

Ref. PILC/2017-18

26<sup>th</sup> September, 2017

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

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

Dear Sirs,

Sub: Submission of Annual Report for FY 2016-17

Ref: Patspin India Limited

We wish to inform you that Annual General Meeting of Patspin India Limited was held on Friday, 22<sup>nd</sup> September, 2017.

Pursuant to Regulation 34 of SEBI (LODR), 2015, we hereby now attach a copy of Annual Report for the financial year ended 31<sup>st</sup> March, 2017 for your kind perusal.

Kindly acknowledge receipt of the same

Thanking you,

Yours faithfully,  
For PATSPIN INDIA LIMITED



Dipu George  
Deputy Company Secretary

**PATSPIN INDIA LIMITED**

CIN: L18101KL1991PLC006194

**MARKETING / REGD. OFFICE :**

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

**CORPORATE OFFICE :**

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

**ISO 9001 : 2008 / 14001 : 2004 Certified**

26<sup>th</sup> annual report  
2016-2017



nurturing new possibilities

Board of Directors

B.K. Patodia	Chairman
N.K. Bafna	Independent Director
Prem Malik	Independent Director
S. Sundareshan	Independent Director
Rajen K. Mariwala	Independent Director
Pamela Anna Mathew	Independent Director
B. Jyothikumar	Nominee of KSIDC, Trivandrum (upto 03.8.16)
Rajesh Jacob	Nominee of KSIDC, Trivandrum (w.e.f. 25.10.16)
Umang Patodia	Managing Director

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

Bankers & Financial Institution  
Central Bank of India  
State Bank of India  
Export-Import Bank of India  
Erstwhile State Bank of Travancore taken over by SBI  
IDBI Bank Limited  
The Karur Vysya Bank Limited  
Oriental Bank of Commerce  
Canara Bank  
Bank of Maharashtra

Auditors	M/s. M S Jagannathan & Visvanathan, [Chartered Accountants], Coimbatore
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Legal Advisors	M/s. Menon & Pai, Kochi
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Registered Office	3rd Floor, Palal Towers, Ravipuram M G Road, Kochi 682 016, India
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Corporate Office	43, Mittal Chambers, 4th Floor 228, Nariman Point, Mumbai 400 021, India
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Corporate ID No.(CIN)	L18101KL1991PLC006194
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# PATSPIN INDIA LIMITED

## NOTICE

NOTICE is hereby given that the **TWENTY SIXTH** Annual General Meeting of the members of **PATSPIN INDIA LIMITED** will be held at the Bharat Hotel (BTH), Durbar Hall Road, Kochi 682 016 at 9:30 a.m on Friday, the 22nd day of September 2017 to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2017 and the Reports of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri B.K. Patodia (DIN: 00003516), who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint statutory auditors and fix their remuneration  
“**RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable and pursuant to the recommendations of the Audit Committee, M/s. L.U. Krishnan & Co (Regn. No.001527S) Chartered Accountants, Chennai, be appointed as Statutory Auditors of the Company, in place of retiring Auditors M/s. MS Jagannathan & Visvanathan (Firm Reg. No: 001209S), to hold office from the conclusion of this 26<sup>th</sup> Annual General Meeting (AGM) until the conclusion of the 31<sup>st</sup> AGM, subject to ratification by members every year, as applicable, at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company.”

### SPECIAL BUSINESS:

4. 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 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 1.6.2017 to 3.8.2019 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 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”

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

“**RESOLVED THAT** pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with the Companies (Meetings of Board and its Powers) Rules, 2014 and subject to such approvals, consents, sanctions and permission as may be necessary, consent of the members of the Company be accorded to the Board of Directors of the Company to enter in to contracts and / or agreements with related parties as defined under the Act with respect to (a) Sale, Purchase or supply of cotton, cotton yarn, stores & spares and other materials (b) Selling or otherwise disposing off, or buying, property and other assets of any kind (c) Leasing of property of any kind (d) Availing or rendering of processing charges or any other transaction of whatever nature with the following related parties:

1.	GTN Textiles Limited
2.	GTN Enterprises Limited
3.	Patcot Company
4.	Standard Cotton Corporation
5.	Prefect Cotton Company

“**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding”.

6. Approval of Cost Auditors remuneration

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

“**RESOLVED THAT** pursuant to provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Cost

## NOTICE (Contd.)

Records & Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Hareesh K.N and Associates, Cost Accountants (Firm Reg. No. 101974), appointed by the Board of Directors of the company to conduct audit of the cost records of the company's textile units, be paid a remuneration, amounting to ₹ 40000 (Rupees forty thousand only) plus service tax applicable and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit for the financial year ended 31st March, 2017"

By Order of the Board of Directors

**DIPU GEORGE**

Place : Kochi

Deputy Company Secretary

Date : 10.08.2017

Membership No. ACS 38716

### NOTES:-

**1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

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

The instrument appointing proxy in order to be effective should be deposited at the Registered Office of the Company duly completed and signed not less than 48 hours before the commencement of the meeting. A proxy form is send herewith. Proxy submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution / authority, as applicable.

2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto and forms part of the Notice.
3. The Company has already notified Closure of Register of Members and Share Transfer Books thereof from Saturday, 16<sup>th</sup> September, 2017 to Friday, 22<sup>nd</sup> September, 2017 (both days inclusive) for the purpose of the Annual General Meeting.
4. Pursuant section 125 of the Companies Act, 2013 there is no unclaimed dividend for transferring to Investors Education and Protection Fund (IEPF).
5. Pursuant to Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Security Holders are entitled to make nomination in respect of securities held by them in physical form. Individual Security holder(s) can avail of the facility of nomination. The nominee shall be a person in whom all rights of transfer and / or amount payable in respect of the securities shall vest in the event of the death of the Security holder(s). In the case of joint holding; all joint holders shall together nominate any person as nominee. A minor can be a nominee provided the name

and address of the guardian is given in the Nomination form. The facility of nomination is not available to non-individual Shareholders such as Bodies-Corporate, Kartas of Hindu Undivided Families, Partnership Firms, Societies, Trust and holders of Power of Attorney. For further details please contact Company's Secretarial Department. Security holders desirous of making nominations are requested to send their requests in Form No.SH-13 (which will be made available on request) to the Registrar and Share Transfer Agent, M/s Integrated Registry Management Services Private Limited.

### REQUEST TO THE MEMBERS:

1. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least 7 (Seven) days in advance, so as to enable the Company to keep the information ready.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.
3. All communications relating to shares including change in their address are to be addressed to the Company's Share Transfer Agent M/s Integrated Registry Management Services Private Limited, 2<sup>nd</sup> Floor, Kences Towers, No.1, Ramakrishna Street, T Nagar, Chennai-600017, Tel: 044 28140801-803; E-Mail: corpsserv@integratedindia.in
4. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to register/update your e-mail addresses, in respect of shares held in dematerialized form with your respective Depository Participants and in respect of shares held in physical form with above RTA directly to enable Company to send communication / documents via e-mail.
5. Copies of the Annual Report 2017 along with Notice of the 26<sup>th</sup> AGM, Attendance Slip and Proxy Form, are being sent by electronic mode to all members whose email address are registered with the Company/ Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.
6. Members who hold shares in physical forms are requested to dematerialise their holdings for facilitating the transfers of Company's equity shares in all stock exchanges connected to the depository system.
7. **Voting through electronic means**  
Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 with the Stock Exchanges, the Company is pleased to offer Remote e voting facility to the members to cast their votes electronically as an alternative to participation at the Annual General Meeting (AGM) to be held on Friday,



## NOTICE (Contd.)

22<sup>nd</sup> September, 2017 at 9.30 am at Bharath Hotel (BTH), Durbar Hall Ground, Kochi-682 016. Please note that remote e voting through electronic means is optional. The company is also providing the facility of poll at the meeting by way of ballot. The Company has engaged the services of Central Depository Services India Ltd (CDSL) to provide remote e voting facilities. The remote e voting facility is available at the link <https://www.evotingindia.com>:

The Company had fixed on Friday, 15<sup>th</sup> September, 2017 as the cutoff date for determining voting right of shareholders entitled to participating in the remote e voting process. In this regard, your demat account/folio number has been enrolled by the Company for your participation in remote e-voting on resolutions placed by the Company on e-voting system.

