

BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
MUMBAI – 400 001

Dear Sir/Madam,

**Sub: Annual Report for FY2021-22**

**Ref: PATSPIN INDIA LIMITED**

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby enclose the copy of Annual Report for the Financial Year 2021-22 for your kind perusal.

The Annual Report has been uploaded in the Company's website [www.patspin.com](http://www.patspin.com) and the same has been emailed to shareholders of the Company.

Kindly take the same on record.

Thanking you,

Yours faithfully,  
For **PATSPIN INDIA LIMITED**



Veena Vishwanath Bhandary  
Assistant Company Secretary

Encl : As Above



**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](mailto: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](mailto:mumbai@gtntextiles.com)  
[www.patspin.com](http://www.patspin.com)



**31<sup>ST</sup> ANNUAL  
REPORT  
2021-2022**

## Board of Directors

Shri B K Patodia	: Chairman
Shri N K Bafna	: Non-Executive Independent Director
Shri V.N.Balakrishnan	: Non- Executive Independent Director
Shri C.K. Gopalakrishnan Nair	: Non-Executive Independent Director
Smt Kalpana Mahesh Thakker	: Non-Executive Non-Independent Director
Shri Umang Patodia	: Managing Director

Shri T.Ravindran	: General Manager (Finance) & Chief Financial Officer
Ms Veena Vishwanath Bhandary	: Assistant Company Secretary

**Bankers & Financial Institution**

Central Bank of India  
State Bank of India  
Export-Import Bank of India  
The Karur Vysya Bank Limited  
Punjab National Bank (Erstwhile Oriental Bank of Commerce)  
Canara Bank  
Bank of Maharashtra

<b>Auditors</b>	M/s. L U Krishnan & Co. Chartered Accountants Chennai
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<b>Legal Advisors</b>	M/s. Menon & Pai, Kochi
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<b>Registered Office</b>	3rd Floor, Palal Towers, Ravipuram, M G Road, Ernakulam, Kochi 682 016
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<b>Corporate Office</b>	43, 4th Floor, Mittal Chambers, 228 Nariman Point, Mumbai 400 021
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<b>Corporate ID No. (CIN)</b>	L18101KL1991PLC006194
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## Contents

Notice.....	01
Board's Report .....	24
Report on Corporate Governance.....	33
Management Discussion & Analysis .....	48
Auditors' Report.....	51
Balance Sheet .....	61
Statement of Profit and Loss .....	62
Cash Flow Statement .....	63
Statement of Changes in Equity .....	64
Notes to Financial Statements.....	66

# PATSPIN INDIA LIMITED

## NOTICE

**NOTICE** is hereby given that the **THIRTY FIRST (31<sup>st</sup>)** Annual General Meeting of the Members of **PATSPIN INDIA LIMITED** will be held on **Friday, 30<sup>th</sup> September 2022** at **10.00 AM** through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the following business.

### **ORDINARY BUSINESS:**

- 1) To receive, consider and adopt Audited Financial Statements of the Company for the financial year ended March 31, 2022 together with the Reports of the Board of Directors and Auditors' thereon.
- 2) To appoint a Director in place of Smt. Kalpana Mahesh Thakker, Non Executive Director (DIN: 08601866) who retires by rotation and being eligible, offers herself for re-appointment.
- 3) To re-appoint Statutory Auditors and fix their remuneration:

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 (Act) [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s. L.U.Krishnan & Co. (Regn.No.001527S) Chartered Accountants, Chennai be and are hereby re-appointed as the Statutory Auditors of the Company for a second term of five consecutive years to hold office commencing from the conclusion of this (31st) Annual General Meeting (AGM) till the conclusion of the 36th AGM of the Company to be held in the year 2027, to examine and audit the accounts of the Company for the financial years 2022-23 to 2026-27 on such remuneration plus applicable taxes and out-of-pocket expenses incurred in connection with the Audit, as recommended by the Audit Committee and as may be mutually agreed upon between the Board of Directors of the Company and the Auditors from time to time.”

### **SPECIAL BUSINESS**

- 4) To consider and if thought fit, to pass with or without modification(s), the following as a **Special Resolution**:  
“RESOLVED THAT pursuant to Section 61(1)(a), Section 13 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, the Authorized Share Capital of the Company be increased from Rs.65,00,00,000 (Rupees Sixty-Five Crores) divided into 4,00,00,000 (Four Crore) Equity shares of Rs. 10/- (Rupees Ten) each and 25,00,000 (Twenty-Five lakhs) Redeemable Preference Shares of Rs. 100/- (Rupees Hundred) each to Rs. 71,00,00,000 (Rupee Seventy-One Crore) divided into 4,00,00,000 (Four Crore) Equity shares of Rs. 10/- (Rupees Ten) each and 31,00,000 (Thirty One lakhs) Redeemable Preference Shares of Rs. 100/- (Rupees Hundred) each.

**RESOLVED FURTHER THAT** the existing clause V of the Memorandum of Association of the Company be and is hereby substituted by the following new Clause V as under:

- V. The Authorized Share Capital of the Company is Rs. 71,00,00,000 (Rupees Seventy one Crores only) divided into 4,00,00,000 (Four Crore) Equity shares of Rs. 10/- (Rupees ten only) each and 31,00,000 (Thirty one lacs) Redeemable Preference Shares of Rs. 100/- (Rupees One hundred only) each with the rights, privileges, conditions attaching thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company. The rights of the Preference Shares shall be determined at the time of issue thereof.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall deem to include any of its duly constituted Committee) or any officer/ executive/ representative and/or any other person so authorized by the Board, be and is hereby authorized severally, on behalf of the Company, to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this resolution, including to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company but not limited to settle any questions or resolve difficulties that may arise in this regard.”

- 5) To consider and if thought fit, to pass with or without modification(s), the following as a **Special Resolution**:  
“RESOLVED THAT pursuant to the provisions of Sections 197,198 and all other applicable provisions of the Companies Act, 2013 (the Act) and Rules thereunder read with Schedule V of the Companies Act 2013 (Including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the company be and is hereby accorded to fix remuneration to Shri Umang Patodia (DIN: 00003588), Managing Director of the company for his balance tenure from 1.6.2022 to 3.8.2024 on the terms and conditions as set out and approved by the Nomination and Remuneration Committee/ Board of Directors. The draft remuneration structure placed before this meeting is specifically sanctioned with liberty to the Board of Directors (hereinafter referred to the “Board” which terms shall be deemed to include the Nomination and Remuneration

## NOTICE (Contd...)

Committee constituted by the Board) to alter and vary the terms and conditions of the remuneration structure, subject to the same not exceeding the limits specified in Schedule V to the Companies Act, 2013 including any statutory re- enactment thereof for the time being in force or as may hereinafter be made by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board and Shri Umang Patodia”.

**“FURTHER RESOLVED THAT** pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Act, the remuneration payable to Shri. Umang Patodia by way of salary, perquisites, commission and other allowance, shall not in any event exceed 5% of the net profits of the company in that financial year”.

**“FURTHER RESOLVED THAT** in the event of any loss or inadequacy of profits in any financial year of the company during the tenure of Shri. Umang Patodia, the remuneration, perquisites and other allowances shall be governed by the limits prescribed in section II of part II of Schedule V to the Act”

AND

**“FURTHER RESOLVED** that the Board be and is hereby authorized to take all such steps as may necessary, proper, or expedient to give effect to this resolution”.

- 6) To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**

**“RESOLVED THAT** consent of the Company be and is hereby accorded to the Board in terms of restructuring of debt (hereinafter referred to as the “Resolution Plan”, which term shall include inter alia debt restructuring proposal, sanction letter issued by Lead Bank, Central Bank of India vide their letter reference no. EKM/ADV/22-23/35 dated 28.7.2022, the definitive agreements and other documents, writings, written communications as the Board enters into/ exchanges with Central Bank of India in relation to or in order to implement the Resolution Plan (RP) of the Company formulated under the principles of the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 issued by the Reserve Bank of India vide its Circular No. RBI/2018- 19/203/DBR. No.BPBC.45/ 21.04.048/2018-19 dated 7th June 2019 (hereinafter referred to as the “RBI Circular”), conversion of outstanding working capital dues of Rs. 66.68 crores to Working Capital Term Loan (WCTL) repayable in structured quarterly installment in 6 years after moratorium period of one year from the date of implementation of RP to the following lenders.

Name of the Lenders

Amt. in Crores

S.N	Name of Lenders	WCTL
1.	M/s. Central Bank of India	38.83
2.	M/s. State Bank of India	24.43
3.	M/s. Karur Vysya Bank Limited	3.42
	<b>Total</b>	<b>66.68</b>

**“RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall deem to include any of its duly constituted Committee) or any officer/ executive/ representative and/or any other person so authorized by the Board, be and is hereby authorized severally, on behalf of the Company, to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this resolution, including to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company but not limited to settle any questions or resolve difficulties that may arise in this regard.”

- 7) To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**.

**“RESOLVED THAT** pursuant to the provisions of the Companies Act, 2013 (“the Act”) including Sections 42, 55, and 62(1) and all other applicable provisions, if any, of the Act, read with the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and other applicable guidelines, clarifications, rules, regulations issued by the Securities and Exchange Board of India (SEBI), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, any other applicable laws in force, and enabling provisions of the Memorandum of Association and the Articles of Association of the Company and subject to such approval(s), consent(s), permission(s), sanction(s), if required, of concerned statutory authorities and subject to such condition(s) and modification(s) as may be imposed or prescribed by any of them while granting such approvals, consents, permissions, sanctions, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board”, which expression shall be deemed to include any Committee duly constituted/ to be constituted by the



## NOTICE (Contd...)

Board to exercise its powers, including the powers conferred by this resolution), consent of the members be and is hereby accorded to offer, issue and allot 10.81 lakhs 0.50% Non-Cumulative Compulsorily Convertible Preference Shares (NCCCPS) of Rs. 100 each in lieu of existing 10.81 lakhs 0.01% Non-Cumulative Redeemable Preference shares of Rs. 100 each aggregating Rs. 10.81 crores issued to Lenders as per the CDR package conversion of NCCCPS on 31.3.2030 being at the end of the Resolution Plan (which term shall include inter alia debt restructuring proposal, sanction letter issued by Central Bank of India vide their letter reference no. EKM/ADV/22-23/35 dated 28.7.2022, the definitive agreements and other documents, writings, written communications as the Board enters into/ exchanges with Central Bank of India in relation to or in order to implement the Resolution Plan) of the Company formulated under the principles of the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 issued by the Reserve Bank of India vide its Circular No. RBI/2018- 19/203/DBR. No.BPBC.45/21.04.048/ 2018-19 dated 7th June 2019 (hereinafter referred to as the "RBI Circular").

### Name of the Lenders

S. N	Name of Lenders	Issue of Non-Cumulative Compulsorily Convertible Preference Shares (NCCCPS) of Rs. 100 each	
		No. of NCCCPS	Amount in Rs.
1.	Central Bank of India	1,99,000	1,99,00,000
2.	State Bank of India	2,99,000	2,99,00,000
3.	Export Import Bank of India	1,21,000	1,21,00,000
4.	Karur Vysya Bank Limited	82,000	82,00,000
5.	Canara Bank	1,15,000	1,15,00,000
6.	Punjab National Bank (eOBC)	1,53,000	1,53,00,000
7.	Bank of Maharashtra	1,12,000	1,12,00,000
	<b>Total</b>	<b>10,81,000</b>	<b>10,81,00,000</b>

**RESOLVED FURTHER THAT** the NCCCPS to be created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and inter alia on the following terms and conditions:

1. The NCCCPS shall carry a preferential right vis-à-vis Equity Shares of the Company with respect to payment of dividend and repayment in case of a winding up or repayment of Capital.
2. The NCCCPS holders shall be participating in surplus assets and profits, on winding up after the entire capital has been re-paid.
3. The NCCCPS holders shall have the voting rights only in respect of certain matters as per the provisions of Section 47(2) of the Companies Act, 2013.

4. The NCCCPS holder shall have a right to vote on all the resolutions placed before the Company, if the dividend in respect of NCCCPS has not been paid to the NCCCPS holders for a period of 2 (two) years or more.
5. Each NCCCPS may be converted into Equity Shares at a price calculated in accordance with applicable law as per the terms and conditions of issue of the NCCCPS at the end of the Resolution Plan period from the date of allotment; and/ or (b) upon payment of the entire sustainable debt owed to the NCCCPS holders by the Company.
6. The Equity Shares to be allotted on conversion of the NCCCPS, shall rank pari-passu with the then existing Equity Shares of the Company in all respects.
7. The conversion price for the NCCCPS into equity can only be determined with reference to the 'Reference Date', in accordance with the circular issued by Reserve Bank of India titled Circular No. RBI/2018- 19/203/DBR.No.BP. BC.45/21.04.048/2018-19 dated 7th June 2019. As per the same, "In the case of conversion of debt into equity, the 'reference date' shall be the date on which the bank approves the restructuring scheme. In the case of conversion of convertible securities into equity, the 'reference date' shall be the date on which the bank approves the conversion of the convertible securities into equities".

**"RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall deem to include any of its duly constituted Committee) or any officer/ executive/ representative and/or any other person so authorized by the Board, be and is hereby authorized severally, on behalf of the Company, to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this resolution, including to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company but not limited to settle any questions or resolve difficulties that may arise in this regard."

- 8) To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**.

**"RESOLVED THAT** pursuant to the provisions of the Companies Act, 2013 ("the Act") including Sections 42, 55, and 62(1) and all other applicable provisions, if any, of the Act, read with the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, SEBI (Issue of Capital and

## NOTICE (Contd...)

Disclosure Requirements) Regulations, 2018 and other applicable guidelines, clarifications, rules, regulations issued by the Securities and Exchange Board of India (SEBI), the listing agreement entered into between the Company and BSE Limited ("BSE"), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, any other applicable laws in force, and enabling provisions of the Memorandum of Association and the Articles of Association of the Company and subject to such approval(s), consent(s), permission(s), sanction(s), if required, of concerned statutory authorities and subject to such condition(s) and modification(s) as may be imposed or prescribed by any of them while granting such approvals, consents, permissions sanctions, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which expression shall be deemed to include any Committee duly constituted/ to be constituted by the Board to exercise its powers, including the powers conferred by this resolution), consent of the members be and is hereby accorded to offer, issue and allot 9.70 lakhs 0.50% Non Cumulative Compulsorily Convertible Preference Shares (NCCCPS) of Rs. 100 in lieu of existing 9.70 lakhs Non cumulative Redeemable Preference shares of Rs. 100 each aggregating Rs. 9.70 crores issued to Promoters & Its Associates, as given below, conversion on 31.3.2030 being at the end of the "Resolution Plan" (which term shall include inter alia debt restructuring proposal, sanction letter issued by Lead Bank, Central Bank of India vide their letter reference no. EKM/ADV/22-23/35 dated 28.7.2022, the definitive agreements and other documents, writings, written communications as the Board enters into/ exchanges with Central Bank of India in relation to or in order to implement the Resolution Plan) of the Company formulated under the principles of the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 issued by the Reserve Bank of India vide its Circular No. RBI/2018- 19/203/DBR.No.BP.BC.45/21.04.048/ 2018-19 dated 7th June 2019 (hereinafter referred to as the "RBI Circular").

### Name of the Promoters & Its Associates

S. N	Name of Promoters & Its Associates	Issue of Non Cumulative Compulsorily Convertible Preference Shares (NCCCPS) of Rs. 100 each	
		No. of NCCCPS	Amount in Rs.
1.	Shri. Binod Kumar Patodia	75,000	75,00,000
2.	Shri. Umang Patodia	25,000	25,00,000
3.	Smt. Deepa Bagla	8,70,000	8,70,00,000
	<b>Total</b>	<b>9,70,000</b>	<b>9,70,00,000</b>

**RESOLVED FURTHER THAT** the NCCCPS to be created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles

of Association of the Company and inter alia on the following terms and conditions:

1. The NCCCPS shall carry a preferential right vis-à-vis Equity Shares of the Company with respect to payment of dividend and repayment in case of a winding up or repayment of Capital.
2. The NCCCPS holders shall be participating in surplus assets and profits, on winding up after the entire capital has been re-paid.
3. The NCCCPS holders shall have the voting rights only in respect of certain matters as per the provisions of Section 47(2) of the Companies Act, 2013.
4. The NCCCPS holder shall have a right to vote on all the resolutions placed before the Company, if the dividend in respect of NCCCPS has not been paid to the NCCCPS holders for a period of 2 (two) years or more.
5. Each NCCCPS may be converted into Equity Shares at a price calculated in accordance with applicable law as per the terms and conditions of issue of the NCCCPS at the end of the Resolution Plan period from the date of allotment; and/ or (b) upon payment of the entire sustainable debt owed to the NCCCPS holders by the Company.
6. The Equity Shares to be allotted on conversion of the NCCCPS, shall rank pari-passu with the then existing Equity Shares of the Company in all respects.
7. The conversion price for the NCCCPS into equity can only be determined with reference to the 'Reference Date', in accordance with the circular issued by Reserve Bank of India titled Circular No. RBI/2018- 19/203/DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June 2019. As per the same, "In the case of conversion of debt into equity, the 'reference date' shall be the date on which the bank approves the restructuring scheme. In the case of conversion of convertible securities into equity, the 'reference date' shall be the date on which the bank approves the conversion of the convertible securities into equities".

**“RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall deem to include any of its duly constituted Committee) or any officer/ executive/ representative and/or any other person so authorized by the Board, be and is hereby authorized severally, on behalf of the Company, to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this resolution, including to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company but not limited to settle

## NOTICE (Contd...)

any questions or resolve difficulties that may arise in this regard.”

- 9) To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**.

**“RESOLVED THAT** pursuant to the provisions of the Companies Act, 2013 (“the Act”) including Sections 42, 55, and 62(1) and all other applicable provisions, if any, of the Act, read with the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and other applicable guidelines, clarifications, rules, regulations issued by the Securities and Exchange Board of India (SEBI), the listing agreement entered into between the Company and BSE Limited (“BSE”), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, any other applicable laws in force, and enabling provisions of the Memorandum of Association and the Articles of Association of the Company and subject to such approval(s), consent(s), permission(s), sanction(s), if required, of concerned statutory authorities and subject to such condition(s) and modification(s) as may be imposed or prescribed by any of them while granting such approvals, consents, permissions sanctions, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board”, which expression shall be deemed to include any Committee duly constituted/ to be constituted by the Board to exercise its powers, including the powers conferred by this resolution), consent of the members be and is hereby accorded to offer, issue and allot 10 lakhs 0.50% Non Cumulative Compulsorily Convertible Preference Shares (NCCCPS) of Rs. 100 each aggregating Rs. 10 crores against money brought in by the Promoters and its Associates pursuant to RP, conversion on 31.3.2030 being at the end of the “Resolution Plan” (which term shall include inter alia debt restructuring proposal, sanction letter issued by Central Bank of India vide their letter reference no. EKM/ADV/22-23/35 dated 28.7.2022, the definitive agreements and other documents, writings, written communications as the Board enters into/ exchanges with Central Bank of India in relation to or in order to implement the Resolution Plan) of the Company formulated under the principles of the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 issued by the Reserve Bank of India vide its Circular No. RBI/2018- 19/203/DBR. No.BPBC.45/21.04.048/ 2018-19 dated 7th June 2019 (hereinafter referred to as the “RBI Circular”).

S. N	Name of Promoters & Its Associates	Issue of Non Cumulative Compulsorily Convertible Preference Shares (NCCCPS) of Rs. 100 each	
		No. of NCCCPS	Amount in Rs.
1.	M/s. Patodia Exports & Investments Pvt. Ltd.	4,00,000	4,00,00,000
2.	Shri. Binod Kumar Patodia	1,30,000	1,30,00,000
3.	Shri. Umang Patodia	1,75,000	1,75,00,000
4.	Shri. Ankur Patodia	2,95,000	2,95,00,000
	<b>Total</b>	<b>10,00,000</b>	<b>10,00,00,000</b>

**RESOLVED FURTHER THAT** the NCCCPS to be created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and inter alia on the following terms and conditions:

1. The NCCCPS shall carry a preferential right vis-à-vis Equity Shares of the Company with respect to payment of dividend and repayment in case of a winding up or repayment of Capital.
2. The NCCCPS holders shall be participating in surplus assets and profits, on winding up after the entire capital has been re-paid.
3. The NCCCPS holders shall have the voting rights only in respect of certain matters as per the provisions of Section 47(2) of the Companies Act, 2013.
4. The NCCCPS holder shall have a right to vote on all the resolutions placed before the Company, if the dividend in respect of NCCCPS has not been paid to the NCCCPS holders for a period of 2 (two) years or more.
5. Each NCCCPS may be converted into Equity Shares at a price calculated in accordance with applicable law as per the terms and conditions of issue of the NCCCPS at the end of the Resolution Plan period from the date of allotment; and/ or (b) upon payment of the entire sustainable debt owed to the NCCCPS holders by the Company.
6. The Equity Shares to be allotted on conversion of the NCCCPS, shall rank pari-passu with the then existing Equity Shares of the Company in all respects.
7. The conversion price for the NCCCPS into equity can only be determined with reference to the ‘Reference Date’, in accordance with the circular issued by Reserve Bank of India titled Circular No. RBI/2018- 19/203/DBR.No.BP. BC.45/21.04.048/2018-19 dated 7th June 2019. As per the same, “In the case of conversion of debt into equity, the ‘reference date’ shall be the date on which the bank approves the restructuring scheme.



## NOTICE (Contd...)

In the case of conversion of convertible securities into equity, the 'reference date' shall be the date on which the bank approves the conversion of the convertible securities into equities".

**“RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall deem to include any of its duly constituted Committee) or any officer/ executive/ representative and/or any other person so authorized by the Board, be and is hereby authorized severally, on behalf of the Company, to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this resolution, including to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company but not limited to settle any questions or resolve difficulties that may arise in this regard.”

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

**“RESOLVED THAT** pursuant to the provisions of Regulations 2(1)(zc), 23(4) and other applicable Regulations, if any, of the Securities and Exchange Board of India (LODR) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time, Section 2(76), Section 188 and other applicable provisions of the Companies Act, 2013 ('Act') read with the Rules framed thereunder [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and other applicable laws / statutory provisions, if any, the Company's Policy on Related Party Transactions as well as subject to such approval(s), consent(s) and/or permission(s), as may be required and based on the recommendation of the Audit Committee, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall be deemed to include the Audit Committee or any other Committee constituted / empowered / to be constituted by the Board from time to time to exercise its powers conferred by this Resolution) to the Material Related Party Transaction(s) / Contract(s)/ Arrangement(s) / Agreement(s) entered into / proposed to be entered into (whether by way of an individual transaction or transactions taken together or a series of transactions or otherwise) between the Company and M/s. GTN Enterprises Limited on such terms and conditions as may be mutually agreed between the Company and the above related party, as mentioned in detail in the Explanatory Statement annexed herewith, provided that such transaction(s) / contract(s) / arrangement(s) / agreement(s) is being carried out at an arm's length pricing basis and in the ordinary course of business.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things, as may be necessary, including but not limited to, finalizing the terms and conditions, methods and modes in respect of executing necessary documents, including contract(s) / arrangement(s) / agreement(s) and other ancillary documents; seeking necessary approvals from the authorities; settling all such issues, questions, difficulties or doubts whatsoever that may arise and to take all such decisions from powers herein conferred; and delegate all or any of the powers herein conferred to any Director, Chief Financial Officer, Company Secretary or any other Officer / Authorised Representative of the Company, without being required to seek further consent from the Members and that the Members shall be deemed to have accorded their consent thereto expressly by the authority of this Resolution.

**RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter referred to or contemplated in this Resolution, be and is hereby approved, ratified and confirmed in all respect.”

- 11) To consider and if thought fit, to pass with or without modification(s), the following as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Regulations 2(1)(zc), 23(4) and other applicable Regulations, if any, of the Securities and Exchange Board of India (LODR) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time, Section 2(76), Section 188 and other applicable provisions of the Companies Act, 2013 ('Act') read with the Rules framed thereunder [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and other applicable laws / statutory provisions, if any, the Company's Policy on Related Party Transactions as well as subject to such approval(s), consent(s) and/or permission(s), as may be required and based on the recommendation of the Audit Committee, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall be deemed to include the Audit Committee or any other Committee constituted / empowered / to be constituted by the Board from time to time to exercise its powers conferred by this Resolution) to the Material Related Party Transaction(s) / Contract(s)/ Arrangement(s) / Agreement(s) entered into / proposed to be entered into (whether by way of an individual transaction or transactions taken together or a series of transactions or otherwise) between the Company and M/s. GTN Textiles Limited on such terms and conditions as may be mutually agreed between the Company and the above related party, as mentioned in detail in the Explanatory Statement annexed herewith, provided that such transaction(s) / contract(s) / arrangement(s) / agreement(s) is being carried out at

## NOTICE (Contd...)

an arm's length pricing basis and in the ordinary course of business.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things, as may be necessary, including but not limited to, finalizing the terms and conditions, methods and modes in respect of executing necessary documents, including contract(s) / arrangement(s) / agreement(s) and other ancillary documents; seeking necessary approvals from the authorities; settling all such issues, questions, difficulties or doubts whatsoever that may arise and to take all such decisions from powers herein conferred; and delegate all or any of the powers herein conferred to any Director, Chief Financial Officer, Company Secretary or any other Officer / Authorised Representative of the Company, without being required to seek further consent from the Members and that the Members shall be deemed to have accorded their consent thereto expressly by the authority of this Resolution.

**RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter referred to or contemplated in this Resolution, be and is hereby approved, ratified and confirmed in all respect."

- 12) To consider and if thought fit, to pass with or without modification(s), the following as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 148 of the Companies Act, 2013 and other applicable provisions, if any, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Members of the Company be and is hereby accorded to the ratification of the remuneration of M/s. Hareesh K.N and Associates, Cost Accountants (Firm Reg. No. 101974), appointed as the Cost Auditors by the Board of Directors of the Company ("the Board") for the financial year ending 31st March, 2023 to conduct cost audits relating to cost records of the Company and that the said Cost Auditors be paid a remuneration of Rs. 55,000 (Rupees Fifty-Five Thousand only) plus applicable taxes.

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors

**Veena Vishwanath Bhandary**  
Assistant Company Secretary  
Membership No. A61968

Place: Kochi  
Date: 12.8.2022

## NOTES:-

1. The Ministry of Corporate Affairs ("MCA") allowed conducting Annual General Meeting ("AGM") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM") and dispensed physical presence of the Members at a common venue. Accordingly, MCA issued Circular No. 20/2020 dated 5th May, 2020 read with Circular No. 14/2020 dated 8th April, 2020, Circular No. 17/2020 dated 13th April, 2020, Circular No. 02/2021 dated 13th January, 2021, Circular No. 19/2021 dated 8th December, 2021 and Circular No. 02/2022 dated 05th May, 2022 (hereinafter collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide Circular Nos. SEBI/HO/CFD/CMD1CIR/P/2020/79 dated 12th May, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022 (hereinafter collectively referred to as SEBI Circulars) prescribing the procedures and manner of conducting the AGM through VC/OAVM. In terms of the said Circulars, the 31st AGM of the Company is being held through VC/OAVM on Friday 30th September, 2022 at 10:00 a.m. Hence, Members can attend and participate in the AGM through VC/OAVM only.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning the business under Item Nos. 3 to 12 of the Notice are annexed hereto. The relevant details pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking re-appointment at this AGM are also annexed.
3. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. Since this AGM is being held through VC/OAVM, physical attendance of the Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.
4. Attendance of the Members participating in the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 24th September 2022 to Friday, 30th September 2022 (both days inclusive) for the purpose of AGM.
6. In compliance with the aforesaid MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company, RTA or CDSL / NSDL ("Depositories"). Members may note that the Notice

## NOTICE (Contd...)

- and Annual Report 2021-22 will also be available on the Company's website [www.patspin.com](http://www.patspin.com), websites of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com).
7. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), read with MCA Circulars and SEBI Circular, Company is providing facility of remote e-voting to its Members to cast their vote electronically, through the E-voting services provided by CDSL on all the resolutions set forth in this Notice. The facility of casting votes by a member using remote e-voting system as well as e-voting on the date of the AGM will be provided by CDSL.
  8. In case the shareholder holding shares in physical mode has not registered his/her e-mail address with the Company/STA/Depositories, he/she may do so by sending a duly signed request letter to M/s. Integrated Registry Management Services Private Limited (IRMSPL) by providing Folio No. and Name of shareholder at 2nd Floor, Kences Towers, No.1, Ramakrishna Street, T Nagar, Chennai-600017, Tel: 044 28140801-803; E-Mail: [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in).
  9. In the case of shares held in demat mode, the shareholder may contact the Depository Participant ('DP') and register the e-mail address in the demat account as per the process followed and advised by the DP.
  10. Members seeking any information with regard to Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, Register of Contracts or Arrangements in which Directors are interested under Section 189 of the Act, and relevant documents referred to in the accompanying Notice and in the Explanatory Statements are requested to write to the Company on or before Friday 23rd September 2022, through email on [cs@patspin.com](mailto:cs@patspin.com), quoting their folio number. The same will be replied by the Company suitably.
  11. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022, has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed dividend account; exchange of securities certificate; sub-division of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, on the website of the Company's Registrar and Transfer Agents, IRMSPL at [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in).
  12. In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the Company or its RTA in the following cases viz. Deletion of name, Transmission of shares and Transposition of shares. Shareholders are requested to furnish copy of PAN card for all the above mentioned transactions.
  13. Members are advised to avail the nomination facility in respect of shares held by them pursuant to the provisions of Section 72 of the Act. Members holding shares in physical form desiring to avail this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to IRMSPL. Members holding shares in dematerialized form may contact their respective DP for availing this facility.
  14. Members are requested to notify change in address, if any, immediately to M/s. IRMSPL, quoting their folio numbers.
  15. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
  16. The cut-off date for the purpose of determining the Members eligible for participation in remote e-voting (e-voting from a place other than venue of the AGM) and voting at the AGM through e-voting system is Friday 23rd September 2022 ('Cut-off Date').
  17. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice, holds shares as on Cut-off Date, may obtain the login ID and password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) with a copy marked to the Company on [cs@patspin.com](mailto:cs@patspin.com). However, if the Member is already registered with CDSL for remote e-voting, then he/she/it can use his/her/its existing User ID and password for casting the vote. Only a Member who is entitled to vote shall exercise his/her/its vote through e-voting and any recipient of this Notice who has no voting rights as on Cut-off Date should treat the same as intimation only.
  18. The Board of Directors of the Company has appointed Shri MRL Narasimha (Membership No.2851, CRNO 799), Practicing Company Secretary or failing him,

## NOTICE (Contd...)

Shri. Abhilash N.A, Practicing Company Secretary (Membership No. 22601 CP.No. 4524) as Scrutinizer for conducting the e-voting process in a fair and transparent manner in accordance with the provisions of Rule 22 of the Companies (Management and Administration) Rules, 2014.

19. Corporate Members are required to scan and send a certified true copy of the Board Resolution, pursuant to Section 113 of the Act, authorizing their representatives to attend and vote on their behalf at the Meeting. The said Resolution/Authorization shall be sent to the Scrutinizer by e-mail through their registered e-mail address to [mrln54@outlook.com](mailto:mrln54@outlook.com) with a copy marked to the Company on [cs@patspin.com](mailto:cs@patspin.com).
20. The results once declared along with the Scrutinizer's Report shall be placed on the Company's website [www.patspin.com](http://www.patspin.com) and on website of CDSL within forty eight hours of conclusion of the AGM and will also be communicated to The BSE Limited, where the shares of the Company are listed.

### THE INTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will

be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.patspin.com](http://www.patspin.com). The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. In continuation of Ministry's General Circular No. 20/2020, dated 05th May, 2020 MCA has been decided to allow companies whose AGMs were due to be held in the year 2022 to conduct their AGMs on or before 31.12.2022, in accordance with the requirements provided in General No. 3 / 2022 dated 5th May 2022 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022.

### THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

**Step 1 :** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

**Step 2 :** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on Tuesday 27th September 2022 at 9:00 AM (IST) and ends on Thursday 29th September 2022 at 5:00 PM (IST). During this period



## NOTICE (Contd...)

shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday 23rd September 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote during the meeting.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple E-voting Service Providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

**Step 1:** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.
	2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/ NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/ Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a> 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.



## NOTICE (Contd...)

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL Depository	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
	2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> . Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a>
	3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/ CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

**Step 2 :** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(v) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on “Shareholders” module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

## NOTICE (Contd...)

- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

	<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/ RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant <PATSPIN INDIA LIMITED> on which you choose to vote.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the

Resolution and option NO implies that you dissent to the Resolution.

- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/ POA if any uploaded, which will be made available to scrutinizer for verification.

### (xvii) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at mrln54@outlook.com and to the Company at the email address viz; cs@patspin.com (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

## NOTICE (Contd...)

### INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting i.e. by Friday 23rd September 2022 mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

### PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders, please update your email id & mobile no. with your respective Depository Participant (DP).
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call toll free no. 1800 22 55 33.

**NOTICE (Contd...)****Details of Director seeking re-appointment at the forthcoming AGM  
in pursuance of Regulation 36 of SEBI (LODR) Regulations 2015**

Name of the Director	<b>Smt. Kalpana Mahesh Thakker</b>
DIN	08601866
Age & Date of Birth	59 years, 10.1.1963
Nationality	Indian
Qualification	Graduate
Expertise	Smt. Kalpana Mahesh Thakker (DIN 08601866), aged 59 years, possessed qualification in Bachelor of Arts. She is the Managing Director of M/s. Purav Trading Limited engaged in procurement of raw cotton both from domestic and overseas markets. In addition to the same, she is partner in M/s. Perfect Cotton Company, M/s Patcot Company, and Standard Cotton Company, Mumbai, leading players in raw cotton market. Her family is in the Business of Raw Cotton Procurement for the last 4 to 5 Decades and have special expertise in Import and Export of Raw Cotton. She is actively involved in her family business for last many years. Presently, she is controlling the whole family business.
Date of Appointment in the Company	14.11.2019
Other Directorships (Listed / Public Co.)	GTN Textiles Limited Purav Trading Limited
Membership / Chairman in other Committees	NIL
Shareholding in the Company	85490 equity shares
Relationship between Directors Inter -se Directors	NIL

By Order of the Board of Directors

**Veena Vishwanath Bhandary**  
Assistant Company Secretary  
Membership No. A61968Place: Kochi  
Date : 12.8.2022

## NOTICE (Contd...)

### Statement pursuant to Section 102 of the Companies Act, 2013 and Regulation 36 of SEBI (LODR) Regulations, 2018

#### Item No. 3

At the 26th Annual General Meeting (AGM) of the Company held on 22nd September 2017, the Members had approved the appointment of M/s. L.U.Krishnan & Co (Regn.No.001527S) Chartered Accountants, Chennai as Statutory Auditors of the Company, to hold office till conclusion of 31st AGM of the Company to be held in 30th September 2022.

Pursuant to the provisions of Section 139 of the Act, read with the Companies (Audit and Auditors) Rules, 2014, a listed Company can appoint or reappoint an audit firm as auditor for a maximum of two terms of five consecutive years.

Pursuant to the aforesaid provision and based on the recommendations of the Audit Committee, the Board of Directors have, at its Meeting held on 12.8.2022, proposed the re-appointment of M/s. L.U.Krishnan & Co(Regn.No.001527S) Chartered Accountants as Statutory Auditors for a second term of five consecutive years from the conclusion of 31st AGM till the conclusion of 36th AGM of the Company to be held in the year 2027, to examine and audit the accounts of the Company for the financial years 2022-23 to 2026-27 (both inclusive) on such remuneration plus applicable taxes and out-of-pocket expenses incurred in connection with the Audit as may be decided by the Board.

Established in 1977, L.U.Krishnan & Co firm of Chartered Accountants, carry the legacy of vast experience and varied exposure in the industry. Since its inception in Chennai, the firm's reach has transcended limits and barriers both functionally and geographically; with branch offices spread across the country.

In accordance with the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Act read with the Companies (Audit and Auditors) Rules, 2014 and Listing Regulations, L.U.Krishnan & Co have provided their consent and eligibility certificate to the effect that, their re-appointment, if made, would be in compliance with the applicable laws.

None of the Directors, Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution as set out at Item No. 3 of the accompanying Notice.

The Board recommends the Ordinary Resolution set out at Item No. 3 of the Notice for the approval by the Members.

#### Item No. 4

The Present Authorized Share Capital of the Company is Rs.65,00,00,000 (Rupees Sixty-Five Crores) divided into 4,00,00,000 (Four Crore) Equity shares of Rs. 10/- (Rupees Ten) each and 25,00,000 (Twenty-Five lakhs) Redeemable Preference Shares of Rs. 100/- (Rupees Hundred) each.

In order to meet the requirement by virtue of Company's Resolution Plan approved by the Lead Bank, Central Bank of India, the Company has to issue Non Cumulative Compulsorily Convertible Preference Shares (NCCCPS) to its Lenders and Promoters & its Associates. It is therefore proposed to increase the Authorized Share Capital of the Company as Rs. 71,00,00,000 (Rupees Seventy-One Crore) divided into 4,00,00,000 (Four Crore) Equity shares of Rs. 10/- (Rupees Ten) each and Rs. 31,00,000 (Thirty-One lakhs) Redeemable Preference Shares of Rs. 100/- (Rupees Hundred) each.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested financially or otherwise in the resolution set out at Item no. 4.

The Board recommends the passing of this Special Resolution setout at Item No. 4 of the accompanying Notice in the interest of the Company.

#### Item No.5

The Board/Shareholders had at their meetings held on 21.5.2019 and 20.9.2019 approved appointment of Shri Umang Patodia as Managing Director for a period of Five Years from 4.8.2019 to 03.08.2024. Pursuant to provisions of Schedule V of the Companies Act, 2013, remuneration was fixed for three years from 1.6.2019 to 31.5.2022.

Nomination and Remuneration committee constituted by the Board had met on 30.05.2022 and approved and recommended remuneration package of Shri. Umang Patodia, Managing Director for his balance tenure from 1.6.2022 to 3.8.2024 in accordance with Schedule V to the Companies Act, 2013

In terms of Section II Part II of the Schedule V of the Companies Act 2013, where in any financial year, during the currency of the tenure of the managerial person, a company has no profit or its profits are inadequate, it may pay remuneration to a managerial person without Central Government approval not exceeding the higher of the following two limits (A and B):

A.	
Where the Effective Capital (EC) is	Limit of yearly remuneration payable shall not exceed (Rs)
i. Negative or less than Rs. 5 Crore	60 lacs
ii) Rs. 5 crores and above but less than Rs. 100 Crores	84 lacs
iii) Rs. 100 crores and above but less than Rs.250 Crores	120 lacs
iv) Rs. 250 Crores and above	120 lacs+0.01% of EC in excess of Rs. 250 Crores
Provided that the above limits shall be doubled if the resolution passed by the shareholders is a special resolution.	



## NOTICE (Contd...)

B.

In case of a managerial personnel who is functioning in a professional capacity, (remuneration as per item (A) may be paid), if such managerial personnel is not having any interest in the capital of the company or its holding company or any of its subsidiaries directly or indirectly or through any other statutory structures and not having any, direct or indirect interest or related to the Directors or promoters of the company or its holding company or any of its subsidiaries at any time during the last two years before or on or after the date of appointment and possess graduate level qualification with expertise and specialized knowledge in the field in which the company operates.

Provided that any employee of a company holding shares of the company not exceeding 0.5% of its paid up share capital under any scheme formulated for allotment of shares to such employees including employees stock option plan or by way of qualification shall be deemed to be a person not having any interest in the capital of the company.

Provided further that the limits specified under items (A) and (B) of the section shall apply, if :

- (i) Payment of remuneration is approved by a resolution passed by the Board and, in the case of a company covered under sub section (1) of Section 178 also by the Nomination and Remuneration Committee.
- (ii) The company has not committed any default in payment of dues to any Bank or public Financial Institution or non convertible debenture holders or any other secured creditor, and in case of default, the prior approval of the Bank or Public Financial Institution concerned or the non-convertible debenture holders or other secured creditor, as the case may be, shall be obtained by the company before obtaining the approval in the general meeting.
- (iii) An Ordinary resolution or a Special resolution, as the case may be has been passed for payment for remuneration as per item (A) or a Special Resolution has been passed for payment of remuneration as per item (B) at the General Meeting of the company for a period not exceeding 3 years.
- (iv) A statement alongwith Notice calling the General meeting with certain specified information is to be given to the shareholders.

Shri. Umang Patodia, Managing Director was drawing remuneration in the scale of Rs. 4,00,000 per month plus usual perquisites.

Under his able leadership and superintendence and guidance from the Board of Directors, the Company was performing extremely well and undertook major capacity expansions, renovation and technology upgradation at Palakkad plant and setting up of Ponneri plant. However, on account of external challenges in the form of fluctuating cotton prices, demand constraints and tight liquidity conditions, besides Covid-19 pandemic, the performances for the last few years were not satisfactory and reported continued losses. Effective steps were taken by the Management under Shri Umang Patodia, Managing Director, to overcome the challenges by bringing Resolution Plans (RP) pursuant to RBI guidelines dated 7.6.2019 in April 2020, again in February 2021 (Revised RP proposing sale of Palakkad unit) again in May 2021 (Revised RP proposing sale of Ponneri Unit) and again in Feb./March 2022 (Revised RP to pay off entire dues of term lenders from the sale proceeds of Ponneri plant and restructuring of working capital facility in order to carrying on business with remaining Palakkad plant). This proposal was approved by all lenders and Lead Bank, Central Bank of India had conveyed their sanction for the approval of RP.

The Nomination & Remuneration Committee felt that though Managing Director deserve to have better remuneration package, in view of the company's present situation, it is decided to retain existing remuneration structure, of Rs 4,00,000/- per month in the scale of Rs.4,00,000- Rs. 20,000-Rs 4,40,000 plus usual perquisites to Shri. Umang Patodia, Managing Director for his balance tenure from 1.6.2022 to 3.8.2024 on the following terms :

**a) Salary:**

Rs. 4,00,000/- per month in the scale Rs. 4,00,000- Rs.20,000- Rs. 440000 effective form 1.6.2022 to 3.8.2024.

**b) Commission:**

Subject to the overall limits laid down in Sections 197 of the Companies Act, 2013, such percentage of the Net Profits of the Company or such quantum as may be fixed by the Board of Directors for each financial year not exceeding 2% of the Net Profits of the Company, each year, restricted to an overall limit of 60 lacs per annum.

**c) Perquisites as follows:**

- i. Housing: Rent free accommodation will be provided to the appointee for which actual amount of lease rental paid or payable by the Company or 10% of the salary, whichever is lower, shall be recovered. In case no accommodation is provided by the Company, House Rent Allowance, subject to a ceiling of 60% of the appointees salary shall be paid. In addition, the appointee shall be allowed Company owned furniture and fixtures, if required.
- ii. The expenditure incurred by the appointee on gas, electricity and water shall be reimbursed by the Company.
- iii. All Medical Expenses incurred by the appointee for self and his family shall be reimbursed.

## NOTICE (Contd...)

- iv. Leave Travel Concession for the appointee and his family will be allowed once in a year as per the Rules of the Company.
- v. Fees of Clubs: Subject to a maximum of 2 Clubs. This will not include admission and life membership fees.
- vi. Personal Accident Insurance: As per Rules of the Company.
- vii. Provision of Car with driver and telephone at the residence for use of Company's business.

### Perquisites not included in Managerial Remuneration

- a. contribution to Provident Fund, Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961
- b. gratuity payable at a rate not exceeding half a month salary for each completed year of service; and
- c. encashment of leave at the end of the tenure

### d) Overall Remuneration:

The aggregate of salary, commission and perquisites in any financial year shall not exceed the limits prescribed from time to time under Section 197, and other applicable provisions of the Act read with Schedule V to the said Act, as may for the time being in force.

### e) Minimum Remuneration:

In case of loss or inadequacy of profits in any financial year during the currency of tenure of his service, the payment of salary, commission and perquisites shall be governed by the limits prescribed under the Section II of Part II of Schedule V to the Act.

Furthermore, approval of the members in general meeting by way of a special resolution is required to be obtained for payment of minimum remuneration, by way of salary and perquisites and allowance as specified above in the event of absence or inadequacy of profits in any financial year during the tenure of Shri Umang Patodia, Managing Director of the Company.

Shri. B K Patodia, Chairman and Shri. Umang Patodia, Managing Director are deemed to be interested in the resolution mentioned in item No.5 of the Notice.

None of the other Directors of the Company or their relatives are in any way concerned or interested, financial or otherwise, in the resolution.

## Information required to be disclosed in terms of Schedule V of the Companies Act, 2013

### I General information:

#### i. Nature of industry:

Textiles Industry- the company is mainly engaged in manufacture and exports of cotton yarn in the segment of medium, fine and superfine combed yarns.

#### ii. Date or expected date of commencement of commercial production

The commercial production has commenced during October 1994

#### iii. In the case of new companies, expected date of commercial activities as per project approved by financial appearing in the prospectus

Not Applicable

#### iv. Financial performance:

(Rs. In crores)

Particulars	2019-20	2020-21	2021-22
Revenue from Operations	395.41	148.47	143.56
Operating Profit	1.51	(3.83)	19.60
Finance Costs	27.33	23.92	22.84
Profit /(Loss)Before Tax	(36.17)	(37.96)	(13.38)
Profit / (Loss)After Tax	(24.02)	(37.96)	(13.38)
Amount of Equity Dividend Paid	-	-	-
Rate of Dividend Declared (%)	-	-	-

The effective capital of the company based on the Audited Accounts for the year ended 31st March 2022 is Rs.125 crores.

## NOTICE (Contd...)

### v) Export performance and net foreign exchange contribution:

In view of continued liquidity stress and working capital constraints, the Company was forced to switch on to purely job work basis.

### vi) Foreign investments or Collaboration, if any:

The company does not have any Foreign Exchange Collaboration

## II. Information about the appointee: Shri.Umang Patodia

Vide item No 5 of the notice of this Annual General Meeting of the company the approval of the members is being sought for fixing the remuneration of Shri. Umang Patodia, Managing Director effective from 1.6.2022 for his balance tenure up to 3.8.2024. Shri. Umang Patodia, aged 53 years is a citizen of India. He is a Commerce Graduate and has more than three decades of experience in the textiles business and has a successful presence in the textiles business segment. He is actively involved in the day-to-day management of the company. He plays a pivotal role in policy matters as well as strategic planning and has also been instrumental in the project implementation, start up and operations of the company. He is the past Chairman of CII- Kerala State Council. He is presently committee members of CII State and Southern Region, Confederation of India Textile Industry, TEXPROCIL and special invitee in Southern India Mills Association. In the year 2000, he was nominated by CITI New Delhi, to the "YOUNG ENTREPRENEURS GROUPS" of international Textiles Manufacturers Federation based at Zurich, and in October 2002, the group nominated him as their Vice Chairman. Shri. Umang Patodia, who pioneered the Young Entrepreneurs Group during 2003 within CITI served as its founder Chairman till September 2005.

