
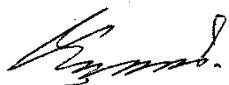




**FORM A**

1.	Name of the Company	Patspin India Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2015
3.	Type of Audit Observation	Un-qualified
4.	Frequency of observation	Not applicable
5.	To be signed by –	
	CEO/ Managing Director	 Shri. Umang Patodia Managing Director (DIN 00003588)
	CFO	 Shri. N.N. Venkatasubramanian Chief Financial Officer (Membership No.022869)
	Auditor of the Company	 Shri. R. Mugunthan (Membership No. 21397) M/s. M.S. Jagannathan & Visvanathan, Chartered Accountants, Coimbatore – 641 030 (Firm Registration No. 0012095)
	Audit Committee Chairman	 Shri. N.K. Bafna Chairman – Audit Committee (DIN 00019372)

**PATSPIN INDIA LIMITED**

CIN: L18101KL1991PLC006194

**MARKETING / REGD. OFFICE :**

3rd Floor, Palal Towers, M.G. Road, Ravipuram, Kochi-682 016, India  
 Phone : 91-484-3928300, Fax: 91-484-2370812/3928380  
 E-mail: cs@patspin.com

**CORPORATE OFFICE :**

43, Mittal Chambers, 4th Floor, 228, Nariman Point, Mumbai-400 021 India.  
 Phones: 91-22-2202 1013 / 22028246, Fax: 91-22-2287 4144  
 E-mail: mumbai@gtntextiles.com  
 www.patspin.com

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# Annual Report

2014 / 2015



## 24th ANNUAL REPORT 2014 / 2015

### Board of Directors

B K Patodia	Chairman
N K Bafna	Independent Director
Prem Malik	Independent Director
S.Sundareshan	Independent Director
Rajen K Mariwala	Independent Director
Pamela Anna Mathew	Additional Director (w.e.f. 17.3.2015)
V.Viswanathan	Nominee of KSIDC, Trivandrum
Umang Patodia	Managing Director

Assistant Company Secretary	Dipu George
General Manager (Finance) & Chief Financial Officer	N N Venkitasubramanian

Bankers & Financial Institution  
 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
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Legal Advisors	M/s. Menon & Pai, Kochi
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Registered Office	3rd Floor, Palal Towers, Ravipuram M G Road, Ernakulam, Kochi 682016
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Corporate Office	43, 4th Floor, Mittal Chambers, 228, Nariman Point, Mumbai 400021
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Corporate ID No. (CIN)	L18101KL1991PLC006194
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# PATSPIN INDIA LIMITED

## NOTICE

**NOTICE** is hereby given that the **TWENTY FOURTH** Annual General Meeting of the members of **PATSPIN INDIA LIMITED** will be held at the Bharat Hotel (BTH), Durbar Hall Road, Kochi 682 016 at 9:30 a.m on Friday, the 7th day of August, 2015 to transact the following businesses:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2015 and the Reports of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri B.K. Patodia (DIN: 00003516), who retires by rotation, and being eligible, offers himself for re-appointment.
3. Ratification of appointment of Statutory Auditors. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution

**“RESOLVED THAT** pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with rules made thereunder, the appointment of M/s. MS Jagannathan & Visvanathan (Firm Reg. No: 001209S), Chartered Accountants as Auditors of the Company for a term of 3 years i.e. till the conclusion of the 26th Annual General Meeting (AGM), which was subject to ratification at every AGM, be and is hereby ratified to hold the office from the conclusion of this AGM till the conclusion of the 25th AGM of the Company to be held in the year 2016, at such remuneration plus service tax, out of pocket, traveling and living expenses etc. as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

**SPECIAL BUSINESS:**

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

**“RESOLVED THAT** Smt. Pamela Anna Mathew (DIN: 00742735), who was appointed by the Board of Directors as an Additional Director of the Company w.e.f. 17th March, 2015 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 (“Act”) and in respect of whom, the company has received a notice in writing from a member under Section 160 of the Act proposing her candidature as an Independent Director of the Company pursuant to the provisions of sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereon for the time being in force) read with Schedule IV to the Act, who shall hold office from the date of this Annual General Meeting, till 6th August, 2020 and whose office shall not, henceforth, will liable to determination by retirement of Directors by rotation“.

By Order of the Board of Directors

**DIPU GEORGE**

Assistant Company Secretary  
Membership No. 38716

Place : Kochi  
Date : 27.5.2015

**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 AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.

The instrument appointing proxy in order to be effective should be deposited at the Registered Office of the Company duly completed

and signed not less than 48 hours before the commencement of the meeting. A proxy form is send herewith. Proxy submitted on behalf of the Companies, Societies etc, must be supported by an appropriate resolution / authority, as applicable.

2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, 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 Friday, 31st July, 2015 to Friday, 7th August, 2015 (both days inclusive) for the purpose of the Annual General Meeting.
4. Pursuant to Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Security Holders are entitled to make nomination in respect of securities held by them in physical form. Individual Security holder(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 securities shall vest in the event of the death of the Security holder(s). In the case of joint holding, all joint holders shall together nominate any person as nominee. A minor can be a nominee provided the name and address of the guardian is given in the Nomination form. The facility of nomination is not available to non-individual Shareholders such as Bodies-Corporate, Kartas of Hindu Undivided Families, Partnership Firms, Societies, Trust and holders of Power of Attorney. For further details please contact Company’s Secretarial Department. Security holders desirous of making nominations are requested to send their requests in Form No.SH-13 (which will be made available on request) to the Registrar and Share Transfer Agent, M/s. Integrated Enterprises (India) Limited.
5. Disclosure relating to particulars of Cost Auditor as per general Circular No.15/2011 dated 11th April, 2011 for the year ended 31.03.2014.

Name	M/s STR & Associates
Address	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 in XBRL format for F.Y ended 31.03.2014	29.9.2014
Actual date of filing Cost Audit Report in XBRL Format	28.09.2014

6. Disclosure as per Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

No. of Complaints of sexual harassment received during the year	NIL
No. of complaints disposed off during the year	—
No. of cases pending for more than ninety days	—
No. of workshops or awareness programme against sexual harassment carried out	5
Nature of action taken by the employer	—

**REQUEST TO THE MEMBERS:**

1. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least 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

**NOTICE (Contd.)**

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 Agent M/s. Integrated Enterprises (India) Ltd., 2nd Floor, Kences Towers, No.1, Ramakrishna Street, T Nagar, Chennai-600017, Tel: 044 28140801-803; E-Mail: corpseiv@integratedindia.in.
4. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to register/update your e-mail addresses, in respect of shares held in dematerialized form with your respective Depository Participants and in respect of shares held in physical form with above RTA directly to enable Company to send communication / documents via e-mail.
5. Copies of the Annual Report 2015 alongwith Notice of the 24th AGM, Attendance Slip and Proxy Form, are being sent by electronic mode to all members whose email address are registered with the Company/ Depository Participant (s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.
6. 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.
7. **Voting through electronic means**

Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and clause 35 B of the Listing Agreement with the Stock Exchanges, the Company is pleased to offer Remote e-voting facility to the members to cast their votes electronically as an alternative to participation at the Annual General Meeting(AGM) to be held on Friday, 7th August, 2015 at 9.30 am at Bharath Hotel (BTH), Durbar Hall Road Kochi-682016. Please note that remote e-voting through electronic means is optional. The company is also providing the facility of poll at the meeting by way of ballot. The Company has engaged the services of Central Depository Services India Ltd (CDSL) to provide remote e-voting facilities. The remote e-voting facility is available at the link <https://www.evotingindia.com> :

The Company had fixed on Friday, 31st July, 2015 as the cut off date for determining voting right of shareholders entitled to participating in the remote e-voting process. In this regard, your demat account/folio number has been enrolled by the Company for your participation in remote e-voting on resolutions placed by the Company on e-voting system.

The remote e-voting facility will be available during the following period:

<b>Commencement of remote e-voting</b>	<b>9:00 A.M. onwards on Tuesday, 4<sup>th</sup> August, 2015</b>
<b>End of remote e-voting</b>	<b>Upto 5:00 P.M. on Thursday, 6<sup>th</sup> August, 2015</b>

During this period, members of the company may cast their vote electronically. The remote e-voting module shall be disabled for voting thereafter. Once the vote(s) on a resolution is cast by the member, the member shall not be allowed to change it subsequently, as well as not allowed to vote at the meeting

**The voting rights of the members shall be in proportion to their shares of the paid up equity share capital of the company as on Friday, 31st July, 2015. A person, whose name is recorded in the Register of members or in the Register of beneficial**

**owners maintained by the Depositories as on the cut off date only shall be entitled to avail the facility of remote e-voting as well as voting at the meeting through ballot paper.**

**Any person who acquires shares of the company and becomes member of the company after dispatch of the Notice and holding shares as on cut off date i.e. 31st July, 2015 may obtain the sequence number by sending a request at corpseiv@integratedindia.in.**

**The instructions for members for voting electronically (both for physical shareholders as well as demat holders) are as under:**

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "PATSPIN INDIA LIMITED" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits sequence number in the PAN Field.</li> <li>• In the case of sequence number is less than 8 digits; enter the applicable number of 0's before the number after the first two character of the name in CAPITAL letter.</li> </ul> eg.: If your name is Ramesh Kumar with sequence number 1, then enter RA00000001 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <p># Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member ID / folio number in the Dividend Bank details field in order to login.</p>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members

## NOTICE (Contd.)

holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice..
- (xi) Click on the EVSN for PATSPIN INDIA LIMITED on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
  - a) They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - b) After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - c) The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - d) They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
    - In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- The Company has appointed Shri MRL Narasimha (Membership No.2851, CPNO 799), Practicing Company Secretary as the Scrutinizer to scrutinize the remote e-voting process in fair and transparent manner.
- The Scrutinizer shall, immediately after the conclusion of the voting at the AGM, first count the votes casted at the meeting, thereafter unblock the votes casted through remote e-voting in the presence of at least two witnesses not in the employment in the company and make not later than three days of conclusion of the meeting a consolidated Scrutinizers Report of the Total votes cast in favour or against, if any, to the Chairman or person authorized by him in writing who shall counter sign the same. The chairman or the person authorized by him shall declare the result of the voting forthwith.
- The results declared alongwith the Scrutinizers Report shall be placed on the Company's website [www.patspin.com](http://www.patspin.com) and on the website of CDSL immediately after the result have been declared by the chairman. The company shall simultaneously communicate the result to BSE Limited and National Stock exchange India Limited.

**DETAILS OF DIRECTORS SEEKING APPOINTMENT /RE-APPOINTMENT AT THIS ANNUAL GENERAL MEETING  
PURSUANT TO SECTION 160 OF THE COMPANIES ACT,2013**

**(In pursuance of Clause 49 of the Listing Agreement)**

<b>Name of Director</b>	<b>Shri. B.K. Patodia</b>	<b>Smt. Pamela Anna Mathew</b>
<b>Date of Birth</b>	1.1.1945	24.2.1950
<b>DIN</b>	00003516	00742735
<b>Date of appointment</b>	20.9.1991	17.3.2015
<b>Qualifications</b>	B.E.	Double Post Graduate in Economics & Business Administration
<b>Expertise in specific functional area</b>	<p>Shri. B.K. Patodia, 70 years of age, holds the Engineering Degree from Birla Institute of Science and Technology, Pilani, is the past Chairman of the Cotton Textiles Export Promotion Council, (Texprocil), Mumbai. He is also the past Chairman of the Indian Cotton Mills' Federation, (now known as Confederation of Indian Textile Industry) and Southern India Mills' Association, Coimbatore. He has also served as President of Cochin Chamber of Commerce and Industry, Cochin and Employers' Federation of Southern India, Chennai.</p> <p>Shri. B.K. Patodia is the past Chairman of the Joint Cotton Committee of International Textile Manufacturers Federation (ITMF), Zurich. He is a member of the Advisory Board on the Committee of Management of ITMF. He is also a member of the Spinners Committee of ITMF.</p> <p>Shri. B.K. Patodia has been nominated by Ministry of Consumer Affairs, Food and Public Distribution as a member of the National Advisory Committee to advise the Central Government and Forward Markets Commission regarding Commodity Futures Markets.</p> <p>Shri. B.K. Patodia is a Director on the Boards of several leading Companies and is also a Member of several Government Committees including the Cotton Advisory Board and Cotton Yarn Advisory Board appointed by the Ministry of Textiles, Government of India. He was also actively involved in the Sub-Group on Cotton to formulate National Fibre Policy of the Ministry of Textiles.</p>	<p>Smt. Pamela Anna Mathew, aged about 65 years, is a twin Post Graduate in Economics &amp; Business Administration, having 41 years of professional managerial experience, presently Managing Director of O/E/N India Limited, market leader in the country in the field of Electro Mechanical components for the Electronics Industry.</p> <p>Smt. Pamela Anna Mathew was the Past President of Cochin Chamber of Commerce, Kerala Management Association and Electronic Components Industries Association. She is closely associated with Kerala State Productivity Council and Confederation of Indian Industry. She was the Chairperson of CII, Kerala Council during the year 2002-03. She had received CII Award for the best Chairperson at National level for outstanding contributions to the industry, Management Leadership Award- 2011 of KMA for Managerial Excellence and Outstanding Entrepreneurship Award - 2011 by Kerala State Industrial Development Corporation Ltd.</p>
<b>Shareholding in the Company.</b>	34,550 Equity Shares of Rs 10 each	NIL

**Details of other Directorship:-**

<b>Name of Director</b>	<b>Name of the Company</b>	<b>Position held</b>	<b>Committee type</b>	<b>Membership status</b>	<b>Shareholdings</b>
<b>Shri. B.K. Patodia</b>	GTN Textiles Limited	Chairman & Mg. Director	Audit SRC	Member Member	11,95,580 Equity Shares
	GTN Enterprises Limited	Chairman	Audit	Member	4,72,310 Equity Shares
	The India Thermit Corporation Limited	Director	None	None	None
	Hind Rectifiers Limited	Director	None	None	None
	Patspin Apparels Pvt. Limited	Director	None	None	None
	Patodia Exports & Investments Pvt. Limited	Director	None	None	None
	Umang Finance Pvt. Limited	Director	None	None	None
	Beekaypee Credit Pvt. Limited	Director	None	None	None

**DETAILS OF DIRECTORS SEEKING APPOINTMENT /RE-APPOINTMENT AT THIS ANNUAL GENERAL MEETING (Contd.)**

Name of Director	Name of the Company	Position held	Committee type	Membership status	Shareholdings
<b>Smt. Pamela Anna Mathew</b>	GTN Textiles Limited	Additional Director	None	None	None
	O E N India Limited	Managing Director	None	None	48.04%
	Muthoot Finance Limited	Additional Director	None	None	None
	INKEL-KSIDC Projects Limited	Director	None	None	None
	INKEL Limited	Director	None	None	None
	Geomaths Stocks and Shares Trading Private Limited	Additional Director	None	None	None

By Order of the Board of Directors

**DIPU GEORGE**Assistant Company Secretary  
Membership No. 38716Place : Kochi  
Date : 27.5.2015**STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****ITEM No.4:**

The Board of Directors has appointed Smt. Pamela Anna Mathew as Additional Director w.e.f. 17th March, 2015. As per the provisions of 161(1) of the Act, Smt. Pamela Anna Mathew shall hold office as an Additional Director only up to the date of this Annual General Meeting of the Company.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act, proposing the candidature of Smt. Pamela Anna Mathew as an Independent Director for five consecutive years for a term up to 6th August, 2020.

In the opinion of the Board, Smt. Pamela Anna Mathew fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management. She is not holding any equity shares in the Company and does not hold, by herself or for any other person any shares on a beneficial basis in the Company. Pursuant to revised Clause 49 of the Listing Agreement Smt. Pamela Anna Mathew's tenure as Independent Director in the Company shall be less than 5 years and therefore, this appointment will be treated as her 1st term in the office.

The Board considers that her continued association would be of great benefit to the Company and it is desirable to continue the service of Smt. Pamela Anna Mathew as an Independent Director of the Company. Accordingly, the Board recommends the Resolution in relation to appointment of Smt. Pamela Anna Mathew as an Independent Director, for the approval by the shareholders of the Company by way of Ordinary Resolution.

Copy of the draft letter for appointment of Smt. Pamela Anna Mathew as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

None of the Directors and Key Managerial Personnel or their relatives except Smt. Pamela Anna Mathew is concerned or interested, financial or otherwise, in the resolution set out at item No.4.

By Order of the Board of Directors

**DIPU GEORGE**Assistant Company Secretary  
Membership No. 38716Place : Kochi  
Date : 27.5.2015



# PATSPIN INDIA LIMITED

## DIRECTORS' REPORT

### To the Members,

Your Directors present the **TWENTY FOURTH** Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2015

### FINANCIAL RESULTS

(Rs in lacs)

PARTICULARS	Year Ended	
	31.3.2015	31.3.2014
<b>REVENUE</b>		
Income from operations	55442	60961
Other income	118	104
Changes in Inventories	(303)	1675
Total	<u>55257</u>	<u>62740</u>
<b>EXPENSES</b>		
a) Cost of materials	41004	46230
b) Employee benefits expense	2940	2630
c) Other expenses	7809	7960
Total	<u>51753</u>	<u>56820</u>
<b>OPERATING PROFIT</b>	<b>3504</b>	<b>5920</b>
Finance Costs	3083	3464
<b>PROFIT/(LOSS) BEFORE DEPRECIATION, AMORTISATION &amp; TAX EXPENSES</b>	<b>421</b>	<b>2456</b>
Depreciation and Amortisation Expenses	1243	1899
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>(822)</b>	<b>557</b>
Tax Expenses		
Deferred Taxation	174	132
<b>PROFIT/(LOSS) AFTER TAX</b>	<b>(648)</b>	<b>425</b>

### DIVIDEND

As explained in detail under performance review, your company has incurred loss for the year and hence the Board is unable to recommend a dividend for the financial year ended 31st March, 2015.

