

Ref. PILC/18

October 5, 2018

BSE Limited
PhirozeJeejeebhoyTowers,
Dalal Street,
MUMBAI – 400 001

The Manager,
Listing Department,
The National Stock Exchange of India Ltd.
ExchangePlaza, 5th Floor, Plot No.C/1, G-
Block, Bandra-Kurla Cmplx, Bandra (E),
MUMBAI – 400 051

Dear Sirs,

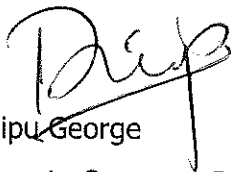
Sub: Submission of Annual Report for the Financial Year 2017-2018.
Ref: Regulation 34 of SEBI (LODR) 2015

With reference to the above, please find enclosed Copy of Company's Annual Report for the Financial Year 2017-18 for your kind perusal.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,
For PATSPIN INDIA LIMITED



Dipu George

Deputy Company Secretary

Encl:a\a

PATSPIN INDIA LIMITED

CIN: L18101KL1991PLC006194

MARKETING / REGD. OFFICE :

3rd Floor, Palal Towers, M.G. Road, Ravipuram, Kochi-682 016, India
Phone : 91-484-2661900, Fax: 91-484-2370812/2661980
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

ISO 9001 : 2015 / 14001 : 2015 Certified



**27TH ANNUAL
REPORT
2017-2018**

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	Independent Director
Rajesh Jacob	Nominee of KSIDC
Umang Patodia	Managing Director

Dipu George	Deputy Company Secretary
T. Ravindran	General Manager (Finance) & Chief Financial Officer

Bankers & Financial Institution
Central Bank of India
State Bank of India
Export-Import Bank of India
IDBI Bank Limited
The Karur Vysya Bank Limited
Oriental Bank of Commerce
Canara Bank
Bank of Maharashtra

Auditors	M/s. L. U. Krishnan & Co. Chartered Accountants, Chennai
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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 682 016, India
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Corporate Office	43, 4th Floor, Mittal Chambers, 228 Nariman Point, Mumbai 400 021
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Corporate ID No.(CIN)	L18101KL1991PLC006194
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PATSPIN INDIA LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors present the **TWENTY SEVENTH** Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2018.

1. FINANCIAL RESULTS

(₹ in lakhs)

Particulars	Year ended	
	31.3.2018	31.3.2017
REVENUE		
Income from operations	52,284	53,154
Other income	81	98
Changes in Inventories	(739)	397
Total	51,626	53,649
EXPENSES		
a) Cost of materials	32,348	32,874
b) Employee benefits expense	3,546	3,385
c) Other expenses	12,594	11,904
Total	48,488	48,163
OPERATING PROFIT	3,138	5,486
Finance Costs	3,308	3,476
PROFIT/(LOSS) BEFORE DEPRECIATION, AMORTISATION & TAX EXPENSES	(170)	2,010
Depreciation and Amortisation Expenses	1045	1,189
PROFIT/(LOSS) BEFORE TAX AND BEFORE EXCEPTIONAL ITEM	(1,215)	821
PROFIT ON SALE OF WINDMILLS & VRS EXPENSES (NET)	947	492
PROFIT/(LOSS) BEFORE TAX AFTER EXCEPTIONAL ITEM	(268)	1,313
Tax Expenses		
a) Current Tax (MAT)	—	6
b) MAT credit entitlement	—	6
c) Deferred Taxation	166	312
PROFIT/(LOSS) AFTER TAX	(434)	1,001

Your company has adopted Indian Accounting Standards (IND AS) effective 1st April 2017 (transition date being 1st April 2016) and accordingly, the financial statements for the Year 2017-18 and the previous year ended 31st March 2017 have been prepared in accordance with the recognition and measurement principle laid down in the IND AS prescribed under section 133 of the Companies Act 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India.

2. FINANCIAL PERFORMANCE

The Textile Industry saw a year of turbulence (FY 2017-18) with a short-term disruption on account of roll out of GST, a major Indirect Tax reform by converging various

complex indirect taxes into a unified platform. It took some time for the Indian cotton textiles Industry in general and Spinning industry in particular to align itself with the new tax regime, while impacting the financial performance of most players in the Industry. There was a significant fall in exports of cotton yarn mainly due to substantial reduction of imports by China which is a largest importer of cotton yarn in the world. Cotton, the main raw material for Spinning Mills witnessed substantial rise in the prices without any commensurate rise in the yarn prices. Cotton yarn saw changes in several incentives after implementation of Goods and Services Tax (GST) including reduction in drawback rates. Cotton growing states like Gujarat, Maharashtra, Madhya Pradesh etc. gave liberal incentives and concessions resulting in huge new capacity build up. These newly established Spinning Mills had substantial cost advantages resulting in tremendous pricing pressure and erosion in profit margins of existing companies.

Due to the above factors, your company's revenue from operations was lower at ₹ 51,626 Lakhs as against ₹ 53,649 Lakhs for the previous year ended 31st March 2017. While the Export turnover for FY 2017-18 was higher at ₹ 28,481 Lakhs as compared to ₹ 27,639 Lakhs in the previous year, the revenue from Export incentive was lower at ₹ 493 Lakhs during the year as against ₹ 830 Lakhs in FY 2016-17, mainly due to decrease in Duty Draw Back rates to 1.20% from 3.00% with the introduction of GST regime. Operating margins of the company were lower at ₹ 3138 Lakhs as against ₹ 5486 Lakhs in the previous year. The cash loss for the year 2017-18 was at ₹ 170 Lakhs against the cash profit of ₹ 2010 Lakhs in the previous year.

The company has realized a profit of ₹ 1231 Lakhs on sale of 3 nos. windmills. Further, the company has also made payment of ₹ 284 Lakhs towards VRS. After considering the net impact of ₹ 947 Lakhs of this exceptional income & expenditure, the Net loss before tax for the year under review was at ₹ 268 Lakhs against the net profit before tax of ₹ 1313 Lakhs in the previous year.

Your Company has now sold off its entire windmills undertakings and the proceeds have been used for full repayment of term loans availed against these windmills thereby substantially reducing its term debts. On account of continued stress in the liquidity position, your company has been discussing with the Joint Lenders Forum (JLF) of Bankers for a re-schedulement of term loan installments and the proposal is pending with them for consideration to avoid any further delay in repayment of term loans. Your Management continues to look into all possibilities for reducing stress in the liquidity position.

3. DIVIDEND

Your company has incurred loss for the year and hence the Board is unable to recommend dividend for the financial year ended 31st March, 2018.

4. MANAGEMENT DISCUSSION AND ANALYSIS

A separate report on the Management discussion and analysis forms an integral part of this report.

5. PUBLIC DEPOSITS

The Company discontinued its Fixed Deposit Scheme from 1st April, 2014. During the year under review, your Company did not accept any deposits within the meaning of Chapter V of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014.

6. CORPORATE GOVERNANCE

As per Regulation 34 (3) read with Schedule V of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance practices followed by the Company, together with a Certificate from the Company's Auditors confirming compliance, forms an integral part of this Report.

7. DIRECTORS

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.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Regulation 16 (1) (b) of SEBI (LODR) Regulations, 2015.

8. NUMBER OF MEETINGS OF THE BOARD

The details of the number of meetings of the Board held during the year ended 31st March, 2018 forms part of the Corporate Governance Report

9. KEY MANAGERIAL PERSONNEL

The following are the Key Managerial Personnel of the Company:

- | | | |
|-------------------------|---|--------------------------|
| (i) Shri. Umang Patodia | : | Managing Director |
| (ii) Shri. T.Ravindran | : | Chief Financial Officer |
| (iii) Shri. Dipu George | : | Deputy Company Secretary |

10. MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met once during the Financial Year under review. The Meeting was conducted without the presence of the Non-Independent Directors and members of management.

11. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act 2013, the Directors states that to the best of their knowledge and belief and according to the information and explanations obtained by them :

- (i) in the preparation of the Annual Accounts, 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 your company as at 31st March 2018 and of the profit or loss of the company for that period;

- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your 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 are 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.

12. BOARD EVALUATION

In compliance with the Companies Act, 2013 and Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the performance evaluation of the Board was carried out during the year under review. 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.

13. FAMILIARISATION 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, SEBI (LODR) Regulations, 2015 and other relevant regulations and affirmation taken with respect to the same.

The Chairman and the Management has also one to one discussion with the Directors to familiarize with the company's operations.

14. AUDITORS

M/s. L.U.Krishnan & Co. (Regn.No.001527S) Chartered Accountants, Chennai were appointed as the Auditors of

the Company at the 26th Annual General Meeting (AGM) held on 22nd September, 2017 to hold office from the conclusion of the 26th AGM till the conclusion of the 31st AGM of the Company.

Reports issued by the Statutory Auditors on the Standalone financial statements for the year ended 31st March 2018 are with unmodified opinion (unqualified).

15. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made there under, the Company has appointed Shri. MRL Narasimha, Practising Company Secretary to undertake the Secretarial Audit of the Company. The Audit Report is attached as Annexure I and forms an integral part of this Report

The Secretarial Audit Report does not contain any qualification, reservations or adverse remark.

16. COST AUDITORS

Pursuant to the provisions of Section 148 (3) of the Companies Act, 2013, the Board of Directors on the recommendation of the Audit Committee, appointed M/s. Hareesh K.N and Associates, Cost Accountants, as the Cost Auditors of the company for the year ended 31st March, 2018. The remuneration payable to the Cost Auditor is subject to approval of the Members at the Annual General Meeting. Accordingly, the remuneration payable to the Cost Auditors forms a part of the Notice convening 27th Annual General Meeting and the resolution is recommended for your approval.

17. 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 II and forms part of this report.

18. RELATED PARTY TRANSACTIONS

There were no materially significant related party transactions which could have had a potential conflict with the interests of the Company. Transactions with related parties are in the ordinary course of business on arm's length and are periodically placed before the Audit Committee and Board for its approvals and the particulars of contracts entered during the year, in Form AOC-2 is enclosed as Annexure - III.

The Board of Directors, as recommended by the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules thereunder and the Listing Agreement. This Policy has been uploaded on the website of the Company.

19. LOANS & INVESTMENTS

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 forming part of this report.

20. RISK MANAGEMENT

The company has laid down a well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitor business risks. The Audit Committee and the Board periodically review the risks and suggest steps to be taken to manage/ mitigate the same through a properly defined framework.

During the year, a risk analysis and assessment was conducted and no major risks were noticed, which may threaten the existence of the company.

21. VIGIL MECHANISM / WHISTE BLOWER POLICY

The company has a Vigil Mechanism / Whistle Blower Policy to report genuine concerns or grievances. The Vigil Mechanism (Whistle Blower Policy) has been posted on the company's website (www.patspin.com).

22. CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year under review, the company has constituted a Corporate Social Responsibility (CSR) Committee pursuant to provisions of Section 135 of the Act and the Board has adopted the CSR Policy as formulated and recommended by the Committee.

Even though the provisions of Section 135 (5) of Companies Act, 2013 regarding Corporate Social Responsibility are not yet attracted, 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.

23. 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 IV forming part of this report

24. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an effective internal control and risk mitigation system designed to effectively control the operations at its Head Office, Plants and Depots. The internal control systems are designed to ensure that the financial and other records are reliable for the preparation of financial statements and for maintaining assets. The Company has well designed Standard Operating Procedures. Independent Internal Auditors conduct audit covering a wide range of operational matters and ensure compliance with specified standards. Planned periodic reviews are carried out by Internal Audit. The findings of Internal Audit are reviewed by the top management and by the Audit Committee of the Board of Directors.

Based on the deliberations with Statutory Auditors to ascertain their views on the financial statements including the Financial Reporting System and Compliance to Accounting Policies and Procedures, the Audit Committee was satisfied with the adequacy and effectiveness of the Internal Controls and Systems followed by the company.

25. 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. More details on the same are given in the Corporate Governance Report.

26. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an anti-sexual harassment policy in line with the requirements of the sexual harassment of women at the workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Compliance Committee (ICC) is already been functioned for redressing complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The Company has not received any complaints under this policy during the year ended 31st March, 2018.

27. 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.

28. 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.

29. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

There are no significant and material orders passed by the Regulators or Courts or Tribunals that would impact the going concern status of your Company and its future operations.

30. GENERAL

- a) There was no issue of equity shares with differential rights as to dividend, voting or otherwise: and;
- b) There was no issue of shares (including sweat equity shares) to the employees of the company under any scheme.

31. ACKNOWLEDGMENT

Your Directors place on record their gratitude to Central Bank of India, State Bank of India, Export-Import Bank of India, 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 Customer, Employees and Shareholders for their assistance, support and co-operation to the Company.

For and on behalf of the Board of Directors

Place: Kochi
Date: 14th August, 2018

B K PATODIA
(DIN:00003516)
Chairman

ANNEXURE I

FORM MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members of PATSPIN INDIA LIMITED
(CIN : L18101KL1991PLC006194)

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

I am issuing this report based on my verification of the books, papers, minutes books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company, during the financial year ended 31st March, 2018 and also after 31st March, 2018 but before the issue of this report and the information provided by the Company, its officers, agents and authorized representatives during my conduct of secretarial audit.

I hereby report that, in my opinion, during the audit period covering the financial year ended on 31st March 2018 (hereinafter referred to as "the year"), the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with my letter of even date annexed to this report as Annexure- A.

1. I have examined the books, papers, minutes books and other records maintained by the Company and the forms and returns filed during the year according to the applicable provisions of:
 - i. The Companies Act, 2013 (the Act), the rules made there under.
 - ii. The Companies Act, 1956.
 - iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.
 - iv. The Depositories Act, 1996 and the regulations and bye-laws framed there under.
 - v. 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, 2015;
 - (c) The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client; and
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
2. I am informed that, during the year the Company was not required to maintain any books, papers, minute books or other records or to file any forms / returns according to the provisions of:
 - i. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - ii. The following Regulations and Guidelines prescribed under the SEBI Act:
 - (a) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October, 2014);
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

ANNEXURE I (Contd.)

3. I am also informed that for the year, there were no other laws specifically applicable to the company, the books, papers, minute books, forms and returns of which were required to be examined by me for the purpose of this report.
4.
 - i) I have also examined compliance with the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.
 - ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
5. During the period under review, and also considering the compliance related action taken by the Company after 31st March, 2018 but before the issue of this report, the Company has complied with the provisions of the Acts, Rules, Regulations and Agreements mentioned under paragraph 1 above, to the extent applicable.
6. I further report that:
 - (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. There is no change in the composition of Board of Directors.
 - (ii) Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent at least seven days in advance.
 - (iii) A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. I am informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.
 - (iv) There are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Coimbatore
Date : 14.08.2018

M.R.L. Narasimha
Practising Company Secretary
Membership No: 2851
Certificate of Practice: 799

ANNEXURE I (Contd.)

ANNEXURE - A TO SECRETARIAL AUDIT REPORT

**To,
The Members,
PATSPIN INDIA LIMITED,
[CIN: L18101KL1991PLC006194]**

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March, 2018 is to be read along with this letter.

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also taken into consideration the compliance related action taken by the Company after 31st March, 2018 but before the issue of this report.
4. I have verified the records to see whether the correct facts are reflected in the secretarial records. I also examined the compliance procedures followed by the Company. I believe that the processes and practices I followed provide a reasonable basis for my opinion. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
5. I have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
6. My 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 : Coimbatore
Date : 14.08.2018

M.R.L. Narasimha
Practising Company Secretary
Membership No: 2851
Certificate of Practice: 799

ANNEXURE II

FORM NO. MGT.9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31/03/2018

[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 rd Floor, Palal Towers, MG 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 Registry Management Service Private Ltd
Address	2 nd 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	csdstd@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	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES [No. of Companies for which information is being filled] - NOT APPLICABLE

ANNEXURE II (Contd.)

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

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 st April, 2017]				No. of Shares held at the end of the year [As on 31 st March, 2018]				
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	% Change during the year
A. Promoters									
(1) Indian									
a) Individual/ HUF	80350	NIL	80350	0.26	80350	NIL	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	NIL	20016568	64.74	20016568	NIL	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	
Subtotal (A) (1)	20096918	NIL	20096918	65	20096918	NIL	20096918	65.00	0.00
(2) Foreign									
a) NRIs – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
b) Other – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
e) Any other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
Sub total (A) (2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
Total shareholding of Promoter (A) = (A)(1) + (A) (2)	20096918		20096918	65.00	20096918		20096918	65.00	0.00
B. Public Shareholding									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
a) Mutual Funds	NIL	2600	2600	0.01	NIL	2600	2600	0.01	0.00
b) Banks / FI	NIL	4700	4700	0.02	NIL	4700	4700	0.02	0.00
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
g) FIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
i) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
Sub-total (B)(1):-	NIL	7300	7300	0.02	NIL	7300	7300	0.02	0.00
2. Non-Institutions									0.00
a) Bodies Corp.	557828	15201	573029	1.85	424362	15201	439563	1.42	(0.43)
i) Indian	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
b) Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	5216402	1553503	6769905	21.90	5290923	1486209	6777132	21.92	0.02
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	3339152	NIL	3339152	10.79	3303598	NIL	3303598	10.68	(0.9)
c) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
Non Resident Indians	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
Overseas Corporate Bodies	NIL	1100	1100	NIL	NIL	1100	1100	0.00	0.00

ANNEXURE II (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 st April, 2017]				No. of Shares held at the end of the year [As on 31 st March, 2018]				
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	% Change during the year
Foreign Nationals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
Clearing Members	128796	NIL	128796	0.42	287648	NIL	287648	0.94	0.52
Trusts/LLP	3800	NIL	3800	0.01	6741	NIL	6741	0.02	0.01
Foreign Bodies - D R	NIL	NIL	NIL	NIL					
Sub-total (B)(2):-	9245978	1569804	10815782	34.98	9313272	1502510	10815782	34.98	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	9245978	1577104	10823082	35.00	9313272	1509810	10823082	35.00	0.00
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
Grand Total (A+B+C)	29342896	1577104	30920000	100.00	29410190	1509810	30920000	100.00	0.00

ii. Shareholding of Promoter

S. No.	Share holder's Name	Shareholding at the beginning of the year [As on 1 st April, 2017]			Share holding at the end of the year [As on 31 st March, 2018]			
		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	% change in shareholding during the year
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	Nil	0.00
7	Prabha Patodia	32800	0.11	Nil	32800	0.11	Nil	0.00
8	B.K. Patodia HUF	200	0.00	Nil	200	0	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	Nil	0.00
11	Umang Finance P Ltd	384900	1.25	Nil	384900	1.25	Nil	0.00
12	Prabha Patodia	900	0.00	Nil	900	0	Nil	0.00
	TOTAL	20096918	65.00	23.57	20096918	65.00	23.57	0.00

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

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

ANNEXURE II (Contd.)