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

<b>Commencement of remote e voting</b>	<b>9.00 AM onwards on Tuesday, 19<sup>th</sup> September, 2017</b>
<b>End of remote e-voting</b>	<b>Up to 5.00 PM on Thursday, 21<sup>st</sup> September, 2017</b>

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

The voting rights of the members shall be in proportion to their shares of the paid up equity share capital of the company as on Friday, 15<sup>th</sup> September, 2017. A person, whose name is recorded in the Register of members or in the Register of beneficial owners maintained by the Depositories as on the cutoff date only shall be entitled to avail the facility of remote e-voting as well as voting at the meeting through ballot paper.

Any person who acquires shares of the company and becomes member of the company after dispatch of the Notice and holding shares as on cut off date i.e Friday, 15<sup>th</sup> September, 2017 may obtain the sequence number by sending a request at [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in).

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

- (i) The voting period begins on Tuesday, 19<sup>th</sup> September, 2017 at 9.00 am and ends on Thursday 21<sup>st</sup> September, 2017 at 5.00 pm. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Friday 15<sup>th</sup> September, 2017 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 at the meeting venue.

(iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

(iv) Click on Shareholders.

(v) Now Enter your User ID

- a. For CDSL: 16 digits beneficiary ID,
- b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(vi) Next enter the Image Verification as displayed and Click on Login.

If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>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.</p> <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 as mentioned in instruction (iv).</li> </ul>

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form

## NOTICE (Contd.)

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

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Patspin India Ltd> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) 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.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non-Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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 should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- 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.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

The following person is available to address grievances concerned with facility for remote e-voting:

Contact Name – Mr. Rakesh Dalvi, Designation - Deputy Manager, Address - 16<sup>th</sup> Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400001. Contact No.18002005533. Email id - [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

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

**NOTICE (Contd.)**

**DETAILS OF DIRECTOR SEEKING REAPPOINTMENT AT THIS ANNUAL GENERAL MEETING  
PURSUANT TO SECTION 160 OF THE COMPANIES ACT, 2013  
Regulation 36 of SEBI (LODR) Regulations, 2015**

<b>Name of Director</b>	<b>Shri B.K. Patodia</b>
<b>Date of Birth</b>	1.1.1945
<b>DIN</b>	00003516
<b>Date of appointment</b>	20.9.1991
<b>Qualifications</b>	B.E.
<b>Expertise in specific functional area</b>	<p>Shri. B.K. Patodia, 73 years of age, holds the Engineering Degree from Birla Institute of Science and Technology, Pilani, is the past Chairman of the Cotton Textiles Export Promotion Council, (Texprocil), Mumbai. He is also the past Chairman of the Indian Cotton Mills' Federation, (now known as Confederation of Indian Textile Industry) and Southern India Mills' Association, Coimbatore. He has also served as President of Cochin Chamber of Commerce and Industry, Kochi and Employers' Federation of Southern India, Chennai.</p> <p>Shri. B.K. Patodia is the past Chairman of the Joint Cotton Committee of International Textile Manufacturers Federation (ITMF), Zurich. He is a member of the Advisory Board on the Committee of Management of ITMF. He is also a member of the Spinners Committee of ITMF.</p> <p>Shri. B.K. Patodia has been nominated by Ministry of Consumer Affairs, Food and Public Distribution as a member of the National Advisory Committee to advise the Central Government and Forward Markets Commission regarding Commodity Futures Markets.</p> <p>Shri. B.K. Patodia is a Director on the Boards of several leading Companies and is also a Member of several Government Committees including the Cotton Advisory Board and Cotton Yarn Advisory Board appointed by the Ministry of Textiles, Government of India. He was also actively involved in the Sub-Group on Cotton to formulate National Fibre Policy of the Ministry of Textiles.</p>
<b>Shareholding in the Company.</b>	34,550 Equity Shares of ₹ 10 each

**Details of other Directorship:-**

<b>Name of Director</b>	<b>Name of the Company</b>	<b>Position held</b>	<b>Committee type</b>	<b>Membership status</b>	<b>Share holdings</b>
<b>Shri. B.K. Patodia</b>	GTN Textiles Limited	Chairman & Mg. Director	Audit SRC	Member	11,95,580 Equity Shares
	GTN Enterprises Limited	Chairman	Audit	Member	4,72,310 Equity Shares
	The India Thermit Corporation Limited	Director	NONE	NONE	Nil
	Hind Rectifiers Limited	Director	NONE	NONE	Nil
	Patspin Apparels Pvt. Limited	Director	NONE	NONE	30 Equity Shares
	Patodia Exports & Investments Pvt. Limited	Director	NONE	NONE	9800 Equity Shares
	Umang Finance Pvt. Limited	Director	NONE	NONE	8300 Equity Shares
	Beekaypee Credit Pvt. Limited	Director	NONE	NONE	4300 Equity Shares

By Order of the Board of Directors  
**DIPU GEORGE**  
Deputy Company Secretary  
Membership No. ACS 38716

Place : Kochi  
Date : 10.08.2017



## NOTICE (Contd.)

### STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

#### Item No. 3

Though not mandatory, this statement is provided for reference.

The Shareholders at their 23<sup>rd</sup> Annual General Meeting held on 19<sup>th</sup> September, 2014 have appointed M/s. MS Jagannathan & Visvanathan (Firm Reg. No: 001209S) as Statutory Auditors for 3 years ie. till the conclusion of 26<sup>th</sup> Annual General Meeting, and hence, would retire at the conclusion of the forthcoming 26<sup>th</sup> AGM.

As per second proviso to Section 139(2) of the Companies Act, 2013 ('the Act'), a transition period of three years from the commencement of the Act is provided to appoint a new auditor when the existing auditor's firm has completed two terms of five consecutive years. Since the present Statutory Auditors have completed their two terms of five consecutive years, it is proposed to appoint a new Statutory Auditors. Accordingly, as per the said requirements of the Act, M/s. L.U. Krishnan & Co. (Regn.No.001527S) Chartered Accountants, Chennai are proposed to be appointed as auditors for a period of 5 years, commencing from the conclusion of 26<sup>th</sup> AGM till the conclusion of the 31<sup>st</sup> AGM, subject to ratification by members every year, as may be applicable.

M/s. L.U.Krishnan & Co (Regn.No.001527S) Chartered Accountants, Chennai, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014. The Audit Committee has considered the qualifications and experience of the proposed auditors and has recommended their appointment. The Board of Directors has also considered and recommends the passing of the Ordinary Resolution appointing M/s. L.U. Krishnan & Co. (Regn.No.001527S) Chartered Accountants, Chennai as statutory auditors in place of the retiring Auditor M/s MS Jagannathan & Visvanathan (Firm Reg. No: 001209S)

None of the Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at Item No. 3 of the notice.