### PERFORMANCE REVIEW

As reported in previous year's Directors' Report, the company continued to perform reasonably in the two quarters of the year under review, but due to variety of reasons, from the 3rd quarter of FY 2014-15 the industry went into tailspin and started incurring substantial losses. The major causes were as follows:-

- Raw cotton prices crashed and the benchmark New York Futures plunged from over 90 cents a pound in July 2014 to below 60 cents by Oct / Nov 2014. Similarly, the Indian cotton prices also crashed steeply. For example, Gujarat Shankar 6 prices which was ruling at over Rs.43,000/- per candy in July 2014 came down to Rs.31,000/- per candy in Feb. 2015.
- Spinning mills, specially export oriented Mills always keep several months' of stock of cotton due to quality reasons. Such Mills were left with high-priced cotton with resultant value losses.
- The prime factor in causing the cotton price crash was the change in Chinese Cotton Procurement policies, which in the past had kept the global prices buoyant.
- Consequently, the yarn prices also plunged significantly, specially in fine and superfine yarns.

- The cotton yarn exports to China came down by nearly 23% in 2014-15 as compared to 2013-14. Globally India exported nearly 14% lower in 2014-15 compared to 2013-14. These factors had a bearish effect on demand and realization resulting in Mills' obliged to carry substantial unsold inventories.
- Due to excessive production of cotton yarn and lack of demand resulted in the mills obliged to carry unsold inventories of finished goods putting extreme pressure on prices and margins.
- Due to adverse financial performance of most of the Mills and strain on working capital, they could not procure and stock raw cotton as they used to do in the past. As a result, the Cotton Corporation of India (CCI) was asked by the Government to undertake wide-spread Minimum Support Price operations and so far they have procured nearly 9 Million bales of Indian Cotton. As a result, the Indian cotton prices have once again firmed up by nearly 10-12% since beginning of the season in Nov/Dec. 2014 and now.

As regards financial performance of the year under review, in spite of several adverse factors as mentioned above, due to your company's strong presence in the International market resulted a total revenue of Rs. 555.60 crores as against Rs.610.65 crores in the previous year. The operating profit was lower at Rs.35.04 crores as against Rs.59.20 crores in the previous year. After meeting finance cost of Rs.30.83 crores, the profit before depreciation, amortization and tax expenses was Rs.4.21 crores and net loss after provision of depreciation and deferred taxation at Rs.6.48 crores.

Under the circumstances, your company has been reviewing various options to tide over the liquidity constraints caused by the extreme market changes, in consultation with Banks and financial institutions who have given financial assistance. It is proposed to approach them with a revitalization proposal which will seek to securitize the long term exports of the company and will result in economizing the cost of borrowing

In the current year, the industry is hopeful that cotton yarn export demand will emerge from China and other Asian countries. We also hope that the parity between raw cotton and finished yarn prices may stabilize and normal trading conditions will return soon.

### MODERNISATION, UPGRADATION AND MARGINAL EXPANSION PLANS:

Your Directors are glad to report that your Company has implemented the remaining project in respect of modernization, upgradation, and marginal expansion plans at Kanjikode Unit and addition of balancing equipment to enhance the output at Ponneri Unit at a project cost of Rs.42.41 crores as on 31st March, 2015.

### PROPOSAL FOR SALE OF WIND MILL DIVISION OF THE COMPANY

The shareholders have already approved the proposed sale of Wind Mill Division and your Directors have initiated steps to conclude the same

### POTENTIALLY SICK COMPANY UNDER THE PROVISIONS OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985

As explained in the performance review, financial position of your Company has not been improved and your company continued to be classified as a "potentially sick company" under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 as at

## **DIRECTORS' REPORT (Contd.)**

the close of 31st March, 2015.

Your Directors have taken effective steps and are striving hard to come out from the above provisions and hope that the Company achieves better results in the coming years.

### **CORPORATE GOVERNANCE REPORT, MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION REQUIRED UNDER THE COMPANIES ACT, 2013 AND LISTING AGREEMENT**

As per Clause 49 of the Listing Agreement entered into with the Stock Exchanges, Corporate Governance Report with Auditors Certificate thereon and Management Discussion and Analysis are attached and form part of this report.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement of Section 134 (5) of the Act, and based on the representations received from the management, the directors hereby confirm that :

- i) In the preparation of the annual accounts for the financial year 2014-15, the applicable accounting standards have been followed and there are no material departures;
- ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the financial year.
- iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act. They confirm that there are adequate systems and controls for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) they have prepared the annual accounts on a going concern basis.
- v) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating effectively; and
- vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

During the year under review, in accordance with the provisions of the Companies Act, 2013 and Company's Articles of Association, Shri B.K. Patodia retires by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for reappointment. The Board recommends the same for your approval.

Smt. Pamela Anna Mathew has been inducted as an Additional Director effective from 17.3.2015 and hold office only up to the date of forthcoming Annual General Meeting of the company. Based on the recommendation of Nomination and Remuneration Committee, the Board recommends and seeks shareholders approval for appointment of Smt. Pamela Anna Mathew as an Independent Director for a period of 5 years.

Pursuant to the provisions of Section 203 of the Act, the appointment of Shri. Umang Patodia, Managing Director, Shri. N.N. Venkatasubramanian, Chief Financial Officer and Shri. Abhilash N.A, Company Secretary were formalized by the Board at its

meeting held on 15.5.2014 as the Key Managerial Personnel of the Company.

Further, Shri. Abhilash N.A. has resigned from the post of Company Secretary with effect from 31.3.2015 and in his place Shri. Dipu George has been appointed as Assistant Company Secretary and Key Managerial Personnel of the Company, effective from 9.4.2015

### **AUDITORS AND SECRETARIAL AUDIT**

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules framed thereunder, M/s. M S Jagannathan & Visvanathan, Chartered Accountants, Coimbatore, were appointed as Statutory Auditors of the Company from the conclusion of the 23rd Annual General Meeting (AGM) of the Company held on 19th September, 2014 till the conclusion of the 26th Annual General Meeting to be held in the year 2017, subject to ratification of their appointment at every AGM

Further, pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed Shri. MRL Narasimha, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The same is attached as Annexure I and forms an integral part of this Report

There is no disqualification, reservations or adverse remarks or disclaimers in the Auditors and Secretarial Auditor's Report

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

Information required under section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in the Annexure II forming part of this report

### **CORPORATE SOCIAL RESPONSIBILITY**

Even though the provisions of Companies Act, 2013 regarding Corporate Social Responsibility are not attracted to the Company yet the company has been, over the years, pursuing as part of its corporate philosophy, an unwritten CSR policy voluntarily which goes much beyond mere philanthropic gestures and integrates interest, welfare and aspirations of the community with those of the Company itself in an environment of partnership for inclusive development

### **BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, a structured questionnaire was prepared after taking into consideration of the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties obligations and governance.

The performance evaluation of the Independent directors was completed. The performance evaluation of the Chairman and the Non – Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

### **FAMILIRISATION PROGRAMME FOR DIRECTORS**

At the time of appointing a Director, a formal letter of appointment is given to him, which interalia explains the role, function, duties and responsibilities expected of him as a Director of the Company. The Director is also explained in detail the Compliance required from him under the Companies Act, 2013, Clause 49 of the Listing Agreement and other relevant regulations and affirmation taken with respect to the same.

## **DIRECTORS' REPORT (Contd.)**

The Chairman along with the management has also one to one discussion with the newly appointed Director to familiarize with the Company's operations.

### **NUMBER OF MEETINGS OF THE BOARD**

The details of the number of meetings of the Board held during the Financial Year 2014-15, forms part of the Corporate Governance Report

### **INDEPENDENT DIRECTORS' DECLARATION**

The Non Executive Independent Directors fulfill the conditions of independence specified in Section 149 (6) of the Companies Act, 2013 and Rules made thereunder and meet with requirement of Clause 49 of the Listing Agreement entered into with the Stock Exchanges. A formal letter of appointment to Independent Director as provided in Companies Act, 2013 and the Listing Agreement has been issued and disclosed on the website of the Company viz. [www.patspin.com](http://www.patspin.com)

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY**

Details of loans, guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to Financial Statements

### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has established a vigil mechanism / whistle Blower policy for Directors and employees to report genuine concerns or grievances. The Whistle Blower policy has been posted on the website of the Company ([www.patspin.com](http://www.patspin.com)).

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an effective internal control and risk mitigation system, which has consistently assessed and strengthened with standard operating procedure. Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same.

The Audit Committee of the Board of Directors, statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions taken. To maintain its objectivity and independence, the internal audit function reports to the Chairman of the Audit Committee

### **RISK MANAGEMENT**

The Risk Management is a very important part of business. The main aim of risk management is to identify, monitor and take precautionary measures in respect of the events that may pose risks for the business. The Company is having a business risk management framework in place, which defines the risk management approach of the company and includes periodic review of such risks and mitigating controls and reporting mechanism of such risks.

### **NOMINATION & REMUNERATION POLICY**

The Board of Directors has framed a policy which lays down a frame work in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members.

### **RELATED PARTY TRANSACTIONS**

The transactions entered with related parties for the year under review were on arm's length basis and in the ordinary course of business. The disclosure under form AOC-2 for transactions with related party during the year under review is attached as Annexure III.

The Company has developed a Related Party Transactions framework for the purpose of identification and monitoring of such transaction.

A Statement giving details of Related party transactions are placed before the Audit Committee as also to the Board for review and approval on a quarterly basis.

### **DEPOSIT FROM PUBLIC**

The Company has not accepted any deposits from public and as such no amount on account of principal or interest on deposit from public was outstanding as on the date of the Balance sheet

### **EXTRACT OF ANNUAL RETURN**

The extract of Annual Return in Form MGT-9 as per Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of Companies (Management & Administration) Rules, 2014 is annexed hereto as Annexure IV and forms part of this report.

### **PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134 (3) (q) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

The information required pursuant to Section 134 (3) (q) of the Companies Act, 2013 read with Rule 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company in this regard

### **PERSONNEL & INDUSTRIAL RELATIONS**

Industrial Relations were cordial and satisfactory. There were no employees whose particulars are to be given in terms of Section 134(3)(q) of the Companies Act,2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014

### **ACKNOWLEDGEMENT**

Your Directors place on record their gratitude to Central Bank of India, State Bank of India, Export-Import Bank of India, State Bank of Travancore, The Karur Vysya Bank Limited, IDBI Bank Limited, 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 provided to the Company.

For and on behalf of the Board

Place : Kochi,  
Date : 27.5.2015

**B.K PATODIA**  
Chairman

## **ANNEXURE- I**

### **FORM NO. MR-3**

#### **SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**To,**

**The Members of**

**M/s. Patspin India Limited**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by PATSPIN INDIA LIMITED (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the PATSPIN INDIA LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by PATSPIN INDIA LIMITED for the financial year ended on 31.03.2015 according to the provisions of:

- a) The Companies Act, 2013 (the Act) and the rules made thereunder;
- b) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- c) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- d) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the Company during audit period)
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during audit period)
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; ( Not applicable to the Company during audit period) and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the period)

Based on the information and explanation given by the Company there are no laws as may be specifically applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

- Secretarial Standards issued by The Institute of Company Secretaries of India. (Not yet notified during Audit period)
- The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Ltd.

## **ANNEXURE- I (Contd....)**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

### **I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period the company has passed following Special Resolution "Increase in borrowing limits under Sec.180(1) (c) of the Companies Act, 2013"

Place : Kochi  
Date : 27.5.2015

**M.R.L.NARASIMHA**  
Company Secretary in Practice  
Membership No.2851  
C P No.:799

**TO,**

**THE MEMBERS OF  
M/s. PATSPIN INDIA LIMITED**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and book of account of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provision of corporate and other applicable laws, rules and regulations, standard is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the company.

Place : Kochi  
Date : 27.5.2015

**M.R.L.NARASIMHA**  
Company Secretary in Practice  
Membership No.2851  
C P No.:799

## ANNEXURE- II

### ANNEXURE TO THE DIRECTORS' REPORT

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo etc. required to be disclosed under Section 134 of the Companies Act 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

#### A. Conservation of Energy

- (i) The step taken or impact on conservation of energy Energy conservation continues to receive priority attention at all levels. All efforts are made to conserve and optimize use of energy with continuous monitoring, improvement in maintenance and distribution system and through improved operational techniques
- (ii) The steps taken by the company for utilizing alternate sources of energy Additional investments and proposals, if any, being implemented for reduction of conservation of energy.
- (iii) The capital investments on energy conservation equipments

#### B. Technology absorption:

- a) The efforts made towards technology absorption Updation of Technology is a continuous process, absorption implemented and adapted by the company for innovation. Efforts are continuously made to develop new products required in the Textile / Spinning Industry.
- b) the benefits derived like product improvement, cost reduction, product development or import substitution Indigenous technology alone is used and research and development are carried out by separate Textile Research Association for textile units situated in Southern Region (SITRA)
- c) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) In many areas appropriate technology updation has been done and some are as under
- |                              |                   |                          |
|------------------------------|-------------------|--------------------------|
| Murata Process Coner II QPRO | Elite Compact Set | Murata 21C-Process coner |
| March, 2015                  | December, 2013    | February, 2014           |
| Yes                          | Yes               | Yes                      |
- a) the details of technology imported
- b) the year of import;
- c) whether the technology been fully absorbed
- d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof
- d) the expenditure incurred on Research and Development. : NIL

The Foreign Exchange earned in terms of actual inflow during the year Rs. 31218.31 Lakhs

The Foreign Exchange outgo during the year in terms of actual outflows Rs. 10485.94 Lakhs

(The Foreign Exchange outgo and Foreign Exchange earned by the company during the year are detailed in Note No. 37, 38 & 40 of Other notes to the Financial Statements

**ANNEXURE- III****FORM NO.AOC-2**

(Pursuant to Clause (h) of Sub-section(3)of the Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub Section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

**1. Details of contracts or arrangements or transaction not on arms length basis**

a) Name (s) of the related party and nature of relationship	Nil
b) Nature of contracts / arrangements/transactions	Nil
c) Duration of the contracts/arrangements/transactions	Nil
d) Salient terms of the contracts or arrangements/transactions including the value, if any	Nil
e) Justification for entering into such contracts or arrangements or transactions	Nil
f) Date(s) of approval by the board	Nil
g) Amount paid as advances, if any	Nil

**2. Details of material contracts or arrangement or transactions at arm's length basis**

S. No.	Particulars	Details			
a	Name of the related party	GTN TEXTILES LTD	GTN ENTERPRISES LTD	PATCOT & CO.	PERFECT COTTON CO.
	Nature of relationship	Shri. B.K. Patodia, Chairman and Shri. Umang Patodia, Managing Director are interested	Shri. B.K. Patodia, Chairman and Shri. Umang Patodia, Managing Director are interested	Firm in which relative of Directors are interested	Firm in which relative of Directors are interested
b	Nature of contract/ arrangements/transaction	a) Sale, purchase, supply of cotton yarn and other related materials b) Sell, dispose off or buying properties, plant and machineries and other equipments c) Leasing or hiring properties / assets of any kind d) Availing or rendering of processing charges or any other services of whatever nature	a) Sale, purchase, supply of cotton yarn and other related materials b) Sell, dispose off or buying properties, plant and machineries and other equipments c) Leasing or hiring properties / assets of any kind d) Availing or rendering of processing charges or any other services of whatever nature	Purchase of Cotton	Purchase of Cotton
c	Duration of the contract/ arrangement/transaction	5 Years from 19.9.2014	5 Years from 19.9.2014	5 Years from 19.9.2014	5 Years from 19.9.2014
d	Salient terms of the contract or arrangements/transactions	At Competitive rate and at arm's length basis	At Competitive rate and at arm's length basis	At Competitive rate and at arm's length basis	At Competitive rate and at arm's length basis
e	Date of approval by the Board	30.07.2014	30.07.2014	30.07.2014	30.07.2014
f	Date of Shareholders approval	19.9.2014	19.9.2014	19.9.2014	19.9.2014
g	Amount incurred during the year (Rs. In Lacs)	Rs.2156.57	Rs.2175.06	Rs.1785.55	Rs.304.65

For and on Behalf of the Board  
**B.K. PATODIA**  
CHAIRMAN

**ANNEXURE- IV**

**FORM NO. MGT.9**  
**EXTRACT OF ANNUAL RETURN**  
**FINANCIAL YEAR ENDED ON 31/03/2015**  
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1)  
of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- i CIN:-L18101KL1991PLC006194**  
**ii Registration Date: 20/09/1991**  
**iii. Name of the Company: PATSPIN INDIA LIMITED**  
**iv. Category / Sub-Category of the Company: PUBLIC, HAVING SHARE CAPITAL**  
**V. Address of the Registered office and contact details:**

NAME AND REGISTERED OFFICE ADDRESS OF COMPANY:	
NAME	Patspin India Limited
Address	3 <sup>RD</sup> Floor, Palal Towers, M.G. Road, Ravipuram Ernakulam
Town / City	Ernakulam
State	Kerala
Pin Code	682016
Country Name :	India
Country Code	91

**vi) Whether listed company : YES**

**vii) Name, Address and Contact details of Registrar and Transfer Agent, if any**

Registrar & Transfer Agents ( RTA ):-	M/s Integrated Enterprise(India) Limited
Address	2nd Floor, Kences Towers, No.1, Ramakrishna Street, T. Nagar
Town / City	Chennai
State	Tamil Nadu
Pin Code	600017
Telephone (With STD Area Code Number)	044-28140801 044-28140803
Fax Number :	044-28142479
Email Address	corpseiv@integratedindia.in