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	SUBRAMANIAN P	At the beginning of the year	1319250	4.26	1319250	4.26				
		Changes during the year	Sold 7160 shares on 07.04.2017 Sold 6300 shares on 21.04.2017 Sold 5400 shares on 10.11.2017		1312090 1305790 1300390	4.24 4.22 4.20				
		At the end of the year			1319250	4.26				
2	RAMU SITARAM DEORA	At the beginning of the year	477672	1.54	477672	1.54				
		Changes during the year	Sold 477672 shares on 13.01.2018		477672	1.54				
		At the end of the year			477672	1.54				
3	GNANADEV POLISETTY	At the beginning of the year	339419	1.098	339419	1.098				
		Changes during the year	Sold 20000 shares on 07.04.2017 Sold 3999 shares on 14.04.2017 Sold 17168 shares on 21.04.2017 Sold 3690 shares on 28.04.2017 Sold 2500 shares on 05.05.2017 Sold 23259 shares on 12.05.2017 Sold 5000 shares on 19.05.2017 Sold 500 shares on 02.06.2017 Sold 11200 shares on 09.06.2017 Sold 34150 shares on 16.06.2017 Sold 15000 shares on 23.06.2017 Sold 2000 shares on 30.06.2017 Sold 3460 shares on 07.07.2017 Sold 22000 shares on 14.07.2017 Sold 14893 shares on 21.07.2017 Sold 12500 shares on 01.09.2017 Sold 1000 shares on 03.11.2017 Sold 11500 shares on 10.11.2017 Sold 41700 shares on 17.11.2017 Sold 5394 shares on 24.11.2017 Sold 500 shares on 16.02.2018 Sold 3709 shares on 09.03.2018		319419 315420 298252 294562 292062 268803 263803 263303 252103 217953 202953 200953 197493 175493 160600 148100 147100 135600 93900 88506 88006 84297	1.03 1.02 0.96 0.95 0.94 0.86 0.85 0.85 0.81 0.70 0.65 0.64 0.63 0.56 0.51 0.48 0.47 0.43 0.30 0.29 0.28 0.27				
		At the end of the year			84297	0.27				
		4	RAJESH RAMU DEORA	At the beginning of the year	259101	0.83	259101	0.83		
				Changes during the year	Sold 11000 shares on 19.05.2017 Sold 11000 shares on 16.06.2017 Sold 2032 shares on 23.06.2017 Sold 5632 shares on 07.07.2017 Sold 36603 shares on 17.07.2017 Sold 18910 shares on 21.07.2017 Sold 11000 shares on 28.07.2017 Sold 13444 shares on 10.11.2017 Sold 10200 shares on 17.11.2017 Sold 139280 shares on 13.01.2018		248101 237101 235069 229437 192834 173924 162924 149480 139280 0	0.80 0.77 0.76 0.74 0.62 0.56 0.52 0.48 0.45 0.00		
				At the end of the year			0	0.00		
				5	RAJALAKSHMI S	At the beginning of the year	103053	0.33	103053	0.33
						Changes during the year	Sold 2000 shares on 07.04.2017 Sold 1000 shares on 14.04.2017 Sold 2000 shares on 27.07.2017		101053 100053 98053	0.32 0.32 0.31
						At the end of the year			98053	0.31

ANNEXURE II (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	
6	LSC SECURITIES LIMITED	At the beginning of the year	259101	0.83	259101	0.83	
		Changes during the year	Sold 69993 shares on 07.04.2017			18556	0.06
			Buy 65091 shares on 14.04.2017			83647	0.27
			Buy 5576 shares on 21.04.2017			89223	0.28
			Buy 6699 shares on 28.04.2017			95922	0.31
			Sold 2000 shares on 05.05.2017			93922	0.30
			Buy 27000 shares on 12.05.2017			120922	0.39
			Buy 6370 shares on 19.05.2017			127292	0.41
			Sold 74611 shares on 26.05.2017			52681	0.17
			Sold 41659 shares on 09.06.2017			11022	0.03
			Sold 2500 shares on 16.06.2017			8522	0.02
			Sold 253 shares on 23.06.2017			8269	0.02
			Buy 253 shares on 30.06.2017			8522	0.02
			Sold 1000 shares on 07.07.2017			7522	0.02
			Sold 260 shares on 14.07.2017			7262	0.02
			Sold 2493 shares on 21.07.2017			4769	0.01
			Sold 20 shares on 28.07.2017			4749	0.01
			Buy 2200 shares on 11.08.2017			6949	0.02
			Sold 2200 shares on 01.09.2017			4749	0.01
			Buy 2000 shares on 15.09.2017			6749	0.02
			Buy 2000 shares on 30.09.2017			8749	0.02
			Sold 2000 shares on 06.10.2017			6749	0.02
			Sold 2000 shares on 27.10.2017			4749	0.01
			Sold 3000 shares on 03.11.2017			1749	0.01
			Buy 1300 shares on 17.11.2017			3049	0.01
			Sold 200 shares on 24.11.2017			2849	0.01
			Buy 24900 shares on 01.12.2017			27749	0.09
			Buy 12630 shares on 08.12.2017			40379	0.13
			Buy 160 shares on 15.12.2017			40539	0.13
			Sold 300 shares on 22.12.2017			40239	0.13
Sold 24967 shares on 29.12.2017			15272	0.04			
Buy 41563 shares on 05.01.2018			56835	0.18			
Buy 250 shares on 12.01.2018			57085	0.18			
Sold 250 shares on 19.01.2018			56835	0.18			
Buy 3000 shares on 26.01.2018			59835	0.19			
Buy 3200 shares on 23.02.2018			63035	0.20			
Sold 3200 shares on 02.03.2018			59835	0.19			
Buy 1000 shares on 09.03.2018			60835	0.19			
Buy 135 shares on 16.03.2018			60970	0.19			
Sold 135 shares on 23.03.2018			60835	0.19			
Buy 1000 shares on 30.03.2018			61835	0.20			
		At the end of the year			61835	0.20	
7	MAHESH CHANDULAL THAKKER	At the beginning of the year	87239	0.28	87239	0.28	
		Changes during the year	No Changes				
		At the end of the year			87239	0.28	
8	SAEHALATHA SINGHI	At the beginning of the year	79795	0.25	79795	0.25	
		Changes during the year	Sold 79795 shares on 01.04.2017		0	0.00	
		At the end of the year			0	0.00	

ANNEXURE II (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
9	PATERASP R DUBASH	At the beginning of the year	70128	0.22	70128	0.22
		Changes during the year	No Changes			
		At the end of the year			70128	0.22
10	ACUMEN COMMODITIES (INDIA) LTD	At the beginning of the year	68282	0.22	68282	0.22
		Changes during the year	Sold 500 shares on 07.07.2017		67782	0.21
			Sold 10368 shares on 14.07.2017		57414	0.18
			Sold 5772 shares on 21.07.2017		51642	0.16
			Sold 11950 shares on 28.07.2017		39692	0.12
			Sold 29374 shares on 04.08.2017		10318	0.03
			Sold 7730 shares on 11.08.2017		2588	0.01
	Sold 2588 shares on 19.08.2017		0	0.00		
	At the end of the year			0	0.00	

v. Shareholding of Directors and Key Managerial Personnel:

S. No.	NAME OF THE KMP/ DIRECTORS	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	BINOD KUMAR PATODIA	At the beginning of the year	34550	0.11	34550	0.11
		Changes during the year	No changes			
		At the end of the year	—	—	34550	0.11
2	UMANG PATODIA	At the beginning of the year	11000	0.03	11000	0.03
		Changes during the year	No changes			
		At the end of the year	—	—	11000	0.03
3	N K BAFNA NK	At the beginning of the year	0	0.00	0	0.00
		Changes during the year	—	—	—	—
		At the end of the year	0	—	0	0.00
4	PREM SARDARI LAL MALIK	At the beginning of the year	0	0.00	0	0.00
		Changes during the year	—	—	—	—
		At the end of the year	0	—	0	0.00
5	SUNDARESHAN STHANUNATHAN	At the beginning of the year	0	0.00	0	0.00
		Changes during the year	—	—	—	—
		At the end of the year	—	—	0	0.00
6	RAJENDRA KISHORE MARIWALA	At the beginning of the year	21300	0.068	21300	0.068
		Changes during the year	No changes			
		At the end of the year	—	—	21300	0.068
7	PAMELA ANNA MATHEW	At the beginning of the year	0	0.00	0	0.00
		Changes during the year	—	—	—	—
		At the end of the year	0	—	0	0.00
8	B. JYOTHI KUMAR	At the beginning of the year	0	0.00	0	0.00
		Changes during the year	—	—	—	—
		At the end of the year	0	—	0	0.00
9	T. RAVINDRAN	At the beginning of the year	100	0.001	100	0.001
		Changes during the year	No changes			
		At the end of the year	—	—	100	0.001
10	DIPU GEORGE	At the beginning of the year	10	0.00	10	0.00
		Changes during the year	No changes			
		At the end of the year			10	0.00

ANNEXURE II (Contd.)

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

(₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	23188.08	310	—	23498.08
ii) Interest due but not paid	219.26	—	—	219.26
iii) Interest accrued but not due	—	7.37	—	7.37
Total (i+ii+iii)	23407.34	317.37	—	23724.71
Change in Indebtedness during the financial year				
* Addition	—	—	—	—
* Reduction	4033.62	100	—	4133.62
Net Change	(4033.62)	(100)	—	(4133.62)
Indebtedness at the end of the financial year				
i) Principal Amount	19154.46	210	—	19364.46
ii) Interest due but not paid	184.28	—	—	184.28
iii) Interest accrued but not due	—	4.65	—	4.65
Total (i+ii+iii)	19338.74	214.65	—	19553.39

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(in ₹)

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	4978601			4978601
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	55004			55004
	(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)	5033605			5033605
	Ceiling as per the Act	12000000			12000000

ANNEXURE II (Contd.)
B. Remuneration to other directors

(in ₹)

S. No.	Particulars of Remuneration	Name of Directors					Total Amount
		N.K Bafna	Prem Malik	S. Sundareshan	Rajen K Mariwala	Pamela Anna Mathew	
1	Independent Directors						
	Fee for attending Board / Committee meetings	80000	62500	62500	7500	20000	232500
	Commission						
	Others, please specify						
	Total (1)						
2	Other Non-Executive Directors	B.K. Patodia	Rajesh Jacob				
	Fee for attending Board/ Committee meetings	30000	7500				37500
	Commission						
	Others, please specify						
	Total (2)						
	Total (B)=(1+2)						
	Total Managerial Remuneration						270000
Overall Ceiling as per the Act							

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(in ₹)

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Dipu George (CS)	T. Ravindran (CFO)	Total
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	428090	1698908	2126998
	(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	428090	1698908	2126998

ANNEXURE II (Contd.)**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)
A. COMPANY					
Penalty			NONE		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NONE		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NONE		
Punishment					
Compounding					

For and on behalf of the Board of Directors

B K PATODIA

Chairman

(DIN 00003516)

Place: Kochi

Date: 14/08/2018

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 arm's length transactions under third proviso thereto thereto

1. Details of contracts or arrangements or transaction not at arm's 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 in to 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

Sl. No.	Particulars	Details				
a	Name of the related party	GTN TEXTILES LTD	GTN ENTERPRISES LTD	PATCOT & CO.	PERFECT COTTON CO.	STANDARD COTTON CORPORATION
	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	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 of 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 of 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	Purchase of Cotton
c	Duration of the contract/ arrangement/transaction	5 Years	5 Years	5 Years	5 Years	5 Years
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	At Competitive rate and at arm's length basis
e	Date of approval by the Board	10.08.2017	10.08.2017	10.08.2017	10.08.2017	10.08.2017
f	Date of Shareholders approval	22.09.2017	22.09.2017	22.09.2017	22.09.2017	22.09.2017
g	Amount incurred during the year (₹ In Lakhs)	1769.13	1454.33	1576.40	877.69	1784.62

For and on behalf of the Board of Directors
B K PATODIA
 Chairman
 (DIN 00003516)

Place: Kochi
 Date: 14/08/2018

ANNEXURE IV

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 Topmost priority for energy conservation is given at all levels and continually working on reducing the energy consumption through improved operational and maintenance practices.
- (ii) The steps taken by the company for utilizing alternate sources of energy
- (iii) The capital investments on energy conservation equipments
- 150 W Sodium Vapour Lamps used for street lighting replaced with 40W energy efficient LED lamps
 - Multiple rewound 5.5 KW motors replaced with energy efficient 4 KW motors in various depts
 - RPM of centrifugal fans in humidification plants reduced by replacement of filters and arresting the air leakage in carding dept.
 - Reduced the energy consumption of Preparatory Humidification Plants with modified nozzles in air washer area
 - Fibre separators installed in comber noil collection area to reduce the power consumption of WRS plants
 - Flow meters installed in autoconers for compressed air leakage control.

(B) Technology absorption:

- a) The efforts made towards technology absorption Updation of Technology is a continuous process 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
- | | |
|---|----------------|
| a) the details of technology imported | Murata Process |
| b) the year of import; | Coner II QPRO |
| c) whether the technology been fully absorbed | March, 2015 |
| | Yes |
- d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof
- Japanese principle of 5S Methods of Shop floor Management has been introduced in the unit with a goal of Manufacturing Excellence.
- d) The expenditure incurred on Research and Development. NIL

The Foreign Exchange earned in terms of actual inflow during the year ₹ 28256.65 Lakhs

The Foreign Exchange outgo during the year in terms of actual outflows ₹ 11529.61Lakhs

For and on behalf of the Board of Directors

B K PATODIA

Chairman

(DIN 00003516)

Place: Kochi

Date: 14/08/2018

PATSPIN INDIA LIMITED

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2017-18

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 schedule V of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. 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 31.3.2018 are as follows:

Category	Name of Directors
Non Independent Executive Director	Shri. Umang Patodia
Non Independent Non-Executive Directors	Shri. B. K. Patodia
	Shri. Rajesh Jacob (Nominee of KSIDC, Trivandrum)
Independent Non Executive Directors	Shri. N. K. Bafna
	Shri. Prem Malik
	Shri. S. Sundareshan
	Shri Rajen K Mariwala
	Smt. Pamela Anna Mathew

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

Name of the Director	Attendance particulars		No. of other Directorships and Committee memberships / Chairmanships			Relationship interse Directors
	Board meetings	Last AGM	Other Directorships including Pvt. Ltd. Cos.	Other Committee Memberships	Other Committee Chairmanships	
Shri. B. K. Patodia (DIN 00003516)	4	Present	8	4	None	Related to Shri. Umang Patodia
Shri. N. K. Bafna (DIN 00019372)	4	Leave sought	1	2	1	None
Shri. Prem Malik (DIN 00023051)	3	Leave sought	10	5	2	None
Shri. S. Sundareshan (DIN 01675195)	3	Leave sought	7	7	None	None
Shri. Rajen K. Mariwala (DIN 00007246)	1	Leave sought	9	None	None	None
Smt. Pamela Anna Mathew (DIN 00742735)	2	Leave sought	6	None	None	None
Shri Rajesh Jacob (DIN 06443594)	1	Leave sought	3	None	None	None
Shri. Umang Patodia (DIN 00003588)	4	Present	5	None	None	Related to Shri. B K Patodia

Notes:

- In accordance with Regulation 26 (b) of the SEBI (LODR) Regulations 2015, 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 Regulation 26 (1) of SEBI (LODR) Regulations 2015.

REPORT ON CORPORATE GOVERNANCE (Contd.)

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

Four Board meetings were held during the year. The maximum time gap between any 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)	18 th May 2017	8	4
2)	10 th August 2017	8	6
3)	21 st November 2017	8	6
4)	10 th February 2018	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 the website of the Company 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 Regulation 16 of the SEBI (LODR) Regulations, 2015. The company has also obtained declaration of independence from each Independent Directors pursuant to Section 149 (7) of the Companies Act, 2013.

- **Separate meeting of Independent Directors**

A separate meeting of Independent Directors was held on 10.02.2018 without the attendance of Non-Independence Directors and members of the management.

- **Induction & Training of Board Members (Familiarization programme for Independent Directors)**

Letter of Appointment(s) are issued to Independent Directors setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Director is taken through a formal introduction from the Chairman about the Company's manufacturing, marketing, finance and other important aspects.

