Impairment of Assets :

The company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to recoverable amount and the impairment loss is charged to Profit and Loss account. If at the Balance Sheet date there is any deduction that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

D) INVESTMENTS

Long term Investments are stated at cost less provision, if any, for other than temporary diminution in the value of investments.

E) INVENTORIES

Inventories are valued at lower of cost and net realisable value. Cost of Raw Material is computed by using "Specific Identification" method and for other inventories "Weighted Average" method. The cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

F) REVENUE RECOGNITION

Sales are recognized as and when risks and rewards of ownership are passed on to the buyer and ultimate realisation of price is reasonably certain. Export Sales are inclusive of deemed exports while domestic sales are net of Value Added tax. Claims and other incomes are recognized based on virtual certainty of such claims and incomes.

G) BORROWING COST

Borrowing Costs attributable to acquisition and construction of qualifying assets are capitalised as a part of the cost of such asset upto the date when such asset is ready for its intended use. Other borrowing costs are charged to Profit & Loss Account.

H) DEPRECIATION

Depreciation has been provided under Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Plant & Machinery and Electrical Installations have been, on technical assessment, considered as continuous process plants as defined in the said Schedule and depreciation has been provided accordingly.

Depreciation on Wind Turbine Machinery has been provided on Straight Line Method at general rates as specified in the said Schedule.

I) EMPLOYEE BENEFITS

Short Term employee benefits including accrued liability for Leave Encashment (other than termination benefits) which are payable within 12 months after the end of the period in which the employees render service are paid/provided during the year as per the Rules of the Company.

Defined Contribution Plans:

Company's contributions paid/payable during the year to Provident and Family Pension Funds, Superannuation Fund (wherever opted) and Employees State Insurance Contribution are recognized in the Profit & Loss Account.

Defined Benefit plans:

The Employees' Gratuity Fund Scheme covered by the Group Gratuity-cum-Life Assurance Policy of LIC of India is a Defined Benefit Plan. The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method which recognizes each period of service as giving rise to additional amount of employee benefit entitlement and measures each unit separately to build up the final obligation.

Termination Benefits:

Payments under Voluntary Retirement Scheme are recognized in the Profit and Loss Account of the year in which such payments are effected.

J) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are recorded at the rate of exchange in force on the date of transactions.

Foreign currency assets and liabilities both monetary and non monetary are stated at the rate of exchange prevailing at the year-end and resultant gains/losses are recognised in the profit and loss account. Premium/Discount in respect of forward foreign exchange contracts is recognized over the life of the contracts.

K) TAXATION

Income Tax expense comprises Current Tax, Wealth Tax (i.e. amount of tax for the period determined in accordance with the Income Tax Law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year, unabsorbed depreciation or carry forward loss under taxation laws).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted on the balance sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that the assets can be realised in future, however where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain as the case may be, to be realised.

Tax credit is recognized in respect of Minimum Alternative Tax (MAT) as per the provisions of Section 115JB of the Income Tax Act, 1961 based on convincing evidence that the company will pay normal income tax within the statutory time frame and is reviewed at each balance sheet date.

NOTES FORMING PART OF ACCOUNTS (Contd.)

L) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a) the company has a present obligation as a result of past event,
- b) the probable outflow of resources is expected to settle the obligation and
- c) the amount of the obligation can be reliably estimated

where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, such reimbursement is recognized to the extent of provision or contingent liability as the case may be, only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in the case of

- a) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- b) a possible obligation, unless the probability of outflow of resources is remote