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY** (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S.No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	COTTON YARN SPINNING	13111	95.39

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES** [No. of Companies for which information is being filled] - NIL



**ANNEXURE- IV (Contd....)**
**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i. Categorywise shareholding.**

Category of Shareholders	No. of Shares held at the beginning of the year[As on 1 <sup>st</sup> APRIL -2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	80350	—	80350	0.26	80350	—	80350	0.26	0.00
b) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
c) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
d) Bodies Corp.	20016568		20016568	64.74	20016568		20016568	64.74	0.00
e) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
f) Any other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
<b>Sub total (A) (1)</b>	20096918		20096918	65	20096918		20096918	65	0.00
<b>(2) Foreign</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) NRIs – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub total (A) (2)</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Total shareholding of Promoter (A) = (A)(1) + (A) (2)</b>	20096918		20096918	65	20096918		20096918	65	0.00
<b>B. Public Shareholding</b>									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
a) Mutual Funds		2600	2600	0.01		2600	2600	0.01	0.00
b) Banks / FI		4700	4700	0.02		4700	4700	0.02	0.00
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
g) FIs		1100	1100	0.00		1100	1100	0.00	0.00
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
i) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
<b>Sub-total (B)(1):-</b>		8400	8400	0.03		8400	8400	0.03	0.00
<b>2. Non-Institutions</b>									
a) Bodies Corp.	783889	15201	799090	2.58	785967	15201	801168	2.59	0.01
i) Indian	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
b) Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	4258748	1505315	5764063	18.64	4063820	1480665	5544485	17.93	-0.71
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	3967139	15300	3982439	12.88	4194998	15300	4210298	13.62	0.74

**ANNEXURE- IV (Contd....)**

Category of Shareholders	No. of Shares held at the beginning of the year[As on 1 <sup>ST</sup> APRIL -2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Non Resident Indians	119088	124338	243426	0.79	102804	123338	226142	0.73	-0.06
Overseas Corporate Bodies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Foreign Nationals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Clearing Members	25664		25664	0.08	32589		32589	0.10	0.02
Trusts	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Foreign Bodies - D R	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
<b>Sub-total (B)(2):-</b>	<b>9154528</b>	<b>1660154</b>	<b>10814682</b>	<b>34.97</b>	<b>9180178</b>	<b>1634504</b>	<b>10814682</b>	<b>34.97</b>	<b>0.00</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>9154528</b>	<b>1668554</b>	<b>10823082</b>	<b>35.00</b>	<b>9180178</b>	<b>1642904</b>	<b>10823082</b>	<b>35.00</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>29251446</b>	<b>1668554</b>	<b>30920000</b>	<b>100.00</b>	<b>29277096</b>	<b>1642904</b>	<b>30920000</b>	<b>100</b>	<b>0.00</b>

**ii. Shareholding of Promoter**

S. No.	Share holder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	GTN Textiles Ltd	14287068	46.21	23.57	14287068	46.21	23.57	0.00
2	K.S.I.D.C.Limited	2490000	8.05	Nil	2490000	8.05	Nil	0.00
3	B.K Patodia	34550	0.11	Nil	34550	0.11	Nil	0.00
4	Umang Patodia	11000	0.04	Nil	11000	0.04	Nil	0.00
5	M/s Beekayee Credit P Ltd	1366900	4.42	Nil	1366900	4.42	Nil	0.00
6	Mala Patodia	500	0.00	Nil	500	0.00	Nil	0.00
7	Prabha Patodia	33700	0.11	Nil	33700	0.11	Nil	0.00
8	B.K Patodia HUF	200	0.00	Nil	200	0.00	Nil	0.00
9	Patodia Exports & Investments P Ltd	1487700	4.81	Nil	1487700	4.81	Nil	0.00
10	Ankur Patodia	400	0.00	Nil	400	0.00	Nil	0.00
11	Umang Finance P Ltd	384900	1.25	Nil	384900	1.25	Nil	0.00
	<b>TOTAL</b>	<b>20096918</b>	<b>65.00</b>	<b>23.57</b>	<b>20096918</b>	<b>65.00</b>	<b>23.57</b>	<b>0.00</b>

**ANNEXURE- IV (Contd....)**
**iii. Change in Promoters' Shareholding (please specify, if there is no change)**

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	20096918	65.00		
Datewise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	(No changes)		20096918	65.00
At the end of the year			20096918	65.00

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

S. No.	NAME OF THE SHAREHOLDERS	PARTICULARS	Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	P SURENDRA PAI	At the beginning of the year	600000	1.94		
		Changes during the year	-(No changes)		600000	1.94
		At the end of the year			600000	1.94
2	SANGEETHA S	At the beginning of the year	418493	1.35		
		Changes during the year	Buy 18140 Shares on 16.5.14		436633	1.41
		Buy 43199 Shares on 23.5.14		479832	1.55	
		Buy 5714 Shares on 30.5.14		485546	1.57	
		Buy 2800 Shares on 6.6.14		488346	1.58	
		Buy 1654 Shares on 13.6.14		490000	1.58	
		Buy 7500 Shares on 30.6.14		497500	1.60	
		Buy 2500 Shares on 04.7.14		500000	1.61	
		Buy 4 Shares on 17.10.14		500004	1.61	
		Buy 2886 Shares on 28.11.14		502890	1.62	
		Buy 1000 Shares on 12.12.14		503890	1.63	
		Buy 4000 Shares on 6.2.15		507890	1.64	
		Buy 1800 Shares on 13.2.15		509690	1.64	
Buy 1000 Shares on 6.3.15		510690	1.64			
Buy 71681 Shares on 31.3.15		582371	1.88			
	At the end of the year			582371	1.88	
3	SATHYA S	At the beginning of the year	478680	1.54		
		Changes during the year	Buy 9000 Shares on 30.5.14		487680	1.57
		Buy 27263 shares on 6.6.14		514943	1.66	
		Buy 10001 shares on 20.6.14		524944	1.69	
		Buy 5556 shares on 14.7.14		530500	1.71	
		Buy 4000 shares on 4.7.14		534500	1.72	

**ANNEXURE- IV (Contd....)**

S. No.	NAME OF THE SHAREHOLDERS	PARTICULARS	Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
			Buy 800 shares on 1.8.14		535300	1.73
			Buy 7540 shares on 22.8.14		542840	1.75
			Buy 3600 shares on 14.11.14		546440	1.76
			Buy 4250 shares on 5.12.14		550690	1.78
			Buy 5000 shares on 31.12.14		555690	1.79
		At the end of the year			555690	1.79
4	ACUMEN CAPITAL MARKET(INDIA) LTD	At the beginning of the year	172756	0.55		
		Changes during the year	Sold 100 shares on 25.04.14		172656	0.55
			Sold 74711 shares on 2.5.14		97945	0.31
			Sold 1340 shares on 16.5.14		96605	0.31
			Buy 3000 shares on 30.5.14		99605	0.32
			Sold 11191 shares on 13.6.14		88414	0.28
			Sold 899 shares on 20.6.14		87515	0.28
			Sold 100 shares on 30.6.14		86515	0.28
			Buy 4000 shares on 11.7.14		90515	0.29
			Sold 4000 shares on 18.7.14		86515	0.28
			Buy 1000 shares on 25.7.14		87515	0.28
			Sold 1000 shares on 01.8.14		86515	0.28
			Sold 1101 shares on 01.8.2014		85414	0.27
			Buy 400 shares on 08.08.14		85814	0.27
			Buy 537 shares on 05.09.2014		86351	0.28
			Buy 200 shares on 12.09.2015		86551	0.28
			Buy 1000 shares on 19.9.2014		87551	0.28
			Buy 8 shares on 30.09.14		87559	0.28
			Sold 8 shares on 10.10.14		87551	0.28
			Sold 2737 shares on 17.10.15		84814	0.27
			Sold 400 shares on 07.11.14		84414	0.27
			Buy 100 shares on 14.11.14		84514	0.27
			Sold 100 shares on 13.02.15		84414	0.27
			Buy 25 shares on 20.2.15		84439	0.27
			Sold 25 shares on 27.02.15		84414	0.27
		At the end of the year			84414	0.27
5	POLISETTY GNANA DEV	At the beginning of the year	336565	1.09		
		Changes during the year	(No changes)		336565	1.09
		At the end of the year			336565	1.09
6	RAJESH RAMU DEORA	At the beginning of the year	200918	0.65		
		Changes during the year	(No changes)		200918	0.65
		At the end of the year			200918	0.65

**ANNEXURE- IV (Contd....)**

S. No.	NAME OF THE SHAREHOLDERS	PARTICULARS	Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
7	SAVITHA S	At the beginning of the year	160090	0.51		
		Changes during the year	Buy 3000 shares on 13.6.14		163090	0.52
			Buy 1800 shares on 29.8.14		164890	0.53
			Buy 3600 shares on 12.12.14		168490	0.54
			Buy 5000 shares on 6.3.15		173490	0.57
			Buy 4000 share on 20.2.15		177490	0.57
		At the end of the year			177490	0.57
8	RAMU SITARAM DEORA	At the beginning of the year	477672	1.54		
		Changes during the year	(No changes)		477672	1.54
					477672	1.54
		At the end of the year			477672	1.54
9	ARAVINDAKSHAN NAIR P R	At the beginning of the year	122307	0.39		
		Changes during the year			122307	0.39
					122307	0.39
		At the end of the year			122307	0.39
10	NARINDER BAJAJ	At the beginning of the year	104400	0.33		
		Changes during the year	sold 1000 shares on 29.08.14		103400	0.33
					103400	0.33
		At the end of the year			103400	0.003

**v) Shareholding of Directors and Key Managerial Personnel:**

S. No.	NAME OF THE KMP/ DIRECTORS	PARTICULARS	Shareholding at the beginning of the year		Cumulative share holding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	UMANG PATODIA	At the beginning of the year	11000	0.03		
		Changes during the year	No changes		11000	0.03
					11000	0.03
		At the end of the year			11000	0.03
2	VENKITASUBRAMANIAN NURANI NEELAKANTAN	At the beginning of the year	400	0.001		
		Changes during the year	No changes		400	0.001
					400	0.001
		At the end of the year			400	0.001
3	ABHILASH NA	At the beginning of the year	55	0.0001		
		Changes during the year	No changes		55	0.0001
					55	0.0001
		At the end of the year			55	0.0001
4	BINOD KUMAR PATODIA	At the beginning of the year	34550	0.11		
		Changes during the year	No changes		34550	0.11
					34550	0.11
		At the end of the year			34550	0.11
5	RAJENDRA KISHORE MARIWALA	At the beginning of the year	21300	0.068		
		Changes during the year			21300	0.068
					21300	0.068
		At the end of the year			21300	0.068
6	NAND KISHORE BAFNA	At the beginning of the year	0	0.00		
		Changes during the year	0		0	0.00
					0	0.00
		At the end of the year	0		0	0.00
7	PREM SARDARI LAL MALIK	At the beginning of the year	0	0.00		
		Changes during the year	0		0	0.00
					0	0.00
		At the end of the year			0	0.00

**ANNEXURE- IV (Contd....)**

S. No.	NAME OF THE KMP/ DIRECTORS	PARTICULARS	Shareholding at the beginning of the year		Cumulative share holding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		At the end of the year	0		0	0.00
8	VILAMBIL VISWANATHAN	At the beginning of the year	0	0.00		
		Changes during the year	0		0	0.00
		At the end of the year	0		0	0.00
9	PAMELA ANNA MATHEW	At the beginning of the year	0	0.00		
		Changes during the year	0		0	0.00
		At the end of the year	0		0	0.00
10	SUNDARESHAN S THANUNATHAN	At the beginning of the year	0	0.00		
		Changes during the year	0		0	0.00
		At the end of the year	0		0	0.00

**V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Rs in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	30100.88		49.00	30149.88
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	46.62	—	—	46.62
<b>Total (i+ii+iii)</b>	<b>30147.50</b>	<b>—</b>	<b>49.00</b>	<b>30196.50</b>
<b>Change in Indebtedness during the financial year</b>				
(a) Addition	1189.00	350.00	—	1539.00
(b) Reduction	5734.17	—	49.00	5783.17
<b>Net Change</b>	<b>4545.17</b>	<b>350.00</b>	<b>49.00</b>	<b>4244.17</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	25555.71	350.00	—	25905.71
ii) Interest due but not paid	202.12	—	—	202.12
iii) Interest accrued but not due	—	8.79	—	8.79
<b>Total (i+ii+iii)</b>	<b>25757.83</b>	<b>358.79</b>	<b>—</b>	<b>26116.62</b>

**ANNEXURE- IV (Contd....)**
**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**
*(Amount in Rs.)*

S.No.	Particulars of Remuneration	UMANG PATODIA (MANAGING DIRECTOR)				Total Amount
1	Gross salary		—	—	—	
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	4829941	—	—	—	4829941
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	61318	—	—	—	61318
	(c) Profits in lieu of salary under section 17(3) Income- Tax Act, 1961	—	—	—	—	—
2	Stock Option	—	—	—	—	—
3	Sweat Equity	—	—	—	—	—
4	Commission - as % of profit - others, specify...	—	—	—	—	—
5	Others, please specify		—	—	—	
	Total (A)	4891259	—	—	—	4891259
	Ceiling as per the Act	6000000	—	—	—	6000000

**B. Remuneration to other directors**
*(Amount in Rs.)*

S. No.	Particulars of Remuneration	Name of Directors						Total Amount
		N.K Bafna	Prem Malik	Rajen K. Mariwala	S. Sundareshan	B.L Singal	R.Rajagopal	
1	Independent Directors							
	Fee for attending board / committee meetings	87500	67500	15000	42500	45000	35000	
	Commission	—	—	—	—	—	—	—
	Others, please specify	—	—	—	—	—	—	—
	Total (1)	87500	67500	15000	42500	45000	35000	292500
2	Other Non-Executive Directors	B.K. Patodia	Pamela Anna Mathew	V Viswanathan				
	Fee for attending board / committee meetings	37500	0	15000				
	Commission	—	—	—				
	Others, please specify							
	Total (2)	37500		15000				52500
	Total (B) = (1+2)							345000
	Total Managerial Remuneration							345000
	Overall Ceiling as per the Act							

**ANNEXURE- IV (Contd....)****C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(Amount in Rs.)

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Abhilash NA (CS)	N.N Venkitasubramanian (CFO)	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	672185	1640340	2312525
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	—	—
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—	—
2	Stock Option	—	—	—
3	Sweat Equity	—	—	—
4	Commission	—	—	—
	- as % of profit	—	—	—
	others, specify...	—	—	—
5	Others, please specify	—	—	—
	Total	672185	1640340	2312525

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty			<b>NONE</b>		
Punishment			<b>NONE</b>		
Compounding			<b>NONE</b>		
<b>B. DIRECTORS</b>					
Penalty			<b>NONE</b>		
Punishment			<b>NONE</b>		
Compounding			<b>NONE</b>		
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			<b>NONE</b>		
Punishment			<b>NONE</b>		
Compounding			<b>NONE</b>		

For and on Behalf of the Board  
**B.K. PATODIA**  
 CHAIRMAN



# PATSPIN INDIA LIMITED

## REPORT ON CORPORATE GOVERNANCE

### 1) Company's practice on Corporate Governance

Corporate Governance is the combination of practices and compliance with laws and regulations leading to effective control and management of the organization. Your company is committed to the adoption of and adherence to the best corporate governance practices at all times. The Corporate Governance guidelines are in compliance with the requirements of the Clause 49 of the Listing Agreement with the Stock Exchanges. 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 Non Executive Chairman, Shri. B K Patodia and comprises eminent persons with considerable professional experience in diverse fields. About 88% of the Board consists of Non- Executive Directors.

**The Composition of the Board and category of directors as on 31.3.2015 are as follows:**

Category	Name of Directors
Promoter/Executive Director	Shri. Umang Patodia
Promoter / Non-Executive Directors	Shri. B K Patodia
	Shri. V.Viswanathan (Nominee of KSIDC, Trivandrum)
Independent Directors	Shri. N.K. Bafna
	Shri. Prem Malik
	Shri. Rajen K Mariwala
	Shri. B.L. Singhal (up to 31.7.2014)
	Shri. R.Rajagopalan (up to 31.7.2014)
	Shri. S.Sundareshan ( w e f 19.09.2014)
	Mrs. Pamela Anna Mathew (Additional Director w.e.f 17.03.2015 )

**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	DIN No	No. of shares held	Attendance particulars		No. of other Directorships and Committee memberships / Chairmanships			Relationship interse Directors
			Board meetings	Last AGM	Other Directorships including Pvt. Ltd.Cos.	Other Committee Memberships	Other Committee Chairmanships #	
Shri. B K Patodia	00003516	34,550	5	Yes	8	3	None	Related to Shri. Umang Patodia
Shri. N K Bafna	00019372	Nil	5	No	2	2	1	None
Shri. Prem Malik	00023051	Nil	5	No	13	6	2	None
Shri. S. Sundareshan	01675195	Nil	3	No	6	2	None	None
Shri. Rajen K Mariwala	00007246	21,300	2	No	9	None	None	None
Shri. B L Singhal (up to 31.7.2014)	00006433	6,460	2	No	7	7	4	None
Shri. R.Rajagopalan (up to 31.7.2014)	00003642	Nil	2	No	2	3	2	None
Mrs.Pamela Anna Mathew (w.e.f. 17.3.2015)	00742735	Nil	Nil	No	5	None	None	None
Shri.V Viswanathan [KSIDC nominee]	00027843	Nil	2	Yes	1	None	None	None
Shri.Umang Patodia	00003588	11,000	5	Yes	3	None	None	Related to Shri.B K Patodia

#### Notes:

- In accordance with Clause 49 of the Listing Agreement, Membership / Chairmanship of only the Audit Committees and Stakeholders Relationship Committees of all Public Limited Companies has been considered.
- None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 Committees across all the Companies in which he is a Director as per Clause 49 of the Listing Agreement.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

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

Five Board meetings were held during the year. The maximum time gap between any two consecutive meetings did not exceed 120 days.