- **Evaluation of the Board's Performance**

The Board has a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board based on the criteria laid down by Nomination and Remuneration Committee which included attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest, adherence to Code of Conduct and Business ethics, monitoring of regulatory compliance, risk assessment and review of Internal Control Systems etc.

3. **Audit Committee**

The Audit Committee has been constituted by the Board in compliance with the requirements of Section 177 of the Act and Regulation 18 of the SEBI (LODR) Regulations, 2015.

Terms of reference:

The terms of reference of the Audit Committee covers all the areas mentioned under Section 177 of the Act and Regulation 18 read with Part C of Schedule II to the Listing Regulations.

The terms of reference of the Audit Committee, *inter-alia* is as follows:

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii) Recommending the appointment and removal of External Auditors, fixation of Audit Fee and approval for payment for any other services;
- (iii) Review with the management and statutory auditors of the annual financial statements before submission to the Board with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

REPORT ON CORPORATE GOVERNANCE (Contd.)

- b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any Related Party Transactions;
 - g. Modified opinion(s) in the draft Audit Report;
- (iv) Review of the quarterly and half yearly financial results with the management and the Statutory Auditors;
 - (v) Examination of the financial statement and the Auditors' Report thereon;
 - (vi) Review and monitor Statutory Auditor's independence and performance and effectiveness of audit process;
 - (vii) Approval or any subsequent modification of transactions with related parties;
 - (viii) Scrutiny of Inter-Corporate Loans and Investments;
 - (ix) Review of valuation of undertakings or assets of the company wherever it is necessary;
 - (x) Evaluation of Internal Financial Controls and Risk Management Systems;
 - (xi) Review with the Management, Statutory Auditors and the Internal Auditors about the nature and scope of audits and of the adequacy of internal control systems;
 - (xii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
 - (xiii) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 - (xiv) Consideration of the reports of the internal auditors and discussion about their findings with the management and suggesting corrective actions wherever necessary;
 - (xv) Look into the reasons for any substantial defaults in payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividend) and creditors, if any;
 - (xvi) Review the functioning of the whistle blower mechanism;
 - (xvii) Review and monitor the end use of funds raised through public offers and related matters;
 - (xviii) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
 - (xix) Frame and review policies in relation to implementation of the Code of Conduct for Prevention of Insider Trading Code and supervise its implementation under the overall supervision of the Board;
 - (xx) Review of the following information:
 - (i) Management Discussion and Analysis of financial condition and results of operations;
 - (ii) Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by Management;
 - (iii) Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
 - (iv) Internal Audit Reports relating to internal control weaknesses;
 - (v) The appointment, removal and terms of remuneration of the Chief Internal Auditor
 - (vi) Statement of deviations:
 - o quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1)
 - o annual statement of funds utilized for purposes other than those stated in the offer document/prospectus in terms of Regulation 32(7), if applicable
 - (xxi) Carrying out any other function as may be referred to the Committee by the Board.
 - (xxii) Authority to review / investigate into any matter covered by Section 177 of the Companies Act, 2013 and matters specified in Part C of Schedule II to the Listing Regulations.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Internal Audit

The Company has adequate internal control and Internal Audit System commensurate with its size and nature of its business. The Internal Audit Plan is approved by the Audit Committee and the Internal Auditors directly present their report to the Audit Committee for their consideration.

Composition and Attendance during the year

All members of the Committee are financially literate, with Mr. N. K. Bafna, as Chairman of the Committee, having the relevant accounting and financial management expertise.

The composition of the Audit Committee and the details of the meetings attended by its members during the financial year ended 31st March, 2018 are as under:

Sl. No.	Name of the Member	Category of Director	No. of meetings held	No. of meetings attended
1)	Shri. N. K. Bafna	Chairman & Independent Director	4	4
2)	Shri. Prem Malik	Independent Director	4	3
3)	Shri. S. Sundareshan	Independent Director	4	3
4)	Shri. Umang Patodia	Managing Director	4	4

The Audit Committee met four times during the financial year 2017-18 and the gap between two meetings did not exceed 120 days. The dates on which Audit Committee Meetings held were: 18th May 2017, 10th August 2017, 21st November, 2017 and 10th February, 2018. Required quorum was present at the above meetings.

The Audit Committee meetings are usually attended by the Managing Director, Director (Finance), CFO, Head of Finance and the respective departmental heads, wherever required. The Company Secretary acts as the Secretary of the Audit Committee. The Statutory Auditors and Internal Auditors also attend the Audit Committee meetings by invitation.

All the recommendations of the Audit Committee have been accepted by the Board of Directors.

During the year, the Audit Committee reviewed key audit findings covering Operational, Financial and Compliance areas, Risk Mitigation Plan covering key risks affecting the Company which were presented to the Committee.

The Chairman of the Audit Committee briefed the Board members on the significant discussions which took place at Audit Committee Meetings.

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.

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 up-to-date. Shri. Dipu George, Deputy Company Secretary is the Compliance Officer of the Company.

Vigil Mechanism:

The Company has established a vigil mechanism for Directors and Employees to report concerns about unethical behavior, 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. No personnel has been denied access to the Audit Committee to lodge their compliance.

4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been constituted by the Board in compliance with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations.

The Committee comprises of three Independent Directors, viz. Shri. N.K. Bafna as Chairman, Shri. Prem Malik and Shri. S. Sundareshan as members.

REPORT ON CORPORATE GOVERNANCE (Contd.)

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.

The Committee met on 30.5.2018 and evaluated performance of the entire Board as per Regulation 19 of the SEBI (LODR), Regulations, 2015.

Remuneration to the Managing Director

The aggregate of salary and perquisites paid for the year ended 31st March, 2018 to the Managing Director is as follows:-
Shri. Umang Patodia : ₹ 50.34 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:

The details of payment of sitting fee are as follows:

Meeting	Amount (in ₹)
Board	7500
Committee	5000

The Fee paid for the year ended 31st March, 2018 to the Non Executive Directors is as follows

Name of the Non-Executive Director	Sitting fee (₹)
Shri. B. K. Patodia	30000
Shri. N. K. Bafna	80000
Shri Prem Malik	62500
Shri. S. Sundareshan	62500
Smt. Pamela Anna Mathew	20000
Shri Rajen K. Mariwala	7500
Shri. Rajesh Jacob	7500
Total	270000

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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

5. Stakeholders Relationship Committee

In terms of Section 178 (5) of the Act and Regulation 20 of the Listing Regulations, the terms of reference of the Stakeholders Relationship Committee as under:

- a) To consider and resolve the grievances of the security holders of the company, including complaints related to transfer of shares, non receipt of annual reports, non receipt of declared dividend, etc.
- b) To set for the policies relating to and to over see the implementation of the code of conduct for prevention of insider trading and to review the concerns received under the company's code of conduct.

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

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

Sl. No.	Date	Committee Strength	No. of Directors present
1)	18 th May 2017	4	3
2)	10 th August 2017	4	3
3)	21 st November 2017	4	4
4)	10 th February 2018	4	4

Shri. Dipu George, Deputy Company Secretary is the Secretary to the Committee.

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

The total number of Complaints received and resolved to the satisfaction of investors during the year ended 31.3.2018 is as under: -

Type of Complaints	No. of Complaints
Non-receipt of Annual Reports	3
Non-receipt of Dividend Warrants	5
Non-receipt of Share Certificates	1
Complaints in respect of Electronic Transfers	1
Complaints /queries received from Regulatory Agencies	--
Others	--
Total:	10

There is no outstanding complaints as on 31st March, 2018

Pursuant to clause 40(9) of the SEBI (LODR), Regulations 2015, a certificate on a half yearly basis confirming due compliances of share transfer formalities by the company from Practising Company Secretary has been submitted to the Stock Exchanges within the stipulated time.

6. Corporate Social Responsibility (CSR) Committee

During the year under review, the Company has constituted a Corporate Social Responsibility (CSR) Committee as required under Section 135 of the Act. The terms of reference are:

- (a) Formulate and recommend to the Board, a CSR Policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII to the Act.
- (b) Recommend the amount to be spent on CSR activities.
- (c) Monitor implementation and adherence to CSR policy of the company from time to time.
- (d) Such other activities as the Board of Directors determine as they may deem fit in line with CSR policy.

The Committee comprises of Shri. B. K. Patodia as Chairman, Shri. N.K. Bafna, Shri. Prem Malik and Shri. Umang Patodia as members.

The Board has adopted the CSR policy as formulated and recommended by the Committee.

REPORT ON CORPORATE GOVERNANCE (Contd.)

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 company has adopted Indian Accounting Standards (IND AS) effective 1st April 2017 (transition date being 1st April 2016) and accordingly, the financial statements for the Year 2017-18 and the previous year ended 31st March 2017 have been prepared in accordance with the recognition and measurement principle laid down in the IND AS prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India.

• **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 (LODR) Regulations 2015. 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 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 Practising Company Secretary has carried out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical forms and the total number of dematerialized shares held with NSDL and CDSL.

REPORT ON CORPORATE GOVERNANCE (Contd.)

• 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 DEEPIKA [Regional News Paper].

- (ii) Quarterly results

The quarterly results are normally published in all India editions of BUSINESS STANDARD [National Daily] and DEEPIKA [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 website of the Company, www.patspin.com

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

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 Regulation 17(8) of SEBI (LODR) Regulations, 2015.

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 Regulation 27 of SEBI (LODR) Regulations, 2015. 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
2014-15	Bharat Hotel, (BTH), Durbar Hall Road, Kochi - 682016	07.08.2015	Friday	9:30 a.m	No
2015-16	-do-	23.09.2016	Friday	9.30.am	No
2016-17	-do-	22.09.2017	Friday	9.30.am	Approval of remuneration to Shri. Umang Patodia, Managing Director for his balance tenure

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

- C. During the year under review, no resolution was put through by Postal Ballot

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 2017-18.

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	Wednesday, 26 th September, 2018 at 9.30 am
b)	Venue	: Aangan Hall, Bharat Hotel, Kochi-682 016
c)	Book closure date	: Friday, 21.09.2018 to Wednesday, 26.09.2018
d)	Financial calendar (tentative):	
	Annual General Meeting	: 26 th September, 2018 at 9.30 am
	Results for quarter ended 30 th June, 2018	: 14 th August, 2018
	Results for quarter ending 30 th Sept., 2018	: On or before 14 th November, 2018
	Results for quarter ending 31 st Dec., 2018	: On or before 14 th February, 2019
	Results for Year ending 31 st March, 2019	: On or before 30 th May, 2019

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 2017-18 have been duly paid to the said Stock Exchanges.
i)	Stock Code: Scrip Code No. : Bombay Stock Exchange	: 514326
	Trading symbol : National Stock Exchange	: PATSPINLTD
ii)	Demat ISIN Nos. in NSDL and CDSL for Equity Shares	: INE790C01014

III Stock market data :

(in ₹ per Share)

Month	BSE		NSE	
	High	Low	High	Low
April 2017	25.95	16.20	25.90	16.10
May	25.85	20.00	25.45	18.60
June	25.00	20.10	24.95	19.25
July	30.75	21.85	30.85	21.15
August	29.30	20.20	29.20	19.40
September	27.70	23.05	27.85	22.70
October	30.70	23.85	30.30	23.20
November	43.95	27.10	44.00	27.10
December	32.50	27.15	32.40	26.85
January 2018	32.00	23.25	32.45	23.00
February	25.45	20.65	24.85	20.30
March 2018	21.85	13.10	21.80	12.70

IV	Registrar and Transfer Agents (Share Transfer and communication regarding Share Certificates, Dividends and change of Address)	: M/s Integrated Registry Management Services Private Limited 2 nd Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar, Chennai -600 017 Tel: 044 28140801-803 E-Mail: csdstd@integratedindia.in
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REPORT ON CORPORATE GOVERNANCE (Contd.)

V Share Transfer System	:	The transfer of shares in physical form is processed and completed by Registrar and Transfer Agent within a period of 15 days from the date of receipt thereof, provided all the documents are in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective depository participants. In compliance with Regulation 40(9) of the SEBI (LODR), Regulations 2015, a Practising Company Secretary carries out system of transfer and a certificate to that effect is issued.
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VI Shareholding pattern and distribution on Shareholding of the Company: –

(a) Shareholding pattern as on 31st March, 2018:

SL. No.	Category	No of shares (Issued Equity)	% age
1	Promoters & Associates	20096918	65.00
2	Indian Financial Institutions, Banks, Mutual Funds	7300	0.02
3	Foreign Institutional Investors / NRIs	278733	0.90
4	Others	10537049	34.08
	Total :	30920000	100.00

(b) Distribution of Shareholding as on 31.03.2018:

No. of shares held	No. of shareholders	% of shareholder	No. of shares (Issued Equity)	% of shareholding
Up to 100	10498	58.43	939154	3.04
101–500	5203	28.96	1476034	4.77
501–1000	1133	6.31	972579	3.15
1001–10000	1034	5.75	3194925	10.33
10001–100000	90	0.50	2164601	7.00
Above 100000	9	0.05	22172707	71.71
Total :	17967	100.00	30920000	100.00

VII Dematerialization of shares and Liquidity:

95.12 % of the equity shares of the company have been dematerialized (NSDL 86.05% and CDSL 9.07 %) as on 31st March, 2018. The company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) whereby shareholders have an option to dematerialize their shares with either of the depositories.

VIII Plant Locations:	(1) Patodia Nagar, 5/345, Para Road, Kanjikode East P.O, Palakkad, Kerala – 678 621.	(2) S.F No.190 and 191, Tirupur Road, Ponneri, Udumalpet, Tamil Nadu
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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 Registry Management Service Private Ltd, 2 nd Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar, Chennai 600 017 Tel: 044 28140801-803 E-Mail : csdstd@integratedindia.in
		b)	For share held on Demat form: - To the Depository Participants
(ii)	Any query on Annual Report		Secretarial Department PATSPIN INDIA LIMITED 5 th Floor, Palal Towers, M G Road, Ravipuram, Ernakulam, Kochi – 682 016 E-Mail: cs@patspin.com

X Compliance Certificate of the Auditors

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (LODR) Regulations, 2015 and the same is annexed to this Report.

DECLARATIONS

Compliance with the Code of Business Conduct and Ethics

As provided under Regulation 26(3) of SEBI (LODR) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with Patspin India Limited Code of Business Conducts and Ethics for the year ended 31st March 2018.

Place : Kochi
Date : 14/08/2018

For **Patspin India Limited**
Umang Patodia
Managing Director
(DIN 00003588)

CEO/CFO CERTIFICATION

We the undersigned, in our respective capacities as Managing and Chief Financial Officer of PATSPIN INDIA LIMITED (the Company) to the best of our knowledge and belief certify that;

- a. We have reviewed financial statements and the cash flow statement for the year ended 31st March 2018 and that to the best of our knowledge and belief, we state that:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. We further state that to the best of our knowledge and belief, no transactions entered in to by the Company during the year, which are fraudulent, illegal, or violation of the Company's Code of Conduct.
- c. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting of the company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit committee:
 - i. Significant changes, if any, in internal control over financial reporting during the year;
 - ii. significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control systems over financial reporting.

For **PATSPIN INDIA LIMITED**

UMANG PATODIA
Managing Director
(DIN00003588)

RAVINDRAN T
Chief Financial Officer

Place: Kochi
Date :14/08/2018

AUDITORS CERTIFICATE CORPORATE GOVERNANCE

To,

The Members of Patspin India Limited

1. We have examined the compliance of conditions of Corporate Governance by **Patspin India Limited** ("the Company") for the year ended 31st March, 2018 as stipulated in SEBI (LODR) Regulations, 2015.

Management Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the company's management. This responsibility includes designing, implementing and maintaining operating effectiveness of internal controls to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

Auditors Responsibility

3. Pursuant to the requirements of Listing Regulation, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the company has complied with the conditions of corporate governance as stated in paragraph 1 above. Our responsibility is limited to examine the procedures and implementation thereof, adopted by the company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
4. We have examined the relevant records of the company in accordance with the applicable General Accepted Auditing Standards in India, the guidance note on the certification of corporate governance issued by the Institute of Chartered Accounts of India (the ICAI), and the guidance note on report on certificate of special purposes issued by the ICAI which require that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
5. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for firms that performs audit and review of historical financial information, and other assurance and related services engagements.

Opinion

6. Basis on our examination of the relevant records and according to the information and explanation provided to us and the representations provided by the management, we certified that the company has complied with the conditions of corporate governance as stipulated in the listing regulations during the year ended 31st March, 2018

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

FOR **L. U. KRISHNAN & CO.**
CHARTERED ACCOUNTANTS
ICAI FRN 001527S

Place : Kochi
Date : 14/08/2018

P. K. MANOJ
PARTNER
M NO. 207550

PATSPIN INDIA LIMITED

MANAGEMENT DISCUSSION & ANALYSIS

GLOBAL TEXTILE INDUSTRY

The global textile and clothing trade picked up to touch USD 755 billion during 2017, after continuous decline in the previous 2 years. All the top 10 markets showed growth including India. India's share at USD 37.4 billion (4.95%) showed increase by 5.38%. While China maintained its share at around USD 258 billion (34%), Germany, Vietnam, Spain and USA showed increase in their share by more than 10%.

Estimate of world cotton production in 2017-18 is 26.6 million tons, consumption 26.2 million ton and ending stocks at 19.3 million tons. This reflects 15% and 7% growth in global production and consumption respectively. Global trade in cotton is likely to grow by 10%. The leading exporters of cotton may be USA, India, West Africa Region, Brazil and Australia. Over the last 10 years, area under cotton across the world averaged 32.4 million hectares, and is expected to grow moderately in coming season. India has world's largest area under cotton cultivation, around 40% of the total cotton area in the world, and is also the largest producer of cotton having around 25% share with more than 6 million tons of cotton being produced. It is relevant to mention here that in spite of world's largest area under cotton cultivation, the yield per hectare is at 486 kilograms, which is one of the lowest in the world. It is imperative that we make vigorous efforts to increase the yield per hectare to at least world average of 750 kilograms per hectare.