II. NOTES FORMING PART OF ACCOUNTS

1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 855 lacs (Previous year Rs. Nil).
2. Contingent Liabilities not provided for in respect of :
 - 2.1 Disputed amounts of Taxes and duties and other claims not acknowledged as debts :
 - a) Excise duty : Rs. 132.37 lacs (Previous year Rs. 132.37 lacs)
 - b) Sales Tax (VAT) : Rs. 1.11 lacs (Previous year Rs.1.11 lacs)
 - c) Market Committee Cess: Rs.13.39 lacs (Previous year Rs. 9.17 lacs)
 - d) Disputed Income tax demands – Rs. Nil (Previous year Rs. 590.69 lacs), matter having been decided by the Tribunal (ITAT) in favour of the Company. Though the Income Tax Department has gone in for appeal before the Hon' ble High Court of Kerala against the order of the ITAT, the company is hopeful of outcome in its favour. Payment there against Rs.401.89 lacs included in Loans & Advances in Schedule No. 7 (Previous year Rs. 401.89 lacs)
 - 2.2 The company has given Corporate Guarantee amounting to Rs.1724 lacs (Previous year Rs.1724 lacs) to a Financial Institution in respect of financial assistance provided by them to GTN Enterprises Limited and the outstanding amount thereof is Rs.1426 lacs (Previous Year – Rs. 1536 lacs).
3. (i) The amount of foreign exchange difference (net) included in the Net Profit for the year amounts to Rs. 276.23 lacs gain. (Previous year Rs. 30.13 lacs gain). This comprises foreign exchange difference in respect of export Rs.230.59 lacs gain (previous year 3.32 lacs gain) and in respect of imports Rs. 45.64 lacs gain (previous year Rs. 26.81 lacs gain) as shown in Schedule 18.
(ii) Outstanding Forward Contracts (not in the nature of derivatives) as on 31st March, 2011 which were entered into for hedging exchange risk arising from foreign currency fluctuations related to highly probable future transactions amount to US \$ 84.77 lacs (Previous year US\$ 81.76 lacs) at average Exchange Rate of Rs. 47.32 / US\$ (previous year Rs.46.99/US\$). The period covered under these contracts spreads over April 2011 to May 2012. (Previous year April, 2010 to March, 2011). The average Exchange Rate applicable for the above period based on exchange rate on 31.03.2011 works out to Rs. 44.70 / US\$ (Previous year Rs.45.77/US\$), resulting in notional gain of Rs. 222.09 lacs (Previous year loss Rs.100.24 lacs).

NOTES FORMING PART OF ACCOUNTS (Contd.)

(iii) Particulars of unhedged Foreign Currency exposures as at 31.03.2011 are given below:

Particulars	Currency	As at 31.03.2011			As at 31.03.2010		
		Amount in lacs	Exchange Rate Rs	Amount (Rs in lacs)	Amount (USD) in lacs	Exchange Rate Rs	Amount (Rs in lacs)
Accounts Payable	USD	56.17	44.71	2511.36	3.40	45.14	153.48
	EUR	14.39	63.19	901.10	0.27	60.46	16.32
	CHF	0.60	48.72	29.22	—	—	—

4. a) In the opinion of the Board, the current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
- b) Balance of certain creditors, debtors, loans and advances given are subject to confirmation and reconciliation, if any. However in the opinion of management, there would not be any material impact on financial statements.
5. Interest on others in Schedule – 17 is net of interest income of Rs. 55.60 lacs (Previous Year Rs. 30.10 lacs); tax deducted at source thereon Rs. 6.67 lacs (Previous Year Rs. 2.53 lacs).
6. In terms of Accounting Standard - 17, the Company operates materially only in one business Segment viz., Textile Industry and have its production facilities and all other assets located within India. Sales to external customers comprise outside India sales of Rs. 21741.49 lacs (Previous year Rs. 14142.73 lacs) and within India sale of Rs.20523.81 lacs (Previous year Rs. 15237.35 lacs).
7. Deferred Tax Liability /(Asset) as at the year end comprise timing differences on account of the following items:

		As at 31.03.2011 (Rs. In lacs)	As at 31.03.2010 (Rs. In lacs)
a)	Depreciation	3,736.39	3,853.58
b)	Unabsorbed Depreciation	(1,818.89)	(2,945.42)
c)	Expenses allowable	(100.76)	(442.84)
d)	Others	(5.76)	(11.77)
	Net Deferred Tax Liability	1,810.98	453.35

8. Earnings per share:

		2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
Numerator :			
	Net Profit attributable to the Equity Shareholders	2534.49	(406.29)
Denominator :			
	Weighted average Equity Shares	Nos. 30,920,000	30,920,000
Basic and Diluted Earnings Per Share (face value of Rs.10 each)		Rs. 8.20	(1.31)

NOTES FORMING PART OF ACCOUNTS (Contd.)