#### Item No. 4

Shri. Umang Patodia, appointed as a Managing Director of the company for a period of 5 years with effect from 04.08.2014 to 03.08.2019. His remuneration had also fixed by the Nomination and Remuneration committee/ Board for a period of 3 years from 1.6.2014 to 31.5.2017.

Nomination and Remuneration committee constituted by the Board had met on 25.05.2017 and approved and recommended remuneration package of Shri. Umang Patodia, Managing Director for his balance tenure from 1.6.2017 to 3.8.2019 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 is	Yearly limit do not exceed (₹ in lakhs)
i.	Negative or less than 5 crores	60.00
ii.	5 crores and above but less than 100 crores	84.00
iii.	100 crores and above but less than 250 crores	120.00
iv.	250 crores and above	120 lakhs plus 0.01% of the effective capital in excess of ₹ 250 crores
	The above limits shall be doubled if the resolution passed by the shareholders is a Special Resolution	
B.	In the case of managerial person who was not a security holder holding securities of the company of nominal value of rupees five lacks or more or an employee or a director of the company or not related to any director or promoter at any time during the two years prior to his appointment as a managerial person- 2.5% of the current relevant profit. The above limits shall be doubled if the resolution passed by the shareholders is a Special Resolution.	

Provided further that the above limits shall apply if;

- Payment of remuneration is approved by a resolution passed by the Nomination & Remuneration Committee and the Board of Directors;
- The Company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of appointment of such managerial person;

## NOTICE (Contd.)

- iii. a special resolution has been passed at the general meeting of the company for payment of remuneration for a period not exceeding three years; and
- iv. a statement along with notice calling the General Meeting referred to in Clause (iii) is given to the shareholders containing certain information as specified in the Schedule V.

Shri. Umang Patodia was drawing a monthly salary of ₹ 4,00,000 in the scale of ₹ 4,00,000 – ₹ 20,000 – ₹ 4,40,000 plus usual perquisites effective from 1<sup>st</sup> June, 2014 for a period of 3 years i.e. up to 30.5.2017. Under his able leadership, the company has recorded significant growth. Therefore, the Nomination and Remuneration Committee as well as Board of Directors unanimously recommended to maintain the existing remuneration of ₹ 4,00,000 – ₹ 20,000 – ₹ 4,40,000 plus usual perquisites to Shri. Umang Patodia, Managing Director for his balance tenure from 1.6.2017 to 3.8.2019, as set out below:

**a) Salary:**

₹ 4,00,000/- per month in the scale ₹ 4,00,000- ₹ 20,000- ₹ 440000 effective form 1.6.2017 to 3.8.2019.

**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.
- 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.4 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.

## NOTICE (Contd.)

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

#### 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:

Particulars	2014-15	2015-16	2016-17
Revenue from Operations	55442	49630	53154
Other income	118	123	98
Operating Profit	3504	4953	5486
Finance Costs	3083	3677	3476
PBDT	421	1276	2010
Profit /(Loss) Before Tax	(822)	57	821
Profit/(Loss) After Tax	(648)	78	1001
Amount of Equity Dividend Paid	—	—	—
Rate of Dividend Declared (%)	—	—	—

The effective capital of the company based on the Audited Accounts for the year ended 31<sup>st</sup> March, 2017 is ₹13955.50 lacs.

The company has not made any default in the repayment on its dues (including public deposits) or interest payments thereon. The company has not issued any debentures.

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

Financial Year	Export Turnover
2014-15	31590
2015-16	31383
2016-17	27639

##### 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. 4 of the notice of this Annual General Meeting of the Company the approval of the members is being sought for fixation of the remuneration of Shri. Umang Patodia, Managing Director effective from 1.6.2017 for his balance tenure up to 3.8.2019. Shri. Umang Patodia Patodia, aged 48 years is a citizen of India. He is a Commerce Graduate and has over two 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.

The company's operations are managed by Shri. Umang Patodia as well as implementation of all policy matters under the guidance of the Board of Directors. Shri Umang Patodia is holding the position of Managing Director of Patspin India Limited since 1991.

## NOTICE (Contd.)

During the financial year 2016-17, he was paid the following remuneration:

Salary	Commission	Perquisites	P.F/Gratuity/ Superannuation	Total
4800000	—	61836	906769	5768605

**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. 4 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. 4 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 No. 5

In order to ensure assured quality of cotton at competitive prices, the company proposes to enhance the existing limits in the normal course of business and at arm's length. The transactions with related parties do not fall under the scope of Section 188(1) of the Companies Act, 2013 and Rule 12(1) of Companies ( Management & Administration) Rules, 2014. Pursuant to Regulation 23(4) of SEBI (LODR) 2015, all "material" related party transactions shall only be required to have approval of the Shareholders and the proposed limit shall not fall under the said provisions. However, as an abundant caution it is proposed to seek approval of the Shareholders. Your Directors recommends the resolution for the approval by the shareholders of the company.

The particulars as to the related party transactions are furnished below as per the requirements of the prescribed rules and the grounds for having the transactions.

All related party transactions shall be in the ordinary course of business and at arm's length and shall not be prejudicial to the interest of either parties.

1.	Name of the related party	GTN Textiles Limited	
	Name of the Director who is related, if any	Shri. B.K. Patodia, and Shri. Umang Patodia	
	Nature of Relationship	Interested as Directors	
	Nature, Material terms, monetary value and particulars of the contract or arrangements		₹ In lacs / Annum
		Sale, Purchase or supply of cotton, cotton yarn, stores & spares and other materials	4000
		Selling or otherwise disposing off, or buying, property and other assets of any kind	500
		Leasing of property of any kind	10
		Availing or rendering of processing charges or any other transaction of whatever nature	500
	Terms of the Contract	The Contract would be for a period of 5 years w.e.f 01.10.2017	
	Any other information relevant or important for the members to take decision on the proposed resolution	GTN Textiles Limited is the main promoter of the company. Both the companies are engaged in manufacture and exports of yarn for domestic and international markets No approval from shareholders is required pursuant to the provisions of Section 188 of the Companies Act, 2013, since the transactions are in the ordinary course of business and at arm's length. Further as per Regulation 23(4) of SEBI (LODR) Regulations, 2015 all material related party transaction shall only require approval of the shareholders and the proposed limit shall not fall under the said provisions. However, as an abundant caution, your Directors seek your approval.	