The cotton supplies in international market were tight as India, the major supplier, suffered yield loss due to bollworm infestation and USA's cotton production was affected in certain parts on account of drought condition. The reference price reached 102 cents per pound against 20-year average of 73 cents per pound. The same is now averaging around 87 cents per pound and ICAC's forecast for 2017-18 is 86 cents per pound.

However, the ongoing trade war between USA and China, who have substantial presence in world trade, will impact this sector till the issues are resolved.

INDIAN TEXTILE INDUSTRY

The industry has missed the target of USD 45 billion for the year 2017-18 as the industry reeled under the impact of GST and tariff advantages enjoyed by the competing countries like Bangladesh and Vietnam. However, exports of Textiles & Clothing have marginally increased by 0.76 per cent, and reached a level of USD 37.4 billion. Though there was a decline in apparel exports, exports of cotton yarn, fabrics, and made-ups have grown by 5 per cent. During the Post-GST scenario, the export performance of textiles and clothing has deteriorated due to significant drop in export benefits, undue delay in releasing government dues etc., which affected the working capital requirements.

Exports of yarn, fabric, RMG and made-ups have dropped, and at the same time, the imports of yarn, fabric, RMG and made-ups have increased. This reflects that there is an urgent need for a special stimulus package as announced earlier to mitigate the challenges posed by global recession during 2008-09 to tide over the crisis faced by the industry due to GST/ Demonetisation impact apart from clearing all Government dues (TUF subsidy, RoSL and other benefits) on a fast track.

The Spinning capacity, Cotton yarn production and cotton yarn exports for last seven years are given below;

Year	Spindles	Production (Million Kg)	Exports (Million Kg)	Exports (USD Million)
2011-12	48.25	3126	738	2941
2012-13	49.17	3583	1096	3491
2013-14	49.64	3928	1303	4521
2014-15	50.14	4055	1243	3902
2015-16	51.26	4138	1292	3559
2016-17	52.45	4061	1140	3285
2017-18	52.47	4059	1080	3367

For increasing employment in textile sector as well as productivity and quality, the Ministry of Textiles introduced Textile Upgradation Fund Scheme (TUFFS) in April 1999. The said Scheme underwent many changes on different occasions with introduction of Modified TUFFS, Restructured TUFFS, Revised Restructured TUFFS and finally Amended TUFFS, covering different segments. The total investment attracted in the entire industry amounted to ₹ 312.1 thousand crores and subsidy reimbursement towards interest and capital subsidy amounted to ₹ 25.9 thousand crores, with employment generated to the tune of 47.65 lakhs. The spinning and composite segments of the textile sector are major beneficiaries under the Scheme. The package announced by the Government during 2016-17 in favour of garmenting and made-up sector was increased to ₹ 7148 thousand crores from ₹ 6000 thousand crores.

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

RAW COTTON SCENARIO IN INDIA

Global Cotton Production

Global production in 2017-18 reached a five year high of 26.87 Million tonnes, it was higher by 16.4% of previous year production, at the same time consumption has increased to 26.38 Million tonnes, 7.6% higher than previous year consumption. Cotton consumption has been steadily increasing from season to season. However, the consumption is lower than production. Cotton trade was estimated at 9.08 Million tonnes, 10.9% higher than previous season trade level. This has resulted in increasing year ending stock which was estimated at 19.26 Million tonnes, 2.6% higher than previous year ending stock.

For the cotton year 2018-19 with an opening stock of 19.29 Million tonnes and production of 25.89 Million tonnes, the global availability works out to 45.18 Million tonnes. However, the global consumption estimated at 27.46 Million tonnes is much higher than the previous two years. Therefore, the growing demand for cotton, changing trade policies and trade dispute between USA & China are contributing uncertainty in the global cotton outlook.

ICAC estimated season average Cotlook A Index to 88 cents/pound, 5 cents higher than previous season average of 83 cents/pound. As far as 2018-19 season is concerned while global production was anticipated to decline by 3.6%, consumption has been expected to grow by 4%. Global trade has also been expected to increase by 4.3%.

Domestic Production Scenario

2017-18 season has commenced with higher opening stock of 43.76 Lakh bales, 20% higher than previous season opening stock and higher production of 370 Lakh bales, 7.25% higher than previous season production. However cotton imports has been estimated at 15 Lakh bales, about half of previous season import of 30.94 Lakh bales, this had resulted in the availability of 428.76 Lakh bales, 3.97% higher than previous season availability of 412.38 Lakh bales, on the demand side domestic demand estimated at 315.50 Lakh bales, 1.64% higher than previous season demand of 310.41 Lakh bales. Global demand for cotton increased significantly and exports increased to 70 Lakh bales, 20.25% higher than previous season export of 58.21 Lakh bales. Season ending stock worked out to 43.27 Lakh bales, marginally lower than previous season ending stock of 43.76 Lakh bales.

As far as 2018-19 season is concerned the huge increase in MSP for medium staple cotton from ₹ 4,020 per quintal to ₹ 5,150 (28%) and long staple cotton from ₹ 4,320 to ₹ 5,450 (26%) as committed in the Union Budget 2018-19 (MSP to be fixed at 1.5 times of cost of production). During the current cotton season (October 2017 to July 2018), the kapas price for Gujarat Shankar-6 (major medium staple variety) varied between ₹ 5,091 to ₹ 5,828 per quintal and its lint price was lower by 6% to 22% when compared to the international price during the same period. Normally the MSP is increased by 1% to 4%. For the first time in the history, during the cotton season 2008-09, when the import duty of 14.2% on cotton was removed, the MSP was increased by 38.9% for medium staple and by 47.8% for long staple cotton that had a huge impact on the industry and Government for exercising MSP operation; during the year 2011-12 it was increased by 12% and 10% and in the very next year it was increased by 28.6% and 18.2% respectively for medium and long staple cotton. Though the steep increase in MSP would have some impact on the predominantly cotton based Indian textile industry and cotton exports in the short run, it would greatly help the farmers to sustain their financial viability (cultivating cotton) and retaining the area under cotton.

The Government has finally announced Amended Textile Up-gradation Fund Scheme (ATUFS) for giving required thrust to post spinning segment. However, spinning segment is kept out of TUF Schemes which is a matter of concern for units like ours which were set up in early 2000. These units require upgradation, modernization and or replacement. The government should seriously formulate such a scheme with fiscal support. It is estimated that 15-20 Million spindles may require such technical upgradation.

BUSINESS OVERVIEW, INDUSTRY DEVELOPMENTS, OPPORTUNITIES AND THREATS

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 20's to NE 100s. 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 machineries across its plants. The Company has 2 plants at Palakkad in Kerala and Ponneri in Tamil Nadu having a capacity of 1,14,000 spindles, consisting of 70,752 Compact Spinning and 43,248 Ring Spinning, and also capacity for value added products ie. Twisting, Gassing and Soft winding.

The promoters have 5 decades of experience in spinning industry with its first unit in Kerala in 1966. The company derives its strength from rich experience of promoters in marketing of cotton yarns in international market for over 3 decades. The company has built up an excellent customer base over the years by supplying consistent quality and timely deliveries of yarns. With flexibility to produce varied counts of cotton yarns, carded, combed, single and twisted, multi fold and gassed, the company is able to retain its customers.

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

For Spinning industry, raw material is cotton, which is a seasonal product, the cultivation of which is mainly rain-fed and as such dependent on vagaries of monsoon. Adequate availability of raw cotton at right price is crucial for the company. However, as import of cotton is freely allowed, and since the company is exporting a part of its production, the risk of cotton availability as well as exchange rate fluctuation is partly mitigated.

Goods and Services Tax (GST) Scheme which was introduced from 1st July 2017 caused a lot of difficulties and financial burden resulting in substantial funds being held up with the government. However, with greater understanding and modification of the new GST system, the Textile Industry and Trade are in much comfortable state. It will eventually help the companies to work in a simplified tax regime instead of a plethora of taxes and varieties of laws. Strangely many of the benefits like interest subvention and MEIS which were available for exports of cotton yarn have been now denied to this sector. If these benefits are restored it will help the cotton yarn spinning mills immensely.

RISK AND CONCERNS

- a. Raw Cotton, an agricultural product, is the key raw material used for the manufacture of cotton yarn. Almost 65 percent 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.
- b. 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 Better Cotton Initiative (BCI), Supima yarns and Giza yarns have also proved to be beneficial.
- c. Volatility in foreign currency exchange rates vis-a-vis Indian Rupee is another area of concern since a sizable 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 and imports. The Company continues to strengthen these systems to minimize the risk involved due to adverse movement of exchange rates.
- d. 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.

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, 2018, the Company has about 1604 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 Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Patspin India Limited** ('the Company'), which comprise the Balance sheet as at 31st March 2018, the Statement of profit and loss (including other comprehensive income), Cash flow statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the 'standalone Ind AS financial statements').

Management's Responsibility for the Standalone Ind AS 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 and presentation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income) cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued there under. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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 standalone Ind AS 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 there under.

We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncement issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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:

- (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2018
- (ii) in the case of the Statement of Profit and Loss (comprising of other comprehensive income), of the loss for the year ended on that date;
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date; and
- (iv) changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order.

INDEPENDENT AUDITOR'S REPORT (Contd.)

2. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance sheet, the Statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act, read with relevant rules issued thereunder;
 - (e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “**Annexure B**”; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 37 to the standalone Ind AS 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 amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **L. U. Krishnan & Co.**
Chartered Accountants
FRN – 001527S

P. K. Manoj
Partner

Place: Kochi
Date : 30th May, 2018

Membership No. 207550

“ANNEXURE – A” TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the Standalone Ind AS financial statements of the Company for the year ended 31st March, 2018:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals in accordance with regular program of verification. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties, as disclosed in Note 3 on Property, Plant and Equipment to the standalone Ind AS financial statements, are held in the name of the Company.
- (ii) During the year, Inventories has been physically verified by the Management and there were no material discrepancies were noticed during such verification.
- (iii) As informed to us, during the year the company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act.

INDEPENDENT AUDITOR'S REPORT (Contd.)

- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and security.
- (v) The Company has not accepted any deposits from the public in accordance with the provisions of section 73 to 76 of the Act and rules framed thereunder. Accordingly, paragraph 3(V) of the Order is not applicable.
- (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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income-tax, sales tax, value added tax, goods and service tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year 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 being contested by the Company.

Name of the Statute	Nature of the Dues	Amount ₹ in Lacs	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	₹ 72.99	August 2014 to May 2016	AC Central Excise, Pollachi.
CST Act, 1956	Differential VAT on Interstate billings with local delivery at job work premises of customer as per the instruction of the customer	₹ 146.45	April 2009 to March 2012	DC (Appeals), Pollachi.
TANGEDCO	Electricity tax on Maximum demand charges	₹ 27.25	January 2016 to March 2018	TANGEDCO.
TANGEDCO	Deemed demand benefit available for use of self generated Power.	₹ 55.84	April 2015 to March 2018	TANGEDCO.
Income Tax Act, 1961	Income tax demand and Interest	₹ 81.45	AY 2005-06	Hon'ble Supreme Court of India

- (viii) In our opinion and according to the information and explanation given to us, Company has defaulted in repayment of dues to Banks/financial institutions, following are the defaults.

Particulars	Term Loan Interest due, but not paid as on 31.03.18			Term Loan Repayment due, but not paid as on 31.03.18		
	₹ in Lacs	Period of defaults	Remarks, if any (Date of Payment)	₹ in Lacs	Period of defaults	Remarks, if any
State Bank of India	₹ 12.93	6 days	06-Apr-18	₹ 73.50	Repayment is pending as on the date of report	₹.12.63 lakhs has paid on 19-04-2018, balance is outstanding on the date of report
State Bank of Travancore	₹ 8.06	19 days	19-Apr-18	₹ 59.50		
Central Bank of India	₹ 26.06	30 days	30-Apr-18	₹ 150.54		
EXIM Bank	₹ 11.25	32 days	02-May-18	₹ 70.15		
Karur Vysya Bank	₹ 7.83	32 days	02-May-18	₹ 82.22		
Bank of Maharashtra	₹ 11.10	33 days	03-May-18	₹ 32.68		
Canara Bank	₹ 19.47	33 days	03-May-18	₹ 70.32		
Oriental Bank of Commerce	₹ 18.43	33 days	03-May-18	₹ 74.25		
Canara Bank	₹ 44.42	Repayment is pending as on the date of report	—	—	—	—
State Bank of India	₹ 22.12		—	—	—	—
IDBI	₹ 1.67		—	—	—	—
Karur Vysya Bank	₹ 0.94		—	—	—	—

INDEPENDENT AUDITOR'S REPORT (Contd.)

- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in Note 36 to the standalone financial statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **L. U. Krishnan & Co.**
Chartered Accountants
FRN – 001527S

P. K. Manoj
Partner

Membership No. 207550

Place: Kochi

Date : 30th May, 2018

“ANNEXURE – B” TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Patspin India Limited (“the Company”) as on 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an

INDEPENDENT AUDITOR'S REPORT (Contd.)

audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining and understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as on 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **L. U. Krishnan & Co.**
Chartered Accountants
FRN – 001527S

Place: Kochi
Date : 30th May, 2018

P. K. Manoj
Partner
Membership No. 207550

PATSPIN INDIA LIMITED

BALANCE SHEET

Particulars	Note	As at 31.03.2018 (₹ in lacs)	As at 31.03.2017 (₹ in lacs)	As at 01.04.2016 (₹ in lacs)
I. ASSETS				
1 Non-current assets				
(a) Property, Plant and Equipment	3	21,193.83	22,734.65	23,724.40
(b) Intangible Assets	4	0.76	0.76	4.39
(c) Capital Work in Progress	5	23.35	10.88	9.92
(d) Financial Assets				
(i) Investments	6	71.38	58.40	156.98
(ii) Others	7	51.00	60.74	50.86
(e) Deferred Tax Assets (net)	8	33.89	126.06	394.59
(f) Other non-current assets				
(i) Non-current Tax Assets	9	615.91	595.69	600.36
(ii) Capital Advances	9	—	69.23	—
Sub -Total		<u>21,990.12</u>	<u>23,656.41</u>	<u>24,941.50</u>
2 Current assets				
(a) Inventories	10	7,713.54	7,767.41	7,583.24
(b) Financial Assets				
(i) Trade Receivables	11	4,359.24	4,227.45	1,493.17
(ii) Cash and Cash equivalents	12	97.64	353.47	412.63
(iii) Bank balances other than(ii) above	13	679.89	1,393.45	468.88
(iv) Other Financial Assets	14	20.25	23.62	17.53
(c) Other Current Assets	15	930.42	749.70	1,535.15
Sub -Total		<u>13,800.98</u>	<u>14,515.10</u>	<u>11,510.60</u>
Total Assets		<u>35,791.10</u>	<u>38,171.51</u>	<u>36,452.10</u>
II. EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	16	3,092.00	3,092.00	3,092.00
(b) Other Equity	17	3,074.10	3,587.03	2,627.34
Sub -Total		<u>6,166.10</u>	<u>6,679.03</u>	<u>5,719.34</u>
Liabilities				
1 Non-current liabilities				
(a) Financial liabilities				
Borrowings	18	9,509.31	12,253.23	15,130.99
(b) Other non-current liabilities	19	223.29	202.47	—
Sub -Total		<u>9,732.60</u>	<u>12,455.70</u>	<u>15,130.99</u>
2 Current liabilities				
(a) Financial liabilities				
(i) Borrowings	20	11,180.66	12,432.00	8,812.22
(ii) Trade payables	20	8,164.49	5,125.74	5,819.59
(iii) Other financial liabilities	20	212.58	238.63	218.78
(b) Other current liabilities	21	232.63	1,136.11	656.85
(c) Provisions	22	102.04	104.30	94.33
Sub -Total		<u>19,892.40</u>	<u>19,036.78</u>	<u>15,601.77</u>
Total Equity and Liabilities		<u>35,791.10</u>	<u>38,171.51</u>	<u>36,452.10</u>

Significant accounting policies

1 & 2

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

As per our report of even date attached

For and on behalf of the Board

For **L. U. KRISHNAN & Co.**
Chartered Accountants (ICAI FRN 001527S)

B. K. PATODIA
Chairman
DIN 00003516

UMANG PATODIA
Managing Director
DIN 00003588

P. K. MANOJ
Partner
(M. NO. 207550)

T. RAVINDRAN
General Manager (Finance)
& Chief Finance Officer

DIPU GEORGE
Deputy
Company Secretary

Place : Kochi

Date : 30.05.2018

PATSPIN INDIA LIMITED

STATEMENT OF PROFIT AND LOSS

	Note No	Year ended 31.03.2018 (₹ In lacs)	Year ended 31.03.2017 (₹ In lacs)
Revenue			
Revenue From Operations	23	52,283.58	53,154.13
Other income	24	80.73	97.74
Total Revenue		52,364.31	53,251.87
Expenses			
Cost of materials consumed	25	32,348.35	32,874.33
Purchases of Stock-in-Trade		4,979.43	4,938.07
Changes in inventories of finished goods ,work in progress and waste	26	738.51	(397.75)
Employee benefits expense	27	3,545.63	3,385.15
Finance costs	28	3,308.43	3,476.23
Depreciation and amortization expense		1,044.45	1,189.17
Other expenses	29	7,614.95	6,965.68
Total Expenses		53,579.75	52,430.88
Profit/(Loss) before exceptional items and tax		(1,215.44)	820.99
Exceptional items	30	947.32	491.97
Profit/(Loss) before tax		(268.12)	1,312.96
Tax expense:			
Provision for Current tax		—	5.89
MAT Credit entitlement		—	5.89
Deferred tax charge / (Credit)		166.47	312.42
Profit / (Loss) for the year (A)		(434.59)	1,000.54
Other Comprehensive income (Net of Tax)			
Items that will not be reclassified to statement of Profit or loss			
(a) Remeasurement of defined benefit Obligation		16.47	(63.00)
(b) MTM of Forward Contract		(16.34)	(8.00)
(c) Remeasurement of Cost of Borrowings -Pref Share Capital		—	(2.85)
Other Comprehensive income for the year (B)		0.13	(73.85)
Total Comprehensive income/(loss) for the year (A)+(B)		(434.46)	926.69
EARNINGS PER EQUITY SHARE (Face value of ₹ 10 each)	31		
Basic and Diluted (in ₹)		(1.52)	3.12
Significant accounting policies	1 & 2		
The accompanying Notes 1 to 41 are integral part of the financial statements.			