Shri Umang Patodia is holding the position of Managing Director of Patspin India Limited since 4.8.1994. During the financial year 2021-22 he was paid a gross remuneration of Rs. 54.01 lakhs besides contribution in P.F/Gratuity/Superannuation as per Government rules

### Pecuniary Relationship:

The Company had not entered into any transaction of material in nature with any of the related parties which were in conflict with the interest of the company. Further, all transactions with the related parties were in the ordinary course of business and at arm's length

## III. Other information

The Directors Report forming part of the Annual Report mentioned in details" Other Information" as required under Schedule V of the Companies Act, 2013

Draft agreement referred in the resolution would be available for inspection by the members at the Registered Office of the Company during normal business hours on all working days up to the date of the Annual General Meeting.

Shri. B.K Patodia and Shri Umang Patodia are related to each other and are deemed to be interested in the resolution mentioned in item No 5 of the Notice None of the other Directors of the Company or their relatives is in any way concerned or interested, financial or otherwise in the resolution.

The terms and conditions mentioned in item No 5 of the notice may also be taken as an Abstract of the Agreement to be made by the company with Shri. Umang Patodia, pursuant to Section 190 of the Companies Act, 2013.

Your Directors recommend this resolution for Approval.

## Item Nos 6 to 9

As reported in the previous year Board's report, your Company had submitted Resolution Plan (RP) with a proposal for sale of company's Tamil Nadu plant and to restructure outstanding debts. The same was not approved by Lenders due to disagreement amongst them in sharing the sale proceeds. Thereafter, the Company had submitted a Revised Resolution Proposal to repay entire Term debt from the proposed sale proceeds of Tamil Nadu plant and conversion of outstanding Working Capital dues of Rs.66.68 crores in to Working capital Term loan (WCTL) which is repayable over 6 years after an initial moratorium of one year. Lenders have agreed to consider the revised RP and mandated Lead bank to take up approval of the said RP. Lead Bank has obtained Techno Economic Viability Study (TEV) report conforming Techno Economic Viability of the RP and also obtained required RP4 rating from Credit Rating agency- CRISIL. The Lead Bank, Central Bank of India vide their Letter Ref. No. EKM/ADV/22-23/35 dated 28.7.2022 has now approved the Resolution / Restructuring Proposal in terms Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 issued by the Reserve Bank of India vide its Circular No. RBI/2018- 19/203/DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June 2019.

As per the same, the Lead Bank had approved

a) Issuance of NOC / Release of charge for sale of:

- i) Company's Tamilnadu unit located at, S.F No. 190 and 191, Door No.2/147, Tirupur Road. Ponneri Village, PO Kottamagalam. Distt. Udumalpet- 642201 for a net consideration of Rs. 105.00 crores

## NOTICE (Contd...)

- ii) Company's office located at 34, 3rd floor, Mittal Chambers, Plot No. 228, Block III, BBR Scheme, Nariman Point, Mumbai PIN-400 021 (856 sq. ft. carpet area) for a minimum consideration of Rs. 3.00 crores (Market Value as per Valuation Report dated 14.05.2022). Any deficit in realization of proceeds to be made good by the promoters.
- b) Conversion of outstanding working capital dues of Rs. 66.68 crores to Working Capital Term Loan (WCTL) repayable in structured quarterly instalments in 6 years after moratorium period of one year.
- c) Approved issuance of fresh series of 10,81,000 0.50% Non-cumulative Compulsorily Convertible Preference Shares (NCCCPS) of Rs. 100 each in lieu of existing Non-Cumulative Redeemable Pref. Shares of Rs.10.81 crores issued to Lenders as per CDR package, conversion on 31.3.2030, at the end of Resolution Plan in terms of SEBI/other regulatory guidelines.
- d) Approved issuance of fresh series of 9,70,000 0.50% Non-cumulative Compulsorily Convertible Preference Shares (NCCCPS) of Rs. 100 each against the existing Non- Cumulative Redeemable preference shares of Rs. 9.70 crores already issued to Promoters & Associates, conversion on 31.3.2030, at the end of Resolution Plan in terms of SEBI/ other regulatory guidelines.
- f) Approved issuance of fresh series of 10,00,000 0.5% Non-cumulative Compulsorily Convertible Preference Shares (NCCCPS) of Rs. 100 each against money brought in by the promoters pursuant to terms of Resolution Plan, conversion on 31.3.2030 at the end of Resolution Plan in terms of SEBI/other regulatory guidelines

Sanctions from the other members of the Joint Lenders are yet to be received, however it is clarified that the final reconciled amount, as mentioned above, shall not exceed the overall limit for which approval is being sought from the members of the Company. Accordingly, approval of the members of the Company is being sought to convert (i) outstanding working capital dues of 66.68 crores into Working Capital Term Loan (WCTL) (ii) conversion of the existing Redeemable Preference shares aggregating Rs. 20.51 crores issued to Lenders and Promoters and Its Associates into Non Cumulative Compulsorily Convertible Preference Shares (NCCCPS) and (iii) fresh issue of NCCCPS aggregating Rs. 10 crores to Promoters and its Associates against money brought in pursuant to Resolution Plan in the Company, as mentioned above.

The issuance of securities pursuant to the Resolution Plan shall be in such manner and on such terms and conditions as prescribed under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018 (ICDR Regulations) and in compliance with the applicable provisions of the Companies Act, 2013 read with Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 issued by the Reserve Bank of India vide its Circular No. RBI/2018- 19/203/DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June 2019. As per the same, "In the case of conversion of debt into equity, the 'reference date' shall be the date on which the bank approves the restructuring scheme. In the case of conversion of convertible securities into equity, the 'reference date' shall be the date on which the bank approves the conversion of the convertible securities into equities"

Further, as required under Rule 14(1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, additional disclosure for issue of preference shares on private placement basis are as follows:

Particulars of the offer	Issue of 30,51,00,000 0.50% Non Cumulative Compulsorily Convertible Preference Shares (NCCCPS) of Rs. 100 each aggregating Rs. 30.51 crores under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 issued by the Reserve Bank of India vide its Circular No. RBI/2018- 19/203/DBR.No.BP. BC.45/21.04.048/2018-19 dated 7th June 2019				
	1. To Lenders (issue of fresh series of NCCCPS in lieu of existing Redeemable Preference Shares)	SL. No.	Name of Lenders	Issue of NCCCPS of Rs. 100 each	
				No. of NCCCPS	Amount in Rs.
	1	Central Bank of India	1,99,000	1,99,00,000	
	2	State Bank of India	2,99,000	2,99,00,000	
	3	Export Import Bank of India	1,21,000	1,21,00,000	
	4	Karur Vysya Bank Limited	82,000	82,00,000	
	5	Canara Bank	1,15,000	1,15,00,000	
	6	Punjab National Bank	1,53,000	1,53,00,000	
	7	Bank of Maharashtra	1,12,000	1,12,00,000	
		<b>Total</b>	<b>10,81,000</b>	<b>10,81,00,000</b>	

## NOTICE (Contd...)

	2. To Promoters & its Associates (issue of fresh series of NCCCPS in lieu of existing Redeemable Preference Shares)	SL. No.	Name of Promoters & Its Associates	Issue of NCCCPS of Rs. 100 each	
				No. of NCCCPS	Amount in Rs.
		1	Binod Kumar Patodia	75,000	75,00,000
		2	Umang Patodia	25,000	25,00,000
		3	Deepa Bagla	8,70,000	8,70,00,000
		<b>Total</b>		<b>9,70,000</b>	<b>9,70,00,000</b>
	3. To Promoters & Its Associates (Issue of fresh series of NCCCPS against money brought in by them under Resolution Proposal)	SL. No.	Name of Promoters & Its Associates	Issue of NCCCPS of Rs. 100 each	
				No. of NCCCPS	Amount in Rs.
		1	Patodia Exports & Investments Pvt. Ltd.	4,00,000	4,00,00,000
		2	Binod Kumar Patodia	1,30,000	1,30,00,000
		3	Umang Patodia	1,75,000	1,75,00,000
		4	Ankur Patodia	2,95,000	2,95,00,000
		<b>Total</b>		<b>10,00,000</b>	<b>10,00,00,000</b>
Kinds of securities offered and the price at which security is being offered	Non Cumulative Compulsorily Convertible Preference Shares (NCCCPS) of Rs. 100 each				
Basis or justification for the price	The NCCCPS will be issued at par pursuant to Resolution Plan approved by the Central Bank of India, the Lead Bank under the Resolution / Restructuring Proposal in terms of RBI Circular dated 7th June 2019 vide their Letter Ref. No. EKM/ADV/22-23/35 dated 28.7.2022				
Name and address of valuer who performed valuation	Not Applicable. The NCCCPS will be issued at par pursuant to Resolution Plan approved by the Central Bank of India, the Lead Bank under the Resolution / Restructuring Proposal in terms of RBI Circular dated 7th June 2019 vide their Letter Ref. No. EKM/ADV/22-23/35 dated 28.7.2022				
Amount which the Company intends to raise by way of such securities	Conversion of existing redeemable preference shares / money brought in by the promoters pursuant to Resolution Plan aggregating Rs. 30.51 crores				
The terms of issue, including terms and rate of dividend on each share, etc.	The NCCCPS shall carry dividend rate of 0.50% p.a.				
The terms of redemption, including the tenure of redemption, redemption of shares at premium and if the preference shares are convertible, the terms of conversion	NCCCPS of Rs. 30.51 crores is to be converted into equity at the end of FY2030 after full repayment of WCTL by FY29 as per applicable RBI Regulations and SEBI Guidelines in this regard. The NCCCPS- will not be marked to market up to conversion into equity. Banks to offer first right of refusal to promoters upon conversion and before any sale / transfer. Further, the company / promoters shall purchase the NCCCPS at issue price or market value, whichever is higher.				
The justification for the allotment of NCCCPS for consideration other than cash together with valuation report of the registered valuer;	As per the Resolution Plan approved by the Lead bank, Central Bank of India framed under Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 issued by the Reserve Bank of India vide its Circular No. RBI/2018-19/203/DBR.No.BP.BC.45/21.04.048/2018-19 dated 7th June 2019 to reduce debt burden of the company.				



## NOTICE (Contd...)

Equity Shareholding pattern of the company as at 31.3.2022	SL. No.	Category	No of shares (Issued Equity of Rs. 10 each)	%
	01)	Promoters & Associates	2,00,96,918	65.00
	02)	Indian Financial Institutions, Banks, Mutual Funds	5,300	0.01
	03)	Foreign Institutional Investors / NRIs	0	0
	04)	Others (Public)	1,08,17,782	34.99
		<b>Total:</b>		<b>3,09,20,000</b>
Preference shareholding pattern of the company as on 31.3.2022	SL. No.	Category	No of shares (Issued preference of Rs. 100 each)	%
	01)	Promoters & Associates	9,70,000	47.29
	02)	Lenders of the Company	10,81,000	52.71
		<b>Total:</b>		<b>20,51,000</b>
The expected dilution in equity share capital upon conversion of preference shares	Cannot be quantified at this stage. However, assume conversion of the NCCCPS of 30.51 lakhs of Rs. 100 each, into equity shares of Rs. 10 each, the equity shareholding pattern of the company as on 31.3.2030 shall be as under.			
	SL. No.	Category	No of shares (Issued Equity of Rs. 10 each)	%
	01)	Promoters & Associates	3,97,96,918	64.78
	02)	Lenders pursuant to RP	1,08,10,000	17.60
	03)	Indian Financial Institutions, Banks, Mutual Funds	5,300	0.01
	04)	Others (Public)	1,08,17,782	17.61
	<b>Total:</b>		<b>6,14,30,000</b>	<b>100.00</b>
Ranking of equity shares arising on conversion	The equity shares to be allotted on conversion of the NCCCPS shall rank pari passu in all respect with then existing equity shares of the Company and shall be subject to the Memorandum and Articles of Association of the Company			
Manner of issuance of CCPs and equity shares on Conversion	NCCCPS would be allotted in dematerialised form and will not be listed with any Stock Exchange. The equity shares arising on conversion shall also be issued in dematerialised form and will be listed with Stock Exchange at the time of conversion.			

Post restructuring, company's remaining Kerala plant would continue to operate with reduced debt levels, lower labour cost and improved operational efficiency which will improve EBITDA levels. From its cash generation, the remaining debt (WCTL) can be serviced with ease

None of Directors/ Key Managerial Personnel of the Company or their relatives except Shri. B.K.Patodia and Shri. Umang Patodia Directors are in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 6 to 9 of the Notice.

The Board recommends the Special Resolution set out at Item No. 6 to 9 of the Notice for approval of the members.

### Item No. 10 & 11

Section 188 of the Companies Act, 2013 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended, prescribe certain procedure for approval of related party transactions. Regulation 23 of the SEBI (LODR) Regulations, 2015 has also prescribed seeking of shareholders' approval for related party transactions provided that a transaction with a related party shall be considered material i.e. if the transaction(s) to be entered into individually or taken together with previous transaction during a financial year exceeds Rs. 1000 crore or 10% of the annual turnover of the listed entity as per the last audited financial statement of the listed entity, whichever is lower. Proviso to Section 188 provides that nothing contained in Sub-section (l) of Section 188 applies where transactions are entered into by the company in the ordinary course of conduct of business other than transactions which are not on an arm's length basis.

## NOTICE (Contd...)

Annual turnover of Patspin India Limited as per audited financial statements as at 31.3.2022 is Rs. 143.32 crores. Therefore, the value of the related party transactions with M/s. GTN Enterprises Limited & GTN Textiles Limited were considered material, pursuant to the provisions of Regulation 23 of the SEBI (LODR) Regulations, 2015. Hence the following proposed transactions are for the approval of Shareholders of the Company by passing an ordinary resolution.

Name of Related party	Relationship	Estimated value of transaction (Rs. In lakhs)	Nature of the transaction (s)	Material Terms of the contract / or agreement
GTN Enterprises Limited	Company in which Shri. B.K.Patodia and Shri. Umang Patodia are interested directors and Director in the related party company. Shri. Ankur Patodia (Son of Mr. B.K.Patodia and Brother of Shri. Umang Patodia) is the Managing Director of the related party company	4000	Sale, Purchase or supply of cotton, cotton yarn, stores & spares and other materials	The proposed approval is for a maximum period of 15 months between two Annual General Meetings (AGM), being conclusion of the 31st AGM to the conclusion of the 32nd AGM. Further, the proposed transaction entered into by the company shall be in the ordinary course of business and at arms length basis.
		500	Selling or otherwise disposing off, or buying, property and other assets of any kind	
		1200	Availing or rendering of processing charges or any other transaction of whatever nature	

Name of Related party	Relationship	Estimated value of transaction (Rs. In lakhs)	Nature of the transaction (s)	Material Terms of the contract / or agreement
GTN Textiles Limited	GTN Textiles Limited being the main promoter of Patspin India Limited and Shri. B.K.Patodia is the Chairman and Managing Director besides Shri. Umang Patodia a Non Executive Director are interested pursuant to Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (LODR), Regulations 2015	1000	Sale, Purchase or supply of cotton and cotton yarn	The proposed approval is for a maximum period of 15 months between two Annual General Meetings (AGM), being conclusion of the 31st AGM to the conclusion of the 32nd AGM. Further, the proposed transaction entered into by the company shall be in the ordinary course of business and at arms length basis.

The other related information as envisaged under Companies (Meetings of Board and its Powers) Rules, 2014 and amendments thereto, and the Company's Related Party Transaction Policy are furnished hereunder:

Name of the Related Parties	GTN Enterprises Limited / GTN Textiles Limited
Name of the Director or key managerial personnel who is related, if any	Shri. B.K.Patodia, Chairman Shri. Umang Patodia, Managing Director
Nature of Relationship	Shri. Umang Patodia is the son of Shri. B.K.Patodia
The nature, material terms, monetary value and particulars of the contract or arrangement	As per table above
The nature, material terms, monetary value and particulars of the contract or arrangement	As per table above
Any other information relevant or important for the members to take a decision on the proposed resolution	Patspin India Limited is successfully implementing its Resolution Plan pursuant to RBI Circular dated 7th June 2019. There will be requirement to procure / sell the materials from the said related party in the normal course of business and at arms length.

## **NOTICE (Contd...)**

The above proposed arrangements / transactions were approved by the Audit Committee at their meeting held on 12.8.2022 and recommended by the Board of Directors at its meeting held on 12.8.2022 to the Shareholders of the Company for their approval.

As per Regulation 23 of the SEBI (LODR) Regulations, 2015, all material related party transactions shall require approval of the shareholders through ordinary resolution and the related parties shall abstain from voting on such resolution whether the entity is a related party to the particular transaction or not. Further, as per Rule 15 of the Companies (Meetings of Board and its Powers) Rules 2014, where any Director is interested in any contract or arrangement with a related party, such Director shall not be present at the meeting during discussion on the subject matter of the resolution relating to such contract or arrangement. Accordingly, all related parties of the Company shall not participate or vote on this resolution.

Directors or their relatives as mentioned as related parties above may be deemed to be interested or concerned in the Resolution.

None of the other Directors of the Company or their relatives is in any way, financially or otherwise, concerned or interested in the resolution.

The above proposal is in the interest of the Company and the Board recommends the Ordinary Resolution as set out at Item No. 10 & 11 for approval by the members of the Company.

### **Item No.12**

The Board of Directors of the company, on the recommendation of the Audit Committee, approved the appointment of M/s Hareesh K.N & Associates, Cost Accountants as Cost Auditors to conduct the audit of the cost records of the company's textile units at a remuneration of Rs. 55,000 (Rupees fifty-five thousand only) plus applicable taxes and reimbursement of travelling and out of pocket expenses incurred by them for the financial year 2022-23

In terms of the provisions of section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Cost Records & Audit) Rules, 2014, the remuneration payable to the cost auditor has to be ratified by the members of the company. Accordingly, consent of the shareholders is sought for passing an Ordinary Resolution as set out at Item No 11 of the notice for ratification of remuneration payable to the Cost Auditors for the financial year ending 31st March 2023.

None of the Directors / Key Managerial Personnel/Managers of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in this resolution set out as above.

The Board recommends the Ordinary Resolution set out at Item No. 12 of the Notice for approval by the members.

By Order of the Board of Directors

Place: Kochi  
Date : 12.8.2022

**Veena Vishwanath Bhandary**  
Assistant Company Secretary  
Membership No. A61968

# PATSPIN INDIA LIMITED

## BOARD'S REPORT

To the Members,

Your Directors' present the 31st (Thirty First) Board's Report together with the Audited Statement of Accounts for the year ended 31st March 2022.

### 1. FINANCIAL RESULTS

The financial highlights of your Company for the year ended 31st March 2022 are summarized as follows:

(Rs. In Crores)

	FY 2021-22	FY 2020-21
Revenue from Operations / Other Income	143.56	148.47
EBITDA	19.60	(3.83)
Finance cost	22.84	23.92
Depreciation	10.14	10.21
Profit / (Loss) / before Tax	(13.38)	(37.96)
Profit / (Loss) for the year	(13.38)	(37.96)
Other Comprehensive Income (net of Tax)	0.17	(2.77)
Total Comprehensive loss for the year	(13.24)	(40.05)

### 2. FINANCIAL PERFORMANCE

The financial year gone by was a mixed bag, with most major economies rebounding from the negative effects of COVID-19. However, commodity price volatility, soaring energy prices, lingering supply chain challenges and geopolitical conflicts have made the recovery increasingly fragile.

The performance of Textile Sector especially Spinning for FY 2021-22 was one of the most encouraging in the recent past. The pandemic – induced challenges of FY 2020-21 were followed by a demand surge in India's textile sector.

Rise in Textiles exports in FY 22 was owing to pent-up demand in the US and Europe and China Plus One Policy followed by several countries. Factories in India were also not much affected by the pandemic last year. During the FY22, most of the rise came from the United States, which contributed to 27 per cent of India's textiles and apparel exports, followed by 18 per cent by the European Union, 12 per cent by Bangladesh, and 6 per cent by UAE.

However, your company's performance continued to be affected due to liquidity stress and working capital constraints pending approval of Resolution Proposal (RP) by company's bankers -Your company was forced to operate the plants on contract manufacturing basis, resulted in lower capacity utilisation and impacted the performance.

Whilst the Revenue for the FY22 was marginally lower over the previous year (Rs 143.56 Cr vs. Rs 148.47 Cr), the EBITDA has improved significantly to Rs 19.60 Cr as compared to the Loss of Rs 3.83 Cr due to improved job work charges on account of buoyant market conditions.

Finance cost was marginally lower at Rs 22.84 Cr as against Rs 23.92 Cr mainly due to lower interest at 9% agreed to consider by Lenders in the Resolution Proposal w.e.f. Q4 of FY22 against 14% charged up to Q3 FY22 on Term loan. Consequent to the aforesaid, the Net loss before Tax for the FY22 was Lower at Rs 13.38 Cr. against higher net loss of Rs 37.96 Cr.

There are no material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this Report other than the general global impact of ongoing conflict between Russia and Ukraine on the domestic and international business operations of the Company and impact of COVID-19 as detailed in this Report as well as Notes to the Financial Statements of the Company. There is no change in your Company's business during the year under review

### 3. REVISED RESOLUTION PROPOSAL

As reported in the previous year FY21, the Consortium of Lenders have classified accounts of your company as NPA on 31.3.2021 due to default in debt servicing. Company has submitted a Restructuring / Resolution Plan (RP) to Lenders by proposing to sell company's Tamil Nadu plant (subject to approval of Board, Shareholders, and other Regulatory authorities) and from its sale consideration, regularise the account of Lenders as at 1.4.2021 and Restructure balance debts. This proposal was not approved by Lenders due to disagreement amongst themselves in sharing the sale proceeds.

Your Company had to submit a Revised Restructuring/ Resolution Proposal to repay entire outstanding Term debt as at 31.3.2022 from the sale proceeds of the Tamil Nadu plant and convert outstanding Working Capital dues of Rs.66.68 crores in to Working capital Term Loan (WCTL) which is to be repaid in 6 years after an initial moratorium of one year from the date of implementation of Resolution Plan. Lenders in the Consortium meeting held on 14.3.2022 have agreed to consider the revised RP and mandated Lead bank to arrange approval. Lead bank has carried out Techno Economic Viability Study (TEV) which confirmed Techno Economic Viability of the RP and Credit Rating Agency CRISIL has awarded the required RP4 rating for the said RP. Lead banks vide its sanction letter of 28.7.2022 has approved the RP and is in the process of obtaining consent of other Member banks to issue NOC for sale of Tamil Nadu plant and implement the RP.

Your Company had obtained Members' approval in the AGM held on 29th September 2021 for the proposed sale of company's Tamil Nadu Plant as per the Resolution proposal submitted to Lenders as well as "Agreement" signed with the prospective Buyer. Your Board will be now approaching Members at the ensuing 31st AGM to be held on 30th September 2022 to obtain approval of the sanction terms and conditions of Lead

## BOARD'S REPORT (Contd...)

bank's approval on Revised Resolution proposal vide its letter dt 28.7.2022 under RBI 's Prudential Framework for Resolution of Stressed Assets Directions 2019 of 07.06.2019.

Post restructuring, company's remaining Kerala plant would continue to operate with significantly reduced and sustainable level of debt, lower labour cost and improved operational efficiency. This will enable the company to improve its EBITDA levels and from the cash generation the residual debt (WCTL) can be serviced with ease.