The details of the Board Meetings are as under:-

Sl. No.	Date	Board Strength	No. of Directors present
1)	15th May 2014	8	8
2)	30th July 2014	8	6
3)	31st October 2014	7	6
4)	31st January 2015	7	5
5)	17th March 2015	8	6

- **Code of Conduct**

The Company has laid down a Code of Conduct for all Board Members as well as Senior Management Personnel of the Company.

The Code of Conduct is available on [www.patspin.com](http://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.

- **Independent Directors**

The company has complied with the conditions of Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement with Stock Exchange regarding independence.

The company has also obtained declaration of independence from each Independent Directors pursuant to Section 149 (7) of the Companies Act, 2013.

- **Independent Directors Meeting**

A separate meeting of Independent Directors was held on 31.1.2015 without the attendance of Non- Independence Directors and members of the management

### 3) **Audit Committee**

Audit Committee comprises of Three Independent Directors and one Non-Independent director namely; Shri.N.K. Bafna, Chairman, Shri Prem Malik, Shri.S.Sundareshan, and Shri. Umang Patodia. All the Members of the Audit Committee possess financial / accounting expertise. The composition of the Audit Committee meets the requirements of Section 177 of the Companies Act,2013 and Clause 49 of the Listing Agreement.

Shri.Abhilash N.A. Company Secretary was 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 terms of reference of Audit Committee are broadly as follows;

- Oversight of the company's financial reporting process and the disclosure of its financial information
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company
- Approval of payment to Statutory Auditors for any other services rendered by them
- Reviewing, with the management, the annual financial statements and auditor's report thereon
- Matters required to be included in the directors responsibility statement to be included in the Board's report
- Changes, if any, in accounting policies and practices and reasons for the same
- Major accounting entries involving estimates based on the exercise of judgment by management
- Significant adjustments made in the financial statement arising out of audit findings
- Compliance with listing and other legal requirements relating to financial statements
- Approval of the related party transactions as per policy of the company
- Review and monitor the auditors independence and performance and effectiveness of audit process
- Scrutiny of inter corporate loans and investments
- Evolution of internal financial controls and risk management systems
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems
- Reviewing the adequacy of internal audit functions, if any, including frequency of internal audit
- Discussion with internal auditors of any significant findings and follow up thereon
- Reviewing the findings of any internal observations by the internal auditors into matters where there is irregularity or a failure of internal control system of a material nature and reporting the matter to the board
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern
- To review the functioning of the vigil mechanism

## REPORT ON CORPORATE GOVERNANCE (Contd.)

- Management discussion and analysis of financial condition and results of operations.

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

SI. 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( upto 31.07.2014)	2
3)	Shri.Prem Malik	Independent Director	4
4)	Shri.S.Sundareshan	Independent Director(w.e.f 19.9.2014)	2
5)	Shri.R Rajagopalan	Independent Director( upto 31.07.2014)	2
6)	Shri. Umang Patodia	Managing Director	4

The details of the meetings are as under:-

SI. No.	Date	Committee Strength	No. of Directors present
1)	15th May 2014	4	4
2)	30th July 2014	4	4
3)	31st October 2014	4	4
4)	31st January 2015	4	4

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

### i) Internal Audit and Control:

M/s Varma & Varma, Chartered Accountants, Kochi, Internal Auditors carried out Internal Audit of the Company except Ponneri Unit. M/s. V.C.Tirupathi, Chartered Accountant, Coimbatore is internal Auditor for Ponneri Unit. 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. Shri.Abhilash N.A. Company Secretary was acting as the Compliance Officer upto 31.03.2015.

### iii) Vigil Mechanism

The Company has established a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy duly adopted by the Board. The same is available on the website of the Company [www.patspin.com](http://www.patspin.com). No personnel has been denied access to the Audit Committee to lodge their compliance.

## 4) Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board of Directors comprises of three Independent Directors namely; Shri.N.K. Bafna as Chairman, Shri.Prem Malik and Shri.S.Sundareshan as Committee members.

The broad terms of reference of the Committee include;

- To identify persons who are qualified to become directors and who may be appointed in senior management, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance
- Formulation of the criteria for determining the qualifications, positive attributes and independence of the director and recommend to the Board a policy, relating to remuneration of the Directors, Key Managerial Personnel and other employees
- Formulation of criteria for evaluation of independence directors and the Board.
- Devising a policy on Board diversity

The remuneration policy is in consonance with the existing industry practice and also with the provisions of Companies Act.

### • Remuneration to the Managing Director

The aggregate of salary and perquisites paid for the year ended 31st March, 2015 to the Managing Director is as follows:-

Shri.Umang Patodia: Rs.48.91 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 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.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

The details of payment of sitting fee are as follows;

Meeting	Amount (in Rs)
Board	7500
Committee	5000

The Fee paid for the year ended 31st March, 2015 to the Non Executive Directors is as follows:

Name of the Non-Executive Director	Sitting fee (Rs.)
Shri.B K Patodia	37500
Shri.N K Bafna	87500
Shri.B L Singhal (up to 31.7.2014)	45000
Shri.R Rajagopalan (up to 31.7.2014)	35000
Shri Prem Malik	67500
Shri.V.Viswanathan	15000
Shri Rajen K Mariwala	15000
Shri. S. Sundareshan (w.e.f. 19.9.2014)	42500
Total	3,45,000

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.

### • Remuneration Policy

The remuneration policy of your company is a comprehensive policy which is competitive, in consonance with the industry practices and rewards good performance of the employees of the company. The policy ensures equality, fairness and consistency in rewarding the employees on the basis of performance against set objectives.

The company endeavors to attract, retain develop and motivate a high performance work force. The company follows a mix of fixed and variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process.

### 5) Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises Shri N.K. Bafna as Chairman, Shri Prem Malik, Shri. S.Sundareshan and Shri. Umang Patodia as members of the Committee.

The Committee is set up to monitor the process of share transfer, issue of fresh share certificates as well as review of redressal of investors / shareholders grievances. The Committee would also recommend measures for overall improvement of the quality of investor services.

During the year, four meetings of the Stakeholders Relationship Committee were held as under:-

Sl. No.	Date	Committee Strength	No. of Directors present
1)	15th May 2014	3	3
2)	30th July 2014	3	3
3)	31st October 2014	4	4
4)	31st January 2015	4	4

Shri. Abhilash N.A. Company Secretary officiates as the Secretary of the Committee and is also designated as the Compliance Officer in terms of the Listing Agreement with the Stock Exchanges.

### • Complaints received and redressed during the year:

The total number of Complaints received and resolved to the satisfaction of investors during the year ended 31.3.2015 is as under:-

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

Pursuant to clause 47 (c) of the listing agreement, a certificate on a half yearly basis confirming due compliances of share transfer formalities by the company from Practicing Company Secretary has been submitted to the Stock Exchanges within the stipulated time.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 6) Corporate Social Responsibility (CSR)

The provisions with regard to section 135 of the Companies Act, 2013 do not apply to your company.

### 7) Disclosures:

#### • Basis of Related Party Transactions

- (i) the statements containing the transactions with related parties were submitted periodically to the Audit Committee.
- (ii) There are no related party transactions that may have potential conflict with the interest of the company at large.
- (iii) There were no material individual transactions with related parties during the year, which were not in the normal course of business as well as not on arms' length basis
- (iv) The company has obtained Shareholders approval by way of special resolution to enter into related party transactions
- (v) There is no non compliance by the company and no penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital market, during the last three years

#### • Disclosure of Accounting Treatment

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the accounting standards notified under section 133 of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The Accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### • Board Disclosures - Risk Management:

The Company has laid down procedures to inform the Board of Directors about the risk assessment and minimization procedures. The Audit Committee and the Board of Directors review these procedures, periodically.

#### • Proceeds from public issues, right issues, preferential issues etc.

The Company did not have any of the above issues during the year under review.

#### • Secretarial Audit Report

The Company has obtained Secretarial Audit Report on annual basis from the Company Secretary in Practice for compliance with Section 204 (1) of the Companies Act, 2013, and SEBI Listing Agreement. A text of the Annual Secretarial Audit Report is annexed elsewhere.

#### • Management Discussion And Analysis Report

The Management Discussion and Analysis Report have been included separately in the Annual Report to the shareholders.

#### • Shareholders

- (i) The quarterly results approved by the Audit Committee / Board of Directors are put on the Company's website [www.patspin.com](http://www.patspin.com) under "investor info" section
- (ii) The Company has also send Annual Report through email to those shareholders who have registered their email ids with Depository Participants

#### • 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.

#### • Means of communication

- (i) 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 all India editions of BUSINESS STANDARD [National Daily] and MANGALAM [Regional News Paper].

- (ii) Quarterly results

The quarterly results are normally published in all India editions of BUSINESS STANDARD [National Daily] and MANGALAM [Regional Newspaper].

Your Company is also uploading regularly quarterly Corporate Governance Report, Shareholding Pattern and other related documents through web based platforms of NSE and BSE. The same can be accessed at i) <https://www.connect2nse.com/LISTING>. and ii) <https://www.listing.bseindia.com>

The same were also displayed in the Web site of the Company, [www.patspin.com](http://www.patspin.com)

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

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 8. MD and CFO Certification

The Managing Director and CFO of the Company give quarterly / annual certification on financial reporting and internal controls to the Board in terms of Clause 41 and 49 (IX) of the Listing Agreement.

### 9. Compliance on Corporate Governance

The quarterly compliance report has been submitted to the Stock Exchanges at BSE & NSE in the requisite format duly signed by the compliance officer. Pursuant to Clause 49 of the Listing Agreement, the Auditors' certificate in compliance on conditions of Corporate Governance is published elsewhere in the Annual Report

### 10. General Body Meetings:

A. Location, date and time of the Annual General Meetings held during the preceding 3 years and special resolution passed:

Year	Location	Date	Day	Time	Special Resolution passed in previous AGM
2011-12	Aangan Hall, Bharat Hotel, Kochi-682 016	13.08.2012	Monday	9:30 a.m	Consent for fixing of Remuneration of Managing Director
2012-13	-do-	30.07.2013	Tuesday	9:30 a.m	Consent to issue Redeemable Preference Shares to Promoters & its Associates
2013-14	-do-	19.09.2014	Friday	9:30 a.m	1. Consent for fixing of Remuneration of Managing Director (Sec 203 Schedule V) 2. Appointment of Shri N.K Bafna as Independent Director for a period of five years (Sec 149) 3. Appointment of Shri Rajen K Mariwala as Independent Director for a period of five years.(Section 149 ) 4. Appointment of Shri S.Sundareshan as Independent Director for a period of five years.(Section 149 ) 5. Approval of Related party transactions (Sec 188) 6. Approval of Increasing borrowing powers pursuant to section 180 (1) (c) of the Companies Act, 2013

C. Extra –Ordinary General Meeting of the shareholders was held during the year - No

D. Whether special resolutions were put through postal ballot, last year? - No

E. Are votes proposed to be conducted through postal ballot, this year? - Yes

### 11) Compliance in respect of Adoption of non mandatory requirements

#### a) The Board

The Company meets expenses to maintain Chairman's office in the performance of his duties.

#### b) 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.

#### c) Audit Qualifications

There are no qualifications in the Auditors Report on the accounts for the year 2014-15.

#### d) Reporting of internal Auditor

The Internal Auditor directly report to the Audit Committee

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 12) General Shareholder information:

#### I) Annual General Meeting:

a)	Date and Time	7th August, 2015
b)	Venue	: Aangan Hall, Bharat Hotel, Kochi-682 016
c)	Book closure date	: Friday, 31st July,2015 to Friday, 7th August, 2015 (both days inclusive)
d)	Financial calendar (tentative):	
	Annual General Meeting	: 7th August,2015
	Results for quarter ending 30th June, 2015	: 6th August, 2015
	Results for quarter ending 30th Sept.,2015	: On or before 14th November, 2015
	Results for quarter ending 31st Dec., 2015	: On or before 14th February, 2016
	Results for Year ending 31st March, 2016	: On or before 30th May, 2016.

#### II) Listing

a)	Listing of Equity Shares on Stock Exchanges at	: BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE)
b)	Listing Fee	: Annual Listing fee for the year 2015-16 have been duly paid to the said Stock Exchanges.
i)	Stock Code: Scrip Code No. : Bombay Stock Exchange	: 514326
ii)	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 2014	6.81	5.72	6.85	5.55
May	8.88	6.09	9.10	6.10
June	10.34	8.30	10.30	8.50
July	10.75	8.60	10.90	8.80
August	9.78	7.20	10.00	7.50
September	12.94	8.65	13.00	8.40
October	11.50	8.86	10.40	8.55
November	10.00	8.47	10.00	7.65
December	9.90	7.51	9.75	7.55
January 2015	8.89	7.80	8.75	7.60
February	9.00	6.97	8.45	6.90
March	8.58	6.12	8.60	6.50

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 1, Ramakrishna Street, T Nagar , Chennai -600 017 Tel: 044 28140801-803 E-Mail : corpseiv@integratedindia.in
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## REPORT ON CORPORATE GOVERNANCE (Contd.)

V) Share Transfer System	:	<p>Presently, the share transfers which are received in physical form are processed and the share certificates returned within a period of 15 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 of the Company so approved by the Share Transfer Committee is placed at every Board Meeting. The Company obtains a Certificate on each half year from a Company Secretary in Practice in respect 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.</p> <p>As regards shares held in Electronic form, the credit being given as per guidelines / by-laws issued by SEBI / NSDL / CDSL.</p>
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VI) Shareholding pattern and distribution on Shareholding of the Company:-

(a) Shareholding pattern as on 31st March, 2015:

S.No.	Category	No of Shares	% of Shareholding
1	Promoters		
	GTN Textiles Limited	14287068	46.21
	KSIDC	2490000	8.05
	Patodia Family	3319850	10.74
2	Indian Financial Institutions, Banks, Mutual Funds	7300	0.02
3	Foreign Institutional Investors/NRIs	227242	0.74
4	Others	10588540	34.24
	Total:-	30920000	100.00

(b) Distribution of Shareholding as on 31st March, 2015:

S.No.	No. of shares held	No. of share-holders	% of share-holder	No. of shares (Issued Equity)	% of share-holding
1	Upto 100	10512	59.51	977900	3.16
2	101-500	5124	29.01	1449547	4.69
3	501-1000	1053	5.96	904671	2.92
4	1001-10000	886	5.02	2639762	8.54
5	10001-100000	74	0.42	1997296	6.46
6	Above 100000	14	0.08	22950824	74.23
	Total :	17663	100.00	30920000	100.00

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 scripless trading. As on 15th May 2015, 94.69% shares of the Company were held in Dematerialized form

Liquidity of shares:

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

VIII) Plant Location:	(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
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## REPORT ON CORPORATE GOVERNANCE (Contd.)

IX) Address for correspondence:-

i)	Investor Correspondence:-	
	For transfer / dematerialization 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 : <a href="mailto:corpseiv@integratedindia.in">corpseiv@integratedindia.in</a>
		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: <a href="mailto:cs@patspin.com">cs@patspin.com</a>

### DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

"This is to certify that the Company has laid down Code of Conduct for all Board Members and Senior Management of the Company and the copies of the same are uploaded on the website of the company [www.patspin.com](http://www.patspin.com)

Further certified that the member of the Board of Directors and senior management personnel have affirmed having complied with the code applicable to them during the year ended 31st March, 2015"

Place : Kochi,  
Date : 27th May, 2015

**UMANG PATODIA**  
Managing Director  
DIN No. 00003588

The above report was adopted by the Board of Directors at their meeting held on 27.05.2015.

### COMPLIANCE CERTIFICATE

To the Members of **PATSPIN INDIA LIMITED**

(i) We have examined the compliance of conditions of Corporate Governance by PATSPIN INDIA LIMITED (The Company) for the year ended March 31, 2015 as stipulated in clause 49 of the Listing agreement(s) of the said Company with the stock exchange(s).

(ii) The compliance of conditions on Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with 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.

(iii) 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).

(iv) We further 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)

Place : Kochi  
Date : 27th May, 2015

**R. MUGUNTHAN**  
PARTNER  
M NO.21397

# PATSPIN INDIA LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS

### GLOBAL TEXTILE INDUSTRY

The global textile and apparel trade stood at US\$ 781 billion in 2013 and is expected to grow at ~6% CAGR to US\$ 1,180 billion by 2020 with apparel occupying the major share followed by fabric and yarn. The industry directly employs well over 170 million people worldwide, predominantly in Asia.

In 2014, the global fiber consumption was around 87 million tons, of which manmade fibers constituted around 62 million tons. Polyester constitutes around 54% share while cotton has around 28% share of total fiber consumption. All other fibers, although very important in the total mix in terms of functionality and performance, are insignificant in volume terms.

China occupied the majority share of 52% of total global fiber consumption in 2014, followed by India and other South Asian countries accounting for around 11% share each. The textile production is strongly centered in Asia and South Asian countries contribute a significant part of it. The growth in global trade and concentration of trade in Asia will drive investments in Asian countries having strong supply base for textile and apparel products. India will have an advantage from the investment point of view due to its strong manufacturing competitiveness and presence of complete supply chain.