As per our report of even date attached

For and on behalf of the Board

For **L. U. KRISHNAN & Co.**
Chartered Accountants (ICAI FRN 001527S)

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& Chief Finance Officer

DIPU GEORGE
Deputy
Company Secretary

Place : Kochi
Date : 30.05.2018

PATSPIN INDIA LIMITED

CASH FLOW STATEMENT

	2017-18 (₹ in lacs)	2016-17 (₹ in lacs)
A. Cash Flow from Operating Activities		
Net Profit / (loss) before Tax exceptional items	(1,215.44)	820.99
Adjustments for:		
Depreciation and Amortization expense	1,044.45	1,189.17
(Profit)/Loss on disposal of tangible assets (net)	(0.55)	11.09
Unrealised Foreign Currency (Gain)/Loss	51.36	(77.49)
Gain (Loss) on other comprehensive income (net)	0.13	(73.85)
Finance Costs	2,727.80	2,939.01
Interest Income	(60.90)	(71.04)
Operating profit before working capital changes	<u>2,546.85</u>	<u>4,737.88</u>
Changes in Working Capital:		
Increase / (Decrease) in short term borrowings	(1,151.34)	3,619.78
Increase / (Decrease) in trade payables	2,883.64	(752.14)
Increase / (Decrease) in other financial liabilities	(26.05)	19.85
Increase / (Decrease) in other current liabilities	(903.48)	(345.74)
Increase / (Decrease) in provisions	(2.26)	9.97
(Increase) / Decrease in inventories	53.87	(184.17)
(Increase) / Decrease in trade receivables	(131.80)	(2,734.27)
(Increase) / Decrease in margin money and deposit accounts	713.56	(924.57)
(Increase) / Decrease in other financial assets	3.37	(6.09)
(Increase) / Decrease in other current assets	(180.71)	785.45
Cash Generated from Operations	<u>3,805.65</u>	<u>4,225.95</u>
Taxes paid (net of refunds)	20.22	(4.66)
Net cash generated from operations before exceptional items	<u>3,825.87</u>	<u>4,221.29</u>
Exceptional items	947.32	491.97
Net cash generated from operating activities	<u>4,773.19</u>	<u>4,713.26</u>
B. Cash flow from Investing Activities:		
Purchase of property, plant and equipment/intangible assets	(82.70)	(293.32)
Sale of property, plant and equipment/intangible assets	53.75	43.82
Sale of Wind Mill Undertaking	600.00	291.00
Advance against sale of balance three windmill undertakings	—	825.00
Interest received	60.90	71.04
Sale/ (Purchase) of non-current investments	(12.98)	98.58
Increase /Decrease in other financial Assets	9.74	(9.88)
Increase /Decrease in other non current assets	69.23	(69.23)
Increase /Decrease in other non current liabilities	20.82	202.47
Net cash from investing activities	<u>718.76</u>	<u>1,159.48</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long Term borrowings	(3,927.90)	(3,257.04)
Proceeds from Slumb sale buyer for repayment of Term loan of Wind Mill Undertaking	1,047.43	257.94
Proceeds/Repayment from/of Finance Lease Obligations (Net)	(1.81)	(1.63)
Repayment of Corporate Deposits	(100.00)	—
Interest paid	(2,765.50)	(2,931.16)
NET CASH GENERATED/ (USED) FROM FINANCING ACTIVITIES	<u>(5,747.78)</u>	<u>(5,931.89)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(255.83)</u>	<u>(59.16)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>353.47</u>	<u>412.63</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>97.64</u>	<u>353.47</u>

Note: The above cash flow statement has been prepared by using the indirect method as per the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows

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

As per our report of even date attached

For and on behalf of the Board

For **L. U. KRISHNAN & Co.**
Chartered Accountants (ICAI FRN 001527S)

B. K. PATODIA
Chairman
DIN 00003516

UMANG PATODIA
Managing Director
DIN 00003588

P. K. MANOJ
Partner
(M. NO. 207550)

T. RAVINDRAN
General Manager (Finance)
& Chief Finance Officer

DIPU GEORGE
Deputy
Company Secretary

Place : Kochi
Date : 30.05.2018

PATSPIN INDIA LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018

Equity Share Capital

	As at April 01, 2016	Changes in Equity Share Capital during the year 2016-17	As at March 31,2017	Changes in Equity Share Capital during the year 2017-18	As at March 31, 2018
309,20,000 Equity shares of ₹10 each Issued ,Subscribed and fully paid up .	3,092.00	—	3,092.00	—	3,092.00

₹ in lacs

Other Equity

Particulars	Capital Reserve	Securities premium reserve	Retained Earnings	Revaluation Surplus	Debt instrument through other comprehensive income	Re- measurement of Employee Benefit	Impact on MTM of derivatives (Forward Contracts)	Total
As at April 01,2016	1,000.00	468.28	(4,063.44)	5,261.28	(38.78)			2,627.34
Other Comprehensive income for the year	-	-		-	35.14	(63.00)	(8.00)	(35.86)
Profit/(loss) for the year ended 31.03.2017	-	-	1,000.54	-	-			1,000.54
Reduction due to sale of Wind Mill Land (on slump sale basis)				(5.00)				(5.00)
Balance at the 31.03.2017	1,000.00	468.28	(3,062.90)	5,256.28	(3.64)	(63.00)	(8.00)	3,587.02
Other Comprehensive income for the year	-	-			43.63	16.47	(8.34)	51.75
Profit/(loss) for the year ended 31.03.2018	-	-	(434.59)	-				(434.59)
Reduction due to sale of Wind Mill Land (on slump sale basis)				(130.09)				(130.09)
Balance at the 31.03.2018	1,000.00	468.28	(3,497.49)	5,126.19	39.99	(46.53)	(16.34)	3,074.10

₹ in lacs

Significant accounting policies -Note No 1 & 2

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

As per our report of even date attached

For and on behalf of the Board

For **L.U. KRISHNAN & Co.**
Chartered Accountants (ICAI FRN 001527S)

B. K. PATODIA
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T. RAVINDRAN
General Manager (Finance)
& Chief Finance Officer

DIPU GEORGE
Deputy
Company Secretary

Place : Kochi
Date : 30.05.2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

Significant Accounting Policies and notes forming part of the Financial statements for the year ended 31st March, 2018.

1 Corporate Information:

Patspin India Limited ('the company') is a Public Limited company incorporated and domiciled in India, and has its registered office at 3rd Floor, Palal Towers, Ravipuram, MG Road, Kochi -682016 Kerala State, India. The company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The company is engaged mainly in the business of manufacture and Export of Fine and super fine combed cotton yarn.

2 Significant Accounting Policies

2.1 Basis of preparation of financial statements:

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act 2013 read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 and the companies (Indian Accounting Standards) Amendment Rules, 2016. and other relevant provisions of the Act.

2.2 Rounding of amount

These standalone financial statements are presented in Indian Rupees, which is also the company's functional currency. All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

2.3 Historical Cost convention

The financial statements have been prepared under the historical cost convention, on the basis of a going concern and on accrual basis except for the following items –

- a. Certain Financial Assets and Liabilities (including derivative instruments) are measured at Fair value
- b. Defined benefit employee plan - Plan assets measured at fair value

2.4 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 the reporting period. The recognition, measurement, classification or disclosure of an item or information in the financial statements is made relying on these estimates.

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of the future events) that the Company believes to be reasonable under the existing circumstances. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively.

2.5 Classification of Assets and Liabilities

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 realisations 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.

2.6 Property, Plant and Equipment:

All items of property, plant and equipment are stated at cost net of accumulated depreciation and impairment, if any. The cost comprises its purchase price and any cost directly attributable to bringing the Property, Plant and Equipment to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

Any gain or loss on disposal of an item of property, plant and equipment is recognized in the statement of profit or loss. Property, plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Losses arising from the retirement of and gains or losses arising from disposal of Property, plant and equipment are recognised in the statement of profit and Loss.

The cost of property, plant and equipment which are not ready for their intended use before such date, are disclosed as capital work-in-progress.

The Company assesses at each Balance Sheet date whether there is any indication that any property, plant and equipment may be impaired, if any such indication exists, the carrying value of such property, plant and equipment 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.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1st April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment except Free hold Land for which the company had adopted revaluation model pursuant to the para 29 to 31 of Ind AS 16 and recognised revalued cost as its deemed cost as at 1st April 2016.

Revaluation of freehold land would be carried at sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

2.7 Depreciation:

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

Depreciation is provided pro-rata from the date of capitalisation. Depreciation is calculated on the carrying amount, which is the cost of an asset less its residual value.

2.8 Intangible Assets

Intangible assets are carried at cost, net of accumulated amortization and impairment losses, if any. Cost of an intangible asset comprises of purchase price and attributable expenditure on making the asset ready for its intended use.

The company assesses at each Balance sheet date whether there is any indication that any intangible asset may be impaired, if any such indication exists, the carrying value of such intangible asset 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.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its Intangible Assets recognized as at 1st April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of Intangible Assets.

2.9 Amortization:

Intangible assets are amortized based on their estimated useful lives.

2.10 Investments

Investment in Government securities are "Carried at amortised cost"

Investments in unquoted equity shares are recognised at Cost. As these shares were purchased as per the contract and on termination these shares will be bought back at cost.

2.11 Inventories

Inventories are stated at lower of cost and net realisable value. Goods in process is stated at cost. The cost includes cost of purchase, freight, taxes and duties and is net of input credit where applicable, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Raw Material is stated at "weighted average" cost method and finished goods at "Specific identification" cost method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

2.12 Financial Assets / Liability Policy:

a. Financial Assets

Classification and Measurement

All the financial assets are initially measured at fair value. Transactions costs that are directly attributable to the acquisition of financial asset (other than financial assets carried at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset.

Subsequent measurement

Subsequent measurement of financial assets depends on the classification i.e financial assets carried at amortised cost or fair value (either through other comprehensive income or through profit and loss). Such classification is determined on the basis of Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company's financial assets primarily consists of cash and cash equivalents, trade receivables, balance with statutory authority, loans and advances and security deposits etc which are classified as financial assets carried at amortised cost.

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

A gain or loss on an financial assets that is subsequently measured at amortised cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is recognized using the effective interest rate method.

Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. For trade receivables, the company provides for lifetime expected credit losses recognized from initial recognition of the receivables.

De-recognition of financial assets

A financial assets is de-recognised only when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

b. Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction cost.

The Company's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss :

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risks are recognized in OCI. These gains/losses are subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the term of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount is recognized in the statement of profit or loss.

Derivative financial instruments:

Derivative financial instruments such as future contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Statement of Profit and Loss in the period when they arise.

2.13 Fair Value Measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.14 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

Sale of Goods

Revenue from sale of goods are recognised on transfer of significant risk and rewards of ownership to the buyer which generally coincides with shipment. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rendering of Services :

Service revenues are recognised when services are rendered, and when the outcome of the transaction can be estimated reliably.

Dividend, Interest income, Claims:

Dividend income from investments is recognised when the Company's right to receive dividend is established provided it is probable that the economic benefits associated with the dividend will flow to the Company as also the amount of dividend income can be measured reliably.

Interest income from a financial asset is recognised on a time basis, by reference to the principal outstanding using the effective interest method provided it is probable that the economic benefits associated with the interest will flow to the Company and the amount of interest can be measured reliably.

Insurance and other Claim are accounted for when no significant uncertainties are attached to their eventual receipt.

2.15 Borrowings:

Borrowings are initially recognised at net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in the Statement of Profit and loss over the period of borrowings using the effective interest method.

2.16 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.

2.17 Short-term Employee Benefits

Short Term employee benefits including accrued liability for Leave Encashment (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:

Company's contributions paid/payable during the year to Provident and Family Pension Funds, and Employees State Insurance are recognized in the Statement of Profit and Loss.

Defined Benefit Plans:

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

2.18 Foreign currency Transactions

Initial recognition:

Transactions in Foreign Currencies entered into by the Company are accounted at the exchange rate prevailing on the date of the transaction.

Measurement:

Foreign Currency monetary items of the Company outstanding at the balance sheet date are restated at year end exchange rates.

Non-monetary items carried at historical cost are translated using the exchange rates at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

when the fair value is determined. The gain or loss arising on transaction of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Treatment of exchange difference

Exchange differences arising on settlement/restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expenses in the Statement of Profit and Loss.

2.19 Taxation

- a Current tax is made on the basis of estimated taxable income for the year or computed in accordance with the Income-Tax Act, 1961 and recognized in the statement of Profit and Loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.
- b Deferred tax on account of timing differences, between taxable income and accounting income is recognized using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets are recognized to the extent there is reasonable certainty that these would be realized in future.
- c Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.20 Provisions and Contingent Liabilities:

Provisions: Provisions are recognized when there is a present legal or constructive 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. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities:

Contingent liabilities is a possible obligation in the normal course of business 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.

The Company does not recognise a contingent liability but disclose its existence in the financial statements.

2.21 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / loss before extraordinary items and tax for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments. Cash flows from operating, investing and financing activities of the Company are segregated.

2.22 Cash and Cash equivalents Policy:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.23 Earnings per Share:

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

2.24 Exceptional Items:

When an item of income or expense within profit or loss from ordinary is of such size, nature or incidence that their disclosure is relevant to explain the performance of the company for the year, the nature and amount of such items is disclosed as exceptional items.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

3 Property, Plant and equipment

(₹ in Lacs)

Gross carrying amount	Freehold-Land	Buildings	Plant and Equipment	Wind Mill	Furniture	Office Equipments	Vehicles	Total
Deemed cost as at 1st April, 2016	5,543.44	4,989.15	29,438.07	3453.95	167.83	142.72	114.33	43,849.49
Additions	2.30	4.30	285.20	—	1.52	—	—	293.32
Disposal /Discarded /adjustments	20.00	—	222.21	609.17	0.05	—	—	851.43
Revaluation of Assets	—	—	—	—	—	—	—	—
As at 31st March, 2017	5,525.74	4,993.45	29,501.06	2,844.78	169.30	142.72	114.33	43,291.38
Additions	0.76	—	81.69	—	0.25	—	—	82.70
Disposal /Discarded /adjustments	146.50	—	171.03	2844.78	—	—	42.26	3,204.57
Revaluation of Assets	—	—	—	—	—	—	—	—
As at 31st March, 2018	5,380.00	4,993.45	29,411.72	—	169.55	142.72	72.07	40,169.51
Accumulated depreciation								
Balance as at 1st April, 2016		1,951.40	14,940.01	2882.93	124.83	132.23	93.69	20,125.09
Disposal / adjustments		—	184.89	568.99	0.02	—	—	753.90
Depreciation expense		129.26	896.33	142.63	8.22	3.67	5.43	1,185.54
Balance as at 31st March, 2017		2,080.66	15,651.45	2,456.57	133.03	135.90	99.12	20,556.73
Disposal / adjustments		—	118.40	2464.84	—	—	42.26	2,625.50
Depreciation expense		128.95	892.59	8.27	8.70	1.02	4.92	1,044.45
Balance as at 31st March, 2018		2,209.61	16,425.64	—	141.73	136.92	61.78	18,975.68
Net Carrying Amount								
As at 1st April, 2016	5,543.44	3,037.75	14,498.06	571.02	43.00	10.49	20.64	23,724.40
As at 31st March, 2017	5,525.74	2,912.79	13,849.61	388.21	36.27	6.82	15.21	22,734.65
As at 31st March, 2018	5,380.00	2,783.84	12,986.08	—	27.82	5.80	10.29	21,193.83

Note:

The Company has opted to continue with net carrying values of all Property, plant and equipment as at 1st April 2016 as per previous GAAP and use that as the Deemed cost, except Freehold Land.