### 4. VOLUNTARY DELISTING OF COMPANY'S EQUITY SHARES FROM THE NATIONAL STOCK EXCHANGE OF INDIA LTD (NSE)

Pursuant to Regulation 6 (1) of the SEBI (Delisting of Equity Shares) Regulations, 2021, the Equity Shares of the Company have been Voluntarily Delisted from the National Stock Exchange of India Ltd (NSE) w.e.f January 19, 2022. In terms of the approval, the Company has agreed to redress the investors' grievances (if any) for a minimum period of one year from the date of delisting.

### 5. DIVIDEND

In view of the losses for the financial year ended 31st March 2022, the Board of Directors regret their inability to recommend any dividend for the year 2021-22.

### 6. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report on the operations of the Company, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") is provided in a separate section and forms an integral part of this Report.

### 7. PUBLIC DEPOSITS

The Company does not have "Deposits" as contemplated under Clause V of the Companies Act 2013. Further, the company has not accepted any such deposits during the year ended 31st March 2022.

### 8. CORPORATE GOVERNANCE

The Company has taken the requisite steps to comply with the recommendations concerning Corporate Governance.

A separate statement on Corporate Governance together with a certificate from the Practicing Company Secretary of the Company regarding compliance of conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report.

### 9. DIRECTORS AND KEY MANAGERIAL PERSONS

There is no change in the composition of the Board of Directors and the Key Managerial Personnel during the FY2021-22.

### 10. KEY MANAGERIAL PERSONNEL

Shri Umang Patodia, Managing Director, Shri T. Ravindran, Chief Financial Officer, and Ms Veena Vishwanath Bhandary, Assistant Company Secretary and Compliance Officer were the Key Managerial Personnel of your Company, in accordance with the provisions of Section 203 of the Companies Act 2013 during the year under review.

### 11. NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met 4 (Four) times during the financial year 2021-22. The details of the meetings of the Board of Directors of the Company convened and attended by the Directors during the financial year 2021-22 are given in the Corporate Governance Report which forms part of this Annual Report.

### 12. 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.

### 13. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors acknowledge the responsibility for ensuing compliances with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 in the preparation of annual accounts for the year ended on 31st March, 2022 and state that:

- i. in the preparation of the Annual Accounts, the applicable Indian Accounting Standards have been followed and there are no material departures from the same;
- ii. the Directors 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 2022 and of the profit or loss of the company for that period;
- iii. the Directors 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. the Directors 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. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



## BOARD'S REPORT (Contd...)

### 14. BOARD EVALUATION

Pursuant to the provisions of Companies Act and Listing Regulations, annual evaluation of the Board, the Directors individually as well as working of its constituted committees has been carried out from time to time.

### 15. FAMILIARISATION PROGRAMME FOR DIRECTORS

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company. This is to provide insights into the Company to enable the Independent Directors to understand its business in depth, to familiarize them with the process, business and functionalities of the Company and to assist them in performing their role as Independent Directors 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

### 16. 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 till the conclusion of the 31st AGM of the Company for a term of 5 years. The Auditors' Report for 2021-22 does not contain any qualifications, reservations or adverse remarks.

Pursuant to the provisions of Section 139 of the Act, read with the Companies (Audit and Auditors) Rules, 2014, and based on the recommendations of the Audit Committee, it is proposed to reappoint M/s. L.U.Krishnan & Co. as Statutory Auditors for a second term of five years from the conclusion of 31st AGM till the conclusion of 36th AGM of the Company to be held in the year 2027, to examine and audit the accounts of the Company for the financial years between 2022-23 and 2026-27. M/s. L.U.Krishnan & Co. have, pursuant to Section 139 of the Act, provided written consent and furnished a certificate regarding their eligibility for re-appointment.

Resolution seeking Members' approval for the reappointment of M/s. L.U.Krishnan & Co. as Statutory Auditors of the Company forms part of the Notice of 31st AGM of the Company.

### 17. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made there under, the Company has appointed Shri. MRL Narasimha (C.P No. 799), Practicing Company Secretary to undertake the Secretarial Audit of the Company.

Secretarial Audit Report issued by Shri. MRL Narasimha, Practicing Company Secretary in Form MR-3 forms part to this report Annexure I. The said report does not contain any observation or qualification requiring explanation or adverse remark

### 18. COST AUDITORS

Pursuant to Section 148 of the Act read with Rule 14 of the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records of the Company are required to be audited. The Directors, on the recommendation of the Audit Committee, appointed M/s. Hareesh K.N and Associates, Cost Accountants (Firm Reg. No. 101974) Cost Accountants, to audit the cost accounts of the Company for the FY ending 31st March, 2023, on a remuneration as mentioned in the Notice convening the 31st Annual General Meeting for conducting the audit of the cost records maintained by the company.

### 19. EXTRACT OF ANNUAL RETURN

Pursuant to provisions of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return of the company for the Financial Year 31st March 2022 is uploaded on the website of the company and can be accessed at the [www.patspin.com](http://www.patspin.com)

### 20. RELATED PARTY TRANSACTIONS

All transactions entered with related parties were on arm's length basis and in the ordinary course of business. There were no materially significant transactions with the related parties during the financial year and were not in conflict with the interest of the company. Thus, a disclosure in Form AOC -2 in terms of Section 134 of the Companies Act 2013 is not required. All related party transactions are placed before the Audit Committee as also before the Board for approval.

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 Regulations. This Policy has been uploaded on the website of the Company.

### 21. 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.

### 22. 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

## BOARD'S REPORT (Contd...)

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

### 23. 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).

### 24. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per the provisions of Section 135 read with the Section 198 of the Companies Act 2013, the company do not have CSR obligation for the year 2021-22. Accordingly, there has been no meeting of CSR Committee held during the year.

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.

### 25. CREDIT RATING

Lenders have classified account as sub-standard w.e.f 31.3.2021 due to default in debt servicing and have accepted company's Revised Restructuring / Resolution proposal. Credit rating Agency CRISIL Ratings Ltd has awarded RP-4 Rating in March 2022 for the Company's Revised Resolution Plan.

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

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

### 27. 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 Depot. 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.

### 28. NOMINATION & REMUNERATION POLICY

The Board of Directors has framed a policy which lays down a framework 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.

### 29. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

In accordance with the applicable provisions of Companies Act, 2013 (hereinafter referred to as "the Act") read with Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as the "IEPF Rules"), all unclaimed dividends are required to be transferred by the Company to the IEPF, after completion of seven (7) years. Further, according to IEPF Rules, the shares on which dividend has not been claimed by the shareholders for seven (7) consecutive years or more shall be transferred to the demat account of the IEPF Authority. The details relating to shares on which dividends were unclaimed are provided in the General Shareholders Information section of Corporate Governance report forming part of this Annual Report.

### 30. 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) has 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, 2022.

### 31. 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)

## BOARD'S REPORT (Contd...)

(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.

### 32. 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.

### 33. 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.

### 34. GENERAL

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

### 35. ACKNOWLEDGEMENT

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, Punjab National Bank (erstwhile 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

**B K PATODIA**

Chairman

(DIN:00003516)

Place: Mumbai

Date: 12.08.2022

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2022**

[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** (here in after 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 2022 and also after 31st March, 2022 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 2022 (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 here in after. 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 Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.
- iii. The Depositories Act, 1996 and the regulations and byelaws framed there under.
- iv. 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.
- v. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021

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 (Depositories and Participants) Regulations, 2018
- (e) The Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015,
- (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021

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:

The following Regulations and Guidelines prescribed under the SEBI Act:

- (a) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 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 (Issue of Capital and Disclosure Requirements) Regulations, 2018
- (d) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations 2018

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.

## Annexure - I

4. i) I have also examined compliance with the Secretarial Standards with respect to Board Meetings (SS- 1) and General Meetings (SS- 2) issued by The Institute of Company Secretaries of India.
- ii) The Listing Agreement entered by the company with National Stock Exchange Limited and BSE Limited
- iii) The company had delisted its equity shares from NSE w.e.f. 19.1.2022 pursuant to Regulation 6(1) of SEBI (Delisting of Equity Shares) Regulations, 2021

I further report that the compliance by the company of applicable financial laws, like Direct and Indirect Tax laws, has not been reviewed in this audit since the has been subject to review by Statutory Auditor and other designated professionals.

5. 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 Woman Director and no changes in the composition of the Board of Directors that took place during the period under review in compliance with the provisions of the Act.
- (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.
- (v) There were no instances of
  - (a) Public/ Rights/Preference Issue of shares/Debentures/Sweat Equity
  - (b) Redemption/Buy-back of Securities.
  - (c) Major decision taken by the members pursuant to section 180 of the Companies Act 2013
  - (d) Merger/ Amalgamation/ Reconstruction etc
  - (e) Foreign technical collaborations.

Except the following

- (i) The Company Shares were voluntarily delisted from National Stock Exchange of India Limited on 19-01-2022 after getting requisite approvals

Place: Coimbatore

Date: 12-08-2022

**M.R.L.Narasimha**

Practicing Company Secretary

Membership No:2851

CP No:799

PR NO.1420/2021

UDIN: F002851D000783554



## Annexure - I

### Annexure - A to Secretarial Audit Report of even date

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,2022 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 are 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 2022 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: 12-08-2022

**M.R.L.Narasimha**

Practicing Company Secretary

Membership No:2851

CP No:799

PR NO.1420/2021

UDIN: F002851D000783554

## Annexure - II

### ANNEXURE TO THE DIRECTOR'S 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. a) 300 Nos of fluorescent lamps used for lighting in the production department replaced with 18W LED lamps. b) Replced poor efficiency motors 11KW - Simplex main, 5.5KW HM plant (2 Nos) & 5KW – Comber main motor with new energy efficient motors c) Open Well Pump replaced for existing Water pumps in Humidification plant spray nozzle and power saved in this regard per day is 51 unit thereby Rs. 352 per day totaling Rs. 126720 annually.
ii) The steps taken by the company for utilizing alternate sources of energy	
(iii) The capital investments on energy conservation equipments	

#### (B) Technology absorption:

a) The efforts made towards technology absorption	:	a) In one G5/1 ring frame, 36mm rings were replaced with 34mm rings along with short stretch conversion in order to improve the productivity.. b) Undertook gear box conversion to belt drive in one Draw Frame in order to improve the product quality and reduce maintenance and power costs. c) Top arm loading cylinders of one DO/6 draw frame has been changed from roll membrane type to 'U' seal cylinder for getting consistent working performance and quality.
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) a) the details of technology imported b) the year of import; c) whether the technology been fully absorbed d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	:	NIL
d) the expenditure incurred on Research and Development.	:	NIL
The Foreign Exchange earned inflow in terms of actual during the year - Rs. 33.31 Lakhs The Foreign Exchange outgo during the year in terms of actual outflows. NIL		

For and on behalf of the Board of Directors

**B K PATODIA**  
Chairman  
(DIN:0003516)

Place: Mumbai  
Date: 12.08.2022

# PATSPIN INDIA LIMITED

## CORPORATE GOVERNANCE REPORT FOR THE YEAR 2021-22

### 1. Company's Philosophy on Code of Corporate Governance

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 (LODR), Regulations, 2015 (Listing Regulations). 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 Composition of the Board of Directors of the Company is presently governed by the provisions of Companies Act 2013, the Articles of Association of the Company and the SEBI (LODR) Regulations, 2015. The Board is comprised of 6 Directors, both Executive and Non- Executive and Shri. B.K.Patodia is the Non-Executive Promoter Chairman. The day to day operations of the company is managed by Shri. Umang Patodia, Managing Director under the overall guidance of the Board of Directors. None of the Directors on the Board holds directorships in more than ten public companies. None of the Independent Directors serves as an independent director on more than seven listed entities. None of the person on the Board serving as Managing Director / Whole Time Director is serving as an Independent Director on the Board of more than 3 listed entities. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2022 have been made by the Directors. Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

#### a) The Composition of the Board and category of Directors as on 31.3.2022 are as follows:

Category	Name of Directors
Promoter / Managing Director	Shri. Umang Patodia
Promoter / Non-Executive Directors	Shri. B.K. Patodia
Non-Executive /Non- Independent Woman Director	Smt. Kalpana Mahesh Thakker
Non- Executive Independent Directors	Shri. N.K. Bafna Shri. V N Balakrishnan Shri. C K Gopalakrishnan Nair

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

Name of the Director	DIN No	No. of shares held	Attendance at		No. of other Directorships and Committee memberships / Chairmanships			Relationship interse Directors
			Board meetings	Last AGM	Other Directorships including Pvt. Ltd. Cos.	Other Committee Memberships	Other Committee Chairmanships	
Shri. B K Patodia	00003516	34,550	4	Present	6	3	None	Related to Shri.Umang Patodia
Shri. N K Bafna	00019372	Nil	4	Present	3	4	1	None
Shri V N Balakrishnan	08820393	2900	4	Present	2	3	None	None
Shri C K Gopalakrishan Nair	00521840	Nil	4	Present	1	2	None	None
Smt. Kalpana Mahesh Thakker	08601866	85490	4	Present	2	None	None	None
Shri. Umang Patodia	00003588	11,000	4	Present	5	1	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

## REPORT ON CORPORATE GOVERNANCE (Contd...)

- ii) None of the Directors on the Board is a member on 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.

### c) The details of Directorship in other listed entities and category of Directorship

SN	Name of the Director	Name of listed entity	Category of Directorship
1	Shri. B.K.Patodia	GTN Textiles Limited	Promoter / Executive Director
2	Shri. N.K.Bafna	Prime Urban Development India Ltd	Independent Non-Executive Director
		GTN Textiles Ltd	Independent Non-Executive Director
3	Shri V N Balakrishnan	GTN Textiles Limited	Independent Non-Executive Director
4	Shri C K Gopalakrishnan Nair	GTN Textiles Limited	Independent Non-Executive Director
5	Smt. Kalpana Mahesh Thakker	GTN Textiles Limited	Non-Independent Non-Executive Woman Director
6	Shri Umang Patodia	GTN Textiles Limited	Promoter / Non-Executive Director

### d) 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 were within the time limits prescribed by Regulatory Authorities.

The details of the Board Meetings are as under:

Sl No.	Date	Board Strength	No of Directors Present
1	30 June 2021	6	6
2	14 August 2021	6	6
3	13 November 2021	6	6
4	12 February 2022	6	6

Due to the exceptional circumstances caused by the COVID-19 pandemic and consequent relaxations granted by MCA and SEBI, all Board Meetings and Committee Meetings in FY 2021-2022 were held through Video Conferencing.

### e) Disclosure of Relationships between Directors inter-se

Please refer 2 (b) of the Report

### f) No. of shares and convertible instruments held by Non-Executive Directors

Please refer 2 (b) of the Report

### g) Weblink where details of Familiarization program imparted to independent Directors disclosed

An appropriate induction program for new Directors and ongoing familiarization with respect to the business / working of the company for all directors is a major contributor for meaningful board level deliberations and sound business decisions.

The Company has adopted a structured programme for orientation of independent directors at the time of their joining so as to familiarize them with the company's operation, business, industry and environment in which it functions and the regulatory environment applicable to it. The company updates the Board members on a continuing basis on any significant changes therein and provides them an insight to their expected roles and the responsibilities so as to be in a position to take well informed and timely decision and contribute significantly to the company.

The Company through its Managing Director / Senior Managerial Personnel makes presentations regularly to the Board, Audit Committee or such other Committees, as may be required, covering, inter-alia, business environmental, business strategies, operations review, quarterly and annual results, budgets, review of internal audit report and action taken, statutory compliance, etc.

Policy on Familiarization programme imparted is available on our website [www.patspin.com](http://www.patspin.com)

### h) Matrix / Table containing skills expertise and competencies of the Board of Directors

The Board members are from diversified areas having the required knowledge i.e. Competency, Skills and Experience to effectively discharge their responsibilities. The range of experience of the Board members include in the areas of Spinning Industry, Marketing, Finance, Taxation, Legal and Administration as well as procurement of raw materials.

The broad policies are framed by the Board of Directors. All strategic decisions are taken by the Board after due deliberations between the Board members which consists of Managing Director, Non-Executive Director and Independent Directors.

## REPORT ON CORPORATE GOVERNANCE (Contd...)

The Company has identified and broadly categorized its Core Skills, Expertise and Competencies as mentioned hereunder:  
Matrix / Table of Core Skills, Expertise and Competencies of Board of Directors as whole:

Particulars	Detailed list of core skills, expertise and competencies	Name of Directors who have skills, expertise and competence					
		Shri. B.K. Patodia	Shri. N.K. Bafna	Shri V N Balakrishnan	Shri C K Gopalakrishnan	Smt. Kalpana M Thakker	Shri. Umang Patodia
Core Skills	Strategic policy formulation and Advising	✓	✓			✓	✓
	Regulatory framework knowledge	✓	✓				✓
	Financial performance	✓	✓				
	Advising on Risk mitigation and Compliance requirements	✓	✓				✓
Expertise	Knowledge of Spinning Industry	✓		✓	✓	✓	✓
	Commercial acumen	✓		✓	✓	✓	✓
	Procurement of right quality of raw cotton at competitive prices	✓		✓	✓	✓	✓
Competencies	Strategic Leadership	✓	✓				✓
	Execution of policies framed by the Board	✓	✓				✓
	Identifying the growth areas for expanding the business	✓	✓	✓	✓	✓	✓
	Advising on Business Risks & environment	✓	✓	✓	✓	✓	✓

### i) Confirmation of Board regarding Independent Directors

Board of Directors confirms that the Independent Directors fulfil the conditions specified in the SEBI (LODR) Regulations, 2015 as amended from time to time and are Independent of the Management.

### j) Separate meeting of Independent Directors

Schedule IV of the Companies Act, 2013, Listing Regulations and Secretarial Standard - 1 on Meetings of the Board of Directors mandates that the Independent Directors of the Company hold at least one meeting in a year, without the attendance of Non – Independent Directors.

During the year under review, on 13.08.2021 a meeting of Independent Directors was held, inter alia, discussed and reviewed performance of Non-Independent Directors, the Board as a whole, Chairman of the Company and assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to formal meetings, frequent interactions outside the Board Meetings also take place between the Chairman and Independent Directors.

### k) Evaluation of the Board's Performance

Pursuant to the provisions of the Act and Regulation 17 of the Listing Regulations, the Board has carried out the annual evaluation of its own performance, its Committees and Directors individually. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A consolidated summary of the ratings given by each Director was then prepared. The report of performance evaluation was then discussed and noted by the Board. The Directors expressed their satisfaction with the evaluation process.

The performance evaluation of the Chairman, Managing Director and Non-Independent Directors was carried out by the Independent Directors. The Independent Directors reviewed key transactions (including related party transactions), quality & timeliness of flow of information, recommended measures for corporate governance etc.



## REPORT ON CORPORATE GOVERNANCE (Contd...)

### l) Code of Conduct

The Company has adopted Code of Business Conduct & Ethics ("the Code") which is applicable to the Board of Directors and all Employees of the Company. The Board of Directors and the members of Senior Management Team of the Company are required to affirm semi-annual Compliance of this Code. A declaration signed by the Managing Director of the Company to this effect is placed at the end of this report. The Code requires Directors and Employees to act honestly, fairly, ethically, and with integrity, conduct themselves in professional, courteous and respectful manner. The Code is displayed on the Company's website [www.patspin.com](http://www.patspin.com)

### 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.

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

- 1) 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;
- 2) Recommendation for terms of appointment and remuneration of Auditors of the Company
- 3) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors
- 4) Review with the management and statutory auditors of the annual financial statements thereon 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;
  - 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;
- 5) Reviewing, with the management the quarterly financial statements before submission to Board for approval;
- 6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue/rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice / and the report to be submitted by monitoring agency with regard to utilisation of proceeds of a public or rights issue, and making appropriate recommendation to company's Board.
- 7) Review and monitor Statutory Auditor's independence and performance and effectiveness of audit process;
- 8) Approval or any subsequent modification of transactions with related parties;
- 9) Scrutiny of Inter-Corporate Loans and Investments;
- 10) Valuation of undertakings or assets of the company, wherever it is necessary;
- 11) Evaluation of Internal Financial Controls and Risk Management Systems;
- 12) 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;
- 13) 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;
- 14) Discussion with internal auditors of any significant findings and follow up thereon
- 15) 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;
- 16) Discussion with statutory auditors before the audit commences, about the nature of scope of audit as well as cost audit discussion to ascertain any area of concern
- 17) To 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;
- 18) Review the functioning of the whistle blower mechanism;
- 19) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;

## REPORT ON CORPORATE GOVERNANCE (Contd...)

- 20) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- 21) To review the utilization of loans and / or advances from / investment by the holding company in the subsidiary exceeding Rs. 100 crores or 10% of the asset size of the subsidiary, whichever is lower, if any
- 22) 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:
    - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1)
    - annual statement of funds utilized for purposes other than those stated in the offer document/prospectus in terms of Regulation 32(7), if applicable

### 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 Shri. N.K.Bafna, BCom, FCA and a Law Graduate 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, 2022 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 & Non-Executive Independent Director	4	4
2	Shri V N Balakrishnan	Non-Executive Independent Director	4	4
3	Shri C K Gopalakrishnan Nair	Non-Executive Independent Director	4	4
4	Shri. Umang Patodia	Managing Director	4	4

The Audit Committee met Four (4) times during the financial year 2021-22 and the gap between two meetings did not exceed 120 days. The dates on which Audit Committee Meetings held were: 30 June 2021, 14th August 2021, 13th November 2021 and 12th February, 2022. 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, Internal Auditors as well as other Board Members also attended 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 Company's Ponneri Unit. M/s. V.C.Tirupathi, Chartered Accountant, Coimbatore carried out Internal Audit 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.

## REPORT ON CORPORATE GOVERNANCE (Contd...)

### Prevention of Insider Trading:

The Company has adopted an 'Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Designated Persons ("the Code") in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time ("the PIT Regulations"). The Code is applicable to Promoters, Member of Promoter's Group, all Directors and such Designated Persons who are expected to have access to unpublished price sensitive information relating to the Company. The code lays down guidelines which included procedures to be followed and disclosures to be made while dealing with the shares of the Company.

The Audit Committee monitors implementation and compliance of the Company's Code of Conduct and Ms Veena Vishwanath Bhandary, Assistant Company Secretary is the Compliance Officer of the Company. The Code is displayed on the Company's website viz. [www.patspin.com](http://www.patspin.com)

### Vigil Mechanism:

Pursuant to Section 177(9) and (10) of the Act, and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behaviour, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company have been denied access to the Audit Committee. The Whistle Blower Policy is displayed on the Company's website viz. [www.patspin.com](http://www.patspin.com).

#### 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 Independent Directors, viz. Shri. N.K. Bafna as Chairman, Shri. V N Balakrishnan and Shri. C K Gopalakrishnan Nair as members.

The broad terms of reference of the Committee include

- formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- formulation of criteria for evaluation of performance of independent directors and the board of directors;
- devising a policy on diversity of board of directors;
- identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- recommend to the board, all remuneration, in whatever form, payable to senior management

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

The Committee met on 13 August 2021 and also 30th May 2022 to approve and recommend to the Board, remuneration payable to Shri Umang Patodia, Managing Director for his balance tenure 01.06.2022 to 03.08.2024.

### Remuneration to the Managing Director

The aggregate of salary and perquisites paid for the year ended 31st March, 2022 to the Managing Director is as follows:-

Shri.Umang Patodia :Rs. 54.00 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 Rs)
Board	7500
Committee	5000

## REPORT ON CORPORATE GOVERNANCE (Contd...)

The Fee paid for the year ended 31st March 2022 to the Non-Executive Directors is as follows

Name of the Non-Executive Directors	Sitting fee (in Rs.)
Shri.B K Patodia	30,000
Shri.N K Bafna	65,000
Shri V N Balakrishnan	65,000
Shri C K Gopalakrishnan Nair	65,000
Smt Kalpana M Thakker	30,000
<b>Total</b>	<b>2,55,000</b>

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

### 5. Stakeholders Relationship Committee

Pursuant to provisions of Section 178(5) of the Act read with Regulation 20 of the Listing Regulations, Stakeholders Relationship Committee of the Board of Directors has been constituted.