## NOTICE (Contd.)

2.	Name of the related party	GTN Enterprises Limited		
	Name of the Director who is related, if any	Shri. B.K. Patodia, Shri. Umang Patodia		
	Nature of Relationship	Interested as Directors		
	Nature, Material terms, monetary value and particulars of the contract or arrangements		₹ In lacs / Annum	
		Sale, Purchase or supply of cotton, cotton yarn, stores & spares and other materials		4000
		Selling or otherwise disposing off, or buying, property and other assets of any kind		500
		Leasing of property of any kind		10
	Availing or rendering of processing charges or any other transaction of whatever nature		700	
Terms of the Contract	The Contract would be for a period of 5 years w.e.f 01.10.2017			
Any other information relevant or important for the members to take decision on the proposed resolution	<p>GTN Enterprises Limited is our group Company, controlled by Shri. B.K. Patodia. Both the companies are engaged in manufacture and exports of yarn for domestic and international markets</p> <p>No approval from shareholders is required pursuant to the provisions of Section 188 of the Companies Act, 2013, since the transactions are in the ordinary course of business and at arm's length. Further as per Regulation 23(4) of SEBI (LODR) Regulations, 2015 all material related party transaction shall only require approval of the shareholders and the proposed limit shall not fall under the said provisions. However, as an abundant caution, your Directors seek your approval.</p>			
3.	Name of the related party	Patcot Company, Mumbai		
	Name of the Director who is related, if any	Shri. B.K. Patodia, and Shri. Umang Patodia		
	Nature of Relationship	Interested through Relative		
	Nature, Material terms, monetary value and particulars of the contract or arrangements		₹ In lacs / Annum	
		Purchase of cotton		3000
	Terms of the Contract	The Contract would be for a period of 5 years w.e.f 01.10.2017		
	Any other information relevant or important for the members to take decision on the proposed resolution	<p>M/s. Patcot Company, a firm, is engaged in cotton business for very long period and has rich experience in procuring good quality cotton. They have their own ginning and pressing arrangements and thereby able to ensure the availability of quality cotton with assured supplies at competitive prices.</p> <p>No approval from shareholders is required pursuant to the provisions of Section 188 of the Companies Act, 2013, since the transactions are in the ordinary course of business and at arm's length. Further as per Regulation 23(4) of SEBI (LODR) Regulations, 2015 all material related party transaction shall only require approval of the shareholders and the proposed limit shall not fall under the said provisions. However, as an abundant caution, your Directors seek your approval.</p>		
4.	Name of the related party	Standard Cotton Corporation, Mumbai		
	Name of the Director who is related, if any	Shri. B.K. Patodia and Shri. Umang Patodia		
	Nature of Relationship	Interested through Relative		
	Nature, Material terms, monetary value and particulars of the contract or arrangements		₹ In lacs / Annum	
		Purchase of cotton		3000
	Terms of the Contract	The Contract would be for a period of 5 years w.e.f 01.10.2017		



**NOTICE (Contd.)**

Any other information relevant or important for the members to take decision on the proposed resolution	<p>M/s. Standard Cotton Corporation, a firm, is engaged in cotton business for very long period and has rich experience in procuring good quality cotton. They have their own ginning and pressing arrangements and thereby able to ensure the availability of quality cotton with assured supplies at competitive prices.</p> <p>No approval from shareholders is required pursuant to the provisions of Section 188 of the Companies Act, 2013, since the transactions are in the ordinary course of business and at arm's length. Further as per Regulation 23(4) of SEBI (LODR) Regulations, 2015 all material related party transaction shall only require approval of the shareholders and the proposed limit shall not fall under the said provisions. However, as an abundant caution, your Directors seek your approval.</p>
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5.	Name of the related party	Perfect Cotton Company, Mumbai	
	Name of the Director who is related, if any	Shri. B.K. Patodia and Shri. Umang Patodia	
	Nature of Relationship	Interested through Relative	
	Nature, Material terms, monetary value and particulars of the contract or arrangements		₹ In lacs / Annum
		Purchase of cotton	3000
	Terms of the Contract	The Contract would be for a period of 5 years w.e.f 01.10.2017	
	Any other information relevant or important for the members to take decision on the proposed resolution	<p>M/s. Perfect Cotton Company, a firm, is engaged in cotton business for very long period and has rich experience in procuring good quality cotton. They have their own ginning and pressing arrangements and thereby able to ensure the availability of quality cotton with assured supplies at competitive prices.</p> <p>No approval from shareholders is required pursuant to the provisions of Section 188 of the Companies Act, 2013, since the transactions are in the ordinary course of business and at arm's length. Further as per Regulation 23(4) of SEBI (LODR) Regulations, 2015 all material related party transaction shall only require approval of the shareholders and the proposed limit shall not fall under the said provisions. However, as an abundant caution, your Directors seek your approval.</p>	

The Board recommends the Ordinary Resolution as set out in the Notice for the approval of the members.

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 as set out at Item No.5.

Your Directors recommend this Resolution for approval.

**Item No. 6**

The Board of Directors of the company, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. Hareesh K.N. & Associates, Cost Accountants to conduct the audit of the cost records of the company's textile units for the financial year ended 31<sup>st</sup> March, 2017.

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, the members are requested to ratify the remuneration payable to the cost auditors for the financial year ended 31<sup>st</sup> March, 2017 as set out in the ordinary resolution for the aforesaid service to be rendered by them.

None of the Directors and/or Key Managerial Personnel of the company and their relatives is concerned or interested, financial or otherwise in the resolution set out at Item No. 6.

Your Directors recommend the resolution for approval.

By Order of the Board of Directors

**DIPU GEORGE**

Deputy Company Secretary  
Membership No. ACS 38716

Place : Kochi

Date : 10.08.2017

# PATSPIN INDIA LIMITED

## DIRECTORS' REPORT

### To the Members,

Your Directors present the **TWENTY SIXTH** Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2017.

### 1. FINANCIAL RESULTS

(₹ in lacs)

Particulars	Year ended	
	31.3.2017	31.3.2016
<b>REVENUE</b>		
Income from operations	<b>53154</b>	49630
Other income	<b>98</b>	123
Changes in Inventories	<b>397</b>	478
<b>Total</b>	<b>53649</b>	50231
<b>EXPENSES</b>		
a) Cost of materials	<b>32874</b>	30130
b) Employee benefits expense	<b>3385</b>	3136
c) Other expenses	<b>11904</b>	12012
<b>Total</b>	<b>48163</b>	45278
<b>OPERATING PROFIT</b>	<b>5486</b>	4953
Finance Costs	<b>3476</b>	3677
<b>PROFIT/(LOSS) BEFORE DEPRECIATION, AMORTISATION &amp; TAX EXPENSES</b>	<b>2010</b>	1276
Depreciation and Amortisation Expenses	<b>1189</b>	1219
<b>PROFIT/(LOSS) BEFORE TAX AND BEFORE EXCEPTIONAL ITEM</b>	<b>821</b>	57
<b>PROFIT ON SALE OF WINDMILLS</b>	<b>492</b>	—
<b>PROFIT/(LOSS) BEFORE TAX AFTER EXCEPTIONAL ITEM</b>	<b>1313</b>	57
Tax Expenses		
a) Current Tax (MAT)	<b>6</b>	—
b) MAT credit entitlement	<b>6</b>	—
c) Deferred Taxation	<b>312</b>	21
<b>PROFIT/(LOSS) AFTER TAX</b>	<b>1001</b>	78

### 2. FINANCIAL PERFORMANCE

The Spinning industry showed marginal improvement during the financial year under review in spite of sluggishness in the international as well as domestic markets, besides competition from newly established spinning mills in certain States which were set up based on unduly high incentives and concessions offered by such States. Thus, operating margins of spinning industry remained under pressure. Although, exports of your company were slightly lower as compared to previous year, overall income from operations improved

to ₹ 531.54 crores in the year under review as compared to ₹496.30 crores in the previous year. Improved sales realization due to adoption of certain changes in product mix and overall cost cutting measures taken by the company resulted in higher operating profit at ₹ 54.86 crores compared to ₹ 49.53 crores of the previous year. The cash profit for the year under review was at ₹ 20.10 crores as against ₹ 12.76 crores of previous year and after charging depreciation of ₹ 11.89 crores for the year, the profit before tax and exceptional items was at ₹ 8.21 crores as against ₹ 0.57 crores for the previous year.

During the year under review, the company could complete sale of one of the four Windmills on a Slump Sale basis and earned a profit of ₹ 4.92 crores. Thus, after taking into account exceptional item of profit on sale of windmills as above, and after provision for taxation, the net profit after tax for the year was ₹ 10.01 crores as against ₹ 0.78 crores for the previous year.

In the current year, your company was able to complete sale of remaining three Windmills on Slump Sale basis. Consequent to this, the outstanding term loan liability of the company has been reduced considerably.