As per the provisions of Para 29 to 31 of the Ind AS 16, the company has adopted Revaluation model for Free hold Land and has determined its fair value on the transition date of 1st April 2016 on the basis of valuation report of Chartered Engineer. The details are given below:

Class of Asset -Freehold Land	Amount ₹ in Lacs
Carried value as at 31 st March, 2016	282.16
Revalued amount as at 1 st April, 2016	5,543.44
Revaluation surplus recognised in Other Equity as at 1 st April, 2016	5,261.28
Deemed Cost as at 1 st April, 2016	5,543.44
Additions	2.30
Disposal /adjustments	20.00
Carried Value as at 31 st March, 2017	5,525.74
Revaluation surplus recognised in Other Equity as at 31 st March, 2017	5,256.28
Additions	0.76
Disposal /adjustments	146.50
Carried value as at 31 st March, 2018	5,380.00
Revaluation surplus recognised in Other Equity as at 31 st March, 2018	5,126.19

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	As at 31.03.2018 (₹ in lacs)	As at 31.03.2017 (₹ in lacs)	As at 01.04.2016 (₹ in lacs)
4 Intangible assets			
Gross Carrying amount			
As at the beginning of the year	234.08	234.08	234.08
Additions during the year	—	—	—
Discarded/Disposal during the year	—	—	—
Balance as at the end of the Year	234.08	234.08	234.08
Accumulated depreciation			
As at the beginning of the Year	233.32	229.69	229.69
Amortisation for the year	—	3.63	—
Disposal/adjustment	—	—	—
Balance as at the end of the Year	233.32	233.32	229.69
Net Carrying Amount	<u>0.76</u>	<u>0.76</u>	<u>4.39</u>
5 Capital Work-in-Progress			
Plant and Equipment	23.35	10.88	9.92
	<u>23.35</u>	<u>10.88</u>	<u>9.92</u>
Financial Assets			
6 Non-Current Investment			
Unquoted Equity instruments - Non-Trade			
Nil Equity Shares (Previous year 1,450) of ₹ 100 each in Matspin India Private Limited	—	1.45	1.45
5,66,046 Equity Shares (Previous year 3,95,472) of ₹ 10 each in Gamma Green Power Private Limited	56.60	39.55	113.15
Nil Equity Shares (Previous year Nil) of ₹ 10 each in Tulsyan NEC Ltd	—	—	11.25
Nil Equity Shares (Previous year 52133) of ₹ 10 each in Beta Wind Farm Power Pvt Ltd	—	9.90	22.68
125700 Equity Shares (Previous year 65300) of ₹ 10 each in OPG Power Generation (P) Ltd	14.46	7.18	8.13
Government Securities - Non-Trade (unquoted)	—	—	—
National Savings Certificates (Lodged with statutory authorities)	0.32	0.32	0.32
	<u>71.38</u>	<u>58.40</u>	<u>156.98</u>
7 Other Financial Assets			
Security Deposits	51.00	60.74	50.86
	<u>51.00</u>	<u>60.74</u>	<u>50.86</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	As at 31.03.2018 (₹ in lacs)	As at 31.03.2017 (₹ in lacs)	As at 01.04.2016 (₹ in lacs)
8 DEFERRED TAX ASSET (Net)			
a Deferred Tax Asset			
Unabsorbed Depreciation	2,604.17	3,385.63	3008.90
Business Loss	—	—	396.83
Others	259.16	164.25	123.26
	<u>2,863.33</u>	<u>3,549.88</u>	<u>3528.99</u>
b Deferred Tax Liability			
Related to Property plant and Equipment	3,043.47	3,595.09	3261.79
Related to Borrowing Cost	224.17	266.93	304.92
	<u>3,267.64</u>	<u>3,862.02</u>	<u>3566.71</u>
c Minimum Alternate Tax Credit entitlement	438.20	438.20	432.31
Net Deferred Tax Asset (a-b+c)	<u>33.89</u>	<u>126.06</u>	<u>394.59</u>
9 Other non-current assets			
Unsecured, considered good			
i Income Tax (Net of Provision ₹ 569.71 lacs ; Previous year ₹ 569.71 lacs)	615.91	595.69	600.36
ii Capital Advances	-	69.23	-
	<u>615.91</u>	<u>664.92</u>	<u>600.36</u>
10 INVENTORIES (Refer Note No 2.11)			
Stores, Spares and Packing Materials	57.04	66.68	53.99
Raw Materials	4243.94	3549.66	3,775.93
Goods-in-Process	460.92	405.62	436.69
Finished Goods	2913.66	3682.01	3,243.24
Waste Stock	37.98	63.44	73.39
	<u>7713.54</u>	<u>7767.41</u>	<u>7,583.24</u>
Financial Assets			
11 Trade Receivables			
Unsecured, considered Doubtful	35.90	—	—
Less:Provision for Doubtful debts	35.90	—	—
	—	—	—
Unsecured, considered good	4,359.24	4,227.45	1,493.17
	<u>4,359.24</u>	<u>4,227.45</u>	<u>1,493.17</u>
12 Cash and Cash equivalents			
Cash on Hand	3.49	3.79	1.97
Balances with Banks in Current Accounts	94.15	349.68	410.66
	<u>97.64</u>	<u>353.47</u>	<u>412.63</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	As at 31.03.2018 (₹ in lacs)	As at 31.03.2017 (₹ in lacs)	As at 01.04.2016 (₹ in lacs)
13 Bank balances other than 12 above			
Margin Money Deposit Accounts	675.68	567.76	468.36
Deposit Accounts under lien	4.21	825.69	0.52
	<u>679.89</u>	<u>1,393.45</u>	<u>468.88</u>
14 Other Financial Assets			
Interest accrued on Deposits	20.25	23.62	17.53
	<u>20.25</u>	<u>23.62</u>	<u>17.53</u>
15 Other Current Assets			
TUF Subsidy	67.32	234.65	1,025.90
Security Deposits	208.95	174.22	210.24
Prepaid Expenses	134.79	79.00	51.78
Balances with Statutory Authorities	145.05	52.88	55.55
Other Advances	142.56	134.60	72.82
Export Incentives	231.75	74.35	101.30
Assets Held for Sale/Disposal	—	—	17.56
	<u>930.42</u>	<u>749.70</u>	<u>1,535.15</u>
16 Equity Share Capital			
(a) Authorised:			
400,00,000 Equity shares (Previous year 400,00,000) of ₹ 10 each	4,000.00	4,000.00	4,000.00
(b) Issued, Subscribed and fully paid up shares			
309,20,000 Equity shares (Previous year 309,20,000) of ₹ 10 each	3,092.00	3,092.00	3,092.00
	<u>3,092.00</u>	<u>3,092.00</u>	<u>3,092.00</u>

i Reconciliation of number of Equity shares and amount outstanding at the beginning and end of the year

	No of Shares	Amount ₹ lacs
As at 1 st April 2016	30,920,000	3,092.00
Add: Shares issued during the Year 2016-17	Nil	Nil
As at 31 st March 2017	30,920,000	3,092.00
Add: Shares issued during the Year 2017-18	Nil	Nil
As at 31 st March 2018	30,920,000	3,092.00

ii Rights, preferences and restrictions attached to Equity shares

The company has only one class of equity shares having a par value of ₹ 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

iii Shares held by holding/Ultimate holding company/or their subsidiaries/associates

	As at 31.03.2018		As at 31.03.2017		As at 31.03.2016	
	No of Shares	% of holding in the Class	No of Shares	% of holding in the Class	No of Shares	% of holding in the Class
GTN Textiles Limited (Promoter/ Associate)	14287068	46.21%	14287068	46.21%	14287068	46.21%

iv Details of shareholders holding more than 5% of shares in the Company

Name of share Holder	As at 31.03.2018		As at 31.03.2017		As at 31.03.2016	
	No of Shares	% of holding in the Class	No of Shares	% of holding in the Class	No of Shares	% of holding in the Class
i GTN Textiles Limited (Promoter /Associate)	14287068	46.21%	14287068	46.21%	14287068	46.21%
ii KSIDC Ltd (Promoter)	2490000	8.05%	2490000	8.05%	2490000	8.05%

v 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

	As at 31.03.2018 (₹ in lacs)	As at 31.03.2017 (₹ in lacs)	As at 01.04.2016 (₹ in lacs)
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17 Other Equity

i Reserves and Surplus

a Capital Redemption Reserve

Balance as at the beginning and the end of the year	1,000.00	1,000.00	1,000.00
The Capital Redemption Reserves were created out of profits on redemption of redeemable preference shares of ₹ 100 each on 31st March 2000 - ₹ 500 lacs, 31st March 2001 - ₹ 250 lacs and on 31st March 2002 - ₹ 250 lacs			

b Securities Premium Reserve

Balance as at the beginning and the end of the year	468.28	468.28	468.28
The security premium reserve represents premium on allotment of 77,30,000 Equity shares of ₹ 10 each on 24 th April 1997 issued at a premium of ₹ 7/Share (net of preliminary expenses and Share issue expenses)			

c Surplus/(Deficit) in the Statement of Profit and Loss

Balance as at the beginning of the year	(3,062.90)	(4,063.44)	(4,140.98)
Less: Profit/(Loss) for the year from the Statement of Profit and Loss	(434.59)	1,000.54	77.54
	<u>(3,497.49)</u>	<u>(3,062.90)</u>	<u>(4,063.44)</u>

ii Revaluation surplus:

Surplus on Revaluation of land (Ind AS Conversion)	5,126.19	5,256.28	5,261.28
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iii Other comprehensive income:

Impact on remeasurement of Employee Benefit	(46.53)	(63.00)	—
Impact on MTM of derivatives (Forward Contracts)	(16.34)	(8.00)	—
Impact on remeasurement of Cost of Borrowings -Pref Share Capital	39.99	(3.64)	(38.78)
Balance as at the end of the year	<u>3,074.10</u>	<u>3,587.02</u>	<u>2,627.34</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	As at 31.03.2018 (₹ in lacs)	As at 31.03.2017 (₹ in lacs)	As at 01.04.2016 (₹ in lacs)
Non current liabilities			
18 Financial liabilities			
(i) Borrowings			
a Unsecured Loans			
Preference Shares (carried at amortised cost, unless otherwise stated)			
7,00,000 5% Non Cumulative Redeemable preference shares (Previous year 7,00,000) of ₹ 100 each	550.48	506.11	465.76
13,51,000 0.01% Non Cumulative Redeemable preference shares (Previous year 13,51,000) of ₹ 100 each issued to lenders /promoters and their associates as per the CDR Package (Refer Note No. 38)	775.03	681.04	598.42
	1,325.51	1,187.15	1,064.18

i Reconciliation of number of Preference shares and amount outstanding at the beginning and end of the year

a 5% Non Cumulative Redeemable Preference Shares of ₹ 100 each

	No of Shares	Amount ₹ lacs
As at 1 st April, 2016	700,000	700.00
Add: Shares issued during the Year 2016-17	Nil	Nil
As at 31 st March, 2017	700,000	700.00
Add: Shares issued during the Year 2017-18	Nil	Nil
As at 31 st March, 2018	700,000	700.00

b 0.01% Non Cumulative Redeemable Preference Shares of ₹ 100 each

	No of Shares	Amount ₹ lacs
As at 1 st April, 2016	1,351,000	1,351.00
Add: Shares issued during the Year 2016-17	Nil	Nil
As at 31 st March, 2017	1,351,000	1,351.00
Add: Shares issued during the Year 2017-18	Nil	Nil
As at 31 st March, 2018	1,351,000	1,351.00

ii Rights, preferences and restrictions attached to Preference shares

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

Series	No of Shares	Date of Issue	Date of Redumption	Earlier Redumption
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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

- b 1081000, 0.01 % Non Cumulative preference shares of ₹ 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

- c 2,70,000, 0.01 % Non Cumulative preference shares of ₹ 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

iii Details of shareholders holding more than 5% of preference shares in the Company

a 5% Non Cumulative Redeemable Preference Shares of ₹ 100 each

		As at 31.03.2018		As at 31.03.2017	
		No of Shares	% of holding in the Class	No of Shares	% of holding in the Class
i	Smt Deepa Bagla	600000	85.71%	600,000.00	85.71%
ii	Shri B.K.Patodia	75000	10.71%	75,000.00	10.71%

b 0.01% Non Cumulative Redeemable Preference Shares of ₹ 100 each issued as per the CDR Package

i	Central Bank of India	199000	14.73%	199,000.00	14.73%
ii	State Bank of India	199000	14.73%	199,000.00	14.73%
iii	Oriental Bank of Commerce	153000	11.32%	153,000.00	11.32%
iv	Karur Vysya Bank	82000	6.07%	82,000.00	6.07%
v	Bank of Maharashtra	112000	8.29%	112,000.00	8.29%
vi	Export Import Bank of India	121000	8.96%	121,000.00	8.96%
vii	State Bank of India	100000	7.40%	100,000.00	7.40%
viii	Canara Bank	115000	8.51%	115,000.00	8.51%
ix	Smt Deepa Bagla	270000	19.99%	270,000.00	19.99%

Preference shares being Non-Cumulative and redeemable, i.e. there is contractual obligation to deliver cash at the time of redemption, accordingly these have been classified as financial liability as per Ind AS 32 "Financial Instrument Presentation". Fair value of the liability component is the Present value of redeemable principal amount using the borrowing cost applicable to the Company. Subsequently, the financial liability is carried at amortised cost and Interest expenses has been recognised using the effective interest method on the amortised cost.

b Secured Loans

	As at 31.03.2018		As at 31.03.2017		As at 31.03.2016	
	(₹ in lacs)		(₹ in lacs)		(₹ in lacs)	
	Non Current	Current	Non Current	Current	Non Current	Current
Term Loans :						
(i) From a Financial Institution	724.96	333.79	988.59	350.80	1,268.93	350.79
(ii) From Banks	7,458.19	2,262.59	10075.03	3,245.94	12,793.79	3,251.63
Finance Lease obligations :						
From Banks	0.65	1.81	2.46	1.63	4.09	1.46
	8,183.80	2,598.19	11,066.08	3,598.37	14,066.81	3,603.88
Total a+b	9,509.31	2,598.19	12,253.23	3,598.37	15,130.99	3,603.88

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

i Term Loan are secured by :

- (i) Term loans from banks and financial institution, excluding corporate term loan from a bank of ₹ 1500 lacs (Outstanding as on 31.03.2018 ₹ 746.63 lacs, Previous year ₹ 937.45 lacs) (security for which is explained in Para 1(ii) below) and Term Loan from a financial institution of ₹ 2000 lacs (Outstanding as on 31.03.2018 ₹ 1054.50 lacs, Previous Year 1317.82 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 movable 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 ₹ 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 ₹ 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 GTN Textiles Limited (₹ 300 lacs) and GTN Enterprises Limited (₹ 1700 lacs).
- (iv) Finance lease obligations are relating to vehicles and are secured by hypothecation of respective vehicles.

ii Re-payment terms of Term Loan/Rate of Interest :

The year wise break up of Term loan repayment and the interest rate applicable for the respective years is as follows

	2017-18	2018-19	2019-20	2020-21	₹ lacs 2021-22
Outstanding as on 31.03.2018					
From Banks	543.00	1,719.60	2,434.45	2,434.45	2,589.26
From Financial Institutions	70.16	263.63	263.63	263.63	197.73
Rate of Interest	12.50%	12.50%	14.00%	14.00%	14.00%

Period and amount of delay as on the balance sheet date in repayment of borrowings and interest

	Amount Due as on 31.03.2018	Amount paid subsequently	Date of payment	Balance payable
Principal				
From Banks	543.00	12.63	19.04.2018	530.37
From Financial Institutions	70.16	—	—	70.16
Interest				
From Banks	173.04	103.89	Various dates	69.15
From Financial Institutions	11.24	11.24	Various dates	—
Others	4.65	4.65	Various dates	—

Vehicle loan:

Repayable in Equated Monthly Installments, last installment due on July 2019. Average interest rate is 10.50% (Previous year 10.50%)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	As at 31.03.2018 (₹ in lacs)	As at 31.03.2017 (₹ in lacs)	As at 01.04.2016 (₹ in lacs)
19 Other non current liabilities			
Provision for Employee benefits	223.29	202.47	—
	<u>223.29</u>	<u>202.47</u>	<u>—</u>
Current liabilities			
20 Financial liabilities			
(i) Borrowings			
Secured Loans			
a Current maturities of long-term debt (Refer Note No 18 (i) (b))			
(i) From a Financial Institution	333.79	350.80	350.79
(ii) From Banks	2,262.59	3,245.94	3,251.63
b Current maturities of Finance lease obligations (Refer Note No 18 (i) (b))	1.81	1.63	1.46
c. Working Capital Loans from Banks	8,372.47	8,523.63	4,898.34
Unsecured Loans			
Corporate Deposits	210.00	310.00	310.00
	<u>11,180.66</u>	<u>12,432.00</u>	<u>8,812.22</u>
i) 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.			
ii) Non-fund based limits sanctioned by the bankers are secured by extension of first charge on the current assets of the Company and further secured 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 ₹ 5778.00 lacs (Previous year ₹ 4837.00 lacs).			
(ii) Trade payables			
Due to Micro, Small and Medium Enterprises (MSME's)*	-	0.99	15.37
Due to Others	8,164.49	5,124.75	5,804.22
	<u>8,164.49</u>	<u>5,125.74</u>	<u>5,819.59</u>

DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

	As at 31.03.2018 (₹ in lacs)	As at 31.03.2017 (₹ in lacs)	As at 01.04.2016 (₹ in lacs)
The principal amount due thereon remaining unpaid as on the Balance sheet date	-	0.99	15.37
Interest due thereon remaining unpaid	Nil	Nil	Nil
Interest paid along with the amount of the payment during the year	Nil	Nil	Nil
Interest due and payable but without adding the interest specified in the above-mentioned act.	Nil	Nil	Nil
Interest accrued and remaining unpaid at the end of the year.	Nil	Nil	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.	Nil	Nil	Nil

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

* The ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprise as at reporting date has been made in the financial statements on information received and available with the Company and it has been relied upon by the auditors. Further, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ("the MSME Act") is not expected to be material. The company has not received any claim for interest from any supplier under the said Act.