The terms of reference of the Stakeholders Relationship Committee is as under:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company

The Composition of the Committee comprises of Shri N. K. Bafna as Chairman, Shri. V N Balakrishnan, Shri. C K Gopalakrishnan Nair and Shri. Umang Patodia as members

During the year, one meeting of the Stakeholders Relationship Committee was held as under

SI No	Date	Committee Strength	No. of Directors present
1	13-08-2021	4	4

Ms Veena Vishwanath Bhandary, Assistant Company Secretary is the Secretary to the Committee

The details of correspondences / grievances received and redressed during the financial year 2021-22 through the Registrar M/s. Integrated Registry Management Service Pvt. Ltd. are as under

SN	Particulars	No. of Complaints
1	Investor Correspondence / Complaints pending at the beginning of the year	Nil
2	Investor Correspondence / Complaints received during the year	Nil
3	Investor Correspondence / Complaints disposed during the year	Nil
4	Investor correspondence / complaints remaining unresolved at the end of the year	Nil

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 Practicing Company Secretary has been submitted to the Stock Exchanges within the stipulated time

## REPORT ON CORPORATE GOVERNANCE (Contd...)

### Corporate Social Responsibility (CSR)

As per the provisions of Section 135 read with the Section 198 of the Companies Act 2013, the company do not have CSR obligation for the year 2021-22. Accordingly, there has been no meeting of CSR Committee held during the year under review

### 6. Disclosures:

#### Basis of Related Party Transactions:

All transaction entered into by the Company with related parties, during the financial year 2021 – 22, were in ordinary course of business and on arm's length basis. The Company has formulated a framework for Related Party Transactions which is followed for identifying, entering into and monitoring related party transactions. The deviations, if any, to the said process have been brought to the attention of Audit Committee suitably. The Audit Committee reviews at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval granted. The company has obtained Shareholders approval by way of special resolution to enter into Related Party Transactions.

#### Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Act. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements

#### 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

Details of preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of the Listing Regulations

The Company has not raised funds through preferential allotment or Qualified Institutional Placement during the year under review.

#### Credit Rating

Lenders have classified account as sub-standard wef. 31.3.2021 due to default in debt servicing and have accepted company's Revised Restructuring / Resolution proposal. Credit rating Agency CRISIL Ratings Ltd has awarded "RP-4" Rating in March 2022 for the Company's Revised Resolution Plan.

#### Annual Secretarial Compliance

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated 8th February 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial compliance audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder. The said Secretarial Compliance report is in addition to the Secretarial Audit Report by Practicing Company Secretary under Form MR – 3 and has been submitted to the Stock Exchanges within the prescribed time limit.

The Company has engaged Shri. MRL Narasimha, Practicing Company Secretary, Coimbatore as Secretarial Auditor of the company for providing the above Certificate.

The Company is publishing the said Secretarial Compliance Report, on voluntary basis and the same has been annexed along with the Board's Report forming part of this Annual Report.

#### Certificate from Practicing Company Secretary

Certificate as required under Part C of Schedule V of Listing Regulations, received from Shri. MRL Narasimha, Practicing Company Secretary, Coimbatore, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory has annexed to this Report.

#### Management Discussion and Analysis Report.

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

#### Shareholders

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



## REPORT ON CORPORATE GOVERNANCE (Contd...)

### Reconciliation of Share Capital Audit

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

### Means of Communication

- i. The quarterly, Half-yearly and Annual results of the Company's financial results are published in two newspapers viz. BUSINESS STANDARD [National Daily] and DEEPIKA (Regional Newspaper) and displayed on company's website www.patspin.com
- ii. The Annual Report of the Company for the financial year 2021-22 is being emailed to the members whose email addresses are available in the depositories as per Section 136 of the Companies Act 2013 and Regulation 36 of SEBI (LODR), Regulations 2015. For other members, who have not registered their e-mail addresses, are requested to register their email id at the earliest and ask for the soft copy of the annual report in accordance with General Circular No. 20/2020 dated 5th May 2020 issued by Ministry of Corporate Affairs (MA) and the Circular No. SEBI / HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020 issued by SEBI, Company is not printing copies of the Annual Report.
- iii. The annual report is available on the company's website

The Company has complied with all the requirements of the Stock Exchange(s) and SEBI on matters relating to Capital Markets, SEBI (LODR) Regulations 2015 and other applicable Regulations issued by SEBI

In accordance with the provisions of Regulation 26 (6) of the Listing Regulations, the Key Managerial Personnel, Director(s), Promoter(s) and Employees including Senior Management Personnel of the Company have affirmed that they have not entered into any agreement for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

### 7. 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.

### 8. 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. Practicing Company Secretary's certificate in compliance on conditions of Corporate Governance is published elsewhere in the Annual Report.

### 9. 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
2018-19	Hotel BTH Ernakulam	20.09.2019	Friday	9:30 am	1) Reappointment of Shri. N. K. Bafna (DIN 00019372), Shri. Prem Malik (DIN 00023051), Shri. S.Sundareshan (DIN 01675195) as Independent Directors of the Company 2) Appointment of Shri. Umang Patodia as Managing Director for a period of 5 years as well as fixation of remuneration for a period of 3 years pursuant to Schedule V of the Companies Act 2013

## REPORT ON CORPORATE GOVERNANCE (Contd...)

2019-20	Through Video Conferencing (VC)/Other Audio Visual Means (OAVM)	30-10-2020	Friday	10.00AM	<ol style="list-style-type: none"> <li>1) Re-appointment of Shri B K Patodia (DIN: 00003516), who has already attained the age of 75 years to continue as Non Independent Non-Executive Director of the Company, liable to retire by rotation</li> <li>2) Appointment of Shri V N Balakrishnan (DIN:08820393) and Shri C K Gopalakrishnan Nair (DIN: 00521840) as Independent Directors of the Company</li> </ol>
2020-21	Through Video Conferencing (VC)/Other Audio Visual Means (OAVM)	29-09-2021	Wednesday	10.00AM	<ol style="list-style-type: none"> <li>1) Re-appointment of Shri B K Patodia (DIN : 00003516), who has already attained the age of 75 years to continue as Non Independent Non-Executive Director of the Company, liable to retire by rotation</li> <li>2) Approval for sale of Company's Ponneri Unit</li> <li>3) Approval for extension of redemption period of 3,50,000 (Three Lakhs Fifty Thousand) 5% Non-Cumulative Redeemable Preference Shares of Rs. 100 each aggregating Rs. 3,50,00,000 (Rupees Three Crores and Fifty Lakhs Only) for a further period of five years up to 29.07.2026.</li> </ol>

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

C. Whether Special Resolutions were put through postal ballot, last year? – No

D. Are votes proposed to be conducted through postal ballot, this year? – No

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

### 10. Compliance in respect of Adoption of non- mandatory requirements:

#### a) The Board

The Non-Executive Chairman of the Company has been provided with a Chairman's Office at the Registered Office of the Company.

#### 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

During the year under review, there is no audit qualification on the Company's financial statements. The Company continues to adopt best practices to ensure regime of unmodified audit opinion.

#### d) Reporting of internal Auditor

The Internal Auditor participates in the meetings of the Audit Committee of the Board of Directors and presents his internal audit observations to the Committee.

#### e) Total fees for all services paid by the listed entity to the statutory auditor

Total Fees paid to Statutory Auditors is Rs. 4.31 Lakhs (Details relating to the fees paid to the Statutory Auditors of the company are given in Note 29 to the Standalone Financial Statements)

## REPORT ON CORPORATE GOVERNANCE (Contd...)

### Disclosure relating to Sexual Harassment of Women at Workplace (Prevention, Prohibition and (Redressal) Act, 2013

The Company is committed to ensuring that all employees work in an environment that not only promotes diversity and equality but also mutual trust, equal opportunity and respect for human rights. The Company's Policy on prevention of Sexual Harassment is in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder which is aimed at providing every woman at the workplace a safe, secure and dignified work environment. During the year under review, the company has not received any complaint in this regard.

### 11. General Shareholder information

#### I. Voluntary Delisting of Company's Equity Shares from the National Stock Exchange of India Ltd (NSE)

Pursuant to Regulation 6 (1) of the SEBI (Delisting of Equity Shares) Regulations, 2021 the Equity Shares of the Company have been Voluntarily Delisted from the National Stock Exchange of India Ltd (NSE) w.e.f January 19, 2022. In terms of the approval, the Company has agreed to redress the investors' grievances (if any) for a minimum period of one year from the date of delisting.

#### II. Annual General Meeting:

a.	Date and Time	:	Friday, 30th September 2022 at 10.00AM
b)	Venue	:	The Company is conducting meeting through VC/OAVM pursuant to the MCA Circular dated 13th January 2021 and as such there is no requirement to have a venue for the AGM
c)	Book closure date	:	Saturday, 24th September 2022 to Friday, 30th September 2022
	Financial calendar (tentative):		
	Annual General Meeting	:	Friday, 30th September 2022
	Results for quarter ended 30th June, 2022	:	12th August 2022
	Results for quarter ending 30th Sept., 2022	:	On or before 14th November, 2022
	Results for quarter ending 31st Dec., 2022	:	On or before 14th February, 2023
	Results for Year ending 31st March, 2023	:	On or before 30th May, 2023

#### III. Listing:

a.	Listing of Equity Shares on Stock Exchanges at	BSE Limited (BSE) The equity shares of the company were voluntarily delisted from The National Stock Exchange of India Limited (NSE) w.e.f 19-01-2022
b)	Listing Fee	Annual Listing fee for the year 2022-23 have been duly paid to the Stock Exchange within the prescribed time limits.
	Stock Code: Scrip Code No.: BSE Ltd	514326
	Trading symbol: National Stock Exchange	N.A since the equity shares have been delisted
	Demat ISIN Nos. in NSDL and CDSL for Equity Shares	INE790C01014

#### III. Stock market data:

Month	BSE		NSE	
	High	Low	High	Low
April 2021	5.15	4.26	5.20	4.25
May	6.38	4.25	6.40	4.15
June	8.04	6.00	7.95	5.95
July	12.85	6.89	12.50	6.65
August	14.59	7.70	14.40	7.45
September	10.75	7.80	10.85	7.60
October	10.01	8.32	9.95	8.30

## REPORT ON CORPORATE GOVERNANCE (Contd...)

Month	BSE		NSE	
	High	Low	High	Low
November	9.60	8.10	9.85	7.90
December	14.18	8.25	14.15	8.35
January 2022	15.40	10.63	15.20	12.20
February	12.74	9.87	-	-
March	11.64	9.52	-	-

V.	Registrar and Transfer Agents (Share Transfer and communication regarding Share Certificates, Dividends and change of Address)	M/s Integrated Registry Management Service Private Ltd 2nd Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar, Chennai -600 017 Tel: 044 28140801-803 E-Mail : corpseiv@integratedindia.in
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VI.	Share Transfer Process	<p>Effective April1, 2019, SEBI has amended Regulation 40 of the Listing Regulations, which deals with transfer or transmission or transposition of securities. According to this amendment, the requests for effecting the transfer of listed securities shall not be processed unless the securities are held in dematerialized form with a Depository.</p> <p>This will interalia, bring the following benefits</p> <ul style="list-style-type: none"> <li>• It shall curb fraud and manipulation risk in physical transfer of securities by unscrupulous entities</li> <li>• Transfer of securities only in demat form will lead to ease convenience and safety of transactions for investors</li> </ul> <p>The Company has stopped accepting any transfer requests for securities held in physical form with effect from the said date. During the year, the Company accepted those transfer requests pertaining to securities held in physical form which were lodged for transfer before April 1, 2019 and were returned due to discrepancies</p> <p>Transfers of equity shares in electronic form are affected through the depositories with no involvement of the company.</p> <p>In view of the aforesaid amendment and in order to eliminate the risks associated with the physical holding of shares, members who are holding shares in physical form are hereby requested to dematerialize their holdings</p>
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### VII. Shareholding pattern and distribution on Shareholding of the Company: –

#### (a) Shareholding pattern as on 31st March 2022:

SL. No.	Category	No of shares (Issued Equity)	%
01)	Promoters & Associates	20096918	65.00
02)	Indian Financial Institutions, Banks, Mutual Funds	5300	0.02
03)	Foreign Institutional Investors / NRIs	0	0
04)	Others	10817782	34.98
	Total :	<b>30920000</b>	<b>100.00</b>

#### (b) Distribution of Shareholding as on 31.03.2022:

No. of shares held	No. of share-holders	% of shareholder	No. of shares (Issued Equity)	% of shareholding
Up to 100	8468	57.38	684856	2.21
101-500	4192	28.40	1188831	3.84
501-1000	972	6.58	832562	2.69
1001-10000	1021	6.91	3168226	10.24
10001 - 100000	92	0.62	2173205	7.02
Above 100000	12	0.08	22872320	73.97
	14,757	100.00%	30920000	100.00%

## REPORT ON CORPORATE GOVERNANCE (Contd...)

### Share Transfer to Investor Education and Protection Fund Account (IEPF) where the dividend is unpaid or unclaimed for seven or more consecutive years.

In terms of Section 124(6) of the Act read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time) (IEPF Rules) shares on which dividend has not been paid or claimed by a shareholder for a period of seven consecutive years or more shall be credited to the Investor Education and Protection Fund (IEPF) within a period of thirty days of such shares becoming due to be so transferred. Upon transfer of such shares, all benefits (like bonus, dividend etc.), if any, accruing on such shares shall also be credited to such IEPF and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. Shares which are transferred to IEPF can be claimed back by the shareholders from Investors Education and Protection Fund Authority (IEPFA) by following the procedure prescribed under the aforesaid rules.

The company last declared dividend in 2006-07, thereafter no dividend was declared. The Company had sent letters to all the concerned Members and also published notice in newspaper three months before the due date asking them to claim their dividend amount to avoid transfer of the said unclaimed dividend and respective shares to IEPF

Accordingly, 414582 equity shares of the face value of Rs 10 each for 2673 folios in respect of which dividend was not encased for seven consecutive years were transmitted to Investor Education and Protection Fund (IEPF) Authority on 9th December 2019. The above-mentioned shares were transmitted pursuant to requirement under section 124 of the Companies Act, 2013 read with Rule 6 of Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time

### VIII. Dematerialization of shares and Liquidity:

96.91% of equity shares of the company have been dematerialized (NSDL 84.93 % and CDSL 11.98 %) as on 31st March,2022. The company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited whereby shareholders have an option to dematerialize their shares with either of the depositories

#### Liquidity of shares:

The shares of the Company are actively traded in BSE Limited (BSE).The equity shares of the company were voluntarily delisted from The National Stock Exchange of India Limited (NSE) w.e.f 19-01-2022

### IX. Plant Locations

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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### X. Address for correspondence: -

i)	Investor Correspondence: -	
	For transmission / transposition / 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, 2nd Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar, Chennai 600 017 Tel: 044 28140801-803 E-Mail : corpseiv@integratedindia.in b) For share held on Demat form: - To the Depository Participants
(ii)	Any query on Annual Report	Secretarial Department PATSPIN INDIA LIMITED 3rd Floor, Palal Towers, M G Road, Ravipuram, Ernakulam, Kochi – 682 016 E-Mail: cs@patspin.com

### XI. Compliance Certificate from the Practicing Company Secretary

The Practicing Company Secretary 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.



## REPORT ON CORPORATE GOVERNANCE (Contd...)

### 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 2022.

**For Patspin India Limited**

**Umang Patodia**

Managing Director

(DIN00003588)

Place: Kochi

Date: 12.8.2022

### **CEO/ CFO CERTIFICATION**

We the undersigned, in our respective capacities as Managing Director 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 2022 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: 12.8.2022

## REPORT ON CORPORATE GOVERNANCE (Contd...)

### CERTIFICATE

Based on my verification of books, papers, forms and returns filed and other records maintained by Patspin India Limited ("The Company"), and also the information provided by its officers, agents and authorized representatives during the conduct of secretarial audit of the Company, I hereby certify that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities Exchange Board of India, Ministry of Corporate Affairs or any such authority as on 31st March, 2022.

Place: Coimbatore

Date: 12.8.2022

**MRL Narasimha**

Practicing Company Secretary

MNo 2851 CP No:799

PR NO.1420/2021

UDIN: F002851D000783501

### Certificate on Corporate Governance for the year ended 31.3.2022

To,

The Members of Patspin India Limited.

I have examined the compliance conditions of corporate governance by M/s. Patspin India Limited ("the Company") for the financial year ended 31st March 2022 as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to a review of the procedures and implementations thereof adopted by the company for ensuring compliance with the conditions of corporate governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the company.

In my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the directors and management, I certify that the company has complied with the conditions of corporate governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Place: Coimbatore

Date: 12.8.2022

**MRL Narasimha**

Practicing Company Secretary

MNo 2851 CP No:799

PR NO.1420/2021

UDIN: F002851D000787954

## MANAGEMENT DISCUSSION & ANALYSIS

### GLOBAL SCENARIO

The global economy staged a strong rebound at the start of FY 2021-22 driven by accelerated vaccination and opening of economies. It was short-lived, though, as rising infections and reimposition of lockdowns dampened sentiments in the First and second quarters. Governments and central banks in major economies continued to extend policy support to stabilise the economy and boost private investments and consumption. However, supply chain disruptions leading to commodity inflation, energy price volatility coupled with rising freight and shipping costs, enhanced the risk of inflation.

In the third quarter of FY 2021-22, the world economy started weakening once again while inflation rose much sharply than anticipated due to doubling of energy prices over the year, localised wage pressures, rising food prices and lingering supply constraints. Further, a resurgence in COVID-19 cases in Europe and Japan held back a broader recovery. In China, fresh COVID-19 outbreaks and a faster-than-expected withdrawal of fiscal emergency measures played spoilsport. On the positive side, international trade made strong gains and services activity surprised on the upside.

The weakness in the fourth quarter of FY 2021-22 due to new virus variants emerged and localized mobility restrictions were imposed. Further, rising energy prices, supply side disruptions, higher and broad-based inflation. Furthermore, the breakout of the Russia-Ukraine conflict in February 2022 kept the world on edge. Although the probability of a full-blown geopolitical crisis is low, the world remains on tenterhooks as it closely watches the evolving scenario. Inflation is expected to rise more than anticipated, demanding more aggressive policy responses.

It's a fact that inventory levels are high at the moment. Due to high inflation in the US, demand has slowed, especially for home textile products as it is more price sensitive than apparel and garments.

### INDIAN TEXTILE INDUSTRY

The Indian economy expanded by 8.7% in FY2021-22, rebounding from a 6.6% contraction in FY2020-21, reiterating the country's status as one of the fastest-growing major economies in the world. India's textiles sector is one of the mainstays of the national economy. It is also one of the largest contributing sectors of India's exports contributing 11 per cent to the country's total exports basket. The textiles industry is labor intensive and has one of the largest employers. Demand is not as robust as it used to be a year back. Ukraine crisis that resulted in a rise in energy prices as one of the major reasons for the dip in demand from the US and Europe this year

India's exports, too, have begun moderating on a sequential basis after touching a record high in FY 2021-22. After seeing a rise of 41 per cent in India's textiles and apparel exports to \$44.4 billion in FY 2021-22, the increase in cotton prices is leading to sector is seeing a demand drop of at least 10 per cent during the first two months of the FY 2022-23, compared to the same time in FY 2021-22. High tariffs faced by Indian exporters in key markets, such as, EU as compared to zero duty access given to competing nations like Bangladesh, Sri Lanka, Pakistan, and Turkey, which affected export performance. Further, logistic is one of the major constraints with Indian exporters. For comparative purposes, the turnaround time (TAT) (from order to delivery) is 50 days for Bangladesh and 63 days for India, whereas time taken to reach port is 1 day for Bangladesh and 7-10 days for India.

Indian textile producers are witnessing initial signs of a demand slowdown as high energy and food prices have weakened demand for products such as curtains and bedspreads in the top export markets of the US and Europe. Indian government has come up with a number of export promotion policies for the textiles sector.

Some of the initiatives taken by the government to further promote the industry are as under:

- Duty free entitlement to garment exporters for import of trimmings and other specified items increased from 3 per cent to 5 per cent. This initiative is expected to generate an additional RMG exports estimated at Rs 10,000 crore (US\$ 1.61 billion).
- Emergency Credit Line Guarantee Scheme for restart of operations suffered by Covid-19 pandemic outbreak.
- Moratorium of Principal and Interest payments during covid period
- The government has also proposed to extend 24/7 customs clearance facility at 13 airports and 14 seaports resulting in faster clearance of import and export cargo.
- Introduction of Remission of Duties and Taxes on Export Products (RoDTEP). It is a new scheme that is applicable with effect from January 1st, 2021, formed to replace the existing MEIS. The scheme will ensure that the exporters receive the refunds on the embedded taxes and duties previously non-recoverable.
- Extension of Rebate on State and Central Taxes and Levies (RoSCTL) scheme for garments and made-ups exports till March 2024
- production-linked incentives (PLI) in textiles to boost production of apparel and garments for setting up of seven mega textile parks, and to increase the production and exports of man-made fibers.
- The free-trade agreements (FTAs) with the United Arab Emirates and Australia will also push up export growth

## MANAGEMENT DISCUSSION & ANALYSIS (Contd...)

- Prime Minister Mega Integrated Textile Region and Apparel (PM MITRA) scheme for the betterment of the infrastructure of the textile industry
- The proposal for imposing duty on branded items was dropped providing relief to the entire value chain.

### FUTURE OF INDIAN TEXTILES INDUSTRY

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Hugo Boss, Liz Claiborne, Diesel, Kanz, Marks & Spencer, Guess and Next into the Indian market. The organized apparel segment is expected to grow at a compound annual growth rate (CAGR) of more than 13 per cent over a 10-year period.

Weakening rupee and easing cotton prices would help increase India's competitiveness. Cotton prices are set to weaken amid slackening demand and global recessionary fears. A better crop outlook could also drive cotton prices lower.

Demand is not as robust as it used to be a year back, but opportunities are coming up as well. Several countries are adopting the China-plus-one strategy. Sri Lanka has also been vacating space in the sector. The COVID-19 pandemic had challenged the textile industry drastically which is now on a recovery stage. Increasing demand for apparel from the fashion industry coupled with the growth of e-commerce platforms is expected to drive the market growth in the ensuing years.

### 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 i.e., 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 4 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

The performance of the company was continued to be affected due to liquidity stress and working capital constraints for the last two financial years and the management was forced to engage contract manufacturing in both the units. Due to default in debt servicing, the Consortium of lenders have classified accounts of the company as NPA as on 31.3.2021. Though the company have submitted restructuring of debts pursuant to Resolution Plan in terms of RBI Circular dated 7.6.2019 proposing to sell company's Tamil Nadu plant, the same was not approved by the consortium due to disagreement amongst themselves in sharing the sale proceeds, the company had submitted a revised restructuring / resolution proposal to repay entire outstanding term debts from the sale proceeds of the Tamil Nadu plant and convert outstanding working capital dues into working capital term loan. The lead bank of the consortium has approved the same vide their sanction letter dated 28.7.2022 and the other member banks are in the process of approval from their sanctioning authorities. The management is hopeful to complete the process of implementation of Resolution plan by this quarter itself. Post restructuring, the company's remaining Kerala plant would continue to operate with significantly reduced sustainable level of debt, lower labour cost and improved operational efficiency.

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, the risk of cotton availability as well as exchange rate fluctuation is partly mitigated.