### INDIAN TEXTILE INDUSTRY

Textiles and clothing industry plays a pivotal role in the Indian economy due to its important contribution in country's exports as well as in employment generation. This industry employs around 45 million people, has 12% share of country's total exports and 14% share of industrial production. India's exports of textiles and clothing are estimated to be USD 89 billion by the end of 2020.

Exports from the textile and clothing industry mainly consists of garment sector which accounts for around 40%, and spinning sector around 25%, remaining being shared by other sectors like man made textiles, cotton, wool and woolen textiles, silk handloom products, handicrafts and coir products. After discontinuation of textiles export quota in year 2004, exports from this industry substantially increased from around USD 15 billion in 2005 to USD 40 billion in 2013-14. Similarly, India's share of textiles and clothing exports in the total world exports, which was below 3% in the year 2004 is almost touching 5% as of now.

Your company operates in the spinning sector. A major chunk of spinning capacity expansion took place under the TUF Scheme which was launched by the Government from 1st April, 1999. The Scheme carried an interest subsidy of 5% on term loans repayable over 10 years. Over the period though the Scheme has been modified to reduce interest subsidy to 2% with 7 years repayment period, it is commendable that the Government decided to continue the TUF Scheme during the 12th Plan period of 2012-17. It is pertinent to note that expansion of spinning capacity has been significant both in organised as well as small spinning sector.

The table below shows year-wise increase in spinning capacity, cotton yarn production and exports from 2010 to 2014.

Year	Spinning Capacity (Spindles-Million)	Production (Kg.-Million)	Exports (Kg-million)	Exports (\$-Million)
2009-10	42.04	3079	587	1615
2010-11	47.57	3490	694	2696
2011-12	48.25	3126	749	2990
2012-13	49.17	3583	1108	3535
2013-14	49.64	3942	1310	4555
2014-15	50.14	4057	1253	3938

### RAW COTTON SCENARIO

#### • Domestic Cotton Scenario

The viability of spinning industry solely depends on adequate availability of quality cotton at competitive prices. Over the years cotton production in India has grown significantly and its cotton production is likely to exceed that of China which has been world's biggest producer of cotton so far. This could be achieved due to various steps taken to improve farm management practices, adoption of BT cotton seeds which covers 95% of the areas sown and use of appropriate technology to give higher yield. Within last 15 years, the cotton production in India has almost trebled while the area under cultivation has increased only by 40% due to increase in the yield from 278 kg/hectare to 518 kg/hectare during this period.

#### • Global Cotton Production

During current year, while the world cotton production is expected to be at 26.2 million tons, India is likely to be largest producer at 6.8 million tons with 26% share, followed by China at 6.5 million tons and US at 3.6 million tons. Similarly, the world cotton consumption is estimated at 24.3 million tons, with China having the highest share with 7.7 million tons followed by India at 5.3 million tons.

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

### • Specialized Cotton

After three years of decline in production of organic cotton, there has been worldwide increase in the production from 2012-13 onwards due to market demand. India produces more than 70% of the world's organic cotton, besides Turkey, Peru, China and Bangladesh. India has a lot of potential to produce various varieties of organic cotton due to different climatic regions and its tradition of organic farming. The government has already implemented a national programme for organic farming for various products which will help to tap the export market as well.

A sustainable environmental friendly approach of Better Cotton Initiative (BCI) is growing rapidly. BCI brings together Farmers, Ginners, Traders, Spinners, Garmenters, Retailers and Brands in a unique global community committed to develop better cotton as a sustainable main stream commodity. Today almost 1.3 million Farmers from 20 countries are participating in BCI programs, including India.

### • Prospects of Cotton Crop in the Coming Season

The area under cotton in the coming cotton season is likely to drop by 7 – 10% due to violent fluctuations in the prices of cotton. However, if Monsoon is favourable and adequate rainfall is received at proper time, the crop is likely to be same as the previous year. As of now, the cotton has already been sown in the northern region and in other parts of the country and sowing will begin next month. As already explained, with adoption of better technology, availability of good quality seeds, the country will continue to produce adequate crop.

## BUSINESS OVERVIEW & INDUSTRY DEVELOPMENTS

The Company is engaged in business of manufacture and export of high quality combed cotton yarns. The yarn is manufactured from the world's best sources of long and extra long staple cotton like American Supima, Egyptian Giza, contamination free Australian and American cottons and superior Indian cotton like Shankar-6 and DCH-32. The company manufactures yarns of various counts ranging from NE 26s to NE 180s. Permutations and combinations in spinning and finishing process results in yarns of varied qualities for specific end users. The company was amongst the first in India to manufacture compact yarn using the breakthrough technology of compact spinning, and also uses state-of-art machinery across its plants. The company has 2 plants at Palakkad in Kerala and Ponneri in Tamil Nadu having a capacity of 113,856 spindles, consisting of 79,025 Compact Spinning and 34,831 Ring Spinning. Your Company is one of the major producer of Organic Cotton Yarns and BCI Yarns, both in India and abroad.

As regards developments in the industry and your company's performance for the year under review in relation to those developments, the same has been explained in greater details in Directors Report under Performance Review.

## OUTLOOK, OPPORTUNITIES AND THREATS

- (a) Global exports of textiles and clothing in 2013 were 781 billion USD, as per WTO figures. China's share in the global trade in textiles / clothing was 35 per cent and that of India a barely 4 per cent. With the rising costs in China and its deliberate shift in favour of innovation driven industries, India has tremendous scope for boosting its share. Further, by 2020, world exports of textiles / clothing are projected to increase to 1,180 billion USD. The expectation is that India's exports would rise from 30 billion USD to 89 billion USD by 2020.
- (b) In the cotton season 2014-15, there were frequent fluctuations in the raw cotton prices as already explained above. In spite of these factors, the crop size is likely to be around 37.5 million bales and the prospects for 2015-16, the crop size is likely to be similar. With this, the availability of the raw cotton is expected to be adequate and there is hope that the prices will stabilize at reasonable levels.
- (c) In the new Foreign Trade Policy 2015-20, while the government has introduced measures for improving ease of doing business and simplified procedures but some of the benefits available to the cotton yarn exports have been withdrawn, like Market Linked Focus Products and Focus Market Schemes. Industry bodies like CITI and TEXPROCIL have taken up these issues with the concerned ministries for restoration of these benefits.
- (d) On the domestic front also India is poised for a healthy growth, in view of rising population, sustained increase in per capita income and disposable surplus, favourable demographic profile and changing lifestyle. Surveys carried out by Textiles Committee also corroborate this. Besides, Government of India is becoming increasingly sensitive to the needs of the textile industry and taking ameliorative measures in regard to debt restructuring scheme, extension of TUFs and TMC in the Twelfth Five Year Plan. Happily, new Government has announced that it will get necessary impetus for boosting exports of textiles. Another area is rapid growth of technical textiles for which Government has been providing encouraging support.

Above all, India is in a unique position of having an integrated textile set-up endowed with presence across all the textile value chain from fibres to fashion garments. All these favourable factors indicate optimistic and positive future for the healthy growth of the Indian textile industry.

## **MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)**

### **RISKS AND CONCERNS**

1. 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, which this year has shown uncertain signs so far. 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.
2. 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 speciality products like Organic, Fair Trade, Better Cotton Initiative (BCI), Supima yarns, Giza yarns have also proved to be beneficial.
3. 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.
4. 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.
5. 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. In fact, Government of India has unilaterally extended tariff concessions to Pakistan by reducing the number of products in the Sensitive List of India for non LDCs under SAFTA. The industry has requested the Ministry of Commerce and Industry that 146 products covered in the Sensitive List may be retained and no such tariff concession be offered to non-LDCs under SAFTA. The industry has also requested that at least a nominal import tariff of 5 per cent may be retained for all products that may be removed from the Sensitive List and specific duty rates, where applicable, may be retained.

Bilateral discussions for the Free Trade Agreement with European Union are progressing well and on conclusion of the Agreement India will have a level playing field to compete with our competitors, especially Pakistan.

### **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 were cordial and satisfactory.

As on 31st March, 2015, the Company has about 1157 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PATSPIN INDIA LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statement of **Patspin India Limited** ('the Company') which comprises the Balance sheet as at **31<sup>st</sup> March, 2015**, the Statement of Profit and Loss and the cash flow statement for the year then ended, and a summary of the significant accounting policy and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including the accounting standards specified under section 133 of the act, read with rule 7 of the companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgment and estimates that are reasonable and prudent; and design, implementation and maintenance of internal control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the act and the rules made thereunder.

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

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

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015;
- (b) in the case of the Statement of Profit and Loss, of the **Loss** of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

## **INDEPENDENT AUDITOR'S REPORT (Contd.)**

### **Report on Other Legal and Regulatory Requirements**

1. As required by section 143(3) of the Act, we report that
  - (a) 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.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of sub section (2) of section 164 of the Companies Act, 2013.
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements,
    - ii. In our opinion and as per the information and explanations provides to us, the Company has not entered into any long-term contracts including derivative contracts, requiring provision under applicable laws or accounting standards, for material foreseeable losses, and
    - iii. There has been no delay in transferring the amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**FOR M. S. JAGANNATHAN & VISVANATHAN**  
CHARTERED ACCOUNTANTS  
(ICAI FIRM NO. 001209S)

**R. MUGUNTHAN**  
PARTNER  
M NO.21397

Place : Kochi  
Date : 27th May, 2015

## ANNEXURE TO THE AUDITOR'S REPORT

The Annexure referred to in paragraph 1 of Report on **Other Legal and Regulatory Requirements** of our report of even date to the members of **Patspin India Limited** for the year ended 31<sup>st</sup> March 2015. We report 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 periodical manner, which, in our opinion, is reasonable, having regard to the size of the Company and the nature of its assets and no material discrepancies were noted on such verification;
- (ii) (a) The Inventory has been Physically verified during the year by the Management.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventories and no material discrepancies were noticed on physical verification as compared to the book records.
- (iii) As informed to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly, the sub-clauses (a) and (b) are not applicable to the company.
- (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 weakness in internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits in terms of directives issued by Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to sub-section (1) of Section 148 of the Companies Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and we have been informed that there are no arrears of outstanding statutory dues as at the last day of the financial year under audit for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are 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 in Lacs	Period to which the amount relates	Forum where dispute is pending
01.	Income Tax Act, 1961	Income Tax	34.00	A.Y.2001-02 to A.Y.2005-06	Hon'ble Supreme Court of India

- (c) In our opinion and according to the information and explanations given to us, amounts required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder have been transferred to such fund within time.
- (viii) The Company has accumulated losses of Rs.4141 lakhs as at 31<sup>st</sup> March 2015 which is more than the fifty percent of the networth. The Company has not incurred any cash loss during the financial year covered by our audit and during immediately preceding financial year.

**ANNEXURE TO THE AUDITOR'S REPORT (Contd.)**

- (ix) Based on our audit procedures and according to the information, the company has not defaulted in repayment of dues to Bank(s) or Financial Institution(s). However, there is delay in few days for repayment of dues.
- (x) During the year, the Company has not given guarantees for loans taken by others from bank(s) or financial institution(s).
- (xi) 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 are raised.
- (xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

**FOR M. S. JAGANNATHAN & VISVANATHAN**  
CHARTERED ACCOUNTANTS  
(ICAI FIRM NO. 001209S)

**R. MUGUNTHAN**  
PARTNER  
M NO.21397

Place : Kochi  
Date : 27th May,2015



# PATSPIN INDIA LIMITED

## BALANCE SHEET

	Note	As at 31.03.2015 (Rs. in lacs)	As at 31.03.2014 (Rs. in lacs)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	5143.00	5143.00
(b) Reserves and surplus	3	<u>(2672.70)</u>	<u>(2012.25)</u>
<b>Sub-Total</b>		<u>2470.30</u>	<u>3130.75</u>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	<u>16910.85</u>	<u>18364.27</u>
<b>Sub-Total</b>		<u>16910.85</u>	<u>18364.27</u>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	5	5743.92	8902.41
(b) Trade payables	6	5615.56	4809.01
(c) Other current liabilities	7	3955.35	3875.44
(d) Short-term provisions	8	<u>100.59</u>	<u>87.62</u>
<b>Sub-Total</b>		<u>15415.42</u>	<u>17674.48</u>
<b>TOTAL</b>		<u><u>34796.57</u></u>	<u><u>39169.50</u></u>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	9		
(i) Tangible assets		19089.86	19575.47
(ii) Intangible assets		11.31	19.71
(iii) Capital work-in-progress		429.61	0.27
(b) Non-current investments	10	369.71	184.66
(c) Deferred tax Asset (Net)	11	246.24	65.66
(d) Long-term loans and advances	12	1239.55	967.80
(e) Other Non-current assets	13	<u>720.67</u>	<u>840.78</u>
<b>Sub-Total</b>		<u>22106.95</u>	<u>21654.35</u>
<b>2 Current assets</b>			
(a) Inventories	14	7879.75	11207.90
(b) Trade receivables	15	1957.19	3137.71
(c) Cash and Bank Balances	16	630.01	1216.35
(d) Short-term loans and advances	17	2078.63	1821.01
(e) Other current assets	18	<u>144.04</u>	<u>132.18</u>
<b>Sub-Total</b>		<u>12689.62</u>	<u>17515.15</u>
<b>TOTAL</b>		<u><u>34796.57</u></u>	<u><u>39169.50</u></u>

Significant Accounting Policies

1

The accompanying Notes 1 to 41 are an integral part of the financial statements

As per our report of even date attached

For and on behalf of the Board

For **M.S. JAGANNATHAN & VISVANATHAN**  
Chartered Accountants (ICAI FRN 001209S)

**B. K. PATODIA**  
Chairman  
DIN No. 00003516

**N. K. BAFNA**  
Director  
DIN No. 00019372

**UMANG PATODIA**  
Managing Director  
DIN No. 00003588

**R. MUGUNTHAN**

Partner  
(M. No. 21397)  
Place : Kochi  
Date : 27th May, 2015

**N.N. VENKITASUBRAMANIAN**  
General Manager (Finance)  
& Chief Financial Officer

**DIPU GEORGE**  
Assistant Company  
Secretary

## PATSPIN INDIA LIMITED

### STATEMENT OF PROFIT AND LOSS

	Note	Year Ended 31.03.2015 (Rs. in lacs)	Year Ended 31.03.2014 (Rs. in lacs)
<b>Revenue</b>			
Revenue from Operations	19	55442.12	60960.92
Other Income	20	<u>118.30</u>	<u>103.82</u>
<b>Total Revenue</b>		<u><b>55560.42</b></u>	<u><b>61064.74</b></u>
<b>Expenses:</b>			
Cost of Materials Consumed	21	34911.04	35131.01
Purchases of Stock-in-Trade		6093.18	11098.81
Changes in inventories of Finished goods, Goods-in-process and Waste	22	303.09	(1675.16)
Employee Benefit Expenses	23	2939.54	2630.32
Finance Costs	24	3083.17	3463.93
Depreciation and Amortization Expense		1243.47	1898.77
Other Expenses	25	<u>7809.35</u>	<u>7959.71</u>
<b>Total Expenses</b>		<u><b>56382.84</b></u>	<u><b>60507.39</b></u>
<b>Profit/(Loss) before tax</b>		<b>(822.42)</b>	557.35
Tax Expense:			
Current tax		—	—
Deferred tax Charge/(Credit)		<u>(174.54)</u>	<u>132.02</u>
<b>Profit/(Loss) for the year</b>		<u><b>(647.88)</b></u>	<u><b>425.33</b></u>
Earnings Per Share:(Nominal Value per share:Rs 10)	26		
Basic and Diluted - in Rs.		<b>(2.10)</b>	1.26
Significant Accounting Policies	1		
The accompanying Notes 1 to 41 are an integral part of the financial statements			

As per our report of even date attached

For and on behalf of the Board

For **M.S. JAGANNATHAN & VISVANATHAN**  
Chartered Accountants (ICAI FRN 001209S)

**B. K. PATODIA**  
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Managing Director  
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**R. MUGUNTHAN**

Partner  
(M. No. 21397)  
Place : Kochi  
Date : 27th May, 2015

**N.N. VENKITASUBRAMANIAN**  
General Manager (Finance)  
& Chief Financial Officer

**DIPU GEORGE**  
Assistant Company  
Secretary

## PATSPIN INDIA LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

	2014-15 (Rs. in lacs)	2013-14 (Rs. in lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before tax and extra ordinary items	(822.42)	557.35
Adjustments for:		
Depreciation	1234.51	1892.84
Amortisation	8.96	5.93
Loss on disposal of tangible assets (net)	2.79	40.08
Unrealised Foreign Currency Gain /(Loss)	4.30	24.30
Interest income	(90.27)	(78.67)
Interest Expenditure	2662.70	3117.59
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>3000.57</b>	<b>5559.42</b>
Changes in Working Capital:		
Increase / (Decrease) in trade payables	800.62	(340.24)
Increase / (Decrease) in provisions	12.97	15.51
Increase / (Decrease) in other current liabilities	(452.11)	353.72
(Increase) / Decrease in trade receivables	1180.35	1538.56
(Increase) / Decrease in inventories	3328.15	(3118.59)
(Increase) / Decrease in Short Term loans and advances	(257.64)	(334.07)
(Increase) / Decrease in other current assets	(11.86)	9.85
(Increase) / Decrease in other Bank balances	185.43	(137.66)
(Increase) / Decrease in Long Term loans and advances	(120.08)	(1.52)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>7666.40</b>	<b>3544.98</b>
Direct Taxes paid	(150.14)	(10.77)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>7516.26</b>	<b>3534.21</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of tangible/intangible assets	(1223.61)	(364.52)
Sale of tangible/intangible assets	23.41	108.03
Interest received	90.27	78.67
(Increase)/Decrease in Non Current Assets	(185.04)	(153.39)
(Increase)/Decrease in Other Non Current Assets	120.11	120.11
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(1174.86)</b>	<b>(211.10)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Preference Share Capital	—	135.00
Repayment of Fixed Deposits	(49.00)	
Interest paid	(2498.42)	(3120.48)
Proceeds from Long Term borrowings	1189.00	—
Repayment of Long Term borrowings	(2273.65)	(2462.94)
Proceeds /(Repayment) from/ of Short Term Borrowings	(3109.21)	2422.48
Proceeds /(Repayment) from /of Finance Lease Obligations ( Net)	(1.03)	(6.55)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(6742.31)</b>	<b>(3032.49)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(400.91)</b>	<b>290.62</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>483.48</b>	<b>192.86</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>82.57</b>	<b>483.48</b>

- 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 and on behalf of the Board

For **M.S. JAGANNATHAN & VISVANATHAN**  
Chartered Accountants (ICAI FRN 001209S)

**B. K. PATODIA**  
Chairman  
DIN No. 00003516

**N. K. BAFNA**  
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**UMANG PATODIA**  
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**R. MUGUNTHAN**

Partner  
(M. No. 21397)  
Place : Kochi  
Date : 27th May, 2015

**N.N. VENKITASUBRAMANIAN**  
General Manager (Finance)  
& Chief Financial Officer

**DIPU GEORGE**  
Assistant Company  
Secretary

# PATSPIN INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### A) BASIS OF PRESENTATION

The financial statements are prepared to comply with the mandatory Accounting Standards prescribed in the Companies (Accounting Standards) Rules 2006,(as amended) issued by the National Advisory Committee on Accounting Standards and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention, on the basis of a going concern and on accrual basis.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 (twelve) months for the purpose of current and non current classification of assets and liabilities

#### 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 recognised prospectively.

#### C) FIXED ASSETS

(i) Tangible Assets/Intangible Assets are stated at cost net of accumulated depreciation/amortisation and impairment,if any. The Cost Comprises its purchase price and any cost directly attributable to bringing the asset to its working condition for its intended use. Fixed assets are eliminated from financial statements ,either on disposal or when retired from active use. Also refer Policy G and H below. Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets are recognised in the Statement of Profit and Loss.