	As at 31.03.2018 (₹ in lacs)	As at 31.03.2017 (₹ in lacs)	As at 01.04.2016 (₹ in lacs)
(iii) Other financial liabilities			
Interest accrued but not due on borrowings	4.65	7.37	6.97
Interest due on borrowings	184.28	219.26	211.81
Impact on MTM of derivatives (Forward Contracts)	23.65	12.00	—
	<u>212.58</u>	<u>238.63</u>	<u>218.78</u>
21 Other current liabilities			
Creditors for Capital Expenditure	—	92.26	—
Advances from customers	193.92	122.85	93.52
Advance against Sale of Wind Mill Undertakings	—	825.00	500.00
Statutory and Other dues payable	38.71	96.00	63.33
	<u>232.63</u>	<u>1,136.11</u>	<u>656.85</u>
22 Provisions			
Provision for Employee benefits	102.04	104.30	94.33
	<u>102.04</u>	<u>104.30</u>	<u>94.33</u>
	Year ended 31.03.2018 (₹ in lacs)		Year ended 31.03.2017 (₹ in lacs)
23 REVENUE FROM OPERATIONS			
A Sale of Products (Net of Taxes)			
Finished Goods :			
Exports	22817.24		22006.12
Local	20030.40		22349.90
Traded Goods			
Exports	5202.09		5070.28
Waste Sales			
Exports	461.91		562.77
Local	2924.46		2009.68
Net Sales	<u>51436.10</u>		<u>51998.75</u>
B Other Operating Revenues			
Export Incentives	492.69		829.85
Job Work Charges	354.79		325.53
	<u>847.48</u>		<u>1155.38</u>
Total (A) + (B)	<u>52283.58</u>		<u>53154.13</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	Year ended 31.03.2018 (₹ in lacs)	Year ended 31.03.2017 (₹ in lacs)
24 OTHER INCOME		
Interest Income	60.90	71.04
Agricultural Income	0.20	0.30
Sale of Scrap	19.63	26.40
Total	<u>80.73</u>	<u>97.74</u>
25 COST OF MATERIALS CONSUMED		
a Raw materials Consumed		
Opening Inventory	3549.66	3775.93
Add: Purchases during the Year	34663.11	34301.16
Less: Sale of Cotton	<u>2264.11</u>	<u>2245.39</u>
Less: Closing Stock	4243.93	3549.66
Total (a)	<u>31704.73</u>	<u>32282.04</u>
b Packing Material Consumed		
Opening Inventory	38.33	28.73
Add: Purchases during the Year	631.16	601.89
Less: Closing Stock	<u>25.87</u>	<u>38.33</u>
Total (b)	<u>643.62</u>	<u>592.29</u>
Total (a) + (b)	<u>32348.35</u>	<u>32874.33</u>
	Year ended 31.03.2018 (₹ in lacs)	Year ended 31.03.2017 (₹ in lacs)
26 CHANGES IN INVENTORY OF FINISHED GOODS, GOODS IN PROCESS AND WASTE		
a Stock at the beginning of the year:		
Finished Goods	3682.01	3243.24
Goods-in-process	405.62	436.69
Waste	63.44	73.39
Total	<u>4151.07</u>	<u>3753.32</u>
b Less : Stock at the end of the Quarter:		
Finished Goods	2913.66	3682.01
Goods-in-process	460.92	405.62
Waste	37.98	63.44
Total (a) + (b)	<u>3412.56</u>	<u>4151.07</u>
(Increase)/Decrease in Stocks (a-b)	<u>738.51</u>	<u>(397.75)</u>
27 EMPLOYEES BENEFITS EXPENSE		
Salaries, Wages and Bonus	2971.30	2775.55
Contribution to Provident and Other Funds	228.90	279.45
Welfare Expenses	345.43	330.15
Total	<u>3545.63</u>	<u>3385.15</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	Year ended 31.03.2018 (₹ in lacs)	Year ended 31.03.2017 (₹ in lacs)
28 FINANCE COSTS		
Interest Expenses	2727.80	2939.01
Other Borrowing Costs	442.27	417.11
Interest-Cost on Fair Valuation of Preference Shares	138.36	120.11
Total	<u><u>3308.43</u></u>	<u><u>3476.23</u></u>
29 OTHER EXPENSES		
Power and Fuel (Net of Wind Energy)	3935.19	3449.08
Repairs and Maintenance to Building	15.29	10.61
Repairs and Maintenance to Machinery	645.00	660.99
Stores and Spares	113.49	121.20
Processing Charges	729.83	614.56
Rent	16.43	14.75
Insurance	87.98	90.02
Rates and Taxes	54.24	212.50
Commission and Brokerage	365.29	455.74
Freight, Forwarding and Other selling expenses	983.17	911.48
Payment to Auditors		
Audit Fee	2.00	2.00
Payment to Others		
Tax Audit Fee	0.75	0.75
Certification Charges	1.19	2.42
Out of Pocket Expenses	1.16	2.72
Directors Sitting Fee	2.70	2.75
(Gain)/Loss on disposal of Fixed Assets (Net)	(0.55)	11.09
Provision for Doubtful Debts	35.91	
Net loss /(gain) on foreign currency transaction and translation	(69.30)	(228.79)
Miscellaneous Expenses	695.18	631.81
Total	<u><u>7614.95</u></u>	<u><u>6965.68</u></u>
	2017-18	2016-17
	(₹ in lacs)	(₹ in lacs)
30 Exceptional items shown in Statement of profit and loss represents:		
Profit on Sale of Wind Mill Undertakings	1,231.14	491.97
VRS Compensation paid to workmen	(283.82)	—
	<u><u>947.32</u></u>	<u><u>491.97</u></u>

The company had four wind mill undertakings and out of which one of the Wind Mill undertaking was sold during the previous year on slump sale basis and realised a profit of ₹ 491.97 lacs. During the current financial year the remaining three wind mill undertakings were also sold on slump sale basis and realised a profit of ₹ 1231.14 lacs as mentioned above

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	2017-18 (₹ in lacs)	2016-17 (₹ in lacs)
31 EARNING PER SHARE		
Net profit /(Loss) as per statement of profit and loss	(434.59)	1000.54
Less: Dividend on Preference Shares -Notional	35.14	35.14
Net profit available to Equity Share holders	(469.73)	965.40
Weighted average no of Equity Shares (Face value of ₹ 10 each)	30920000	30920000
Basic and diluted Earning Per Share ₹	(1.52)	3.12

32 Employee Benefits Plan

Gratuity:

In accordance with the applicable laws, the Company provides for Gratuity, a defined benefit retirement plan ("The Gratuity Plan") covering eligible employees. The Gratuity plan provides for a lump sum payment to vested employees on retirement (subject to the completion of 5 years of continuous employment), death, incapacitation or termination of the employment are based on last drawn salary and tenure of employment.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date and the Company makes annual contribution to the Gratuity Fund administered by Life Insurance Corporation of India, which is basically a year-on-year cash accumulation plan. Though company has not fully funded to LIC, adequate provision has been made in the Books of accounts. As part of the scheme the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity settlements during the year subject to sufficiency of funds under the policy.

	Gratuity Plan 2017-18 ₹ in Lacs	Gratuity Plan 2016-17 ₹ in Lacs
Change in Defined Benefit Obligation (DBO) during the year		
1 Present value of DBO at the beginning of the year	533.38	347.97
2 Current Service cost	32.76	26.80
3 Interest cost	39.71	27.81
4 Actuarial (gain)/loss arising from changes in experience assumptions	(66.17)	76.77
5 Actuarial loss arising from changes in experience adjustments	41.08	82.97
6 Benefits paid	(97.31)	(28.94)
Present value of DBO at the end of the year	483.45	533.38
Change in fair value of plan assets during the year		
1 Fair value of plan assets at the beginning of the year	330.91	333.81
2 Interest income	24.70	26.68
3 Employer contributions	3.12	0.09
4 Benefits paid	(97.31)	(28.94)
5 Remeasurements - return on plan assets (excluding interest income)	(1.26)	(0.73)
Present value of DBO at the end of the year	260.16	330.91
Amounts recognised in the Balance Sheet		
1 Present value of DBO at the end of the year	483.45	533.38
2 Fair value of plan assets at the end of the year	260.16	330.91
Funded status of the plans - (asset)/liability	223.29	202.47
(Assets) and Liability recognised in the Balance sheet	223.29	202.47
Components of employer expense		
1 Current service cost	32.76	26.80
2 Interest income on net defined benefit obligation	15.01	1.13
Expense recognised in Statement of Profit and Loss	47.77	27.93
Remeasurements on the net defined benefit obligation		
Return on plan assets(excluding interest income)	1.26	0.73
Actuarial loss arising from changes in financial assumptions	(66.17)	76.77
Actuarial loss arising from changes in experience adjustments	41.08	82.97
Remeasurements recognised in other comprehensive income	(23.83)	160.47

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	Gratuity Plan 2017-18 ₹ in Lacs	Gratuity Plan 2016-17 ₹ in Lacs
Total defined benefit cost recognised	23.94	188.40
Nature and extent of investment details of the plan assets		
State and Central Securities		
Bonds		
Special Deposits		
Insurar Managed funds	100%	100%

	Gratuity Plan	
	As at 31.03.2018	As at 31.03.2017
Assumptions		
Discount rate	7.80%	7.45%
Expected rate of salary increase	3.00%	4.00%
Sensitivity analysis - DBO at the end of the year (in lakhs)		
Discount rate + 100 basis points	442.78	483.21
Discount rate - 100 basis points	530.09	591.43
Salary Growth rate + 1%	531.91	592.89
Salary Growth rate - 1%	440.63	481.20
Attrition rate +50%	495.25	543.74
Attrition rate -50%	470.63	522.09
Weighted average duration of DBO	9 years	9 years
Expected cash flows(in lacs)		
1. Expected employer contribution in the next year	253.10	
2. Expected benefit payments		
Year 1	62.44	
Year 2 to year 5	92.76	
Year 6 to year 10	259.42	
Beyond 10 years	717.17	

33 The accounts of certain Trade Receivables ,Trade payables, Loans and advances and Banks are subject to formal confirmations /reconciliations and consequent adjustments ,if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation/adjustments.

34 In term of Ind AS-108 Operating Segments, the company operates materially only in one business segment viz., Textile industry and have its production facilities and all other assets located within India.

35 Finance Lease assets, loan repayable and future payments disclosure.

Particulars	Total minimum payments outstanding (₹ In Lacs)	Future interest on outstanding (₹ In Lacs)	Present Value of minimum payments (₹ In Lacs)
1. Due Within one year	1.98 (1.98)	0.17 (0.35)	1.81 (1.63)
2. Between one year to five years	0.66 (2.64)	0.01 (0.19)	0.65 (2.46)
Total	2.64 (4.62)	0.18 (0.54)	2.46 (4.09)

* Figures in brackets represent previous year's figures.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

36 RELATED PARTY DISCLOSURES

Related Party Disclosures pursuant to Ind AS 24

(a) Names of Related parties and nature of relationship

i Associates:

1 GTN Textiles Limited

ii Companies under joint control as per para9(b)vi of IndAS

GTN Enterprises Limited

iii Key Management Personnel:

Shri Umang Patodia -Managing Director

Shri T.Ravindran -CFO

Shri Dipu George -Dy.Company secretary

iv Enterprises/Entities having “Common Key Management Personnel”:

1 Perfect Cotton Co.

2 Patcot & Co

3 Standard Cotton Corporation

v Relatives of Key Management Personnel:

Shri Binod Kumar Patodia - Father of Shri. Umang Patodia

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

Nature of Transactions / Balances	Associates		Key Management Personnel		Enterprises/Relatives of Key management Personnel	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
Sales,Service and other income	2,166.27	3,034.85	—	—	—	—
Purchase of Goods and Services	1,056.43	2,711.34	—	—	4,238.72	3,768.40
Purchase of fixed assets	—	—	—	—	—	—
Remuneration paid	—	—	56.51	59.23	—	—
Sitting Fees	—	—	—	—	0.30	0.30
Interest Paid	—	—	—	—	—	—
Balances as at year end:	—	—	—	—	—	—
Amount Receivable	742.38	1,709.89	—	—	—	—
Amount Payable	—	—	—	—	534.70	424.63
Guarantee Received	2,000.00	2,000.00	—	—	—	—
Guarantee Provided for	564.00	564.00	—	—	—	—

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

(c) Disclosure in respect of transactions with related parties during the year

	Transactions	
	2017-18 ₹ in lacs	2016-17 ₹ in lacs
(i) Sale of goods		
a) Cotton		
i) GTN Textiles LTD	1125.52	1086.57
ii) GTN Enterprises LTD	457.66	1252.54
b) Cotton Yarn		
i) GTN Textiles LTD	33.15	203.70
ii) GTN Enterprises LTD	303.69	242.54
c) Store Items		
i) GTN Textiles LTD	0.09	2.45
ii) GTN Enterprises LTD	1.00	2.44
d) Sale of Waste		
GTN Enterprises LTD	—	0.03
e) Packing Materials		
i) GTN Textiles LTD	1.32	0.08
ii) GTN Enterprises LTD	—	0.16
f) Machinery		
i) GTN Enterprises LTD	—	20.62
(ii) Purchase of goods		
a) Cotton		
i) GTN Textiles LTD	97.38	283.25
ii) GTN Enterprises LTD	173.91	911.78
iii) Standard Cotton Corporation	1,784.62	1469.75
iv) Patcot & Co.	1576.40	1337.02
v) Perfect Cotton Co	877.69	961.62
b) Cotton Yarn		
i) GTN Textiles LTD	321.07	533.91
ii) GTN Enterprises LTD	266.60	609.73
c) Store Items		
i) GTN Textiles LTD	5.53	3.60
ii) GTN Enterprises LTD	0.27	1.01
d) Packing Materials		
i) GTN Textiles LTD	0.14	—
ii) GTN Enterprises LTD	0.02	—
e) Waste		
i) GTN Textiles LTD	0.60	—
(iii) Purchase of Machinery		
i) GTN Textiles LTD	9.75	28.11
(iv) Rendering of services		
a) Rent		
GTN Enterprises LTD	1.08	1.08
b) Processing Charges		
i) GTN Textiles LTD	173.26	133.77
ii) GTN Enterprises LTD	69.50	88.87

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	Transactions	
	2017-18 ₹ in lacs	2016-17 ₹ in lacs
(v) Receiving of services		
a) Rent		
GTN Textiles LTD	1.32	1.32
b) Processing Charges		
i) GTN Enterprises LTD	180.59	338.63
(vi) Remuneration paid		
Sri. Umang Patodia (Managing Director)	56.51	59.23
(vii) Sitting Fees		
Sri. B. K. Patodia	0.30	0.30

37 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 ₹ Nil).

B CONTINGENT LIABILITY

- Disputed amounts of Taxes and duties and other claims not acknowledged as debts :
 - Excise duty : ₹ 72.99 lacs (Previous year ₹ 36.36 lacs)
 - Sales Tax (VAT) : ₹ 146.45 lacs (Previous year ₹ 146.45 lacs)
 - TANGEDCO has been charging electricity tax @ 5% on Demand Charges through their bills. This was challenged by a consumer in Hon'ble Supreme Court and Hon'ble Supreme Court has accepted the appeal on records. Liability towards the same ₹ 27.25 lacs (Previous year ₹ 15.17 lacs)
 - TANGEDCO has denied deemed demand benefit available for use of self generated thermal power received through group captive arrangement. This was challenged in Hon'ble Chennai High Court and the Hon'ble High court has given injunction with a condition to TANGEDCO to Charge only 50% till the matter is decided. Liability towards the same was ₹ 55.84 lacs .(Previous year Nil).
 - Disputed Income Tax demands ₹ 353.78 lacs (Previous year 353.78 lacs) and interest there on ₹ 308.65 lacs (Previous year ₹ 308.65 lacs),for the assesment year 2001-02 to 2005-06, matter was decided by the Hon'ble High Court of Kerala against the Company. The Company had gone on appeal before the Hon'ble Supreme Court of India and the appeals for the AY 2001-02 to 2004-05 were decided by SC in favour of the Company . The appeal for Assesment Year 2005-06 is still pending with Hon'ble Supreme court of India.The total Payments of ₹ 580.98 lacs (Previous year 580.98 lacs) was made against the aforesaid demand is included in the loans and advances.

2 Corporate Guarantee :

- The company has given Corporate Guarantee amounting to ₹ 389 lacs (Previous year ₹ 389 lacs) to a Financial Institution in respect of financial assistance provided by them to GTN Enterprises Ltd and the outstanding amount thereof is ₹ 116.55 lacs as on 31st March 2018 (Previous Year – ₹ 271.95 lacs).
- The company has given Corporate Guarantee amounting to ₹ 175 lacs (Previous year ₹ 175 lacs) to a Financial Institution in respect of financial assistance provided by them to GTN Textiles Ltd and the outstanding amount thereof is ₹ 70 lacs as on 31st March 2018 (Previous Year – ₹ 140 lacs).

38 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 principle
- Refixation of interest rates on term loans

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

- Sanction of additional long term working capital term loan of ₹ 22.16 crores
- In lieu of sacrifice by the lenders, Preference Shares of ₹ 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 Promoters to bring in contribution of ₹ 2.70 crores by way of Preference Shares. The said amount was brought into two phases of ₹ 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 ₹ 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

39 FINANCIAL RISKS MANAGEMENT

In the course of business, amongst others, the Company is exposed to several financial risks such as Credit Risk, Liquidity Risk, Interest Rate Risk, and Exchange Risk . These risks may be caused by the internal and external factors resulting into impairment of the assets of the Company causing adverse influence on the achievement of Company's strategies, operational and financial objectives, earning capacity and financial position.