Some of the threats faced by the spinning industry include technological obsolescence, high minimum support price for cotton, overcapacity in industry, increasing input costs, skilled labour availability besides fluctuating demand for yarn. With the opening up of domestic and international markets, overall demands for cotton yarn are projected to remain good. The uptrend in domestic yarn price and its higher exports may provide opportunities and some respite to the spinning industry. However, prolonged prevalence of covid -19 might impact the Indian textile sector's supply and demand dynamics.

### 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

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

- 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 specialty 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 ensure 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, 2022, the Company has about 1463 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 Ltd.

### Report on the Audit of the Standalone Financial Statements

#### Opinion

1. We have audited the accompanying financial statements of **Patspin India Limited** (the "Company"), which comprise the Balance Sheet as at **31<sup>st</sup> March, 2022**, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information. (Hereinafter referred to as "**Standalone financial statements**").
2. In our opinion and to the best of our information and according to the explanations given to us the aforesaid Standalone financial statements for the year ended 31<sup>st</sup> March, 2022 give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31<sup>st</sup> March, 2022, and loss, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty on Going concern

4. The Company has incurred a total comprehensive loss Rs 1,324 lakhs and cash loss of Rs 324 lakhs during the year ended 31<sup>st</sup> March 2022 and net worth is eroded as on that date and Company's accounts with Lenders were classified as sub-standard as of 31<sup>st</sup> March 2021 due to irregularity in debt servicing and the Company's future cash flows may be uncertain. This situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However as per the information and explanations provided by the Company in Note No 36 (b) of Audited Financial Statement for the year ended 31<sup>st</sup> March 2022, all the Lender banks have given their consent for restructuring proposal of the Company in their meeting held on 14.03.2022, thereby substantially reducing the debt burden of the Company and making the operations viable.

In view of such positivity, our opinion is not modified in respect of this matter.

#### Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there is no matter to be communicated as a key audit matter in our report.

#### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

6. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. The above information is not available to us as on the date of our report.

#### Management's Responsibility for the Standalone Financial Statements:

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial

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

position, financial performance, changes in equity and cash flows in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Standalone) specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements:

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - (i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - (ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - (iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - (v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our

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

report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Emphasis of Matter

15. As stated in Note no 8 of the Audited Financial Statements, the Company has not recognised deferred Tax assets. But as required under Ind AS-12 Income Taxes the carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. An entity shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. As per the information and explanation given by the management, post restructuring of its debts, management is hopeful that there would be sufficient taxable profits in the ensuing years against which the unused tax losses and unused tax credits can be utilized / to allow the benefit of part or all of that deferred tax asset to be utilized. In view of this, the recognised amount Deferred tax Assets of Rs.3, 869 lakhs is continued to be carried in the Books.

In view of such positivity, our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements:

16. 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), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- e) On the basis of written representations received from the directors as on 31st March 2022 taken on record by the board of directors, none of the directors are disqualified as on 31st March, 2022 from being appointed as directors in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the **Internal Financial Controls** with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financials controls with reference to financial statements.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion, according to the information and explanations given to us and based on our examination of the records of the company, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of the section 197 of the Act read with Schedule V to the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The Company did not declare or paid any dividend during the year.
17. As required by the **Companies (Auditor's Report) Order, 2020 ("the Order")**, issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act, 2013, we give in "Annexure - B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

**For L. U. Krishnan & Co.**

Chartered Accountants

FRN – 001527S

**P. K. Manoj**

Partner

Membership No. 207550

UDIN: 22207550AJXOGZ2382

Place: Chennai

Date: 30-05-2022

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

### **Annexure - A to the Independent Auditors' Report**

#### **(Referred to in paragraph 16 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report) 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 with reference to financial statements of **Patspin India Limited** ("the Company") as at 31<sup>st</sup> March, 2022 in conjunction with our audit of the financial statements of the Company for the year ended and as at 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 with reference to financial statements 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.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

#### **Meaning of Internal Financial Controls with reference to financial statements.**

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls with reference to financial statements.**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



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

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### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March 2022, based on the internal control with reference to financial statements 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

**P. K. Manoj**

Partner

Membership No. 207550

UDIN: 22207550AJXOGZ2382

Place: Chennai

Date: 30-05-2022

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

### Annexure - B to the Independent Auditors' Report

#### (Referred to in paragraph 17 under 'Report on Other Legal and Regulatory Requirements' section of our report)

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Standalone financial statements for the year ended 31 March, 2022 we report that:

#### **i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:**

- (a) a. The Company has maintained proper records showing full particulars including quantitative details and situation of Property Plant and Equipment.
- b. The Company has maintained proper records showing full particulars of Intangible Assets.
- (b) The Property, Plant & Equipment have been physically verified by the Management at reasonable intervals in accordance with regular programme of verification. According to the information and explanations given to us, no material discrepancies were found 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 (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued any of its Property, Plant and Equipment (including Right of Use asset) and intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. The company is not holding any benami property.
- (ii) a) During the year, Inventories have been physically verified by the Management at reasonable intervals of time and there were no discrepancies found during such verification.
- b) Company has been sanctioned working capital limits in excess of five crores rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. The quarterly returns or statements are not filed by Company as the Company's accounts are classified as NPA by Banks, and no further renewal /sanction or operations of Working Capital facilities were made or permitted during the year.
- (iii) In respect of investments in, or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to any company, firm, LLP, or other parties, the Company has not made investments in, or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to any company, firm, LLP, or other parties during the year, and hence reporting under clause 3(iii)(a) to (f) of the Order is not applicable
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted deposits and does not have any unclaimed deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of the clause 3 (v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the company pursuant to rules prescribed by the Government of India for maintenance of cost records under sub-section (1) of section 148 of the Act and are of the opinion that prima facie, the prescribed amounts and records have been made and maintained. However, we have not made any detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and according to the records as produced and examined by us, in our opinion, the Company is regular in depositing with appropriate authorities the undisputed statutory dues including income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess and other material statutory dues applicable to it and there are no arrears of outstanding statutory dues as at 31<sup>st</sup> March, 2021 for a period of more than six months from date they become payable.
- (b) According to the information and explanations given to us, there were no dues in respect of income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess and other material statutory dues which have not been deposited on account of dispute /litigation except for the below

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

Name of the Statute	Nature of Dues	Amount (Rs. in Lakhs)	Period for 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	71.26	January, 2016 to March, 2022	TANGEDCO.
TANGEDCO	Deemed demand benefit available for use of self-generated Thermal Power received through captive arrangement.	241.80	April, 2015 to March, 2022	TANGEDCO.
Service Tax	Service tax payable on reverse charge method on ocean freight.	29.92	April to June 2017	Asst Commissioner of GST & Cent Ex Audit, Coimbatore.

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3 (viii) of the Order is not applicable.

(ix) (a) According to the information and explanations given by the management, we are of the opinion that the Company's accounts are classified as NPA by banks, the time and amount of default are as follows:

Nature of borrowing including debt securities	Name of lender	Amount not paid on due date (Rs in Lakhs)	Whether principal or Interest	No. of days delay or unpaid	Remarks if any
Working capital loan & Term loan	Central Bank Of India	51.15	Principal	From Sept" 2020 onwards	Company's Revised Restructuring / Resolution proposal submitted to the lenders (i) to repay outstanding Term Loans fully (ii) Continue operations with sustainable level of debt and rationalized/ reduced labour cost through VRS, was approved by the lenders in the meeting held on 14.03.2022. Lead Bank has obtained requisite TEV Study and ICE - RP4 Credit rating for the said proposal and is in the process of according the approval shortly.
		9.5	Interest	From March 2020 onwards	
	State Bank Of India	31.96	Principal	From Sept" 2020 onwards	
		8.72	Interest	From March 2020 onwards	
	Karur Vysya Bank	7.37	Principal	From Dec" 2019 onwards	
		1.93	Interest	From March 2020 onwards	
	Bank Of Maharashtra	6.86	Principal	From Dec" 2019 onwards	
		2.38	Interest	From March 2020 onwards	
	Canara Bank	11.90	Principal	From Dec" 2019 onwards	
		3.93	Interest	From March 2020 onwards	
	Punjab National Bank	11.31	Principal	From Dec" 2019 onwards	
		3.67	Interest	From March 2020 onwards	
	Exim Bank	5.93	Principal	From Dec" 2019 onwards	
		1.88	Interest	From March 2020 onwards	

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

- (b) The Company has not been declared a wilful defaulter by any bank or financial institution or any other lender.
- (c) The Company has not taken any term loan during the year.
- (d) On examination of the financial statements of the Company, Company has not raised any funds on short term basis which has been used for long-term purposes hence reporting under clause 3(ix)(d) of the Order is not applicable.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associates hence reporting on clause 3(ix)(e) of the Order is not applicable.
- (f) The Company has not raised any loans on the pledge of securities held in its subsidiaries, associate companies during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable
- (x)** (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting of the purpose for which amount raised under clause 3 (ix)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) under section 42 and section 62 of the Companies Act Accordingly, reporting of the purpose for which amount raised under clause 3 (ix)(b) of the Order is not applicable.
- (xi)** In respect of Fraud:
  - (a) According to the information and explanations given to us, during the year Company has not noticed any fraud by the Company or on the Company.
  - (b) No reportable fraud has been committed by the Company hence Form ADT-4 has not been filed by the auditors as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
  - (c) During the year Company has not received any whistle-blower complaints to be considered by the auditors.
- (xii)** Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii)** All transactions entered by the Company with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been properly disclosed in the financial statements as required by the applicable Indian accounting standards.
- (xiv)** In respect of Internal Audit System
  - (a) Company has an internal audit system commensurate with the size and nature of its business.
  - (b) We have considered the Internal Audit Reports of the Company issued by the Internal auditors for the period under audit
- (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 him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi)** Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) (a), & (b) of the Order is not applicable and Company is not a Core Investment Company and there is no core investment company within the group. Accordingly, paragraph 3(xvi) (c) & (d) of the Order is not applicable.
- (xvii)** The Company has incurred cash losses of Rs. 324.03 lakhs and Rs.2,775.16 lakhs during the financial year and immediately preceding financial year respectively covered by our audit.
- (xviii)** There has been no resignation of the statutory auditors of the Company during the year. Accordingly, clause 3(xviii) of the order is not applicable.
- (xix)** On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, as reported in the "Material Uncertainty on Going Concern" paragraph we report that the Company has incurred a total comprehensive loss of Rs 1,324 lakhs and cash loss of Rs 324 lakhs during the year ended 31st March, 2022 and net worth is eroded as on that date and Company's accounts with Lenders were classified as sub-standard with effect from 31st March 2021 due to irregularity in debt servicing and Company's future cash flows are uncertain. This situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, based on information, and explanations provided and examination of documentary evidence, all the Lender banks have given their consent for restructuring proposal of the Company in their meeting held on 14.03.2022, thereby substantially reducing the debt burden of the Company and making the operations viable. We, however, state that this

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

is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

**(xx)** The provisions of section 135 of the Companies Act, 2013 which deals Corporate Social Responsibility (CSR) is not applicable. Accordingly, reporting under Paragraph 3(xx)(a) & (b) of the order is not applicable for the year.

**(xxi)** Company do not have any subsidiaries or associates 'companies to prepare Consolidated Financial Statement. Accordingly, reporting under Paragraph 3(xxi)of the order is not applicable for the year.

**For L. U. Krishnan & Co.**

Chartered Accountants

FRN – 001527S

**P. K. Manoj**

Partner

Membership No. 207550

UDIN: 22207550AJXOGZ2382

Place: Chennai

Date: 30-05-2022



# PATSPIN INDIA LIMITED

## BALANCE SHEET

Particulars	Note No.	As at 31.03.2022 (₹ in lacs)	As at 31.03.2021 (₹ in lacs)
<b>I. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, Plant and Equipment	3	16,747.51	17,760.98
(b) Intangible Assets	4	0.76	0.76
(c) Capital Work in Progress	5	4.90	4.96
(d) Financial Assets			
(i) Investments	6	9.23	16.54
(ii) Others	7	381.02	295.50
(e) Deferred Tax Assets (net)	8	1,236.59	1,236.59
(f) Other Non-Current tax assets	9	236.23	84.63
<b>Sub-Total</b>		<u>18,616.24</u>	<u>19,399.96</u>
<b>2 Current assets</b>			
(a) Inventories	10	790.94	1,429.33
(b) Financial Assets			
(i) Trade Receivables	11	821.78	1,059.94
(ii) Cash and Cash equivalents	12	11.25	182.13
(iii) Bank balances other than (ii) above	13	14.71	92.75
(iv) Other Financial Assets	14	13.00	12.45
(c) Other Current Assets	15	369.34	608.70
<b>Sub-Total</b>		<u>2,021.02</u>	<u>3,385.30</u>
<b>TOTAL</b>		<u>20,637.26</u>	<u>22,785.26</u>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	16	3,092.00	3,092.00
(b) Other Equity	17	(4,901.18)	(3,739.42)
<b>TOTAL EQUITY</b>		<u>(1,809.18)</u>	<u>(647.42)</u>
<b>Liabilities</b>			
<b>1 Non current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	18	1,845.43	3,775.11
(b) Other Non-Current Liabilities	19	451.86	405.70
<b>Sub-Total</b>		<u>2,297.29</u>	<u>4,180.81</u>
<b>2 Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	20	14,494.12	12,621.43
(ii) Trade Payables	20		
ii(a) total outstanding dues of micro and small enterprises		30.14	20.86
ii(b) total outstanding dues of creditors other than micro and small enterprises.		<u>2,246.11</u>	<u>4,250.90</u>
(iii) Other Financial Liabilities	20	2,567.61	741.86
(b) Other Current Liabilities	21	721.97	1,542.54
(c) Provisions	22	89.20	74.28
<b>Sub-Total</b>		<u>20,149.15</u>	<u>19,251.87</u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<u>20,637.26</u>	<u>22,785.26</u>

Significant accounting policies

1 & 2

The accompanying Notes 1 to 43 are an 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 No. 00003516

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

**P. K. MANOJ**  
Partner  
(M. No. 207550)  
UDIN : 22207550AJXOGZ2382

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

**VEENA VISHWANATH BHANDARY**  
Asst. Company Secretary

Place : Chennai  
Date : 30<sup>th</sup> May 2022

Place : Kochi  
Date : 30<sup>th</sup> May 2022

Place : Kochi  
Date : 30<sup>th</sup> May 2022

# PATSPIN INDIA LIMITED

## STATEMENT OF PROFIT AND LOSS

	Note No.	Year ended <b>31.03.2022</b> (₹ in lacs)	Year ended 31.03.2021 (₹ in lacs)
<b>REVENUE:</b>			
Revenue From Operations	23	14,332.47	14,809.99
Other income	24	23.50	36.52
<b>Total Income</b>		<b>14,355.97</b>	14,846.51
<b>EXPENSES:</b>			
Cost of materials consumed	25	3,839.72	7,057.45
Purchases of Stock-in-Trade		-	127.35
Changes in inventories of finished goods, stock in progress and waste	26	(2.91)	830.76
Employee benefits expense	27	3,246.44	2,800.14
Finance costs	28	2,284.02	2,391.76
Depreciation and amortization expense		1,013.52	1,021.30
Other expenses	29	5,312.73	4,414.21
<b>Total Expenses</b>		<b>15,693.52</b>	18,642.97
<b>Profit/(Loss) Before Tax</b>		<b>(1,337.55)</b>	(3,796.46)
Tax expense:			
Provision for current tax		-	-
Deferred tax charge / (Credit)		-	-
<b>Profit (Loss) for the year (A)</b>		<b>(1,337.55)</b>	(3,796.46)
Other Comprehensive income (Net of Tax)			
Items that will not be reclassified to Statement of Profit or Loss			
(a) Re-measurement of defined benefit Obligation		13.21	(35.19)
(b) MTM of forward contract		-	85.37
(c) Impact on Revaluation of Land		-	(258.42)
<b>Total Other Comprehensive income for the Year (B)</b>		<b>13.21</b>	(208.24)
<b>Total comprehensive income/(loss) for the year (A) + (B)</b>		<b>(1,324.34)</b>	(4,004.70)
<b>EARNINGS PER EQUITY SHARES (Face value of Rs. 10 each)</b>			
Basic and Diluted (in Rs.)	30	(4.44)	(12.39)
Significant accounting policies			
1&2			

The accompanying Notes 1 to 43 are an 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 No. 00003516

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

**P. K. MANOJ**  
Partner  
(M. No. 207550)  
UDIN : 22207550AJXOGZ2382

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

**VEENA VISHWANATH BHANDARY**  
Asst. Company Secretary

Place : Chennai  
Date : 30<sup>th</sup> May 2022

Place : Kochi  
Date : 30<sup>th</sup> May 2022

Place : Kochi  
Date : 30<sup>th</sup> May 2022

# PASPIN INDIA LIMITED

## CASH FLOW STATEMENT

	2021-22 (₹ In Lacs)	2020-21 (₹ In Lacs)
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit / (Loss) before Tax & exceptional items	(1,337.55)	(3,796.46)
Adjustments to reconcile Profit/(Loss) before tax to Cashflows:		
Depreciation and Amortization expense	1,013.52	1,021.30
(Gain)/Loss on other comprehensive income (net)	13.21	(50.18)
Equity portion of 5% Non Cumulative Redeemable Preference shares	162.59	-
Interest Expenses	1,779.35	1,722.27
Interest Income	(14.25)	(28.84)
<b>Operating profit before working capital changes</b>	<b>1,616.87</b>	<b>(1,131.91)</b>
Adjustments for Changes in Working Capital:		
Increase / (Decrease) in trade payables	(1,995.51)	(2,494.12)
Increase / (Decrease) in other financial liabilities	50.04	212.75
Increase / (Decrease) in other current liabilities	(820.57)	269.01
Increase / (Decrease) in provisions	14.92	(25.45)
(Increase) / Decrease in inventories	638.39	1,160.82
(Increase) / Decrease in trade receivables	238.16	1,392.40
(Increase) / Decrease in margin money and deposit accounts	78.04	459.72
(Increase) / Decrease in other financial assets	(0.55)	5.58
(Increase) / Decrease in other current assets	239.36	86.03
<b>Cash Generated from Operations</b>	<b>59.15</b>	<b>(65.17)</b>
(Taxes paid) / Refunds -Net	(151.60)	(34.20)
<b>Net cash generated from operating activities</b>	<b>(A) (92.45)</b>	<b>(99.37)</b>
<b>B Cash flow from Investing Activities:</b>		
Purchase of property, plant and equipment/intangible assets	0.01	(0.60)
Sale of property, plant and equipment/intangible assets	-	-
Interest received	14.25	28.84
Sale/ (Purchase) of non-current investments	7.31	1.22
(Increase) /Decrease in other financial Assets	(85.52)	(50.69)
Increase /(Decrease) in other non current liabilities	46.17	88.07
<b>Net cash generated / (used) from/in investing activities</b>	<b>(B) (17.78)</b>	<b>66.84</b>
<b>C Cash flow from financing activities:</b>		
Proceeds / (Repayment) of short term borrowings	136.19	733.06
Proceeds /(Repayment) of long term borrowings	(193.22)	632.46
Receipt/ (Repayment) of Corporate Deposits	(50.00)	-
Interest paid	46.38	(1,251.52)
<b>Net cash generated / (used) from/in financing activities</b>	<b>(C) (60.65)</b>	<b>114.00</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(A+B+C) (170.88)</b>	<b>81.47</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>182.13</b>	<b>100.66</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>11.25</b>	<b>182.13</b>

**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 43 are an 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 No. 00003516

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

**P. K. MANOJ**  
Partner  
(M. No. 207550)  
UDIN : 22207550AJXOGZ2382

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

**VEENA VISHWANATH BHANDARY**  
Asst. Company Secretary

Place : Chennai  
Date : 30<sup>th</sup> May 2022

Place : Kochi  
Date : 30<sup>th</sup> May 2022

Place : Kochi  
Date : 30<sup>th</sup> May 2022

# PASPIN INDIA LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2022

### A. Equity Share Capital

₹ In Lacs

#### (1) Current Reporting Period- As at March 31, 2022

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
3092.00	-	3092.00	-	3092.00

#### (2) Previous Reporting Period -As at March 31, 2021

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
3092.00	-	3092.00	-	3092.00

### B. Other Equity

#### (1) Current Reporting Period- As at March 31, 2022

	Equity component of compound financial instruments	Reserves and Surplus			Debt Instruments through Other Comprehensive Income	Revaluation Surplus	Other items of Other Comprehensive Income (specify nature)		Total
		Capital Reserve	Securities Premium	Retained Earnings			Re-measurement of Employee Benefit	Impact of MTM of Forward Contract	
Balance at the beginning of the current reporting period	-	1,000.00	468.28	(9,725.24)	199.14	4,479.17	(100.77)	-	(3,739.42)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the current year	-	-	-	(1,337.55)	-	-	13.21	-	(1,324.34)
Dividends	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	162.58	-	-	-	-	-	-	-	162.58
Any other change (to be specified)	-	-	-	-	-	-	-	-	-
Balance at the end of the current reporting period	162.58	1,000.00	468.28	(11,062.80)	199.14	4,479.17	(87.56)	-	(4,901.18)

# PASPIN INDIA LIMITED

## (2) Previous Reporting Period -As at March 31,2021

	Equity component of compound financial instruments	Reserves and Surplus			Debt Instruments through Other Comprehensive Income	Revaluation Surplus	Other items of Other Comprehensive Income (specify nature)		Total
		Capital Reserve	Securities Premium	Retained Earnings			Re-measurement of Employee Benefit	Impact on MTM of Forward Contract	
Balance at the beginning of the current reporting period	-	1,000.00	468.28	(5,928.78)	139.14	4,737.59	(65.58)	(85.37)	265.28
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the current year	-	-	-	(3,796.46)	-	(258.42)	(35.19)	85.37	(4,004.70)
Dividends	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-
Any other change (to be specified)	-	-	-	-	-	-	-	-	-
Balance at the end of the current reporting period	-	1,000.00	468.28	(9,725.24)	139.14	4,479.17	(100.77)	-	(3,739.42)

The accompanying Notes 1 to 43 are an integral part of the financial statements

As per our report of even date attached

**P. K. MANOJ**  
Partner  
(M. No. 207550)  
UDIN : 22207550AJXOGZ2382

Place : Chennai  
Date : 30<sup>th</sup> May 2022

For and on behalf of the Board

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

Place : Kochi  
Date : 30<sup>th</sup> May 2022

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

**VEENA VISHWANATH BHANDARY**  
Asst. Company Secretary

Place : Kochi  
Date : 30<sup>th</sup> May 2022



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

### Significant Accounting Policies and notes forming part of the Financial statements for the Year ended 31st March 2022

#### 1 Corporate Information:

Patspin India Limited ('the company') is a Public Limited company incorporated and domiciled in India. The Registered office of the Company is at 3rd Floor, Palal Towers, Ravipuram, MG Road, Kochi - 682016 Kerala State, India. The company is incorporated under the Indian Companies Act 1956 and its equity shares are listed on the Bombay Stock Exchange Ltd (BSE) in India. The company is engaged in the business of manufacture and Export of Fine and super fine combed cotton yarn. The company was registered as "Medium Enterprises - Manufacturing" on 5th May 2021 in Udaym portal of Ministry of MSME and obtained MSME registration certificate under the Provisions of MSMED Act 2006.