9. Disclosure in respect of Accounting Standard 15 "Employee Benefits" .

		Gratuity (Funded) 2010-11 RS.	Gratuity (Funded) 2009-10 RS.
A.	Expense recognised during the year		
1	Current Service Cost	978,290	818,414
2	Interest cost	967,110	775,790
3	Expected return on plan assets	(1,266,025)	(1,058,605)
4	Actuarial Loss/(Gain) during the year	1,916,891	797,300
5	Expenses recognised in Profit & Loss account	2,596,266	1,332,899
B.	Actual return on Plan assets		
1	Expected return on plan assets	1,266,025	1,058,605
2	Actuarial Gain/(Loss) on Plan assets	—	—
3	Actual return on plan assets	1,266,025	1,058,605
C.	Net Asset/(Liability) recognised in the Balance Sheet		
1	Present value of the obligation at the year end	15,005,135	12,088,881
2	Fair Value of plan assets at the year end	16,841,834	14,213,167
3	Funded status - surplus/(deficit)	1,836,699	2,124,286
4	Unrecognised past service cost	—	—
5	Net Asset/(Liability) recognised in the Balance Sheet	1,836,699	2,124,286
D.	Change in Present value of the Obligation during the year		
1	Present value of the obligation as at the beginning of year	12,088,881	9,697,377
2	Current service cost	978,290	818,414
3	Interest cost	967,110	775,790
4	Benefits paid	946,037	—
5	Actuarial loss/(gain) on obligation	1,916,891	797,300
6	Present value of obligation at the year end	15,005,135	12,088,881
E.	Change in Assets during the year		
1	Fair Value of plan assets at the beginning of the year	14,213,167	11,444,380
2	Expected return on plan assets	1,266,025	1,058,605
3	Contributions made	2,308,679	1,710,182
4	Benefits paid	946,037	—
5	Actuarial Loss/(gain) on plan assets	—	—
6	Fair value of plan assets at the year end	16,841,834	14,213,167
F	Actuarial Assumptions		
1	Discount rate	8.00%	8.00%
2	Salary escalation	5.00%	4.00%
3	Expected rate of return on plan assets	9.00%	9.00%

NOTES FORMING PART OF ACCOUNTS (Contd.)

10. Disclosure in respect of Related Parties pursuant to Accounting Standard -18:

(a) List of Related Parties:

(As identified by the Management)

Related parties with whom company entered into transactions during the year:

i) **Associates**

- 1) GTN Textiles Limited
- 2) GTN Enterprises Limited

ii) **Key Management personnel and Enterprises (having common key Management personnel or their Relatives)**

Key Management Personnel

Shri Umang Patodia - Managing Director

Enterprises/Entities having common Key Management Personnel

- 1) Perfect Cotton Co.
- 2) Patcot & Co
- 3) Purav Trading Limited
- 4) Standard Cotton Corporation
- 5) Patodia Exports and Investments (P) Limited
- 6) Beekaypee Credit (P) Limited
- 7) Umang Finance (P) Limited
- 8) B. K. Patodia (HUF)
- 9) Umang Patodia (HUF)
- 10) Ankur Patodia (HUF)

Relatives of Key Management Personnel

Shri. Binod Kumar Patodia - Father of Shri. Umang Patodia

Shri. Ankur Patodia - Brother of Shri. Umang Patodia

Smt. Prabha Patodia - Mother of Shri. Umang Patodia

Smt. Swati Patodia - Sister-in-law of Shri. Umang Patodia

(b) During the year following transactions were carried out with related parties in the ordinary course of business and at arms length:

(Rs. in lacs)

Nature of Transactions	Associates	Key Management Personnel	Enterprises/Relatives of Key Management Personnel
1. Sales, Service and other income	1,015.03 (3,597.74)	— (—)	— (—)
2. Purchase of Goods and Services	2,987.17 (4,128.21)	— (—)	5,454.91 (3,621.64)
3. Purchase of Fixed assets	3.22 (—)	— (—)	— (—)
4. Sale of Fixed Assets	9.10 (—)	— (—)	— (—)
5. Managerial Remuneration	— (—)	59.64 (53.28)	— (—)
6. Sitting Fees	— (—)	— (—)	0.30 (0.30)
7. Interest Paid	— (—)	2.09 (—)	1.08 (—)
8. Deposits	— (—)	154.00 (—)	125.50 (—)

NOTES FORMING PART OF ACCOUNTS (Contd.)