(ii) Impairment of Assets : The company assesses at each Balance Sheet date whether there is any indication that any asset (both tangible and intangible) 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 Statement of Profit and Loss. If at the Balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

#### 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 stated at lower of cost and net realisable value. The cost includes cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost formula used are "Weighted Average Method" or "Specific Identification method" as applicable.

#### F) REVENUE RECOGNITION

Sales are recognised 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.

#### 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. All other Borrowing costs are charged to Statement of Profit and Loss.

#### H) DEPRECIATION /AMORTISATION

Depreciation has been provided on straight line method based on useful life of Assets as prescribed in Schedule II to the Companies Act, 2013.

Plant and Equipment have been, on technical assessment, considered as continuous process plants and depreciation has been provided under straight line method as specified in the said Schedule.

Depreciation on Wind Turbine Machinery has been provided on Straight Line Method based on useful life as specified in the said Schedule.

Intangible Assets are amortised on their estimated useful lives.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

### I) EMPLOYEE BENEFITS

Short Term employee benefits including accrued liability for Leave Entitlement (other than termination benefits) which are payable within 12 (twelve) 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:**

Retirement benefits in the form of Provident fund, Family Pension Funds, Superannuation Fund (wherever opted) and ESIC are defined contribution scheme and the contributions are charged to the statement of profit and loss of the period when the contributions to the respective funds are due. There are no other obligations other than the contributions payable to the respective trusts.

#### **Defined Benefit plans:**

The Company provides for Gratuity ,a defined benefit retirement plan, covering eligible employees .The scheme is funded with Life Insurance Corporation of India. Liabilities under gratuity plan is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period.

#### **Termination Benefits:**

Payments under Voluntary Retirement Scheme, if any are recognized in the Statement of Profit and Loss in the year in which such payments are due.

### J) FOREIGN CURRENCY TRANSACTIONS

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

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 Statement of profit and loss .Premium /Discount in respect of forward foreign exchange contracts are recognised over the life of the contracts.

### K) TAXATION

Income Tax expenses comprises Current Tax 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).

Deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised 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 losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. At each balance sheet date the company re-assesses the deferred tax assets.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws

Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period and is reviewed at each balance sheet date.

### L) PROVISIONS AND CONTINGENT LIABILITIES

**Provisions:** Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

### M) CASH AND CASH EQUIVALENTS

In the cash flow statement, cash and cash equivalents includes Cash in Hand, Demand Deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

### N) EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit /loss for the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

## 2 SHARE CAPITAL

	As at 31.03.2015 (Rs in lacs)	As at 31.03.2014 (Rs in lacs)
<b>(a) Authorised:</b>		
400,00,000 Equity shares (Previous year 400,00,000 ) of Rs.10 each	4000.00	4000.00
25,00,000 Redeemable preference shares (Previous year 25,00,000) of Rs.100 each	2500.00	2500.00
<b>(b) Issued ,Subscribed and fully paid up shares</b>		
309,20,000 Equity shares (Previous year 309,20,000 ) of Rs.10 each	3092.00	3092.00
7,00,000 5% Non Cumulative Redeemable preference shares (Previous year 7,00,000 ) of Rs.100 each	700.00	700.00
13,51,000 0.01% Non Cumulative Redeemable preference shares (Previous year 13,51,000) of Rs.100 each issued to lenders /promoters and their associates as per the CDR Package (Refer Note No.35)	1351.00	1351.00
<b>Total</b>	<b>5143.00</b>	<b>5143.00</b>

### (C) Reconciliation of number of shares

	As at 31.03.2015		As at 31.03.2014	
	No of Shares	Amount Rs lacs	No of Shares	Amount Rs lacs
<b>1 Equity Shares:</b>				
Balance as at the beginning of the year	30920000	3092.00	30920000	3092.00
Add: Shares issued during the Year	Nil	Nil	Nil	Nil
Balance as at the end of the year	30920000	3092.00	30920000	3092.00
<b>2 5% Non Cumulative Redeemable Preference Shares of Rs 100 each</b>				
Balance as at the beginning of the year	700000	700.00	700000	700.00
Add: Shares issued during the Year	Nil	Nil	Nil	Nil
Balance as at the end of the year	700000	700.00	700000	700.00
<b>3 0.01% Non Cumulative Redeemable Preference Shares of Rs 100 each</b>				
Balance as at the beginning of the year	1351000	1,351.00	1081000	1,081.00
Add: Shares issued during the Year	—	—	270000	270.00
Balance as at the end of the year	1351000	1,351.00	1351000	1,351.00

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

### (d) Rights, preferences and restrictions attached to shares

#### 1) Equity Shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion of their shareholding.

#### 2) Preference Shares:

- i 700000, 5% Non Cumulative preference shares of Rs 100 each were issued to promoters and their associates. The issue details are as follows.

Series	No of Shares	Date of Issue	Date of Redemption	Earlier Redemption
I	350000	31.07.2009	30.07.2021	30.07.2014
II	100000	08.02.2010	07.02.2022	07.02.2015
III	100000	31.05.2010	30.05.2022	30.05.2015
IV	150000	13.07.2010	12.07.2022	12.07.2015

- ii 1081000, 0.01 % Non Cumulative preference shares of Rs 100 each were issued to Lenders as per the CDR Package. The issue details are as follows.

Series	No of Shares	Date of Issue	Date of Redemption	Earlier Redemption
V	1081000	29.01.2013	31.03.2022	NA

- iii 2,70,000, 0.01 % Non Cumulative preference shares of Rs 100 each were issued to Promoters and their associates as per the CDR Package. The issue details are as follows.

Series	No of Shares	Date of Issue	Date of Redemption	Earlier Redemption
VI	135000	30.07.2013	29.07.2023	NA
VII	135000	13.02.2014	12.02.2024	NA

The Preference Shareholders' rights are also governed by Section 46 of the Companies Act, 2013.

### (e) Shares held by holding/Ultimate holding company/or their subsidiaries/associates

		As at 31.03.2015		As at 31.03.2014	
		No of Shares	% of holding in the Class	No of Shares	% of holding in the Class
1	Equity Shares: GTN Textiles Limited (Promoter/Associate)	14257068	46.21%	14257068	46.21%
2	Preference Shares:	Nil	Nil	Nil	Nil

### (f) Details of shareholders holding more than 5% of shares in the Company

		As at 31.03.2015		As at 31.03.2014	
		No of Shares	% of holding in the Class	No of Shares	% of holding in the Class
1	Equity Shares:				
	Name of share Holder				
i	GTN Textiles Limited (Promoter /Associate )	14257068	46.21%	14257068	46.21%
ii	KSIDC Ltd (Promoter)	2490000	8.05%	2490000	8.05%
2	5% Non Cumulative Redeemable Preference Shares of Rs 100 each				
i	Smt Deepa Bagla	600000	85.71%	600000	85.71%
ii	Shri B.K.Patodia	75000	10.71%	75000	10.71%

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)**

		As at 31.03.2015		As at 31.03.2014	
3	0.01% Non Cumulative Redeemable Preference Shares of Rs 100 each issued as per the CDR Package				
i	Central Bank of India	199000	14.73%	199000	14.73%
ii	State Bank of India	199000	14.73%	199000	14.73%
iii	Oriental Bank of Commerce	153000	11.32%	153000	11.32%
iv	Karur Vysya Bank	82000	6.07%	82000	6.07%
v	Bank of Maharashtra	112000	8.29%	112000	8.29%
vi	Export Import Bank of India	121000	8.96%	121000	8.96%
vii	State Bank of Travancore	100000	7.40%	100000	7.40%
viii	Canara Bank	115000	8.51%	115000	8.51%
ix	Smt Deepa Bagla	270000	19.99%	270000	19.99%
4	There was no issue of shares allotted as fully paid up shares pursuant to contract(s) without payment being received in cash or buyback or Bonus shares in the preceding five years				

**3 RESERVES AND SURPLUS**

	As at 31.03.2015 (Rs in lacs)	As at 31.03.2014 (Rs in lacs)
<b>Capital Redemption Reserve</b>		
Balance as at the beginning and the end of the year	1000.00	1000.00
<b>Securities Premium Account</b>		
Balance as at the beginning and the end of the year	468.28	468.28
<b>Surplus/(Deficit) in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	(3480.53)	(3905.86)
Add/(Less) :Additional Depreciation (Net of tax Rs 6.04 lacs )pursuant to enactment of Schedule II of the Companies Act 2013(Refer Note 9)	(12.57)	—
Less:Profit/(Loss) for the year from the Statement of Profit and Loss	(647.88)	425.33
Balance as at the end of the year	(4140.98)	(3480.53)
<b>Total</b>	<u>(2672.70)</u>	<u>(2012.25)</u>

**4 LONG-TERM BORROWINGS**

	As at 31.03.2015 (Rs in lacs)		As at 31.03.2014 (Rs in lacs)	
	Non Current	Current	Non Current	Current
<b>Secured Loans</b>				
(a) Term Loans :				
(i) From a Financial Institution	1572.77	327.58	1094.43	369.24
(ii) From Banks	15332.45	2919.25	17266.25	2506.78
(b) Finance Lease obligations :				
From Banks	5.63	4.11	3.59	7.18
<b>Total</b>	<u>16910.85</u>	<u>3250.94</u>	<u>18364.27</u>	<u>2883.20</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

### I Term Loan are secured by :

- (i) Term loans from banks and financial institution, excluding corporate term loan from a bank of Rs. 1500 lacs (security for which is explained in Para 1(ii) below) and Term Loan from a financial institution of Rs 2000 lacs (security for which is explained in Para 1(iii) 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 moveable assets (excluding vehicle purchased on Finance lease 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 Note No 5 ,Para (i) and (ii)),and further secured by personal guarantee of two 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 vehicle purchased on Finance lease 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.
- (iii) Term Loan from a financial institution of Rs 2000 lacs is 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 moveable assets (excluding vehicle purchased on Finance lease 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 Note No 5,Para (i) and (ii) below),and further secured by Corporate Guarantee from two associates, GTN Textiles Limited (Rs 300 lacs) and GTN Enterprises Limited (Rs 1700 lacs).
- (iv) Finance lease obligations are relating to vehicles and are secured by hypothecation of respective vehicles.

### II The Maturity Profile of Secured Loans are as set out below:

		Maturity Pattern (Rs Lacs)		
		Within One Year	1-5 Years	Beyond 5 Years
a	Term Loans	3247	10781	6124
b	Finance Lease obligations	4	6	Nil

Note: Term Loan instalments due within one year includes instalment due on 31st March '15 amounting to Rs 619 lacs as on the Balance Sheet Date. The same is being paid shortly.

## 5 SHORT TERM BORROWINGS

	As at 31.03.2015 (Rs in lacs)	As at 31.03.2014 (Rs in lacs)
<b>(a) SECURED LOANS</b>		
<b>Working Capital Loans</b>		
From Banks (Refer Note No 4)	5393.92	8853.41
<b>(b) UNSECURED LOANS</b>		
1. Corporate Deposits	350.00	—
2. Fixed Deposits		
- Public	—	49.00
<b>Total</b>	<u><u>5743.92</u></u>	<u><u>8902.41</u></u>

### i Working Capital limits from Banks are secured by:

Working Capital loans from banks are secured by first charge by way of hypothecation on current assets of the company and further secured by way of second charge over the immovable assets of the company both present and future and further secured by personal guarantee of two directors of the Company.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

ii Non Fund based limits from Banks are secured by:

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 by second charge on the immovable properties of the company and personal guarantee of two directors of the company; Total amount outstanding at the end of the year is Rs.5242.00 lacs (Previous year Rs.6121.73 lacs).

### 6 TRADE PAYABLES

	As at 31.03.2015 (Rs in lacs)	As at 31.03.2014 (Rs in lacs)
Due to Micro, Small and Medium Enterprises (MSME's) (Refer Note No 36)	21.59	2.17
Other than MSME's	5593.97	4806.84
<b>Total</b>	<b>5615.56</b>	<b>4809.01</b>

### 7 OTHER CURRENT LIABILITIES

Current maturities of long-term debt (Refer Note 4)	3246.83	2876.02
Current maturities of Finance lease obligations (Refer Note 4)	4.11	7.18
Interest accrued but not due on borrowings	8.79	46.62
Interest due on borrowings *	202.12	—
Unclaimed dividends **	—	5.44
Creditors for Capital Expenditure	108.67	435.35
Advances from customers	333.19	451.69
Statutory and Other dues payable	51.64	53.14
<b>Total</b>	<b>3955.35</b>	<b>3875.44</b>

\* Interest due on Borrowings represents interest for the month of March '15 paid subsequently before the Balance Sheet Date.

\*\* Due to Investors Education and Protection Fund will be determined and deposited on the respective due dates.

### 8 SHORT TERM PROVISIONS

Provision for Employee benefits	100.59	87.62
<b>Total</b>	<b>100.59</b>	<b>87.62</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

### 9 FIXED ASSETS

(Rs in lacs)