#### 2 Significant Accounting Policies

##### 2.1 Basis of preparation of financial statements

Statement of compliance Standalone Financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation and disclosures requirement of Division II of revised Schedule III of the Companies Act 2013, (Ind AS Compliant Schedule III), as applicable to standalone financial statement. Accordingly, the Company has prepared these Standalone Financial Statements which comprise the Balance Sheet as at 31 March, 2022, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as "Standalone Financial Statements" or "financial statements"). The Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III to the Companies Act, 2013 which is applicable from 1 April, 2021 and accordingly the presentation for line items in balance sheet is based on the amended schedule III and corresponding numbers as at 31 March, 2021 have been regrouped/reclassified. These financial statements are approved for issue by the Board of Directors on 30 May, 2022.

##### 2.2 Rounding of amount

These 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 lakh unless otherwise stated

##### 2.3 Historical Cost convention

The financial statements have been prepared under the historical cost convention, as 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, disclosure of contingent liabilities on the date of financial statements and the 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 those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

##### 2.5 Current and non-Current Assets and Liabilities

All assets and liabilities have been classified as current or noncurrent as per the company's normal operating cycle (not exceeding 12 months) 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 (excepting Freehold Land) 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

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.

The Carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

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 Freehold Land for which the company had adopted revaluation model pursuant to the para 29 & 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 is 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 and 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. 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. Cost of Rawmaterial is considered at "weighted average" cost basis and finished goods is considered as per "Specific identification" cost basis.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs of necessary to make the sale. Adequate provision is made for obsolete, Non-moving and Slow-moving items.

### 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 statement of 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 authorities, 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 the statement of profit and 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 statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through statement of profit and 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 Other Comprehensive Income (OCI). These gains/losses are subsequently transferred to statement of profit and loss account. 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 and loss.

##### 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,

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

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.

#### **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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

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 rate 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 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 statement of profit and 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

### 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 2022 (Contd.)

### 3 Property, Plant and Equipment

(₹ in Lacs)

Gross cost / deemed cost	Freehold-Land	Buildings	Plant and Equipment	Furniture	Office Equipments	Vehicles	Total
<b>Balance as at 31st March 2020</b>	<b>4,955.84</b>	<b>4,985.51</b>	<b>29,697.97</b>	<b>169.55</b>	<b>143.92</b>	<b>72.07</b>	<b>40,024.86</b>
Additions	-	-	0.54	-	-	-	0.54
Disposal /Discarded / adjustments	-	-	-	-	-	-	-
Increase /(decrease) on Revaluation of Assets	(258.42)						(258.42)
<b>Balance as at 31st March 2021</b>	<b>4,697.42</b>	<b>4,985.51</b>	<b>29,698.51</b>	<b>169.55</b>	<b>143.92</b>	<b>72.07</b>	<b>39,766.98</b>
Additions	-	-	-	-	0.05	-	0.05
Disposal /Discarded / adjustments	-	-	-	-	-	-	-
Revaluation of Assets	-						-
<b>Balance as at 31st March 2022</b>	<b>4,697.42</b>	<b>4,985.51</b>	<b>29,698.51</b>	<b>169.55</b>	<b>143.97</b>	<b>72.07</b>	<b>39,767.03</b>
<b>Accumulated depreciation</b>							
<b>Balance as at 31st March 2020</b>		<b>2434.62</b>	<b>18184.98</b>	<b>159.64</b>	<b>137.64</b>	<b>67.82</b>	<b>20,984.70</b>
Disposal /adjustments			-				-
Depreciation expense		128.76	888.98	2.57	0.62	0.37	1,021.30
<b>Balance as at 31st March 2021</b>		<b>2,563.38</b>	<b>19,073.96</b>	<b>162.21</b>	<b>138.26</b>	<b>68.19</b>	<b>22,006.00</b>
Disposal /adjustments		-	-				-
Depreciation expense		128.76	883.42	1.09	-	0.25	1,013.52
<b>Balance as at 31st March 2022</b>		<b>2,692.14</b>	<b>19,957.38</b>	<b>163.30</b>	<b>138.26</b>	<b>68.44</b>	<b>23,019.52</b>
Net Book Value							
<b>As at 31st March 2021</b>	<b>4,697.42</b>	<b>2,422.13</b>	<b>10,624.55</b>	<b>7.34</b>	<b>5.66</b>	<b>3.88</b>	<b>17,760.98</b>
<b>As at 31st March 2022</b>	<b>4,697.42</b>	<b>2,293.37</b>	<b>9,741.13</b>	<b>6.25</b>	<b>5.71</b>	<b>3.63</b>	<b>16,747.51</b>

#### 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 Freehold 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	₹ in Lacs
Carried value as at 31st March, 2020	4,955.84
Revaluation surplus recognised in Other Equity as at 31st March 2020	4,737.59
Additions	-
Disposal /adjustments	-
Carried value as at 31st March, 2021	4,697.42
Revaluation surplus recognised in Other Equity as at 31st March 2021	4,479.17
Additions	-
Disposal /adjustments	-
Carried value as at 31st March 2022	4,697.42
Revaluation surplus recognised in Other Equity as at 31st March 2022	4,479.17

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	As at 31.03.2022 (₹ in lacs)	As at 31.03.2021 (₹ in lacs)
<b>4 Intangible Assets</b>		
<b>Gross Cost / Deemed Cost</b>		
As at the beginning of the year	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
<b>Accumulated depreciation</b>		
As at the beginning of the Year	233.32	233.32
Amortisation for the year	-	-
Disposal/adjustment	-	-
Balance as at the end of the Year	233.32	233.32
<b>Net Book Value</b>	<u>0.76</u>	<u>0.76</u>
<b>5 Capital Work In Progress</b>		
Plant and Equipment	<u>4.90</u>	4.96
	<u>4.90</u>	<u>4.96</u>
<b>Financial Assets</b>		
<b>6 Non-Current Investment</b>		
<b>Unquoted Equity instruments - Non-Trade carried at cost</b>		
77,500 Equity Shares (Previous year 1,41,100 ) of Rs 10 each in OPG Power Generation (P) Ltd	8.92	16.23
<b>Government Securities - Non-Trade (unquoted)</b>	-	-
National Savings Certificates (Lodged with statutory authorities)	<u>0.31</u>	0.31
	<u>9.23</u>	<u>16.54</u>
<b>7 Other Financial Assets</b>		
Security Deposits	<u>381.02</u>	295.50
	<u>381.02</u>	<u>295.50</u>
<b>8 DEFERRED TAX ASSET (Net)</b>		
<b>a Deferred Tax Asset</b>		
Unabsorbed Depreciation & Business Loss	3,620.35	3,620.35
Others	<u>248.92</u>	248.92
	<u>3,869.27</u>	3,869.27
<b>b Deferred Tax Liability</b>		
Related to Propety, Plant and Equipment	2,929.43	2929.43
Related to Borrowing Cost	<u>141.45</u>	141.45
	<u>3,070.88</u>	3,070.88
<b>c Minimum Alternate Tax Credit entitlement</b>	<u>438.20</u>	438.20
<b>Net Deferred Tax Asset (a-b+c)</b>	<u>1,236.59</u>	<u>1,236.59</u>
<p>Deferred Tax assets for the current financial year was not recognised. Post restructuring of its debts by the lenders, Management is hopeful that there would be sufficient taxable profit in the ensuring years against which the unused tax losses and unused tax credits can be utilised/to allow the benefit of part or all of that deferred tax assets to be utilised. In view of this the Deferred tax Assets as at 31.03.2020 is continue to be recognised in the Books.</p>		
<b>9 Other non-current tax assets</b>		
Unsecured, considered good		
Income Tax (Net)	<u>236.23</u>	84.63
	<u>236.23</u>	<u>84.63</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	As at 31.03.2022 (₹ in lacs)	As at 31.03.2021 (₹ in lacs)
<b>10 Inventories</b>		
Stores, Spares and Packing Materials	25.37	30.76
Raw Materials	178.21	814.11
Goods-in-Process	194.92	285.50
Finished Goods	382.13	250.65
Waste Stock	10.31	48.31
	<u>790.94</u>	<u>1,429.33</u>
<b>11 Trade Receivables</b>		
Unsecured, considered Doubtful	7.33	9.25
Less : Provision for Doubtful debts	<u>7.33</u>	<u>9.25</u>
	-	-
Unsecured, considered good	<u>821.78</u>	1,059.94
	<u>821.78</u>	<u>1,059.94</u>

For amount receivable from Related Party included in the above amount, please refer Note No 34 - Related party transactions.

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	778.51	-	43.27	-	-	821.78
(ii) Undisputed Trade Receivables – which have significant increase in credit risk						
(iii) Undisputed Trade Receivables – credit impaired						
(iv) Disputed Trade Receivables– considered good						
(v) Disputed Trade Receivables – which have significant increase in credit risk						
(vi) Disputed Trade Receivables – credit impaired						

<b>12 Cash and Cash equivalents</b>		
Cash on Hand	0.91	2.59
Balances with Banks in Current Accounts	10.34	179.54
	<u>11.25</u>	<u>182.13</u>
<b>13 Bank balances other than 12 above</b>		
Margin Money Deposit Accounts (with original maturity less than 12 months)	13.27	91.96
Deposit Accounts under liens (with original maturity less than 12 months)	1.44	0.79
	<u>14.71</u>	<u>92.75</u>
<b>14 Other Financial Assets</b>		
Interest accrued on Deposits	13.00	12.45
	<u>13.00</u>	<u>12.45</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	As at 31.03.2022 (₹ in lacs)	As at 31.03.2021 (₹ in lacs)
<b>15 Other Current Assets</b>		
Prepaid Expenses	43.41	148.49
Balances with Statutory Authorities	134.81	216.10
Other Advances	39.44	79.21
Export Incentives	151.68	164.90
	<u>369.34</u>	<u>608.70</u>
<b>16 Equity Share Capital</b>		
<b>(a) Authorised:</b>		
400,00,000 Equity shares (Previous year 400,00,000 ) of Rs.10 each	4,000.00	4,000.00
<b>(b) Issued, Subscribed and fully paid up shares</b>		
309,20,000 Equity shares (Previous year 309,20,000 ) of Rs.10 each	3,092.00	3,092.00
	<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

Particulars	As at 31.03.2022		As at 31.03.2021	
	No. of shares	Amount ₹ lacs	No. of shares	Amount ₹ lacs
At the beginning of the Year	3,09,20,000	3,092.00	3,09,20,000	3,092.00
Shares issued during the Year	Nil	Nil	Nil	Nil
At the end of the Year	3,09,20,000	3,092.00	3,09,20,000	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 Rs. 10 per share. Each shareholder is eligible for one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion of their shareholding.

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

	As at 31.03.2022		As at 31.03.2021	
	No. of shares	% of holding in the Class	No. of shares	% of holding in the Class
GTN Textiles Limited (Promoter/Associate )	1,42,87,068	46.21%	1,42,87,068	46.21%

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

Name of share Holder		As at 31.03.2022		As at 31.03.2021	
		No. of shares	% of holding in the Class	No. of shares	% of holding in the Class
i	GTN Textiles Limited (Promoter /Associate )	1,42,87,068	46.21%	1,42,87,068	46.21%
ii	KSIDC Ltd (Promoter)	24,90,000	8.05%	24,90,000	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
- vi There are Nil number of shares (Previous year Nil) reserved for issue under option and contracts or commitments for the sale of shares or disinvestment.
- vii There are no issue of shares allotted as fully paid up shares pursuant to contract(s) without payment being received in cash or buy back or bonus shares in the preceding five years.
- viii During the year ended 31.03.2022 and in the previous year, no securities convertible into Equity/Preferential shares.
- ix During the year ended 31.03.2022 and in the previous year, there are no calls unpaid including calls unpaid by Directors and officers as on balance sheet date.
- x Shares held by promoters at the end of the year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

Promoter name	No. of Shares	% of Total Shares	% Change during the year
<b>Promoter:</b>			
Binod Kumar Patodia HUF	200	-	Nil
Ankur Patodia	400	-	Nil
Binod Kumar Patodia	34,550	0.11	Nil
Mala Patodia	500	-	Nil
Prabha Patodia	33,700	0.11	Nil
Umang Patodia	11,000	0.04	Nil
<b>Promoter Group:</b>			
KSIDC Limited	24,90,000	8.05	Nil
GTN Textiles Limited	1,42,87,068	46.21	Nil
Umang Finance Private Limited	3,84,900	1.24	Nil
Beekaypee Credit Private Limited	13,66,900	4.42	Nil
Patodia Exports & Investments Private Limited	14,87,700	4.81	Nil
<b>Total</b>	<b>2,00,96,918</b>	<b>64.99</b>	

<b>As at</b>	As at
<b>31.03.2022</b>	31.03.2021
<b>(₹ in lacs)</b>	<b>(₹ in lacs)</b>

### 17 Other Equity

#### (i) Reserve & Surplus

##### (a) Capital Redemption Reserve

Balance as at the beginning and the end of the year

<b>1,000.00</b>	1,000.00
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The Capital Redemption Reserves were created out of profits up on redemption of redeemable preference shares of Rs 100 each on 31st March 2000 -Rs 500 lacs, 31st March 2001- Rs 250 lacs and on 31st March 2002 -Rs 250 lacs

##### (b) Securities Premium Reserve

Balance as at the beginning and the end of the year

<b>468.28</b>	468.28
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The security premium reserve represents premium on allotment of 77,30,000 Equity shares of Rs 10 each on 24th April 1997 issued at a premium of Rs 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

<b>(9,931.74)</b>	(6,135.28)
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Less: Profit/(Loss) for the year from the Statement of Profit and Loss

<b>(1,337.55)</b>	(3,796.46)
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<b><u>(11,269.29)</u></b>	<b><u>(9,931.74)</u></b>
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#### (ii) Revaluation surplus

Surplus on Revaluation of land (Ind AS Conversion)

<b>4,479.17</b>	4,479.17
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#### (iii) Other comprehensive income:

Impact on remeasurement of Employee Benefit

<b>(87.56)</b>	(100.77)
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Impact on MTM of derivatives (Forward Contracts)

-	-
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Impact on remeasurement of Cost of Borrowings -Pref Share Capital

<b>139.14</b>	139.14
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Impact on Sale of Land

<b>206.50</b>	206.50
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#### (iv) Equity portion of 5% Non Cumulative Redeemable Preference shares

<b>162.58</b>	-
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Transfer to retained earnings

**Balance as at the end of the Year**

<b><u>(4,901.18)</u></b>	<b><u>(3,739.42)</u></b>
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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

As at  
**31.03.2022**  
(₹ in lacs)

As at  
31.03.2021  
(₹ in lacs)

### Non Current Liabilities

#### 18 Financial Liabilities

##### (i) Borrowings

###### a Unsecured Loans

Preference Shares (carried at amortised cost, unless otherwise stated)	<b>545.44</b>	653.08
7,00,000 5% Non Cumulative Redeemable preference shares (Previous year 7,00,000 ) of Rs.100 each		
13,51,000 0.01% Non Cumulative Redeemable preference shares (Previous year 13,51,000) of Rs.100 each issued to lenders /promoters and their associates as per the CDR Package (Refer Note No.36)	<b>1,299.99</b>	1,142.31
	<b>1,845.43</b>	1,795.39

#### 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 Rs 100 each

Particulars	As at 31.03.2022		As at 31.03.2021	
	No. of shares	Amount ₹ lacs	No. of shares	Amount ₹ lacs
At the beginning of the Year	7,00,000	700.00	7,00,000	700.00
Shares issued during the Year	Nil	Nil	Nil	Nil
At the end of the Year	7,00,000	700.00	7,00,000	700.00

##### b 0.01% Non Cumulative Redeemable Preference Shares of Rs 100 each

Particulars	As at 31.03.2022		As at 31.03.2021	
	No. of shares	Amount ₹ lacs	No. of shares	Amount ₹ lacs
At the beginning of the Year	13,51,000	1,351.00	13,51,000	1,351.00
Shares issued during the Year	Nil	Nil	Nil	Nil
At the end of the Year	13,51,000	1,351.00	13,51,000	1,351.00

#### ii Rights, preferences and restrictions attached to Preference shares

- a 7,00,000, 5% Non Cumulative preference shares of Rs 100 each were issued to promoters and their associates. The issue details are as follows.

Series	No of Shares	Date of Issue	Date of Redemption	Earlier Redemption
I	350000	31.07.2021	29.07.2026	NA
II	100000	08.02.2022	06.02.2027	NA
III	100000	31.05.2010	30.05.2022	NA
IV	150000	13.07.2010	12.07.2022	NA

- b 10,81,000, 0.01% Non Cumulative preference shares of Rs 100 each were issued to Lenders as per the CDR Package. The issue details are as follows.

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

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

#### a 5% Non Cumulative Redeemable Preference Shares of Rs 100 each

		As at 31.03.2022		As at 31.03.2021	
		No. of shares	% of holding in the Class	No. of shares	% of holding in the Class
i	Smt Deepa Bagla	6,00,000	85.71%	6,00,000	85.71%
ii	Shri B.K.Patodia	75,000	10.71%	75,000	10.71%

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

		As at 31.03.2022		As at 31.03.2021	
		No. of shares	% of holding in the Class	No. of shares	% of holding in the Class
i	Central Bank of India	1,99,000	14.73%	1,99,000	14.73%
ii	State Bank of India	1,99,000	14.73%	1,99,000	14.73%
iii	Oriental Bank of Commerce	1,53,000	11.32%	1,53,000	11.32%
iv	Karur Vysya Bank	82,000	6.07%	82,000	6.07%
v	Bank of Maharashtra	1,12,000	8.29%	1,12,000	8.29%
vi	Export Import Bank of India	1,21,000	8.96%	1,21,000	8.96%
vii	State Bank of Travancore	1,00,000	7.40%	1,00,000	7.40%
viii	Canara Bank	1,15,000	8.51%	1,15,000	8.51%
ix	Smt Deepa Bagla	2,70,000	19.99%	2,70,000	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 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 amortised cost and Interest expenses has been recognised using the effective interest method on the amortised cost.

	As at 31.03.2022 (₹ in lacs)		As at 31.03.2021 (₹ in lacs)	
	Non Current	Current	Non Current	Current
<b>b Secured Loans</b>				
<b>Term Loans :</b>				
(i) From a Financial Institution	-	633.87	158.55	475.32
(ii) From Banks	-	6,348.89	1,821.17	4,720.94
	-	6,982.76	1,979.72	5,196.26
<b>Total a+b</b>	<b>1,845.43</b>	<b>6,982.76</b>	3,775.11	5,196.26

#### i Term Loan are secured by :

- (i) Term loans from banks and financial institution, excluding corporate term loan from a bank of Rs. 1500 lacs (Outstanding as on 31.03.2022 Rs 398.06 lacs, Previous year Rs 398.06 lacs) (security for which is explained in Para 1(ii) below) and Term Loan from a financial institution of Rs 2000 lacs (Outstanding as on 31.03.2022 Rs. 633.87 lacs, Previous Year 633.87 lacs) (security for which is explained in Para 1(iii) below), are secured by first pari passu 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 pari passu 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

- (ii) Corporate term loan from a bank of Rs. 1500 lacs (Outstanding as on 31.03.2022 Rs 398.06 lacs) mentioned in para 1 (i) above is secured by way of hypothecation of movable assets (excluding vehicle purchased on Finance lease basis) of the company, both present and future, has been secured by second charge by way of equitable mortgage on the immovable assets of the company, both present and future, and further secured by personal guarantee of two directors of the Company
- (iii) Term Loan from a financial institution of Rs 2000 lacs (outstanding as at 31.03.2022 Rs. 633.87 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 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) below), and further secured by Corporate Guarantee from GTN Textiles Limited (Rs 300 lacs) and GTN Enterprises Limited (Rs 1700 lacs).

### 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

	2021-22 Outstanding as on 31.03.2022	2022-23
From Banks	4,527.72	1,821.17
From Financial Institutions	475.32	158.55
Rate of Interest	12.75%	9.00%

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

	Amount Due as on 31.03.2022	Amount paid subsequently	Date of payment	Balance payable
<b>Principal</b>				
From Banks	4,527.72	-	-	4,527.72
From Financial Institutions	475.32	-	-	475.32
<b>Interest</b>				
From Banks	2,334.43	-	-	2,334.43
From Financial Institutions	165.22	-	-	165.22
Others	67.96	-	-	67.96
			<b>As at</b>	<b>As at</b>
			<b>31.03.2022</b>	<b>31.03.2021</b>
			<b>(₹ in lacs)</b>	<b>(₹ in lacs)</b>

### 19 Other non current liabilities

Provision for Employee benefits	451.86	405.70
	<u>451.86</u>	<u>405.70</u>

### Current Liabilities

#### 20 Financial Liabilities

##### (i) Borrowings

##### Secured Loans

Term Loans :

Current maturities of long-term debt (Refer Note No 18 (b))

(i) From a Financial Institution	633.87	475.32
(ii) From Banks	6,348.89	4,720.94
Working Capital Loans from Banks	6,411.36	6,275.17

##### Unsecured Loans

Corporate Deposits	500.00	550.00
Loan from Directors/relatives-Interest Free	600.00	600.00
	<u>14,494.12</u>	<u>12,621.43</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

- 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 paripassu 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 paripassu 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 Nil (Previous year Rs.364 lacs).

	<b>As at</b> <b>31.03.2022</b> <b>(₹ in lacs)</b>	As at 31.03.2021 (₹ in lacs)
<b>(ii) Trade Payables</b>		
Due to Micro, Small and Medium Enterprises (MSME's)	<b>30.14</b>	20.86
Due to Others	<b>2,246.11</b>	4,250.90
	<b><u>2,276.25</u></b>	<u>4,271.76</u>

For amount payable to Related Party included in the above amount, please refer Note No 34 - related party transactions.

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	30.14	-	-	-	30.14
(ii) Others	1,393.09	159.51	356.25	337.26	2,246.11
(iii) Disputed dues – MSME					
(iv) Disputed dues - Others					

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

	<b>As at</b> <b>31.03.2022</b> <b>(₹ in lacs)</b>	As at 31.03.2021 (₹ in lacs)
The principal amount due thereon remaining unpaid as on the Balance Sheet date	<b>30.14</b>	20.86
Interest due thereon remaining unpaid	<b>Nil</b>	Provided for Rs 3914/-
Interest paid along with the amount of the payment during the year	<b>Nil</b>	Nil
Interest due and payable but without adding the interest specified in the above-mentioned act.	<b>Nil</b>	Nil
Interest accrued and remaining unpaid at the end of the year.	<b>Nil</b>	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.	<b>Nil</b>	Nil

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (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 enterprises as at reporting date has been made in the financial statements based on information received and available with the Company and has been relied upon by the auditors.