(c) Outstanding balances as at 31.03.2011

(Rs. in lacs)

Particulars	Associates	Key Management Personnel	Enterprises/Relatives of Key Management Personnel
1. Amount Payable	497.88 (1019.71)	— (—)	544.98 (375.52)
2. Amount Receivable	— (—)	— (—)	— (—)
3. Guarantees Provided for	1,426.24 (1,536.00)	— (—)	— (—)
4. Guarantees Received	— (—)	— (—)	— (—)

Notes: No amounts have been provided for / written off during the year.

* Figures in brackets represent previous year's figures.

(d) Details of Material transactions with Related Party

- (a) Sales of cotton to GTN Textiles Limited Rs. 102.98 lacs (Previous Year Rs.1582.21 lacs), Sales of yarn to GTN Textiles Limited Rs. 383.86 lacs (Previous year Rs. 668.55 lacs), Processing Charges received from GTN Textiles Limited Rs. 80.36 Lacs(Previous year Rs. 4.47 lacs), Rent received from GTN Textiles Limited Rs 2.15 lacs (Previous Year Rs Nil) Sale of cotton to GTN Enterprise Limited Rs. Nil (Previous year Rs.823.15 lacs), Sales of yarn to GTN Enterprise Limited Rs. 371.51 lacs (Previous year Rs. 413.41 lacs), Sale of Machinery to GTN Enterprises Limited Rs 9.10 lacs (Previous Year Nil), Rent received from GTN Enterprise Limited Rs. Rs. 1.08 lacs (Previous year Rs.1.08 lacs), Processing Charges received from GTN Enterprise Limited Rs. 73.09 lacs (Previous year Rs. 102.14 lacs), Fixed Deposits from Shri Binod Kumar Patodia Rs 154.00 lacs,Fixed Deposit from Patodia Exports and Investments (P) Limited Rs 13.00 lacs, Fixed Deposit from Beekaypee Credit (P) Limited Rs 5.00 lacs, Fixed Deposit from Umang Finance (P) Limited Rs 8.50 lacs, Fixed Deposit from Smt Prabha Patodia Rs 65.00 lacs Fixed Deposit from Smt Swati Patodia Rs 3.00 lacs, Fixed Deposit from Binod Kumar Patodia (HUF) Rs 6.00 lacs,Fixed Deposit from Umang Patodia (HUF) Rs 13.00 lacs, and Fixed Deposit from Ankur Patodia (HUF) Rs 12.00 lacs
- (b) Purchase of cotton from GTN Textiles Limited Rs. 1104.61 lacs (Previous Year Rs. 1932.16 lacs), Purchase of yarn from GTN Textiles Limited Rs 352.69 lacs (Previous year Rs. 404.82 lacs), Purchase of store items from GTN Textiles Limited Rs. Nil (Previous Year Rs.0.76 lacs), Purchase of Focus Market License from GTN Textiles Limited Rs 7.26 lacs (Previous Year Rs Nil) Processing Charges paid to GTN Textiles Limited Rs. 32.64 Lacs (Previous Year Rs. 28.09 lacs) Rent Paid to GTN Textiles Limited Rs 1.32 lacs (Previous Year Rs Nil). Purchase of Cotton from Standard Cotton Corporation Rs 1443.68 lacs (Previous year Rs 185.58 lacs),Purchase of Cotton from Patcot & Co Rs 1310.92 lacs (Previous year Rs 165.45 lacs), Purchase of Cotton from Perfect Cotton Co Rs 1494.71 lacs(Previous year Rs1590.92 lacs) Purchase of Cotton from Purav Trading Ltd Rs 1205.60 lacs (Previous Year Rs 1679.69 lacs), Purchasing of cotton from GTN Enterprise Limited Rs. 1015.33 lacs (Previous year Rs.1308.39 lacs), Purchase of yarn from GTN Enterprise Limited Rs. 190.49 lacs (Previous year Rs.297.64 lacs), Purchase of Machinery from GTN Enterprises Limited Rs 3.22 lacs (Previous year Rs Nil), Purchase of Focus Market License from GTN Enterprises Ltd Rs 2.99 lacs (Previous year Rs Nil), Processing Charges paid to GTN Enterprise Limited Rs. 279.84 lacs (Previous year Rs.154.91 lacs), and Purchase of store items from GTN Enterprise Limited Rs. Nil (Previous year Rs. 0.12 lacs).Sitting fee paid to Shri Binod Kumar Patodia Rs 0.30 lacs ,Interest on Fixed Deposits paid to Shri Binod Kumar Patodia Rs 2.09 lacs, Interest on Fixed Deposit paid to Patodia Exports and Investments (P) Limited Rs 0.09 lacs, Interest on Fixed Deposit paid to Beekaypee Credit (P) Limited Rs 0.04 lacs, Interest on Fixed Deposit paid to Umang Finance (P) Limited Rs 0.07 lacs, Interest on Fixed Deposit paid to Smt Prabha Patodia Rs 0.75 lacs. Interest on Fixed Deposit paid to Smt Swati Patodia Rs 0.02 lacs, Interest on Fixed Deposit paid to Binod Kumar Patodia (HUF) Rs 0.03 lacs , Interest on Fixed Deposit paid to Umang Patodia (HUF) Rs 0.04 lacs, and Interest on Fixed Deposit paid to Ankur Patodia (HUF) Rs 0.04 lacs