### 3. DIVIDEND

In view of continued liquidity constraints, your Directors regret their inability to recommend dividend for the financial year ended 31<sup>st</sup> March, 2017.

### 4. MANAGEMENT DISCUSSION AND ANALYSIS

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

### 5. DEPOSIT FROM PUBLIC

During the year under review, your Company has not accepted any deposits within the meaning of Section 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force).

### 6. CORPORATE GOVERNANCE

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

### 7. DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and Company's Articles of Association, Shri B.K. Patodia, retires by rotation at the ensuing Annual

## DIRECTORS' REPORT (Contd.)

General Meeting and, being eligible, offer himself for reappointment. The Board recommends the same for your approval.

Kerala State Industrial Development Corporation (KSIDC), Trivandrum has withdrawn their Nominee Shri. B. Jyothikumar from the Board effective from 3.8.2016 and in his place Shri. Rajesh Jacob was appointed with effect from 25.10.2016. The Board placed on record its profound appreciation to Shri. B. Jyothikumar for his significant and valuable contributions to the company during his tenure.

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

### 8. NUMBER OF MEETINGS OF THE BOARD

The details of the number of meetings of the Board held during the year ended 31<sup>st</sup> March, 2017 forms part of the Corporate Governance Report.

### 9. KEY MANAGERIAL PERSONNEL

The following are the Key Managerial Personnel of the Company:

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

### 10. MEETING OF INDEPENDENT DIRECTORS

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

### 11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134 (5) of the Companies Act, 2013, and based on the representations received from the management, your Directors confirm that:

- (i) in the preparation of the Annual Accounts for the year ended 31<sup>st</sup> March, 2017, the applicable Accounting Standards have been followed and there are no material departures;
- (ii) 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 at the end of the financial year and of the profit & loss of the company for the financial year ended 31<sup>st</sup> March, 2017.

(iii) taken proper and sufficient care to the best of knowledge and ability 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) prepared the Annual Accounts on a going concern basis.

(v) had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;

(vi) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 12. BOARD EVALUATION

In compliance with the Companies Act, 2013 and Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the performance evaluation of the Board was carried out during the year under review. A structured questionnaire was prepared after taking into consideration of the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

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

### 13. FAMILIARISATION PROGRAMME FOR DIRECTORS

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company. The Director is also explained in detail the Compliance required from him under the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and other relevant regulations and affirmation taken with respect to the same.

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

### 14. AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and rules made thereunder the term of Office of M/s. M.S. Jagannathan & Visvanathan, Chartered Accountants, Coimbatore, as the Statutory

## DIRECTORS' REPORT (Contd.)

Auditors of the Company will conclude from the closure of ensuing Annual General Meeting of the Company.

The Board of Directors places on record its appreciation to the services rendered by M/s. M.S. Jagannathan & Visvanathan, Chartered Accountants as the Statutory Auditors of the Company.

Subject to the approval of the members, the Board of Directors of the Company has recommended the appointment of M/s. L.U. Krishnan & Co. (Regn. No.001527S) Chartered Accountants, Chennai as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013.

Accordingly, the Board recommends the resolution in relation to appointment of Statutory Auditors, for the approval by the shareholders of the Company.

There is no audit qualification for the year under review.

### 15. SECRETARIAL AUDIT

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

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

### 16. COST AUDITORS

As recommended by the Audit Committee, the Board of Directors has approved the appointment of M/s. Hareesh K.N and Associates, Cost Accountants, as the Cost Auditors of the company for the year ended 31<sup>st</sup> March, 2017.

### 17. EXTRACT OF ANNUAL RETURN

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

### 18. RELATED PARTY TRANSACTIONS

None of the transactions with related parties falls under the scope of Section 188(1) of the Act. Information on transactions with related parties pursuant to Section 134 (3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure III** in form AOC-2 and the same forms part of this report.

In order to ensure assured supply of quality cotton at competitive prices, your Directors proposes to enhance the existing limits in the normal course of business and

at arm's length. Pursuant to Regulation 23 (4) of SEBI (LODR) Regulations, 2015, all "material" related party transactions shall only be required to have approval of the Shareholders and the proposed limit shall not fall under the said provision. However, as an abundant caution, it is proposed to seek approval of the shareholders. More details were given in the explanatory statement of the Notice calling Annual General Meeting, forming part of the Annual Report.

Your Directors recommends the resolution for the approval by the shareholders of the Company.

### 19. LOANS & INVESTMENTS

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

### 20. RISK MANAGEMENT

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

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

### 21. VIGIL MECHANISM / WHISTE BLOWER POLICY

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

### 22. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

For the year ended 31.3.2017, the Profit Before Tax as per the audited annual accounts is more than ₹ 5 crores and therefore, your Board has constituted a CSR Committee to initiate Company's CSR policy in accordance with Schedule VII of the Companies Act, 2013

## DIRECTORS' REPORT (Contd.)

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

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

### 24. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

### 25. NOMINATION & REMUNERATION POLICY

The Board of Directors has framed a policy which lays down a frame work in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members. More details on the same are given in the Corporate Governance Report.

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

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

The Company has not received any complaints under this policy during the year ended 31<sup>st</sup> March, 2017.

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

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

### 28. PERSONNEL & INDUSTRIAL RELATIONS

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

### 29. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

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

### 30. GENERAL

- a) Your Company not issued equity shares with differential rights as to dividend, voting or otherwise: and
- b) Your Company does not have any ESOP scheme for its employees / Directors

### 31. ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

**B K PATODIA**  
Chairman  
(DIN:00003516)

Place: Kochi  
Date: 10<sup>th</sup> August, 2017



## ANNEXURE I

**FORM MR - 3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

[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 INIDA LIMITED** (hereinafter called "the Company"). I have conducted the Secretarial Audit in a manner that provided me a reasonable basis for evaluating the Company's corporate conducts/statutory compliances and expressing my opinion there on.

I am issuing this report based on my verification of the books, papers, minutes books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company, during the financial year ended 31<sup>st</sup> March, 2017 and also after 31<sup>st</sup> March, 2017 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 31<sup>st</sup> March 2017 (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 Companies Act, 1956.
  - iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.
  - v. The Depositories Act, 1996 and the regulations and bye-laws framed there under.
  - v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective 15<sup>th</sup> May, 2015);
    - (c) The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the Companies Act 2013 and dealing with client; and
    - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
2. I am informed that, during the year the Company was not required to maintain any books, papers, minute books or other records or to file any forms / returns according to the provisions of:
  - i. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - ii. The following Regulations and Guidelines prescribed under the SEBI Act
    - (a) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28<sup>th</sup> October, 2014);
    - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    - (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
    - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

## ANNEXURE I (Contd.)

3. I am also informed that for the year, there were no other laws specifically applicable to the company, the books, papers, minute books, forms and returns of which were required to be examined by me for the purpose of this report.
4.
  - i) I have also examined compliance with the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India (effective 1<sup>st</sup> July, 2015).
  - ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective 1<sup>st</sup> December, 2015).
5. During the period under review, and also considering the compliance related action taken by the Company after 31<sup>st</sup> March, 2017 but before the issue of this report, the Company has complied with the provisions of the Acts, Rules, Regulations and Agreements mentioned under paragraph 1 above, to the extent applicable.
6. I further report that:
  - (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. There is no change in the composition of Board of Directors except changes in Nominee Directors of KSIDC, Trivandrum, during the year period under the 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 (effective 1<sup>st</sup> July, 2015).
  - (iii) A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. I am informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.
  - (iv) There are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Coimbatore  
Date : 10.8.2017

**M.R.L. Narasimha**  
Practicing Company Secretary  
Membership No:2851  
C.P. No.799

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

### **ANNEXURE - A TO SECRETARIAL AUDIT REPORT**

**To,  
The Members,  
PATSPIN INDIA LIMITED,  
[CIN: 18101KL1991PLC006194]**

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31<sup>st</sup> March, 2017 is to be read along with this letter.