Further, as per 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 MSMED 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 31.03.2022 (₹ in lacs)	As at 31.03.2021 (₹ in lacs)
<b>(iii) Other Financial Liabilities</b>		
Interest due on borrowings	2,567.61	741.86
	<u>2,567.61</u>	<u>741.86</u>
<b>21 Other Current Liabilities</b>		
Advances from customers	14.73	46.31
Expenses Payable	662.26	1,451.39
Statutory and Other dues payable	44.98	44.84
	<u>721.97</u>	<u>1,542.54</u>
<b>22 Provisions</b>		
Provision for employee benefits	89.20	74.28
	<u>89.20</u>	<u>74.28</u>
	Year ended 31.03.2022 (₹ in lacs)	Year ended 31.03.2021 (₹ in lacs)
<b>23 REVENUE FROM OPERATIONS</b>		
<b>(A) Sale of Products</b>		
<b>Finished Goods :</b>		
Exports	33.31	3,656.62
Local	6,492.49	6,923.33
<b>Traded Goods</b>		
Exports	-	138.23
<b>Waste Sales</b>		
Local	781.12	614.54
<b>Net Sales</b>	<u>7,306.92</u>	<u>11,332.72</u>
<b>(B) Other Operating Revenues</b>		
Export Incentives	(0.00)	70.49
Job Work Charges	7025.55	3,406.78
	<u>7025.55</u>	<u>3,477.27</u>
<b>Total (A) + (B)</b>	<u>14332.47</u>	<u>14,809.99</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	Year ended 31.03.2022 (₹ in lacs)	Year ended 31.03.2021 (₹ in lacs)
<b>24 OTHER INCOME</b>		
Interest Income	14.25	24.11
Agricultural Income	0.27	0.21
Interest on Income Tax refund	-	4.73
Sale of Scrap	8.98	7.47
<b>Total</b>	<u><u>23.50</u></u>	<u><u>36.52</u></u>
<b>25 COST OF MATERIALS CONSUMED</b>		
<b>(a) Raw Materials Consumed</b>		
Opening Inventory	814.10	1,127.35
Add:Purchases during the Year	3,015.03	6,912.13
Less:Sale of Cotton	0.47	324.68
Less: Closing Stock	178.21	814.10
<b>Total (a)</b>	<u><u>3,650.45</u></u>	<u><u>6,900.70</u></u>
<b>(b) Packing Material Consumed</b>		
Opening Inventory	14.54	25.19
Add:Purchases during the Year	186.57	146.10
Less: Closing Stock	11.84	14.54
<b>Total (b)</b>	<u><u>189.27</u></u>	<u><u>156.75</u></u>
<b>Total (a) + (b)</b>	<u><u>3,839.72</u></u>	<u><u>7,057.45</u></u>
<b>26 CHANGES IN INVENTORY OF FINISHED GOODS, GOODS IN PROCESS AND WASTE</b>		
<b>(a) Stock at the beginning of the year:</b>		
Finished Goods	250.65	1,183.38
Goods-in-process	285.50	202.84
Waste	48.31	29.00
<b>Total</b>	<u><u>584.46</u></u>	<u><u>1,415.22</u></u>
<b>(b) Less : Stock at the end of the Quarter:</b>		
Finished Goods	382.13	250.65
Goods-in-process	194.92	285.50
Waste	10.32	48.31
<b>Total (a) + (b)</b>	<u><u>587.37</u></u>	<u><u>584.46</u></u>
<b>(Increase)/Decrease in Stocks (a-b)</b>	<u><u>(2.91)</u></u>	<u><u>830.76</u></u>
<b>27 EMPLOYEES BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	2,784.05	2,384.68
Contribution to Provident and Other Funds	207.59	186.71
Welfare Expenses	254.80	228.75
<b>Total</b>	<u><u>3,246.44</u></u>	<u><u>2,800.14</u></u>
<b>28 FINANCE COSTS</b>		
Interest Expenses	1,779.35	1,722.27
Other Borrowing Costs	292.05	471.73
Interest -Cost on Fair Valuation of Preference Shares	212.62	197.76
<b>Total</b>	<u><u>2,284.02</u></u>	<u><u>2,391.76</u></u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	Year ended 31.03.2022 (₹ in lacs)	Year ended 31.03.2021 (₹ in lacs)
<b>29 OTHER EXPENSES</b>		
Power and Fuel	3,995.96	3,028.78
Repairs to Building	7.10	4.11
Repairs to Machinery	367.01	291.66
Stores and Spares consumed	84.73	66.44
Processing Charges	205.44	153.64
Rent	26.54	24.50
Insurance	167.99	133.18
Rates and Taxes	45.98	33.79
Commission and Brokerage	1.96	50.82
Freight, Forwarding and Other expenses	16.91	188.88
Payment to Auditors		
Audit Fee	3.00	3.00
Certification Charges	1.13	0.40
Directors Sitting Fee	2.55	3.43
Net loss /(gain) on foreign currency transaction and translation	(0.04)	128.06
Miscellaneous Expenses	386.47	303.52
<b>Total</b>	<b>5,312.73</b>	<b>4,414.21</b>
<b>30 EARNING PER SHARE</b>		
Net Profit /(Loss) as per statement of profit and loss	(1337.55)	(3796.46)
Less: Dividend on Preference Shares -Notional	35.14	35.14
Net Profit available to Equity Share holders	(1372.69)	(3831.60)
Weighted average number of Equity Shares (Face value of Rs.10 each)	30920000	30920000
Basic and diluted Earning Per Share Rs.	(4.44)	(12.39)

### 31 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, incapacitisation 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.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)**

		<b>Gratuity Plan 2021-22 (₹ in lacs)</b>	Gratuity Plan 2020-21 (₹ in lacs)
<b>Change in Defined Benefit Obligation (DBO) during the year</b>			
1	Present value of DBO at the beginning of the year	<b>635.18</b>	574.01
2	Current service cost	<b>32.51</b>	31.94
3	Interest cost	<b>42.84</b>	38.72
4	Actuarial (gain)/loss arising from changes in experience assumptions	<b>(26.17)</b>	-
5	Actuarial loss arising from changes in experience adjustments	<b>11.97</b>	26.91
6	Benefits paid	<b>(34.54)</b>	(36.39)
<b>Present value of DBO at the end of the year</b>		<b>661.79</b>	635.19
<b>Change in fair value of plan assets during the year</b>			
1	Fair value of plan assets at the beginning of the year	<b>229.48</b>	256.37
2	Interest income	<b>15.47</b>	17.29
3	Employer contributions	<b>0.51</b>	0.50
4	Benefits paid	<b>(34.54)</b>	(36.39)
5	Remeasurements - return on plan assets (excluding interest income)	<b>(0.99)</b>	(8.28)
<b>Present value of DBO at the end of the year</b>		<b>209.93</b>	229.49
<b>Amounts recognised in the Balance Sheet</b>			
1	Present value of DBO at the end of the year	<b>661.79</b>	635.18
2	Fair value of plan assets at the end of the year	<b>209.93</b>	229.48
<b>Funded status of the plans - (Assets)/Liability</b>		<b>451.86</b>	405.70
<b>(Assets) and Liability recognised in the Balance sheet</b>		<b>451.86</b>	405.70
<b>Components of employer expense</b>			
1	Current service cost	<b>32.51</b>	31.94
2	Interest income on net defined benefit obligation	<b>27.37</b>	21.43
<b>Expense recognised in Statement of Profit and Loss</b>		<b>59.88</b>	53.37
<b>Remeasurements on the net defined benefit obligation</b>			
	Return on plan assets(excluding interest income)	<b>0.99</b>	8.28
	Actuarial loss arising from changes in financial assumptions	<b>(26.17)</b>	-
	Actuarial loss arising from changes in experience adjustments	<b>11.97</b>	26.91
<b>Remeasurements recognised in other comprehensive income</b>		<b>(13.21)</b>	35.19
<b>Total defined benefit cost recognised</b>		<b>46.67</b>	88.56
<b>Nature and extent of investment details of the plan assets</b>			
	State and Central Securities	-	-
	Bonds	-	-
	Special Deposits	-	-
	Insurer Managed Funds	<b>100%</b>	100%

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

### Gratuity Plan

	As at 31.03.2022	As at 31.03.2021
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#### Assumptions

Discount rate	7.25%	6.75%
Expected rate of salary increase	2.00%	2.00%

#### Sensitivity analysis - DBO at the end of the year (in lacs)

Discount rate + 100 basis points	613.06	584.22
Discount rate - 100 basis points	716.41	692.79
Salary Growth rate + 1%	718.81	695.03
Salary Growth rate - 1%	610.22	581.50
Attrition rate +50%	673.39	647.10
Attrition rate -50%	649.32	622.33

#### Weighted average duration of DBO

9 Years	9 Years
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#### Expected cash flows( in lacs)

##### 1. Expected employer contribution in the next year

483.26	437.75
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##### 2. Expected benefit payments

Year 1	32.40	35.86
Year 2 to year 5	168.69	137.60
Year 6 to year 10	561.66	474.49
Beyond 10 years	509.88	581.45

**32** 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.

**33** 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.

## 34 RELATED PARTY DISCLOSURES

### Related Party Disclosures pursuant to Ind AS 24

#### (a) Names of Related parties and nature of relationships

##### i Associate:

GTN Textiles Limited

##### ii Companies where Key Management Personnel has significant influence.

- 1 GTN Enterprises Limited
- 2 Patodia Exports and Investments (P) Ltd

##### iii Key Management Personnel:

- 1 Shri Umang Patodia - Managing Director
- 2 Shri T.Ravindran - Chief Financial Officer
- 3 Ms.Veena Vishwanath Bhandary - Asst Company Secretary

##### iv Enterprises/Entities having " Common Key Management Personnel ":

- 1 Patcot & Co

##### v Relative of Key Managerial Personel :

- 1 Shri Binod Kumar Patodia - Father of Shri Umang Patodia
- 2 Smt Prabha Patodia - Mother of Shri Umang Patodia

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

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

Nature of Transactions / Balances	Associates		Other Related parties*	
	2021-22 ₹ in lacs	2020-21 ₹ in lacs	2021-22 ₹ in lacs	2020-21 ₹ in lacs
Sales, Service and other income	1,566.32	1,562.34		
Purchase of Goods and Services	274.48	1,886.46		
Purchase of fixed assets				
Remuneration paid			56.28	38.10
Sitting Fees			0.30	0.45
Interest Paid			33.00	33.00
Rent Paid			9.00	9.00
Balances as at year end:				
Amount Receivable	248.88	-		
Amount Payable	-	633.45	197.47	202.51
Guarante Received	2,000.00	2,000.00		
Guarante Provided for				

\*Includes relatives of key management personnel

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

	Transactions	
	2021-22 ₹ in lacs	2020-21 ₹ in lacs
<b>(i) Sale of Goods</b>		
<b>a) Cotton</b>		
i) GTN Textiles LTD	-	206.48
ii) GTN Enterprises LTD	8.69	85.12
<b>b) Cotton Yarn</b>		
i) GTN Textiles LTD	-	181.25
ii) GTN Enterprises LTD	217.51	667.28
<b>c) Store Items</b>		
i) GTN Textiles LTD	0.15	0.29
ii) GTN Enterprises LTD	0.04	-
<b>d) Sale of Waste</b>		
i) GTN Enterprises LTD	5.34	4.09
<b>e) Packing Materials</b>		
i) GTN Enterprises LTD	0.46	0.20
<b>(ii) Purchase of Goods</b>		
<b>a) Cotton</b>		
i) GTN Textiles LTD	-	919.91
ii) GTN Enterprises LTD	50.68	512.19
<b>b) Cotton Yarn</b>		
i) GTN Textiles LTD	-	161.46
ii) GTN Enterprises LTD	-	264.13

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	Transactions	
	2021-22 ₹ in lacs	2020-21 ₹ in lacs
<b>c) Store Items</b>		
i) GTN Textiles LTD	-	0.35
ii) GTN Enterprises LTD	13.13	0.14
<b>(iv) Rendering of Services</b>		
<b>a) Rent</b>		
i) GTN Enterprises LTD	1.08	1.08
<b>b) Processing Charges</b>		
i) GTN Textiles LTD	67.93	85.23
ii) GTN Enterprises LTD	1,265.12	331.32
<b>(v) Receiving of Services</b>		
<b>a) Rent</b>		
Other related parties	9.00	9.00
<b>b) Processing Charges</b>		
i) GTN Enterprises LTD	210.68	28.28
<b>(vi) Remuneration Paid</b>		
Other related parties	56.28	38.10
<b>(vii) Sitting Fees</b>		
Other related parties	0.30	0.45
<b>(viii) Interest Paid</b>		
Other related parties	33.00	33.00

### 35 CONTINGENT LIABILITY AND COMMITMENTS:

#### A COMMITMENTS

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Nil (Previous year Rs.Nil).

#### B CONTINGENT LIABILITY

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

- Excise duty : Rs. 72.99 lacs (Previous year Rs. 72.99 lacs). Deposits against litigation Rs 7.31 lacs
- Sales Tax (VAT) : Rs 146.45 lacs (Previous year Rs.146.45 lacs). Deposits against litigation Rs 40.48 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 SC has accepted the appeal on records. Liability towards the same Rs 71.26 lacs (Previous year Rs 61.21 lacs). Deposits against litigation Rs Nil 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 Hight court has given injunction with a condition to TANGEDCO to Charge only 50% till the matter is decided. Liability towards the same was Rs 241.80 lacs. (Previous year Rs 222.16 lacs). Deposits against litigation Rs Nil lacs
- Asst Commissioner of GST & Cent Ex Audit, Coimbatore Audit Circle II has raised additional demand on Ocean Freight based on Bills of Entry filed. Liability towards the same is Rs 29.22 lacs. (Previous year Rs Nil lacs). Deposits against litigation Rs Nil lacs

- 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

- (a) The restructuring inter-alia envisages:
- Deferment / Rescheduling in payment of principal
  - Refixation of interest rates on term loans
  - Sanction of additional long term working capital term loan of Rs.22.16 crores
  - In lieu of sacrifice by the lenders, Preference Shares of Rs.10.81 crores were allotted on 29.01.2013 to the banks/financial institutions. The amount represents difference between the net present value (NPV) of the future cash flows towards repayment of principal and interest thereon as per the revised term and those payable as per the original terms.
  - The Promoters to bring in contribution of Rs.2.70 crores by way of Preference Shares. The said amount was brought into two phases of Rs 1.35 Crores each on 7th November 2012 and 28th November 2013 respectively in line with CDR Scheme.
  - GTN Textiles Limited (GTN), the main Promoter to pledge 72,86,405 Equity Shares of Rs.10 each (51% of the shareholding in Patspin India Limited) in favour of Central Bank of India, the Monitoring Institution. GTN has since pledged the shares on 14.05.2013.
  - The CDR lenders, with the approval of CDR EG, shall have the right to recompense the reliefs/ sacrifices/ waivers extended by respective CDR lenders as per CDR guidelines
- (b) Company's Revised Restructuring / Resolution proposal submitted to the lenders (i) to repay outstanding Term Loans fully (ii) Continue operations at the remaining plant in Kanjikode Kerala, with sustainable level of debt and reduced labour cost through VRS, making the operations viable was approved by the lenders in the meeting held on 14.03.2022. Lead Bank has obtained:
- requisite TEV Study Report confirming Techno Economic Viability of the Resolution Proposal and
  - desired RP4 Credit Rating from CRISIL for the said proposal.

The Lead bank is in the process of according the approval to the Resolution Proposal shortly. The Company expects implementation of the RP shortly.

Post restructuring, the remaining manufacturing facility at Kanjikode, Kerala would continue to be in operation and from its cash generation, residual significantly reduced and sustainable level of debts can be serviced with ease.

### 37 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, Exchange Risk and Commodity Price 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 encompasses 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

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	66.37%	13.16%
Revenue from Top Five Customers	87.14%	40.71%

\* During FY 2021-22 Company was operating under contract manufacturing due to paucity of working capital and liquidity stress pending approval of restructuring proposal from company bankers. Revenue from top customers were of conversion charges on contract manufacturing arrangement.

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:

(Amount ₹ in lacs)

Particulars	As at 31st March 2022	Due within 12 months from Balance Sheet Date	Due beyond 12 months of Balance Sheet Date
Borrowings	16,339.55	14,494.12	1,845.43
Trade payables	2,276.25	2,276.25	-
Other Financial Liabilities	2,567.61	2,567.61	-

Company has submitted a Restructuring / Resolution proposal to repay Term Loans fully and convert working capital outstanding amount in to WCTL repayable in 7 years. The said proposal is under advanced stage of approval and company expects to continue operations with sustainable level of debt without Liquidity stress post approval by Lenders of the Resolution Proposal.

### 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 others 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 Rs. 6275.17 lacs out of the total debt of Rs. 16396.55 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 Rs. 31.37 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 31st March 2022 are as given below:

Particulars	As at 31.03.2022			As at 31.03.2021			
	Currency	Amount in lacs	Exchange Rate Rs	Amount (₹ in lacs)	Amount in lacs	Exchange Rate Rs	Amount (₹ in lacs)
Accounts Payable		-	-	-	-	-	-

Since company was operating on contract manufacturing during FY 2021-22 there were no foreign currency exposure either on Exports of Yarn or on Imports of Raw materials.

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 Rs. Nil Lacs



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

### 38 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 31.03.2022	As at 31.03.2021
	(₹ in lacs)	(₹ in lacs)
Total equity	(1,809.18)	(647.42)
Net Debt	16,328.30	16,214.41
Total Capital Employed (Borrowings and Equity)	14,519.12	15,566.99
(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.		

Company has submitted a Restructuring / Resolution proposal to repay Term Loans fully and convert working capital outstanding amount in to WCTL repayable in 7 years. The said proposal is under advanced stage of approval and company expects to continue operations with sustainable level of debt without Liquidity stress post approval by Lenders of the Resolution Proposal.

### 39 Ratios:

	Particulars	Measure	2021-22		2020-21		% Variance	Reason for Variance
			Rs in lacs	Ratios	Rs in lacs	Ratios		
a	Current Assets		2,021.02		3,385.30			The performance of the Company was adversely affected during the last four years due to adverse market conditions. The Company has submitted a Restructuring / Resolution proposal to repay Term Loans fully and convert working capital outstanding amount in to WCTL repayable in 7 years. The said proposal is under advanced stage of approval and company expects to continue operations with sustainable level of debt without Liquidity stress post approval by Lenders of the Resolution Proposal.
b	Current Liabilities		20,149.15		19,251.87			
	<b>Current Ratio (a/b)</b>	Times		0.10		0.18	-42.96%	
c	Total Debt		16,339.55		16,396.54			
d	Shareholders Equity		(1,809.18)		(647.42)			
	<b>Debt-Equity Ratio (c/d)</b> (Where total debt refers to sum of Current and Non Current Borrowings)	Times		(9.03)		(25.33)	-64.34%	
e	Profit/(Loss) after tax		(1,337.55)		(3,796.46)			
f	Finance Cost		2,284.02		2,391.76			
g	Depreciation and amortization expense		1,013.52		1,021.30			
h	Earnings available for debt service		1,959.99		(383.40)			
i	Current Borrowings		14,494.12		12,621.43			
j	Interest due on borrowings		2,567.61		741.86			
k	Total Debt services (i+j)		17,061.73		13,363.29			
	<b>Debt Service Coverage Ratio (h/k)</b>	Times		0.11		(0.03)	-500.40%	
l	Profit/(Loss) after tax		(1,337.55)		(3,796.46)			
m	Average Shareholders Equity		(1,228.30)		1,354.93			
	<b>Return on Equity Ratio (l/m)</b>	Percentage		108.89%		-280.20%	-138.86%	
n	Net Sales		7,306.92		11,332.72			
o	Average Inventory		1,110.13		2,009.74			
	<b>Inventory Turnover Ratio(n/o)</b>	Times		6.58		5.64	16.73%	

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	Particulars	Measure	2021-22		2020-21		% Variance	Reason for Variance
			Rs in lacs	Ratios	Rs in lacs	Ratios		
p	Revenue from operations		14,332.47		14,809.99			
q	Average Trade Receivable		940.86		1,756.15			
	<b>Trade Receivable Turnover Ratio (p/q)</b>	Times		15.23		8.43	80.64%	
r	Total Purchases		3,201.13		6,860.90			
s	Average Trade Payables		3,274.00		5,765.70			
	<b>Trade Payable Turnover Ratio (r/s)</b>	Times		0.98		1.19	-17.83%	
t	Revenue from operations		14,332.47		14,809.99			
u	Current assets		2,021.02		3,385.30			
v	Current liabilities		20,149.15		19,251.87			
w	Net Working Capital		(18,128.13)		(15,866.57)			
	<b>Net Capital Turnover Ratio (t/w)</b>	Times		(0.79)		(0.93)	-15.30%	
x	Profit/(Loss) after tax		(1,337.55)		(3,796.46)			
y	Total Income		14,355.97		14,846.51			
	<b>Net Profit Ratio (x/y)</b>	Percentage		-9.32%		-25.57%	-63.56%	
aa	Profit/(Loss) before tax		(1,337.55)		(3,796.46)			
ab	Finance Cost		2,284.02		2,391.76			
ac	Earning before Interest and Tax (aa+ab)		946.47		(1,404.70)			
ad	Tagible Networkth		(1,809.18)		(647.42)			
ae	Total Debt		22,446.44		23,432.68			
af	Deferred Tax Liability		-		-			
ag	Capital employed (ad+ae-af)		20,637.26		22,785.26			
	Return on Capital employed (ac/ag)	Percentage		4.59%		-6.16%	-174.39%	
ah	Return on Investment*			-		-		

\*Investment made in OPG Power Generation (P) Ltd as a captive power user. Due to this investment the Company has purchased 1,37,65,729 Units of electricity at a cost of Rs 5.99/ Unit as against a unit Cost of Rs. 6.90/ Unit from TNEB

### 40 Other Statutory Information

- a) All title deeds of Immovable Property are held in the name of the Company and the Company does not have any immovable property without Title in its name.
- b) Since there is no addition / deletion in Capital Work in Progress (CWIP) and Intangible assets during the year and hence disclosures regarding these items were not made.
- c) Disclosure on PPE & Intangible Assets
  - (1) There is no restriction on the title of Property, Plant and Equipment and Property, was mortgaged to Lenders for the credit facilities sanctioned to Company.
  - (2) Company has not constructed any item in Property, Plant & equipment.
  - (3) Company has no contractual commitments for the acquisition of Property, Plant & Equipment.
  - (4) Company has no Impairment loss during the year for Property, Plant & Equipment.
  - (5) Company has not revalued any items of Property, Plant & Equipments during the Year
  - (5) Carrying amount of Property, Plant & Equipment are not retired from active use and not held for disposal.
  - (6) The existence and carrying amounts of intangible assets whose title is not restricted and the carrying amounts of intangible assets are not pledged as security for liabilities
- d) There are no proceedings initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)
- e) The Company is not a declared wilful defaulter by any bank or financial institution or other lenders.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

- f) The Company has not entered into any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- g) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- h) The Company has complied with the number of layers prescribed under clause(87) of section 2 of the Act read with Companies ( Restriction on number of Layers) Rules, 2017.
- i) Utilisation of Borrowed funds and share Premium:
- A. The Company has not advanced or loaned to or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity (ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- B. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding that the Company shall
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- j) There were no transactions relating to previously unrecorded income that have been surrendered and disclosed as income during the year in the tax assessments under the Income Tax Act, 1961
- k) Company shall not be required to comply with Corporate Social Responsibility (CSR) as provisions of section 135 of the Companies Act, 2013 is not applicable.
- l) The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.
- 41** The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code and recognize the same when the Code becomes effective.
- 42** As per the current assessment of the company in respect of Covid 19 pandemic outbreak, there is no material impact on the carrying values of trade receivables, inventory, and other financial / non-financial assets as at the reporting date. Given the uncertainties associated with nature, condition and duration of covid-19, the company will closely monitor any material changes arising from the future economic condition. The impact of the pandemic in the subsequent period is highly dependent on the situations as they evolve and hence may be different from that estimated as at the date of approval of these financial results.
- 43** Previous year's figures have been regrouped/reclassified wherever necessary to conform to the current year's presentation.

Signature to Note 1 to 43

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 No. 00003516

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

**P. K. MANOJ**  
Partner  
(M. No. 207550)  
UDIN : 22207550AJXOGZ2382

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

**VEENA VISHWANATH BHANDARY**  
Asst. Company Secretary

Place : Chennai  
Date : 30<sup>th</sup> May 2022

Place : Kochi  
Date : 30<sup>th</sup> May 2022

Place : Kochi  
Date : 30<sup>th</sup> May 2022





Registered Office: 3rd Floor, Palal Towers, Ravipuram, M.G. Road, Kochi 682 016  
Corporate Office: 43, Mittal Chambers, 4th Floor., 228, Nariman Point, Mumbai 400 021

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[www.patspin.com](http://www.patspin.com)