NOTES FORMING PART OF ACCOUNTS (Contd.)

11. Additional information pursuant to the provisions of Schedule VI of the Companies Act, 1956

(A) Installed Capacity : (As certified by the Management)

Capacity	Installed
Spinning (in spindles)	111,024 (111,024)
Knitting (in tons)	1,008 (1,008)

(B) Sales, Production and Stocks

Finished Goods	Unit	Opening stock	Production	Sales	Closing stock
Yarn	(Lac Kgs.)	4.07	153.87*	151.67	6.27
	(Lac Kgs.)	(11.37)	(137.50)*	(144.80)	(4.07)
	(Rs. In lacs)	808.69	—	35648.20	1578.83
	(Rs. In lacs)	(2112.29)	(—)	(24836.81)	(808.69)
Knitted Fabric	(Tons)	—	233.61	233.61	—
	(Tons)	(0.48)	(322.90)	(323.38)	(—)
	(Rs. In lacs)	—	—	608.35	—
	(Rs. In lacs)	(0.84)	(—)	(241.83)	(—)

* includes captive consumption for fabrics 2.31 lacs Kgs (Previous year 1.60 lacs Kgs)

(C) Raw Materials consumed

Particulars	Year ended 31.03.2011			Year ended 31.03.2010		
	Kgs. (In lacs)	Rs. (In lacs)	% of total consumption Value	Kgs. (In lacs)	Rs. (In lacs)	% of total consumption Value
Cotton Imported *	53.14	5755.69	22.33	45.58	3771.73	22.38
Cotton Indigenous	114.10	10969.17	42.56	114.73	8255.16	48.98
Yarn Indigenous**	43.69	9045.84	35.11	30.17	4826.18	28.64
Total	210.93	25770.70	100.00	190.48	16853.07	100.00

* Includes imported cotton purchased indigenously.