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also taken into consideration the compliance related action taken by the Company after 31<sup>st</sup> March, 2017 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 : 10.8.2017

**M.R.L. Narasimha**  
Practicing Company Secretary  
Membership No: 2851  
C.P. No. 799

## ANNEXURE II

**FORM NO. MGT.9**  
**EXTRACT OF ANNUAL RETURN**

**as on the financial year ended on 31/03/2017**

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

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

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

- vi. Whether listed company : YES**

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

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

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

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	COTTON YARN SPINNING	1311	100

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

## ANNEXURE II (Contd.)

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

#### i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 <sup>st</sup> April, 2016]				No. of Shares held at the end of the year [As on 31 <sup>st</sup> March, 2017]				
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	% Change during the year
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	80350	NIL	80350	0.26	<b>80350</b>	<b>NIL</b>	<b>80350</b>	<b>0.26</b>	0.00
b) Central Govt	NIL	NIL	NIL	NIL	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
c) State Govt(s)	NIL	NIL	NIL	NIL	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
d) Bodies Corp.	20016568	NIL	20016568	64.74	<b>20016568</b>	<b>NIL</b>	<b>20016568</b>	<b>64.74</b>	0.00
e) Banks / FI	NIL	NIL	NIL	NIL	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
f) Any other	NIL	NIL	NIL	NIL	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
<b>Subtotal (A) (1)</b>	<b>20096918</b>	<b>NIL</b>	<b>20096918</b>	<b>65.00</b>	<b>20096918</b>	<b>NIL</b>	<b>20096918</b>	<b>65.00</b>	0.00
<b>(2) Foreign</b>									
a) NRIs – Individuals	NIL	NIL	NIL	NIL	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
b) Other – Individuals	NIL	NIL	NIL	NIL	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
c) Bodies Corp.	NIL	NIL	NIL	NIL	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
d) Banks / FI	NIL	NIL	NIL	NIL	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
e) Any other	NIL	NIL	NIL	NIL	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
<b>Sub total (A) (2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
<b>Total shareholding of Promoter (A) = (A)(1) + (A) (2)</b>	<b>20096918</b>	<b>NIL</b>	<b>20096918</b>	<b>65.00</b>	<b>20096918</b>	<b>NIL</b>	<b>20096918</b>	<b>65.00</b>	0.00
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>	NIL	NIL	NIL	NIL	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
a) Mutual Funds	NIL	2600	2600	0.01	<b>NIL</b>	<b>2600</b>	<b>2600</b>	<b>0.01</b>	0.00
b) Banks / FI	NIL	4700	4700	0.02	<b>NIL</b>	<b>4700</b>	<b>4700</b>	<b>0.02</b>	0.00
c) Central Govt	NIL	NIL	NIL	NIL	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
d) State Govt(s)	NIL	NIL	NIL	NIL	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
e) Venture Capital Funds	NIL	NIL	NIL	NIL	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
f) Insurance Companies	NIL	NIL	NIL	NIL	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
g) FIs	NIL	1100	1100	0.00	<b>NIL</b>	<b>1100</b>	<b>1100</b>	<b>0.00</b>	0.00
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
i) Others (specify)	NIL	NIL	NIL	NIL	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
<b>Sub-total (B)(1):-</b>	<b>NIL</b>	<b>8400</b>	<b>8400</b>	<b>0.03</b>	<b>NIL</b>	<b>8400</b>	<b>8400</b>	<b>0.03</b>	0.00
<b>2. Non-Institutions</b>									0.00
a) Bodies Corp.	777118	15201	792319	2.56	<b>557828</b>	<b>15201</b>	<b>573029</b>	<b>1.85</b>	-0.48
i) Indian	NIL	NIL	NIL	NIL	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
ii) Overseas	NIL	NIL	NIL	NIL	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
b) Individuals	NIL	NIL	NIL	NIL	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	4800136	1459565	6259701	20.24	<b>5110183</b>	<b>1431565</b>	<b>6541748</b>	<b>21.15</b>	0.91
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	3528921	NIL	3528921	11.41	<b>3339152</b>	<b>NIL</b>	<b>3339152</b>	<b>10.80</b>	-0.61
c) Others (specify)	NIL	NIL	NIL	NIL	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
Non Resident Indians	99374	122538	221912	0.72	<b>106219</b>	<b>121938</b>	<b>228157</b>	<b>0.74</b>	0.02
Overseas Corporate Bodies	NIL	NIL	NIL	NIL	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	



## ANNEXURE II (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 <sup>st</sup> April, 2016]				No. of Shares held at the end of the year [As on 31 <sup>st</sup> March, 2017]				
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	% Change during the year
Foreign Nationals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
Clearing Members	8029	NIL	8029	0.03	128796	NIL	128796	0.42	0.39
Trusts/LLP	3800	NIL	3800	0.01	3800	NIL	3800	0.01	0.00
Foreign Bodies - D R	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
<b>Sub-total (B)(2):-</b>	<b>9217378</b>	<b>1597304</b>	<b>10814682</b>	<b>34.97</b>	<b>9245978</b>	<b>1568704</b>	<b>10814682</b>	<b>34.97</b>	<b>0.00</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>9217378</b>	<b>1605704</b>	<b>10823082</b>	<b>35.00</b>	<b>9245978</b>	<b>1577104</b>	<b>10823082</b>	<b>35.00</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
<b>Grand Total (A+B+C)</b>	<b>29314296</b>	<b>1605704</b>	<b>30920000</b>	<b>100.00</b>	<b>29342896</b>	<b>1577104</b>	<b>30920000</b>	<b>100.00</b>	<b>0.00</b>

### ii. Shareholding of Promoter

S. No.	Share holder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in shareholding during the year
1	GTN Textiles Ltd	14287068	46.21	23.57	14287068	46.21	23.57	0.00
2	K.S.I.D.C. Limited	2490000	8.05	Nil	2490000	8.05	Nil	0.00
3	B.K. Patodia	34550	0.11	Nil	34550	0.11	Nil	0.00
4	Umang Patodia	11000	0.04	Nil	11000	0.04	Nil	0.00
5	M/s Beekayee Credit P Ltd	1366900	4.42	Nil	1366900	4.42	Nil	0.00
6	Mala Patodia	500	0.00	Nil	500	0	Nil	0.00
7	Prabha Patodia	32800	0.11	Nil	32800	0.11	Nil	0.00
8	B.K. Patodia HUF	200	0.00	Nil	200	0	Nil	0.00
9	Patodia Exports & Investments P Ltd	1487700	4.81	Nil	1487700	4.81	Nil	0.00
10	Ankur Patodia	400	0.00	Nil	400	0	Nil	0.00
11	Umang Finance P Ltd	384900	1.25	Nil	384900	1.25	Nil	0.00
12	Prabha Patodia	900	0.00	Nil	900	0	Nil	0.00
	<b>TOTAL</b>	<b>20096918</b>	<b>65.00</b>	<b>23.57</b>	<b>20096918</b>	<b>65.00</b>	<b>23.57</b>	<b>0.00</b>