Description of Assets	Gross Block				Depreciation/Amortisation				Net Block		
	As at 01.04.2014	Addition	Deductions / Adjustments	As at 31.03.2015	Up to 31.03.2014	For the Year	Retained Earnings (refer "Note" below)	Deductions / Adjustments	Up to 31.03.2015	As at 31.03.2015	As at 31.03.2014
<b>A. TANGIBLE ASSETS</b>											
<b>a. Own Assets</b>											
Land -Freehold	279.37	0.71		<b>280.08</b>	—				—	<b>280.08</b>	279.37
	(278.62)	(0.75)		<b>(279.37)</b>	—				—	<b>(279.37)</b>	(278.62)
Building	4,943.25	37.57		<b>4,980.82</b>	1,692.41	129.21			<b>1,821.62</b>	<b>3,159.20</b>	3,250.84
	(4,811.71)	(131.54)		<b>(4,943.25)</b>	(1,555.50)	(136.91)			<b>(1,692.41)</b>	<b>(3,250.84)</b>	(3,256.21)
Plant and Equipment	29,196.67	740.73	51.41	<b>29,885.99</b>	14,134.94	936.23	10.46	33.92	<b>15,047.71</b>	<b>14,838.28</b>	15,061.73
	(28,860.64)	(747.00)	(410.97)	<b>(29,196.67)</b>	(13,017.58)	(1,380.22)	—	(262.86)	<b>(14,134.94)</b>	<b>(15,061.73)</b>	(15,843.06)
-do- Wind Mill	3,453.95			<b>3,453.95</b>	2,584.51	149.21			<b>2,733.72</b>	<b>720.23</b>	869.44
	(3,453.95)			<b>(3,453.95)</b>	(2,227.37)	(357.14)			<b>(2,584.51)</b>	<b>(869.44)</b>	(1,226.58)
Furniture	175.49	0.58		<b>176.07</b>	107.53	8.49	0.25		<b>116.27</b>	<b>59.80</b>	67.96
	(165.18)	(10.31)		<b>(175.49)</b>	(100.91)	(6.62)			<b>(107.53)</b>	<b>(67.96)</b>	(64.28)
Office Equipments	129.68	3.07	0.09	<b>132.66</b>	121.12	4.03	2.98	0.07	<b>128.06</b>	<b>4.60</b>	8.56
	(129.68)			<b>(129.68)</b>	(117.37)	(3.75)			<b>(121.12)</b>	<b>(8.56)</b>	(12.31)
Vehicles	101.87	—	27.86	<b>74.01</b>	92.79	0.23	2.75	24.50	<b>71.27</b>	<b>2.74</b>	9.08
	(101.87)			<b>(101.87)</b>	(87.18)	(5.61)			<b>(92.79)</b>	<b>(9.08)</b>	(14.69)
<b>Total</b>	<b>38,280.28</b>	<b>782.66</b>	<b>79.36</b>	<b>38,983.58</b>	<b>18,733.30</b>	<b>1,227.40</b>	<b>16.44</b>	<b>58.49</b>	<b>19,918.65</b>	<b>19,064.93</b>	<b>19,546.97</b>
	<b>(37,801.65)</b>	<b>(889.60)</b>	<b>(410.97)</b>	<b>(38,280.28)</b>	<b>(17,105.91)</b>	<b>(1,890.25)</b>	<b>—</b>	<b>(262.86)</b>	<b>(18,733.30)</b>	<b>(19,546.98)</b>	<b>(20,695.75)</b>
<b>b. Assets taken on Finance Lease:</b>											
Vehicles	40.53	8.88	9.09	<b>40.32</b>	12.04	7.11		3.76	<b>15.39</b>	<b>24.93</b>	28.49
	(40.53)	—		<b>(40.53)</b>	(9.45)	(2.59)			<b>(12.04)</b>	<b>(28.49)</b>	(31.08)
<b>Total A (a+b)</b>	<b>38,320.81</b>	<b>791.54</b>	<b>88.45</b>	<b>39,023.90</b>	<b>18,745.34</b>	<b>1,234.51</b>	<b>16.44</b>	<b>62.25</b>	<b>19,934.04</b>	<b>19,089.86</b>	<b>19,575.47</b>
	<b>(37,842.18)</b>	<b>(889.60)</b>	<b>(410.97)</b>	<b>(38,320.81)</b>	<b>(17,115.36)</b>	<b>(1,892.84)</b>	<b>—</b>	<b>(262.86)</b>	<b>(18,745.34)</b>	<b>(19,575.47)</b>	<b>(20,726.83)</b>
<b>B. INTANGIBLE ASSETS</b>											
Computer Software	231.35	2.73		<b>234.08</b>	211.64	8.96	2.17		<b>222.77</b>	<b>11.31</b>	19.71
	(231.35)	—		<b>(231.35)</b>	(205.71)	(5.93)			<b>(211.64)</b>	<b>(19.71)</b>	(25.64)
<b>Total B</b>	<b>231.35</b>	<b>2.73</b>		<b>234.08</b>	<b>211.64</b>	<b>8.96</b>	<b>2.17</b>		<b>222.77</b>	<b>11.31</b>	<b>19.71</b>
	<b>(231.35)</b>	<b>—</b>		<b>(231.35)</b>	<b>(205.71)</b>	<b>(5.93)</b>			<b>(211.64)</b>	<b>(19.71)</b>	<b>(25.64)</b>
<b>Total A + B</b>	<b>38,552.16</b>	<b>794.27</b>	<b>88.45</b>	<b>39,257.98</b>	<b>18,956.98</b>	<b>1,243.47</b>	<b>18.61</b>	<b>62.25</b>	<b>20,156.81</b>	<b>19,101.17</b>	<b>19,595.18</b>
	<b>(38,073.53)</b>	<b>(889.60)</b>	<b>(410.97)</b>	<b>(38,552.16)</b>	<b>(17,321.07)</b>	<b>(1,898.77)</b>		<b>(262.86)</b>	<b>(18,956.98)</b>	<b>(19,595.18)</b>	<b>(20,752.47)</b>
Capital Work-in-Progress										<b>429.61</b>	0.27
										<b>0.27</b>	(525.34)

\*Figures in brackets represent previous year's figures

#### Capital Work-in-Progress (at cost) comprises :

	As at 31.03.2015	As at 31.03.2014
Plant and Equipment	<u>429.61</u>	<u>0.27</u>
Total	<u><u>429.61</u></u>	<u><u>0.27</u></u>

Note: In accordance with the provisions of Schedule II of the Companies Act, in case of fixed assets which have completed their useful life as at 1st April 2014, the carrying value (net of residual value) amounting to Rs 12.57 lacs (Net of deferred tax of Rs 6.04 lacs) as a transitional provision has been recognised in the Retained Earnings.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)**

**10 NON CURRENT INVESTMENTS**

	As at 31.03.2015 (Rs in lacs)	As at 31.03.2014 (Rs in lacs)
<b>Long Term Investment - At cost</b>		
<b>In Equity instruments - Non-Trade (unquoted)</b>		
1,450 Equity Shares (Previous year 1,450) of Rs 100 each in Matspin India Private Limited	1.45	1.45
16,35,683 Equity Shares (Previous year 5,53,718) of Rs 10 each at a premium of Rs 9/Share in Gamma Green Power Private Limited	310.78	105.21
3,96,000 Equity Shares (Previous year 7,70,000) of Rs 10 each in Clarion Wind Farm Private Limited	39.60	77.00
56250 Equity Shares (Previous year Nil) of Rs 10 each at a premium of Rs 20/Share in Tulsyan NEC Ltd	16.88	—
500 Equity Shares (Previous year 500) of Rs 10 each at a premium of Rs 126/Share in Suryadev Alloys and Power Pvt Ltd	0.68	0.68
<b>In Government Securities - Non-Trade (unquoted)</b>		
National Savings Certificates (Lodged with statutory authorities)	0.32	0.32
<b>Total</b>	<u><u>369.71</u></u>	<u><u>184.66</u></u>

**11 DEFERRED TAX ASSET (Net)**

Particulars		
<b>a Deferred Tax Asset</b>		
Unabsorbed Depreciation	2955.10	2833.02
Business Loss	414.63	433.95
Other Disallowances	78.19	122.49
<b>b Deferred Tax Liability</b>		
Related to Fixed Assets	(3201.68)	(3323.80)
<b>Net Deferred Tax Asset</b>	<u><u>246.24</u></u>	<u><u>65.66</u></u>

The company has recognised deferred tax asset on the basis of export orders and expected profits. Thus management is virtually certain that sufficient future taxable income would be available against which brought forward business losses and unabsorbed business depreciation would be set off.

**12 LONG TERM LOANS AND ADVANCES**

Unsecured and considered good unless otherwise stated		
Capital Advances	201.69	79.93
Security Deposits	51.85	52.00
Income Tax (Net of Provision Rs. 562.77 lacs ; Previous year Rs. 562.77 lacs)	553.70	403.56
Minimum Alternate Tax Credit entitlement	432.31	432.31
<b>Total</b>	<u><u>1239.55</u></u>	<u><u>967.80</u></u>

**13 OTHER NON CURRENT ASSETS**

Unamortised borrowing costs (arising as per CDR scheme) (Refer Note No 35)	720.67	840.78
<b>Total</b>	<u><u>720.67</u></u>	<u><u>840.78</u></u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)**

**14 INVENTORIES**

	<b>As at 31.03.2015 (Rs in lacs)</b>	As at 31.03.2014 (Rs in lacs)
Method of valuation - Refer Note No.1(E) of Significant Accounting Policy		
Stores, Spares and Packing Materials	64.27	65.71
Raw Materials	4539.82	7563.44
Goods-in-Process	466.14	589.40
Finished Goods	2673.89	2913.99
Waste Stock	135.63	75.36
<b>Total</b>	<u><u>7879.75</u></u>	<u><u>11207.90</u></u>

**15 TRADE RECEIVABLES**

Unsecured, considered good unless otherwise stated		
Doubtful		
Outstanding exceeding six months from the due date	—	23.11
Less: Provision for Doubtful Debts	—	23.11
	—	—
Considered Good		
Outstanding exceeding six months from the due date	59.30	—
Outstanding Less than six months from the due date	1897.89	3137.71
<b>Total</b>	<u><u>1957.19</u></u>	<u><u>3137.71</u></u>

**16 CASH AND BANK BALANCES**

**a Cash and Cash Equivalents :**

Cash in Hand	2.71	2.81
Balances with Scheduled Banks in Current Accounts	79.86	480.67
	<u>82.57</u>	<u>483.48</u>

**b Other Bank Balances :**

Unpaid Dividend Accounts	—	5.44
Margin Money Deposit Accounts	544.26	707.15
Deposit Accounts under lien	3.18	20.28
	<u>547.44</u>	<u>732.87</u>
<b>Total</b>	<u><u>630.01</u></u>	<u><u>1216.35</u></u>

**17 SHORT TERM LOANS AND ADVANCES**

Unsecured considered good, unless otherwise stated:		
Considered doubtful	2.13	2.13
Less: Provision for Doubtful advances	2.13	2.13
	—	—
TUF Subsidy	1088.00	872.96
Export Incentives	427.00	608.37
Security Deposits	241.42	106.12
Prepaid Expenses	108.64	113.84
Balances with Statutory Authorities	162.11	77.81
Other Advances	51.46	41.91
<b>Total</b>	<u><u>2078.63</u></u>	<u><u>1821.01</u></u>

**18 OTHER CURRENT ASSETS**

Unamortised borrowing costs (arising as per CDR scheme -Refer Note No 35)	120.11	120.11
Interest accrued on Deposits	23.93	12.07
<b>Total</b>	<u><u>144.04</u></u>	<u><u>132.18</u></u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)**

**19 REVENUE FROM OPERATIONS**

	Year ended 31.03.2015 (Rs in lacs)	Year ended 31.03.2014 (Rs in lacs)
<b>A Sale of Products</b>		
<b>Finished Goods :</b>		
Exports	24411.69	23400.62
Local	20838.20	21701.33
<b>Traded Goods</b>		
Exports	6460.32	11646.00
<b>Waste Sales</b>		
Exports	718.10	1412.75
Local	1702.36	1569.65
<b>Gross Sales</b>	54130.67	59730.35
<b>Less:Excise Duty</b>	—	—
<b>Net Sales</b>	<u>54130.67</u>	<u>59730.35</u>
<b>B Other Operating Revenues</b>		
Export Incentives	1058.95	1067.49
Job Work Charges	252.50	163.08
	<u>1311.45</u>	<u>1230.57</u>
<b>Total (A) + (B)</b>	<u><u>55442.12</u></u>	<u><u>60960.92</u></u>

**20 OTHER INCOME**

Interest Income	90.27	78.67
Agricultural Income	0.21	0.65
Sale of Scrap	27.82	24.50
<b>Total</b>	<u><u>118.30</u></u>	<u><u>103.82</u></u>

**21 COST OF MATERIALS CONSUMED**

	Year ended 31.03.2015 (Rs in lacs)	Year ended 31.03.2014 (Rs in lacs)
<b>a Raw materials Consumed</b>		
Opening Inventory	7563.44	6101.27
Add:Purchases during the Year	33530.90	38324.92
Less:Sale of Cotton	<u>2180.40</u>	<u>2222.71</u>
Less: Closing Stock	<u>4539.82</u>	<u>7563.44</u>
<b>Total (a)</b>	<u><u>34374.12</u></u>	<u><u>34640.04</u></u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)**

	Year ended 31.03.2015 (Rs in lacs)	Year ended 31.03.2014 (Rs in lacs)
<b>b Packing Material Consumed</b>		
Opening Inventory	21.23	32.14
Add:Purchases during the Year	544.32	480.06
Less: Closing Stock	28.63	21.23
<b>Total (b)</b>	<u>536.92</u>	<u>490.97</u>
<b>Total (a)+ (b)</b>	<u><u>34911.04</u></u>	<u><u>35131.01</u></u>

**22 CHANGES IN INVENTORY OF FINISHED GOODS, GOODS IN PROCESS AND WASTE**

	Year ended 31.03.2015 (Rs in lacs)	Year ended 31.03.2014 (Rs in lacs)
<b>a Stock at the beginning of the year:</b>		
Finished Goods	2913.99	1359.24
Goods-in-process	589.40	531.15
Waste	75.36	13.20
<b>Total</b>	<u>3578.75</u>	<u>1903.59</u>
<b>b Less : Stock at the end of the year:</b>		
Finished Goods	2673.89	2913.99
Goods-in-process	466.14	589.40
Waste	135.63	75.36
<b>Total</b>	<u>3275.66</u>	<u>3578.75</u>
<b>(Increase)/Decrease in Stocks (a-b)</b>	<u><u>303.09</u></u>	<u><u>(1675.16)</u></u>

**23 EMPLOYEE BENEFIT EXPENSES**

Salaries, Wages and Bonus	2447.64	2181.51
Contribution to Provident and Other Funds	185.56	164.34
Welfare Expenses	306.34	284.47
<b>Total</b>	<u><u>2939.54</u></u>	<u><u>2630.32</u></u>

**24 FINANCE COSTS**

Interest Expenses	2662.70	3117.59
Other Borrowing Costs*	395.16	373.80
Applicable loss on foreign currency transaction and translation	25.31	(27.46)
<b>Total</b>	<u><u>3083.17</u></u>	<u><u>3463.93</u></u>

\* Includes amortised borrowing cost as per CDR Scheme Rs.120.11 lacs  
(Previous Year Rs.120.11 lacs)

**25 OTHER EXPENSES**

Power and Fuel (Net of Wind Energy)	4268.26	3933.92
Repairs to Building	14.38	13.44
Repairs to Machinery	566.64	576.91
Stores and Spares	150.62	123.20
Processing Charges	638.49	341.20
Rent	13.20	11.49
Insurance	103.17	113.98
Rates and Taxes	98.99	103.62

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)**

	<b>Year ended 31.03.2015 (Rs in lacs)</b>	Year ended 31.03.2014 (Rs in lacs)
Commission and Brokerage	528.97	583.69
Freight, Forwarding and Other expenses	1160.27	1161.46
Payment to Auditors		
Audit Fee	2.69	2.25
Cost Audit Fee	—	1.12
Tax Audit Fee	0.84	0.84
Certification Charges	1.58	0.43
Out of Pocket Expenses	0.90	1.12
Donation	—	1.25
Directors Sitting Fee	3.45	3.30
Loss on disposal of Fixed Assets (Net)	2.79	40.08
Net loss / (gain) on foreign currency transaction and translation	(314.73)	365.77
Miscellaneous Expenses	568.84	580.64
<b>Total</b>	<b>7809.35</b>	<b>7959.71</b>

**26 EARNING PER SHARE**

	<b>2014-15 (Rs in lacs)</b>	2013-14 (Rs in lacs)
Net profit / (Loss) as per statement of profit and loss	(647.88)	425.33
Less: Dividend on Preference Shares - Notional	—	35.12
Net profit available to Equity Share holders	(647.88)	390.21
Weighted average no of Equity Shares (Face value of Rs.10 each)	30920000	30920000
Basic and diluted Earning Per Share	Rs. (2.10)	1.26

**27 GRATUITY**

		<b>Gratuity (Funded) 2014-15 (Rs. in lacs)</b>	Gratuity (Funded) 2013-14 (Rs. in lacs)
<b>A</b>	<b>Expense recognised during the year</b>		
	1. Current Service Cost	22.66	13.67
	2. Interest cost	25.05	14.17
	3. Expected return on plan assets	(22.01)	(18.86)
	4. Actuarial Loss/(Gain) during the year	(4.20)	59.87
	5. Expenses recognised in Profit & Loss account	21.50	68.85
<b>B</b>	<b>Actual return on Plan assets</b>		
	1. Expected return on plan assets	22.01	18.86
	2. Actuarial Gain/(Loss) on Plan assets	0.00	—
	3. Actual return on plan assets	22.01	18.86
<b>C</b>	<b>Net Asset/(Liability) recognised in the Balance Sheet</b>		
	1. Present value of the obligation at the year end	343.24	250.93
	2. Fair Value of plan assets at the year end	281.98	249.98
	3. Funded status - surplus/(deficit)	(61.25)	(0.95)
	4. Unrecognised past service cost	—	—
	5. Net Asset/(Liability) recognised in the Balance Sheet	(61.25)	(0.95)



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)**

		<b>Gratuity (Funded) 2014-15 (Rs. in lacs)</b>	<b>Gratuity (Funded) 2013-14 (Rs. in lacs)</b>
<b>D</b>	<b>Change in Present value of the Obligation during the year</b>		
	1. Present value of the obligation as at the beginning of year	<b>313.09</b>	177.07
	2. Current service cost	<b>22.66</b>	13.67
	3. Interest cost	<b>25.05</b>	14.17
	4. Benefits paid	<b>(13.36)</b>	(13.84)
	5. Actuarial loss/(gain) on obligation	<b>(4.20)</b>	59.86
	6. Present value of obligation at the year end	<b>343.24</b>	250.93
<b>E</b>	<b>Change in Assets during the year</b>		
	1. Fair Value of plan assets at the beginning of the year	<b>249.98</b>	222.57
	2. Expected return on plan assets	<b>22.01</b>	18.86
	3. Contributions made	<b>23.36</b>	22.39
	4. Benefits paid	<b>(13.36)</b>	(13.84)
	5. Actuarial Loss/(gain) on plan assets	<b>0.00</b>	—
	6. Fair value of plan assets at the year end	<b>281.99</b>	249.98
<b>F</b>	<b>Actuarial Assumptions</b>		
	1. Discount rate	<b>8.00%</b>	8.00%
	2. Salary escalation	<b>5.00%</b>	3.00%

**28. Related Party Disclosures**

**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 in to transactions during the year.

**i. Associates**

1. GTN Textiles Limited
2. GTN Enterprises Limited

**ii Key Management Personnel:**

Shri Umang Patodia - Managing Director

**iii. Enterprises/Entities having "Common Key Management Personnel" :**

- 1 Perfect Cotton Co.
- 2 Patcot & Co.
- 3 Purav Trading limited
- 4 Standard Cotton Corporation

**iv. Relatives of Key Management Personnel:**

- 1 Shri Binod Kumar Patodia - Father of Shri. Umang Patodia
- 2 Shri Ankur Patodia - Brother of Shri. Umang Patodia
- 3 Smt. Prabha Patodia - Mother of Shri. Umang Patodia
- 4 Smt.Swati Patodia - Sister-in-law of Shri. Umang Patodia