The Company has formulated an appropriate policy and established a risk management framework which encompass the following process.

- identify the major financial risks which may cause financial losses to the company
- assess the probability of occurrence and severity of financial losses
- mitigate and control them by formulation of appropriate policies, strategies, structures, systems and procedures
- Monitor and review periodically the adherence, adequacy and efficacy of the financial risk management system.

The Company enterprise risk management system is monitored and reviewed at all levels of management, Internal Auditors, Audit Committee and the Board of Directors from time to time.

Credit Risk

Credit Risk refers to the risks that arise on default by the counterparty on its contractual obligation resulting into financial loss to the company. The company may carry this Risk on Trade and other receivables, liquid assets and some of the non current financial assets.

In case of Trade receivables, the company has framed appropriate policy for extending credits period & limit to each customer based on their profile, financial position etc. The collections of trade dues are strictly monitored. In case of Export customers, even credit guarantee insurance is also obtained wherever required.

Company's exposure to Credit Risk is also influenced by the concentration of risk from top five customers. The details in respect of the % of sales generated from the top customer and top five customers are given hereunder.

Particulars	Current Year	Previous Year
Revenue from Top Customer	11.71%	8.72%
Revenue from Top Five Customers	30.93%	32.65%

The credit risk on cash & cash equivalent, investment in fixed deposits, liquid funds and deposits are insignificant as counterparties are banks with high credit ratings assigned by the rating agencies of international repute.

Liquidity Risk

Liquidity Risk arises when the company is unable to meet its short term financial obligations.

The company maintains liquidity in the system so as to meet its financial liabilities .

Contractual maturities of financial liabilities are given as under:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

(₹ in Lacs)

Particulars	As at 31 st March 2018	Due within 12 months from Balance sheet Date	Due beyond 12 months of Balance Sheet Date
Borrowings	20,689.97	11,180.66	9,509.31
Trade payables	8,164.49	8,164.49	—
Other Financial Liabilities	212.58	212.58	—

Interest Rate Risk

Generally market linked financial instruments are subject to interest rate risk. The company does not have any market linked financial instruments both on the asset side as well liability side. Hence there no interest rate risk linked to market rates.

However the interest rate in respect of major portion of borrowings by the Company from the banks and financial institutions are linked with the MCLR / Base Prime lending rate of the respective lender. Any fluctuation in the same either on higher side or lower side will result into financial loss or gain to the company.

The amount which is subjected to the change in the interest rate is of ₹ 8372.47 lacs out of the total debt of ₹ 20689.97 Lacs

Based on the Structure of the debt as at year end, a half percentage point increase in the interest rate would cause an additional expense in the net financing cost of ₹ 41.86 Lacs on annual basis.

Foreign Currency Risk

The company is exposed to the foreign currency risk from transactions & translation. Transactional exposures are arising from the transactions entered in foreign currency. Management keeps a close watch of the maturity of the financial assets in foreign currency and payment obligations of the financial liabilities.

Particulars of unhedged Foreign Currency exposures as at 31 st March 2018 are as given below:

Particulars	As at 31.03.2018				As at 31.03.2017		
	Currency	Amount in lacs	Exchange Rate ₹	Amount (₹ in lacs)	Amount in lacs	Exchange Rate ₹	Amount (₹ in lacs)
Accounts Payable	USD	50.86	65.18	3314.85	51.65	64.86	3350.32

Based on one percentage point variations in the exchange rate, the profit before tax for the year based on the unhedged foreign currency transaction entered during the period will be effected by ₹ 33.15 Lacs

40 Capital risk management

The Company's objectives when managing capital are to :

- create value for its shareholders and other stake holders, and
- maintain an optimal capital structure to reduce the cost of capital through a fair mix of equity with combination of short term/long term debt as may be appropriate.

The Company sets the amount of capital required on the basis of annual business and long-term operating plans which includes capital and other strategic investments. The Company's intention is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business.

The details of capital employed is given below:

Particulars	As at 31.03.2018	As at 31.03.2017
	₹ lacs	₹ lacs
Total equity	6,166.10	6,679.03
Net Debt	20,592.33	24,331.76
Total Capital Employed (Borrowings and Equity)	26,758.45	31,010.79
(i) Net debt represents total borrowings (non-current & current) as reduced by cash and cash equivalents.		
(ii) Equity comprises of all components including other comprehensive income.		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

41 First time adoption of Ind AS

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1st April, 2017, with a transition date of 1st April, 2016. The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements for the year ended 31st March, 2018, be applied retrospectively and consistently for all financial years presented. However, in preparing these Ind AS financial statements, the Company has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity).

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A. Optional Exemptions

(i) Deemed Cost

The Company has elected to continue with the carrying value of all of its plant and equipment and intangible assets recognised as of 1st April, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date, except Freehold land for which the Company had adopted the revaluation model pursuant to the para 29 to 31 of Ind AS 16 and recognised revalued cost as its deemed cost as at 1st April 2016.

(ii) Designation of previously recognised financial instruments

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

(iii) De-recognition of financial assets and financial liabilities

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April, 2016 (the transition date).

B. Mandatory Exceptions

(a) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company make estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at cost;
- Impairment of financial assets based on expected credit loss model.

(b) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

C. Transition to Ind AS - Reconciliations

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS in accordance with Ind AS 101:

- (i) Reconciliation of Balance sheet as at April 1, 2016 (Transition Date)
- (ii) A. Reconciliation of Balance sheet as at March 31, 2017
B. Reconciliation of Statement of total Comprehensive Income for the year ended March 31, 2017
- (iii) A. Reconciliation of Equity as at April 1, 2016 and March 31, 2017
B. Reconciliation of Income Statement March 31, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

RECONCILIATION OF BALANCE SHEET ITEMS

Non-current assets	Note	As at date of transition 1 April 2016			As at 31 March 2017		
		Regrouped Previous GAAP	Adjustment on transition on Ind AS	Ind AS	Regrouped Previous GAAP	Adjustment on transition on Ind AS	Ind AS
Property, Plant and Equipment	a	18,463.12	5,261.28	23,724.40	17,478.37	5,256.28	22,734.65
Capital Work in Progress		9.92	-	9.92	10.88	-	10.88
Intangible Assets		4.39	-	4.39	0.76	-	0.76
Financial Assets							
(i) Investments		156.98	-	156.98	58.40	-	58.40
(ii) Others		50.86	-	50.86	60.74	-	60.74
Deferred Tax Assets (net)	b&e	699.51	(304.92)	394.59	392.99	(266.93)	126.06
Other non-current assets							
(i) Non-Current tax assets		600.36	-	600.36	595.69	-	595.69
(ii) Capital Advances		-	-	-	69.23	-	69.23
(iii) Others	e	600.56	(600.56)	-	480.44	(480.44)	-
Sub-Total		20,585.70	4,355.80	24,941.50	19,147.50	4,508.91	23,656.41
Current assets							
Inventories		7,583.24	-	7,583.24	7,767.41	-	7,767.41
Financial Assets							
(i) Trade Receivables		1,493.17	-	1,493.17	4,227.45	-	4,227.45
(ii) Cash and Cash equivalents		412.63	-	412.63	353.47	-	353.47
(iii) Bank balances other than (ii) above		468.88	-	468.88	1,393.45	-	1,393.45
(iv) Other financial assets		17.53	-	17.53	23.62	-	23.62
Other Current Assets	d&e	1,655.26	(120.11)	1,535.15	837.81	(88.11)	749.70
Sub-Total		11,630.71	(120.11)	11,510.60	14,603.21	(88.11)	14,515.10
TOTAL ASSETS		32,216.41	4,235.69	36,452.10	33,750.71	4,420.80	38,171.51
Equity							
Equity share capital	e	5,143.00	(2,051.00)	3,092.00	5,143.00	(2,051.00)	3,092.00
Other Equity	a&e	(2,595.16)	5,222.50	2,627.34	(1,594.62)	5,181.65	3,587.03
Sub-Total		2,547.84	3,171.50	5,719.34	3,548.38	3,130.65	6,679.03
Non current liabilities							
Financial liabilities							
Borrowings	e	14,066.80	1,064.19	15,130.99	11,066.08	1,187.15	12,253.23
Other non current liabilities	c	-	-	-	-	202.47	202.47
Sub-Total		14,066.80	1,064.19	15,130.99	11,066.08	1,389.62	12,455.70
Current liabilities							
Financial liabilities							
(i) Borrowings		8,812.22	-	8,812.22	12,432.00	-	12,432.00
(ii) Trade payables	c	5,819.59	-	5,819.59	5,237.21	(111.47)	5,125.74
(iii) Other financial liabilities	d	218.78	-	218.78	226.63	12.00	238.63
Other current liabilities		656.85	-	656.85	1,136.11	-	1,136.11
Provisions		94.33	-	94.33	104.30	-	104.30
Sub-Total		15,601.77	-	15,601.77	19,136.25	(99.47)	19,036.78
TOTAL EQUITY AND LIABILITIES		32,216.41	4,235.69	36,452.10	33,750.71	4,420.80	38,171.51

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

RECONCILIATION OF TOTAL COMPREHENSIVE INCOME

	Note	Year ended 31 March 2017		
		Regrouped Previous GAAP	Adjustment on transition on Ind AS	Ind AS
REVENUE:				
Revenue From Operations		53,154.13	-	53,154.13
Other income		97.74	-	97.74
Total Revenue		53,251.87	-	53,251.87
EXPENSES:				
Cost of materials consumed		32,874.33	-	32,874.33
Purchases of Stock-in-Trade		4,938.07	-	4,938.07
Changes in inventories of finished goods, work in progress and waste		(397.75)	-	(397.75)
Employee benefits expense		3,385.15	-	3,385.15
Finance costs		3,476.23	-	3,476.23
Depreciation and amortization expense		1,189.17	-	1,189.17
Other expenses		6,965.68	-	6,965.68
Total Expenses		52,430.88	-	52,430.88
Profit/(Loss) before exceptional items and tax		820.99	-	820.99
Exceptional items		491.97	-	491.97
Profit/(Loss) before tax		1,312.96	-	1,312.96
Provision for Current tax		5.89	-	5.89
MAT Credit entitlement		5.89	-	5.89
Deferred tax charge / (Credit)		312.42	-	312.42
Profit/ (Loss) for the year (A)		1,000.54	-	1,000.54
Other Comprehensive income (Net of Tax)				
Items that will not be reclassified subsequently to statement of Profit or loss				
(a) Re-measurement of defined benefit Obligation	c	-	(63.00)	(63.00)
(b) MTM of forward contract	d	-	(8.00)	(8.00)
(c) Remeasurement of Cost of Borrowing-Preference Share Capital	e	-	(2.85)	(2.85)
Other Comprehensive Income for the year (B)		-	(73.85)	(73.85)
Total comprehensive income for the year (A) + (B)		1,000.54	(73.85)	926.69

Notes to first time adoption:

a Property, plant and Equipment

In accordance with the option available under Ind AS 101-First time adoption of Indian Accounting Standards, the company has opted to continue with net carrying values of all Property, plant and Equipment as at 1st April 2016(transition date) as per the previous GAAP and use that as the Deemed cost excepting Freehold Land. The Company has adopted cost model as their accounting policy for subsequent measurement and recognition of Property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

For Freehold Land, as per the provisions of Para 29 to 31 of the Ind AS 16, the company has adopted Revaluation model and has determined its fair value on the transition date of 1st April 2016 on the basis of valuation report of external valuer and considered the same as its Deemed cost. The fair value of the land amounted to ₹ 5543.44 Lakhs (Cost ₹ 282.16 Lakhs) as at 1 April 2016. Impact of the fair value changes as on the date of transition, is recognised in opening reserves/separate component of other equity, as the case may be

b Deferred Tax

Under previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profit and accounting profits for the year. Under Ind AS, deferred tax is recognised following balance sheet approach on the temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base.

c Defined benefits Liabilities:

Under Ind AS Re-measurements i.e. Actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in Other comprehensive income instead of profit and loss in previous GAAP.

d In the previous GAAP, outstanding forward exchange contracts covering the exchange risk on Export and Import transactions were not marked to market at the year-end. Under Ind As, the outstanding forward exchange contracts were re-measured based on the spot rates prevailing at the year-end and impact is recognised in the financial statements of the year.

e 5% and 0.01% Non-Cumulative Redeemable Preference Shares:

7,00,000 shares of ₹ 100 each of 5% Non-cumulative Redeemable Preference and 13,51,000 shares of ₹ 100 each of 0.01% Non-Cumulative Redeemable Preference Shares being Non-Cumulative and redeemable, i.e. there is contractual obligation to deliver cash at the time of redemption, accordingly the preference shares have been classified as financial liability as per Ind AS 32 "Financial Instruments: Presentation". Fair value of the liability component is the Present value of redeemable principal amount using the borrowing cost applicable to the Company. Subsequently, the financial liability is carried at amortized cost and Interest expenses has been recognised using the effective interest method on the amortized cost.

The presentation requirements under Previous GAAP differs from Ind AS and hence Previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The Regrouped Previous GAAP information is derived from the Financial Statements of the Company prepared in accordance with Previous GAAP.

Signature to Note 1 to 41

As per our report of even date attached

For and on behalf of the Board

For **L. U. KRISHNAN & Co.**

Chartered Accountants (ICAI FRN 001527S)

B. K. PATODIA

Chairman
DIN 00003516

UMANG PATODIA

Managing Director
DIN 00003588

P. K. MANOJ

Partner
(M. NO. 207550)

T. RAVINDRAN

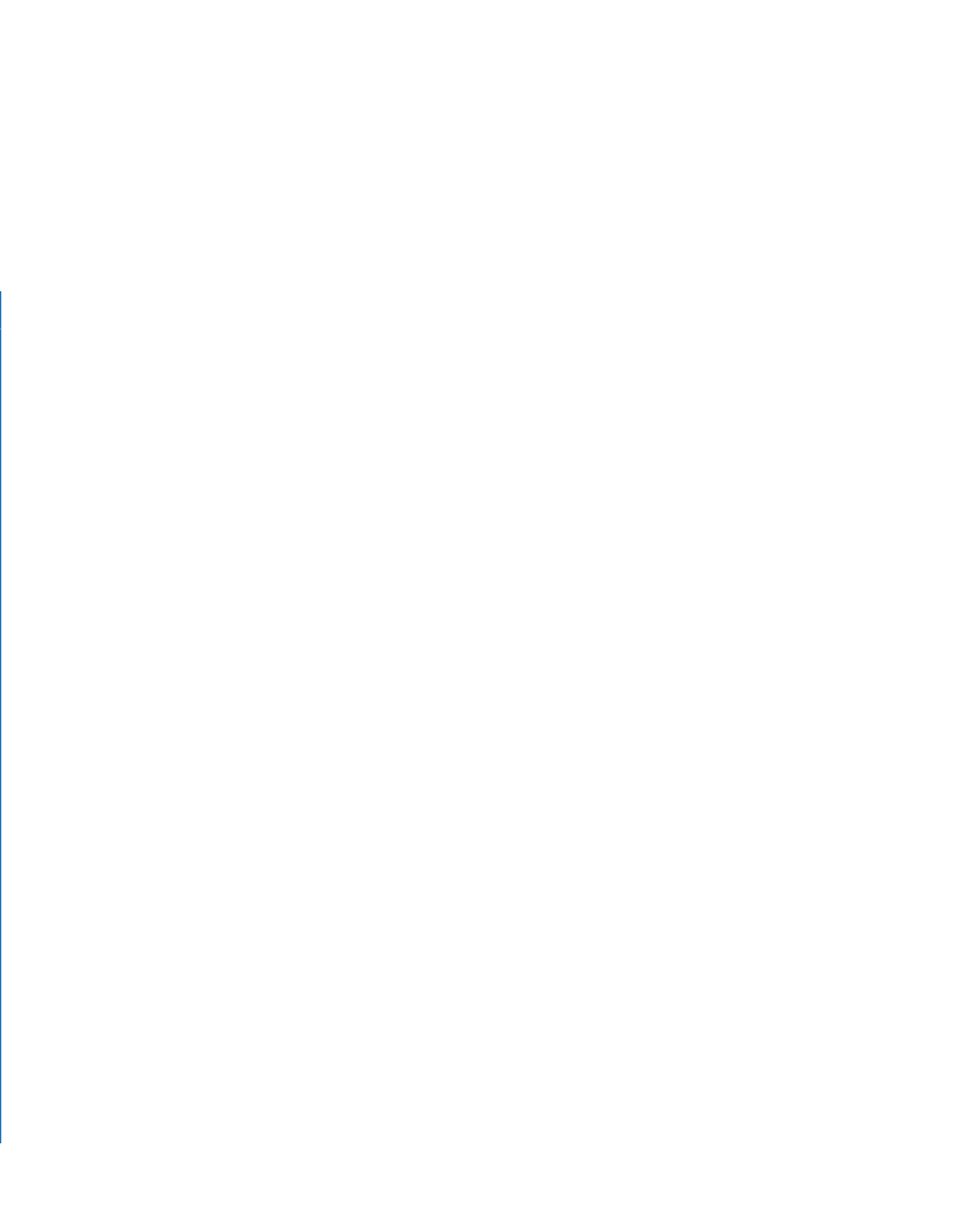
General Manager (Finance)
& Chief Finance Officer

DIPU GEORGE

Deputy
Company Secretary

Place : Kochi

Date : 30.05.2018





Registered Office: 3rd Floor, Palal Towers, Ravipuram, M G Road, Kochi 682016
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