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

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

## ANNEXURE II (Contd.)

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

S. No.	NAME OF THE SHAREHOLDERS	PARTICULARS	Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	SANGEETHA S	At the beginning of the year	587771	1.90	587771	1.90
		Changes during the year	Sold 58771 shares on 14.10.2016		0	0.00
		At the end of the year			0	0.00
2	SUBRAMANIAN P	At the beginning of the year	0	0.00	0	0.00
		Changes during the year	Buy 1320951 shares on 4.10.2016 Sold 1701 shares on 21.10.2016		1320951	4.27
		At the end of the year			1319250	4.26
3	SATHYA S	At the beginning of the year	555690	1.79	555690	1.79
		Changes during the year	Sold 555690 shares on 14.10.2016		0	0.00
		At the end of the year			0	0.00
4	RAMU SITARAM DEORA	At the beginning of the year	477672	1.54	477672	1.54
		Changes during the year	No changes			
		At the end of the year			477672	1.54
5	GNANADEV POLISETTY	At the beginning of the year	339669	1.09	339669	1.09
		Changes during the year	Sold 336565 shares on 17.12.2016 Buy 336565 shares on 23.12.2016 Sold 250 shares on 27.01.2017		3104	0.01
					339669	1.09
		At the end of the year			339419	1.09
6	RAJESH RAMU DEORA	At the beginning of the year	259101	0.83	259101	0.83
		Changes during the year	No Changes			
		At the end of the year			259101	0.83
7	SAVITHA S	At the beginning of the year	177490	0.57	177490	0.57
		Changes during the year	Sold 177490 shares on 14.10.2016		0	0.00
		At the end of the year			0	0.00
8	RAJALAKSHMI S	At the beginning of the year	116053	0.37	116053	0.37
		Changes during the year	Sold 2000 shares on 27.01.2017 Sold 4000 shares on 17.02.2017 Sold 2000 shares on 24.02.2017 Sold 5000 shares on 10.03.2017		114053	0.36
					110053	0.35
					108053	0.34
		At the end of the year			103053	0.33
9	NAVRANG TRADELINKS PRIVATE LIMITED	At the beginning of the year	105000	0.34	105000	0.34
		Changes during the year	Sold 43260 shares on 23.09.2016 Sold 3300 shares on 04.11.2016 Sold 1000 shares on 09.12.2016 Sold 18468 shares on 20.01.2017 Sold 38972 shares on 27.01.2017		61740	0.20
					58440	0.18
					57440	0.18
					38972	0.12
10	MAHESH CHANDULAL THAKKER	At the beginning of the year	259101	0.83	259101	0.83
		Changes during the year	No Changes			
		At the end of the year			259101	0.83

### v. Shareholding of Directors and Key Managerial Personnel:

S. No.	NAME OF THE KMP/ DIRECTORS	PARTICULARS	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	BINOD KUMAR PATODIA	At the beginning of the year	34550	0.11	34550	0.11
		Changes during the year	No changes			
		At the end of the year	—	—	34550	0.11
2	UMANG PATODIA	At the beginning of the year	11000	0.03	11000	0.03
		Changes during the year	No changes			
		At the end of the year	—	—	11000	0.03

## ANNEXURE II (Contd.)

S. No.	NAME OF THE KMP/ DIRECTORS	PARTICULARS	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3	N K BAFNA NK	At the beginning of the year	0	0.00	0	0.00
		Changes during the year	—	—	—	—
		At the end of the year	0	0.00	0	0.00
4	PREM SARDARI LAL MALIK	At the beginning of the year	0	0.00	0	0.00
		Changes during the year	—	—	—	—
		At the end of the year	0	0.00	0	0.00
5	SUNDARESHAN STHANUNATHAN	At the beginning of the year	0	0.00	0	0.00
		Changes during the year	—	—	—	—
		At the end of the year	—	—	0	0.00
6	RAJENDRA KISHORE MARIWALA	At the beginning of the year	21300	0.068	21300	0.068
		Changes during the year	No changes			
		At the end of the year	—	—	21300	0.068
7	PAMELA ANNA MATHEW	At the beginning of the year	0	0.00	0	0.00
		Changes during the year	—	—	—	—
		At the end of the year	0	0.00	0	0.00
8	B. JYOTHI KUMAR	At the beginning of the year	0	0.00	0	0.00
		Changes during the year	—	—	—	—
		At the end of the year	0	0.00	0	0.00
9	T. RAVINDRAN	At the beginning of the year	100	0.001	100	0.001
		Changes during the year	No changes			
		At the end of the year	—	—	400	0.001
10	DIPU GEORGE	At the beginning of the year	10	0.00	10	0.00
		Changes during the year	No changes		00	0.00
		At the end of the year	—	—	10	0.00

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

(₹ in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	22569.03	310	—	22879.03
ii) Interest due but not paid	211.81	—	—	211.81
iii) Interest accrued but not due	—	6.97	—	6.97
<b>Total (i+ii+iii)</b>	<b>22780.86</b>	<b>316.95</b>	<b>—</b>	<b>23097.81</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	3625.29	—	—	3625.29
* Reduction	3006.24	—	—	3006.24
<b>Net Change</b>	<b>619.05</b>	<b>—</b>	<b>—</b>	<b>619.05</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	23188.08	310	—	23498.08
ii) Interest due but not paid	219.26	—	—	219.26
iii) Interest accrued but not due	—	7.37	—	7.36
<b>Total (i+ii+iii)</b>	<b>23407.34</b>	<b>317.37</b>	<b>—</b>	<b>23724.7</b>

## ANNEXURE II (Contd.)

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

S. No.	Particulars of Remuneration	UMANG PATODIA (MANAGING DIRECTOR)				Total Amount
1	Gross salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	4800000				4800000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	61836				61836
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission					
	- as % of profit					
	- others, specify...					
5	Others, please specify					
	<b>Total (A)</b>	<b>4861836</b>				<b>4861836</b>
	Ceiling as per the Act	12000000				12000000

#### B. Remuneration to other directors

S. No.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors	N.K Bafna	Prem Malik	S. Sundareshan	Rajen K Mariwala	Pamela Anna Mathew	
	Fee for attending Board / Committee meetings	57500	80000	80000	20000	7500	245000
	Commission						
	Others, please specify						
	<b>Total (1)</b>						
2	Other Non-Executive Directors	B.K. Patodia					
	Fee for attending Board/ Committee meetings	30000					30000
	Commission						
	Others, please specify						
	<b>Total (2)</b>						
	<b>Total (B)=(1+2)</b>						
	<b>Total Managerial Remuneration</b>						<b>275000</b>
	Overall Ceiling as per the Act						

## ANNEXURE II (Contd.)

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

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Dipu George (CS)	T. Ravindran (CFO)	Total
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	362720	1506756	1869476
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as % of profit			
	Others specify...			
5	Others, please specify			
	Total	362720	1506756	1869476