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)**

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

Nature of Transactions /Balances	Associates		Key Management Personnel		Enterprises/Relatives of Key management Personnel	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
	Rs in lacs	Rs in lacs	Rs in lacs	Rs in lacs	Rs in lacs	Rs in lacs
Sales,Service and other income	<b>2,385.27</b>	5,141.89		—		—
Purchase of Goods and Services	<b>1,824.13</b>	1,941.12		—	<b>2,090.20</b>	3,951.95
Purchase of fixed assets	<b>121.93</b>	5.78		—		—
Remuneration paid	—	—	<b>57.71</b>	58.61		—
Sitting Fees	—	—		—	<b>0.38</b>	0.30
Interest Paid	—	—		—	<b>0.56</b>	0.95
Balances as at year end:						
Amount Receivable	<b>352.91</b>	737.95		—		—
Amount Payable	—	—		—	<b>663.95</b>	1,946.67
Guarantee Received	<b>1,845.07</b>	1,198.00		—		—
Guarantee Provided for	<b>1,401.00</b>	1,713.00		—		—

(c) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties

	Transactions	
	2014-15	2013-14
	Rs in lacs	Rs in lacs
<b>(i) Sale of goods</b>		
<b>a) Cotton</b>		
i) GTN Textiles Ltd.	<b>1409.61</b>	549.72
ii) GTN Enterprises Ltd.	<b>333.52</b>	1070.04
<b>b) Cotton Yarn</b>		
i) GTN Textiles Ltd.	<b>152.47</b>	792.59
ii) GTN Enterprises Ltd.	<b>317.46</b>	2414.01
<b>c) Store Items</b>		
i) GTN Textiles Ltd.	<b>1.31</b>	0.28
ii) GTN Enterprises Ltd.	<b>3.41</b>	1.16
<b>d) Sale of waste</b>		
i) GTN Enterprises Ltd.	—	155.31
<b>(ii) Purchase of goods</b>		
<b>a) Cotton</b>		
i) GTN Textiles Ltd.	—	685.74
ii) GTN Enterprises Ltd.	<b>700.06</b>	494.59
iii) Standard Cotton Corporation	—	935.51
iv) Patcot & Co.	<b>1785.55</b>	2846.91
v) Perfect Cotton Co	<b>304.65</b>	169.52
<b>b) Cotton Yarn</b>		
i) GTN Textiles Ltd.	<b>326.40</b>	139.48
ii) GTN Enterprises Ltd.	<b>313.16</b>	346.69

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)**

	Transactions	
	2014-15	2013-14
	Rs in lacs	Rs in lacs
<b>c) Store Items</b>		
i) GTN Textiles Ltd.	3.88	0.51
ii) GTN Enterprises Ltd.	7.84	0.90
<b>(iii) Purchase of Machinery</b>		
i) GTN Textiles LTD	121.93	—
ii) GTN Enterprises LTD	—	5.78
<b>(iv) Rendering of services</b>		
<b>a) Rent</b>		
GTN Textiles Ltd.	1.08	1.08
<b>b) Processing Charges</b>		
i) GTN Textiles Ltd.	122.73	93.57
ii) GTN Enterprises Ltd.	43.69	64.13
<b>(v) Receiving of services</b>		
<b>a) Rent</b>		
GTN Textiles Ltd.	1.32	1.32
<b>b) Processing Charges</b>		
i) GTN Textiles Ltd.	16.93	19.06
ii) GTN Enterprises Ltd.	454.55	252.83
<b>(vi) Remuneration paid</b>		
Sri. Umang Patodia (Managing Director)	57.71	58.61
<b>(vii) Sitting Fees</b>		
Sri. B.K. Patodia	0.38	0.30
<b>(viii) Interest On Fixed Deposit</b>		
1) Smt. Swati Patodia	0.56	0.95
Notes:		
i) The related parties have been identified by the Management and relied up on by the auditors.		
ii) No amount has been provided for/written off/written back ,pertaining to related parties.		

**29 Finance Lease: Disclosure as required in AS-19 Leases**

Particulars	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	4.84	0.73	4.11
	(7.87)	(0.69)	(7.18)
2. Between one year to five years	6.68	1.05	5.63
	(3.70)	(0.10)	(3.60)
Total	11.52	1.78	9.74
	(11.57)	(0.79)	(10.78)

\* Figures in brackets represent previous year's figures.

**30 CONTINGENT LIABILITY AND COMMITMENTS:**

**A COMMITMENTS**

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Nil (Previous year Rs.Nil).
- Outstanding Export Forward Contracts (not in the nature of derivatives ) as on 31 st March '15 which were entered into for hedging exchange risk arising from foreign currency fluctuations related to highly probable future transactions amount to US\$ 41.81 lacs and Euro 3.00 lacs ( Previous Year US\$ 19.89 lacs and Euro 5.89 lacs ) at average Exchange Rate of Rs 63.70 /US\$ and Rs 70.22/Euro (Previous year Rs 62.54/US\$ and Rs 88.78/Euro). The period covered under these contracts spreads over April 2015 to February 2016 (Previous Year April 2014 to September 2014). The average Exchange Rate applicable for the above period based on

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

exchange rate on 31.03.2014 works out to Rs 63.84 /US\$ and Rs 69.09/Euro (Previous year Rs 55.32/US\$ and Rs 70.62/Euro ), resulting in notional loss of Rs 2.28 lacs (Previous year notional gain of Rs 46.75 lacs)

3. Outstanding Import Forward Contracts ( not in the nature of derivatives) as on 31st March 2015 which were entered into for hedging exchange risk arising from foreign currency fluctuations related to highly probable future transactions amounting to US\$ 4.61 Lacs (Previous year US\$ 9.76 Lacs) at average exchange rate of Rs.62.54/US\$ (Previous year Rs.63.34/US\$) . The period covered under these contracts spreads over April 2015 to October 2015 (Previous year April 2014 to June 2014). The average exchange rate applicable for above period based on exchange rate on 31.03.2014 works out to Rs.62.96/US\$ (Previous year Rs.54.88/US\$), resulting a notional gain of Rs.1.95 lacs (Previous year notional loss of Rs.23.39 Lacs)

### B CONTINGENT LIABILITIES

#### 1. Disputed amounts of Taxes and duties and other claims not acknowledged as debts :

- Excise duty : Rs. Nil lacs (Previous year Rs. 254.14 lacs)
- Sales Tax (VAT) : Rs 147.56 lacs (Previous year Rs.150.22 lacs)
- Market Committee Cess: Rs. 49.23 lacs (Previous year Rs.41.90 lacs)
- Disputed Income Tax demands Rs 353.78 lacs (Previous year 353.78 lacs ) and interest there on Rs 308.65 lacs (Previous year Rs 308.65 lacs ), matter having been decided by the Hon'ble High Court of Kerala against the Company. The Company has gone for appeal before the Supreme Court of India and is hopeful of outcome in its favour.Payment there against Rs 546.58 lacs (Previous year 408.58 lacs ) is included in the loans and advances,with further commitment to pay Rs 34.40 lacs in three monthly equal instalments effective from 01.04.2015 (Previous Year Rs 174.40 lacs in fifteen equal instalments effective from 01.04.2014)
- Disputed amount of fiscal penalty imposed by Joint Director General of Foreign Trade Charging for violation of condition of EPCG authorization Rs 288.89 lacs (Previous Year-Nil) .The Company has appealed to the Appellate Authority. Meanwhile, Hon'ble High Court of Kerala has ordered to maintain status quo till the matter is decided by the appellate authority. The company is hopeful of outcome in its favour.

The Company's pending litigation comprise mainly of above taxes and duties.The Company has reviewed all its pending litigations and proceedings and has made adequate provision,wherever required and disclosed the contingent liabilities, wherever applicable in its financial statements. The Company doesn't reasonably expect these proceedings to have material impact on its financial statements.

#### 2. Corporate Guarantee :

- The company has given Corporate Guarantee amounting to Rs.2113 lacs ( Previous year Rs.2113 lacs) to a Financial Institution in respect of financial assistance provided by them to GTN Enterprises Ltd and the outstanding amount thereof is Rs.1226 lacs as on 31st March 2015 ( Previous Year – Rs. 1538 lacs ).
- The company has given Corporate Guarantee amounting to Rs.175 lacs ( Previous year Rs.175 lacs) to a Financial Institution in respect of financial assistance provided by them to GTN Textiles Ltd and the outstanding amount thereof is Rs.263 lacs as on 31st March 2015 ( Previous Year – Rs. 295 lacs ). All the investments made, loans and advances given and guarantees provided are for business purposes.

#### 31. Particulars of unhedged Foreign Currency exposures as at 31 st March 2015 are as given below:

Particulars	As at 31.03.2015			As at 31.03.2014			
	Currency	Amount in lacs	Exchange Rate Rs	Amount (Rs in lacs)	Amount in lacs	Exchange Rate Rs	Amount (Rs in lacs)
Accounts Payable	USD	51.35	62.50	3209.38	42.40	59.90	2539.76
	EUR	—	—	—	5.26	82.30	432.90

#### 32. Net loss / Gain on Foreign currency transaction and translation

The amount of net gain on foreign currency transaction and translation included in the other expenses amounts to Rs 314.73 lacs (Previous year Rs 365.77 lacs loss ).This includes gain on account of export Rs 528.96 lacs (Previous Year Rs 129.90 lacs gain), Loss on account of Import Rs.220.16 lacs (Previous year Rs 457.86 lacs loss) and GAIN on account of cancellation of forward contracts Rs.5.93 lacs (Previous Year Rs 37.81 lacs loss).

- In the opinion of the management, assets other than fixed assets and non current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
- The accounts of certain Trade Receivables ,Trade payables, Loans and advances and Banks are however,are subject to formal confirmations /reconciliations and consequent adjustments, if any. The management does not expect any material difference affecting the current period's financial statements on such reconciliation/ adjustments.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

34. In term 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.31590.11 Lacs ( Previous year Rs.36459.37 lacs) and within India sale of Rs. 22540.56 lacs ( Previous year Rs. 23270.98 Lacs)

35. The Company was sanctioned a Debt Restructuring Package under Corporate Debt Restructuring (CDR) Scheme on 12.10.2012 effective from 01.04.2012 for the loans availed from Banks/Financial Institutions,which was approved by CDR-EG and all the lenders.

The restructuring inter-alia envisages:

- Deferment / Rescheduling in payment of principal
- Refixation of interest rates on term loans
- Sanction of additional long term working capital term loan of Rs.22.16 crores
- In lieu of sacrifice by the lenders, Preference Shares of Rs.10.81 crores were allotted on 29.01.2013 to the banks/ financial institutions. The amount represents difference between the net present value (NPV) of the future cash flows towards repayment of principal and interest thereon as per the revised term and those payable as per the original terms. The said sacrifice will be amortized equally over a period of 9 years beginning from the FY 2013-14 and ending in the financial year 2021-22 being the last year of repayment of entire loans.
- The Promoters to bring in contribution of Rs.2.70 crores by way of Preference Shares.The said amount was brought into two phases of Rs 1.35 Crores each on 7th November,2012 and 28th November ,2013 respectively in line with CDR Scheme.
- GTN Textiles Limited (GTN), the main Promoter to pledge 72,86,405 Equity Shares of Rs.10 each (51% of the shareholding in Patspin India Limited) in favour of Central Bank of India, the Monitoring Institution. GTN has since pledged the shares on 14.05.2013.
- The CDR lenders, with the approval of CDR EG, shall have the right to recompense the reliefs/ sacrifices/waivers extended by respective CDR lenders as per CDR guidelines

### 36. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES ACT, 2006

Particulars	2014-15	2013-14
	(Rs in lacs)	(Rs in lacs)
The principal amount due thereon remaining unpaid as on the Balance sheet date	Rs. Nil	Rs. Nil
Interest paid along with the amount of the payment during the year	Rs. Nil	Rs. Nil
Interest due and payable but without adding the interest specified in the abovementioned act.	Rs. Nil	Rs. Nil
Interest accrued and remaining unpaid at the end of the year.	Rs. Nil	Rs. Nil
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

### 37 VALUE OF IMPORTS ON CIF BASIS

Particulars	2014-15	2013-14
	(Rs in lacs)	(Rs in lacs)
a Raw Materials - Cotton	9691.26	7910.02
b Stores	30.94	25.30
c Capital Goods	348.19	225.98
<b>Total</b>	<b>10070.39</b>	<b>8161.30</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)**

**38 EXPENDITURE IN FOREIGN CURRENCY**

Particulars	2014-15	2013-14
	(Rs in lacs)	(Rs in lacs)
Agents Commission	396.66	325.97
Others	18.89	24.01
<b>Total</b>	<b>415.55</b>	<b>349.98</b>

**39 IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED**

Particulars	Percentage	2014-15	Percentage	2013-14
		(Rs in lacs)		(Rs in lacs)
<b>a Raw Materials</b>				
Cotton Imported	25.46%	8752.78	23.10%	8003.02
Cotton Indigenous	41.97%	14427.94	39.99%	13852.58
Yarn Indigenous -(Semi Finished)	32.56%	11193.40	36.91%	12784.44
	<u>100.00%</u>	<u>34374.12</u>	<u>100.00%</u>	<u>34640.04</u>
<b>b Packing Materials (Indigenous)</b>		536.92		490.97
<b>c Stores and Spares</b>				
Imported	8.70%	16.57	1.91%	3.81
Indigenous *	91.30%	173.83	98.09%	196.15
	<u>100.00%</u>	<u>190.40</u>	<u>100.00%</u>	<u>199.96</u>

\*Includes HSD Value Rs 39.77 lacs (Previous Year Rs 76.75 lacs) Charged to Power & Fuel

**40 EARNINGS IN FOREIGN CURRENCY**

Particulars	2014-15	2013-14
	(Rs in lacs)	(Rs in lacs)
FOB Value of Exports	31218.31	35996.26

**41 PREVIOUS YEAR'S FIGURES**

Previous year's figures have been regrouped /reclassified wherever necessary to conform to the current year's presentation.

Signature to Note 1 to 41

As per our report of even date attached

For and on behalf of the Board

For **M.S. JAGANNATHAN & VISVANATHAN**  
Chartered Accountants (ICAI FRN 001209S)

**B. K. PATODIA**  
Chairman  
DIN No. 00003516

**N. K. BAFNA**  
Director  
DIN No. 00019372

**UMANG PATODIA**  
Managing Director  
DIN No. 00003588

**R. MUGUNTHAN**

Partner  
(M. No. 21397)  
Place : Kochi  
Date : 27th May, 2015

**N.N. VENKITASUBRAMANIAN**  
General Manager (Finance)  
& Chief Financial Officer

**DIPU GEORGE**  
Assistant Company  
Secretary

## NOTES

**PATSPIN INDIA LIMITED**

CIN L18101KL1991PLC006194

Registered Office: 3<sup>rd</sup> Floor, Palal Towers, Ravipuram, M.G. Road, Kochi -682016.

Website : [www.patspin.com](http://www.patspin.com); E mail: [cs@patspin.com](mailto:cs@patspin.com)

**ATTENDANCE SLIP**

(To be presented at the entrance)

Folio No. / Client ID \_\_\_\_\_ DP ID \_\_\_\_\_

I/We hereby record my/our presence at the 24<sup>th</sup> ANNUAL GENERAL MEETING of the Company on Friday, 7<sup>th</sup> day of August , 2015 at 9:30 a.m. at Aangan Hall, Bharat Hotel (BTH), Durbar Hall Road, Kochi 682016.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. JOINT SHAREHOLDER(S) MAY OBTAIN ADDITIONAL SLIP AT THE VENUE OF THE MEETING.

\_\_\_\_\_  
Signature of the Member/ Proxy

**Form No. MGT -11  
PROXY FORM**

[Pursuant to Section 105 (6) of the Companies Act, 2013 read with Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

**PATSPIN INDIA LIMITED**

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Name of the member (s)		
Registered address		
E-mail Id		
Folio No/ Client Id		DP ID:

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1	Name:	Address:
	E-mail Id:	Signature:
Or failing him / her		
2	Name:	Address:
	E-mail Id:	Signature:
Or failing him / her		
3	Name:	Address:
	E-mail Id:	Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24<sup>th</sup> Annual General Meeting of the company on Friday, 7<sup>th</sup> day of August, 2015 at 9:30 a.m. at Aangan Hall, Bharat Hotel (BTH), Durbar Hall Road, Kochi 682016 and at any adjournment thereof in respect of such resolutions as are indicated below:

**Resolution No.**

Resolution Number	Resolution	Vote (Please mention No. of shares)		
		For	Against	Abstain
<b>Ordinary Business</b>				
1.	Adoption of Financial Statements of the Company for the year ended 31 March, 2015 i.e. Balance Sheet as at 31 March, 2015 and the Statement of Profit & Loss, Reports of the Board of Directors and Auditors thereon.			
2.	Re-Appointment of Shri. B.K. Patodia as a Director of the Company			
3.	Appointment of M/s MS Jagannathan & Visvanathan as Statutory Auditors of the Company			
<b>Special Business</b>				
4.	Appointment of Smt. Pamela Anna Mathew as an Independent Director for a period of five years.			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Affix  
Revenue  
Stamp  
of Re.1/-

Signature of the Shareholder \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

**Notes:** This Form of Proxy, in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before commencement of the meeting.





Registered Office: 3rd Floor, Palal Towers, Ravipuram, M G Road, Ernakulam, Kochi 682016  
Corporate Office: 43, Mittal Chambers, 4th Floor, 228 Nariman Point, Mumbai 400021

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An ISO 9001:2008 / 14001:2004 Certified Company  
[www.patspin.com](http://www.patspin.com)