** Semi - finished goods (yarn) purchased and consumed.

(D) Value of Imports on CIF basis in respect of

Particulars	Year ended 31.03.2011 (Rs. in lacs)	Year ended 31.03.2010 (Rs. in lacs)
Raw Material – Cotton	4269.29	8026.06
Stores	78.82	92.41
Capital Goods	71.18	Nil

(E) Value of Consumption

Stores, Spares, Packing Materials

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
	Rs. in lacs	%	Rs. in lacs	%
Imported	24.76	4.64	7.64	1.73
Indigenous *	508.58	95.36	433.66	98.27
Total	533.34	100.00	441.30	100.00

* includes HSD value Rs.59.33 lacs (previous year Rs.18.97 lacs) charged to Power & Fuel.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Components [under Repairs & Maintenance -Plant & Machinery]

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
	Rs. in lacs	%	Rs. in lacs	%
Imported	43.31	14.58	92.41	41.30
Indigenous	253.83	85.42	131.35	58.70
Total	297.14	100.00	223.76	100.00

(F) Traded Goods (Cotton Yarn)

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
	Kgs. in lacs	Rs. in lacs	Kgs. in lacs	Rs. in lacs
Opening Stock	—	—	—	—
Purchases	15.36	2962.68	16.10	2251.62
Sales	15.36	3294.70	16.10	2282.24
Closing Stock	—	—	—	—

(G) Expenditure in Foreign Currency (on remittance basis)

Particulars	Year ended 31.03.2011 (Rs. in lacs)	Year ended 31.03.2010 (Rs. in lacs)
Agents' Commission	132.68	253.08
Others	15.48	34.17

(H) Earnings in Foreign Exchange

FOB Value of Exports (Rs. in lacs)	21342.42	13834.55
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(I) Amount Remitted in Foreign Currency

(On account of Dividend to Foreign Promoter)

Particulars	Year ended 31.03.2011 (Rs. in lacs)	Year ended 31.03.2010 (Rs. in lacs)
Number of Shareholder	1	1
Number of Shares held	3000000	3000000
Amount remitted (Rs. In lacs) Remittance pertaining to financial year	NIL	NIL

12. REMUNERATION TO MANAGING DIRECTOR:

a)	Particulars	Year ended 31.03.2011 (Rs. in lacs)	Year ended 31.03.2010 (Rs. in lacs)
	Salaries	44.40	39.96
	Contribution to Provident Fund, Superannuation Fund and Gratuity Fund	11.99	12.53
	Perquisites	3.25	0.79
	Total	59.64	53.28

b) As no commission is being paid to the Managing Director, computation under Section 198/349 of the Companies Act has not been disclosed.

NOTES FORMING PART OF ACCOUNTS (Contd.)

13. AUDITORS' REMUNERATION:

Particulars	Year ended 31.03.2011 (Rs. in lacs)	Year ended 31.03.2010 (Rs. in lacs)
Audit fees	1.10	1.10
Tax Audit fees	0.11	0.11
Certification charges	0.54	0.30
Out of Pocket expenses	0.48	0.28
Sub Total	2.23	1.79
Cost Audit fees	0.69	0.58
Total	2.92	2.37

14. Hire Purchase Loans: Disclosure as required in AS-19 Leases

Due	Total minimum payments outstanding (Rs. In Lacs)	Future interest on outstanding (Rs.in Lacs)	Present Value of minimum payments (Rs.in Lacs)
1. Due Within one year	7.88 (3.53)	2.44 (0.09)	5.44 (3.44)
2. Between one year to five years	27.32 (—)	4.02 (—)	23.30 (—)
Total	35.20 (3.53)	6.46 (0.09)	28.74 (3.44)

15. Based on information available with the Company regarding the status of suppliers, defined under Micro, Small and Medium Enterprises Development Act, 2006 and payments to them as specified under the notification GSR 719 (E) dated 16th November, 2007 are as follows:

	2010-11	2009-10
a. The principal amount and interest due thereon remaining unpaid as on the Balance sheet date.	Rs.Nil	Rs.Nil
b. Interest paid along with the amount of the payment during the year	Rs.Nil	Rs.Nil
c. Interest due and payable but without adding the interest specified in the above mentioned Act.	Rs.Nil	Rs.Nil
d. Interest accrued and remaining unpaid at the end of the year.	Rs.Nil	Rs.Nil
e. Amount of interest remaining due and payable in subsequent years, and such interest actually paid to and deductible expenditure under section 23 of the said Act.	Rs.Nil	Rs.Nil

16. Previous year's figures have been regrouped and rearranged wherever necessary so as to make them comparable with those of the current year.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

As per notification dated 15.05.95 issued by Department of Company Affairs, the additional information under para IV is as under:

(Rs. in lacs)

(a) Registration details	
CIN	: L18101KL1991PLC006194
State code	: 09
Date of Balance Sheet	: March 31,2011
(b) Capital raised during the period	
Public Issue	: Nil
Rights Issue	: Nil
Bonus Issue	: Nil
Private Placement	: 250
(c) Position of mobilisation and deployment of funds	
Total Liabilities	: 36,825
Total Assets	: 36,825
Source of funds	
Paid up Capital	: 3,792
Reserves and Surplus	: 1,499
Secured Loans	: 29,228
Unsecured Loans	: 495
Deferred Tax Liability	: 1,811
Application of funds	
Net Fixed Assets	: 23,236
Net Current Assets	: 13,589
Misc. Expenditure	: Nil
Profit & Loss Account	: Nil
(d) Performance of the Company	
Turnover	: 43,604
Other Income	: 20.80
Total Expenditure	: 39,732
Profit/(Loss) Before Tax	: 3,892
Profit/(Loss) After Tax	: 2,534
Earnings Per Share (in Rs.)	: 8.20
Dividend Rate (%)	: Nil
(e) Generic names of three principal products/services of the Company	
Item Code No. (ITC Code)	: 52.05
Product Description	: COTTON YARN/PROCESSED YARN
Item Code No. (ITC Code)	: 60.20
Product Description	: KNITTED FABRIC

For and on behalf of the board

B. K. PATODIA
Chairman

N. K. BAFNA
Director

UMANG PATODIA
Managing Director

Place: Kochi
Date: 10th May, 2011

ABHILASH N. A.
Deputy Company Secretary



PATSPIN INDIA LIMITED

Registered Office: 3rd Floor, Palal Towers, M.G. Road, Ravipuram, Kochi 682 016

Proxy

TWENTIETH ANNUAL GENERAL MEETING

Folio No./Client ID No. :

No. of Shares :

I / We of in the District of being Member(s) of the above named Company, hereby appoint of or failing him of or failing him of in the District of as my / our proxy to attend and vote for me / us on my / our behalf at the **TWENTIETH ANNUAL GENERAL MEETING** of the Company to be held at Bharat Hotel (BTH), Durbar Hall Road, Kochi 682 016 on Friday, 29th July, 2011 at 9.30 a.m or at any adjournment thereof.

Signed this day of, 2011.

Please affix
Re.1/-
Revenue
Stamp

Note: The Proxy form duly completed should be deposited at the Registered Office of the Company at Kochi, not later than 48 hours before the time for holding the aforesaid meeting.

Attendance Slip



PATSPIN INDIA LIMITED

Registered Office: 3rd Floor, Palal Towers, M.G. Road, Ravipuram, Kochi 682 016

TWENTIETH ANNUAL GENERAL MEETING

Folio No./Client ID No. :

No. of Shares :

Full Name of the Member attending :
(In BLOCK letters)

Full Name of the first joint-holder :
(To be filled in if first named joint-holder does not attend the meeting)

Full Name of Proxy :
(To be filled in by the Proxy attending instead of the Member)

I, hereby record my presence at the **TWENTIETH ANNUAL GENERAL MEETING** of the Company to be held at Bharat Hotel (BTH), Durbar Hall Road, Kochi 682 016 on Friday, 29th July, 2011 at 9.30 a.m.

.....
Member's / Proxy's Signature

Note : Members / Joint Members / Proxies are requested to bring the attendance slip with them; duly completed when they come to the meeting and handover them at the gate, affixing signature(s) on them. Duplicate slips will not be issued at the entrance of the Auditorium.



Registered Office: 3rd Flr., Palal Towers, Ravipuram, M G Rd.,
Ernakulam, Kochi 682 016.

Corporate Office: 43, Mittal Chambers, 4th Flr., 228, Nariman Point
Mumbai 400 021.

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