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

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

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

Place: Kochi  
 Date: 10.08.2017

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

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

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

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

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

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

Sl. No.	Particulars	Details				
a	Name of the related party	GTN TEXTILES LTD	GTN ENTERPRISES LTD	PATCOT & CO.	PERFECT COTTON CO.	STANDARD COTTON CORPORATION
	Nature of relationship	Shri. B.K. Patodia, Chairman and Shri. Umang Patodia, Managing Director are interested	Shri. B.K. Patodia, Chairman and Shri. Umang Patodia, Managing Director are interested	Firm in which relative of Directors are interested	Firm in which relative of Directors are interested	Firm in which relative of Directors are interested
b	Nature of contract/ arrangements/transaction	a) Sale, purchase, supply of cotton yarn and other related materials b) Sell, dispose of or buying properties, plant and machineries and other equipments c) Leasing or hiring properties / assets of any kind d) Availing or rendering of processing charges or any other services of whatever nature	a) Sale, purchase, supply of cotton yarn and other related materials b) Sell, dispose of or buying properties, plant and machineries and other equipments c) Leasing or hiring properties / assets of any kind d) Availing or rendering of processing charges or any other services of whatever nature	Purchase of Cotton	Purchase of Cotton	Purchase of Cotton
c	Duration of the contract/ arrangement/transaction	5 Years from 19.9.2014	5 Years from 19.9.2014	5 Years from 19.9.2014	5 Years from 19.9.2014	5 Years from 19.9.2014
d	Salient terms of the contract or arrangements/ transactions	At Competitive rate and at arm's length basis	At Competitive rate and at arm's length basis	At Competitive rate and at arm's length basis	At Competitive rate and at arm's length basis	At Competitive rate and at arm's length basis
e	Date of approval by the Board	30.07.2014	30.07.2014	30.07.2014	30.07.2014	30.07.2014
f	Date of Shareholders approval	19.9.2014	19.9.2014	19.9.2014	19.9.2014	19.9.2014
g	Amount incurred during the year (₹ In Lacs)	2276.77	3469.42	1337.02	961.62	1469.75

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

Place: Kochi  
Date: 10.08.2017



## ANNEXURE IV

### 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
- (ii) The steps taken by the company for utilizing alternate sources of energy
- (iii) The capital investments on energy conservation equipments
- Topmost priority for energy conservation is given at all levels and continually working on reducing the energy consumption through improved operational and maintenance practices.
- Measures were taken to control the air leakages and optimize the air pressure at compressor, motors and fans of various machines and equipment were replaced with energy efficient ones, lighting devices replaced with energy efficient LED lamps and timer controls introduced to optimize the running hours of various equipment.
- Invertors are used in Humidification plant to save energy by 180 units per day
  - LED bulbs are utilized in appropriate departments to save energy by 100 units per day
  - In AWES, energy efficient fans are used to save energy by 100 units per day
  - Obsolete technology of impeller fans in Suessen compacting system is replaced with continuous duct system (CDS) which save energy by 480 units per day apart from Quality consistency

##### (B) Technology absorption:

- a) The efforts made towards technology absorption
- b) the benefits derived like product improvement, cost reduction, product development or import substitution
- c) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)
- d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof
- e) the expenditure incurred on Research and Development.
- Updation of Technology is a continuous process and adapted by the company for innovation. Efforts are continuously made to develop new products required in the Textile / Spinning Industry.
- 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).
- Ring frames with obsolete technology of compacting has been replaced by Energy efficient new Ring frames with short stretch and with the most advanced Suessen compacting system by which mills saved 576 units per day.
- In many areas, appropriate technology updation has been done and some are as under

a) the details of technology imported	Murata Process Coner II QPRO	Elite Compact Set	Murata 21C- Process coner
b) the year of import;	March, 2015	December, 2013	February, 2014
c) whether the technology been fully absorbed	Yes	Yes	Yes

The Foreign Exchange earned in terms of actual inflow during the year ₹ 27365.59 Lakhs

The Foreign Exchange outgo during the year in terms of actual outflows ₹ 15670.10 Lakhs

(The Foreign Exchange outgo and Foreign Exchange earned by the company during the year are detailed in Note No. 38, s39 & 41 of Other notes to the Financial Statements)

For and on behalf of the Board of Directors

**B K PATODIA**

Chairman

(DIN 00003516)

Place: Kochi

Date: 10.08.2017

# PATSPIN INDIA LIMITED

## REPORT ON CORPORATE GOVERNANCE

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

Corporate Governance is the combination of practices and compliance with laws and regulations leading to effective control and management of the organization. Your company is committed to the adoption of and adherence to the best corporate governance practices at all times. The Corporate Governance guidelines are in compliance with the requirements of schedule V of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, professionalism and accountability, in all facets of its operations, and in all its interactions with its stake holders, including shareholders, employees, the government and lenders.

### 2. Board of Directors

The Board is headed by Non-Executive Chairman, Shri. B.K. Patodia and comprises eminent persons with considerable professional experience in diverse fields. About 88% of the Board consists of Non-Executive Directors.

**The Composition of the Board and category of directors as on 31.3.2017 are as follows:**

Category	Name of Directors
Promoter / Executive Director	Shri. Umang Patodia
Promoter / Non-Executive Directors	Shri. B.K. Patodia
	Shri. B. Jyothikumar (Nominee of KSIDC, Trivandrum) up to 03.08.2016
	Shri. Rajesh Jacob (Nominee of KSIDC, Trivandrum) w.e.f 25.10.2016
Independent Directors	Shri. N.K. Bafna
	Shri. Prem Malik
	Shri. S. Sundareshan
	Shri Rajen K Mariwala
	Smt. Pamela Anna Mathew

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

Name of the Director	DIN No.	No. of shares held	Attendance particulars		No. of other Directorships and Committee memberships / Chairmanships			Relationship interse Directors
			Board meetings	Last AGM	Other Directorships including Pvt. Ltd. Cos.	Other Committee Memberships	Other Committee Chairmanships	
Shri. B K Patodia	00003516	34,550	4	Present	8	4	None	Related to Shri. Umang Patodia
Shri.N K Bafna	00019372	Nil	3	Leave sought	1	2	1	None
Shri. Prem Malik	00023051	Nil	4	Leave sought	9	5	2	None
Shri. S. Sundareshan	01675195	Nil	4	Leave sought	7	7	None	None
Shri. Rajen K Mariwala	00007246	21,300	2	Leave sought	8	None	None	None
Smt. Pamela Anna Mathew	00742735	Nil	1	Leave sought	6	None	None	None
Shri. B. Jyothikumar [KSIDC nominee] (up to 3.8.2016)	02403654	Nil	0	NA	4	None	None	None
Shri Rajesh Jacob [KSIDC nominee] (w.e.f 25.10.2016)	06443594	Nil	0	NA	4	None	None	None
Shri. Umang Patodia	00003588	11,000	4	Present	5	None	None	Related to Shri.B K Patodia

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### Notes:

- i) 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
- 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.

### • Number of Board meetings held and the dates on which held:

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

The details of the Board Meetings are as under:-

SI No.	Date	Board Strength	No. of Directors present
1)	30 <sup>th</sup> May 2016	8	5
2)	1 <sup>st</sup> August 2016	8	7
3)	12 <sup>th</sup> November 2016	8	5
4)	13 <sup>th</sup> February 2017	8	6

### • Code of Conduct

The Company has laid down a Code of Conduct for all Board Members as well as Senior Management Personnel of the Company. The Code of Conduct is available on the website of the Company [www.patspin.com](http://www.patspin.com).

The Managing Director has confirmed and declared that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. The declaration to that effect forms part of this report.

### • Independent Directors

The company has complied with the conditions of Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI (LODR) Regulations, 2015. The company has also obtained declaration of independence from each Independent Directors pursuant to Section 149 (7) of the Companies Act, 2013.

### • Separate meeting of Independent Directors

A separate meeting of Independent Directors was held on 13.02.2017 without the attendance of Non-Independence Directors and members of the management.

### • Induction & Training of Board Members (Familiarization programme for Independent Directors)

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

### • Evaluation of the Board's Performance

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

### 3. Audit Committee

Audit Committee comprises of Three Independent Directors viz. Shri. N.K. Bafna, Chairman, Shri Prem Malik and Shri. S. Sundareshan, and one Non-Independent Director Shri. Umang Patodia. All the Members of the Audit Committee possess financial / accounting expertise. The composition of the Audit Committee meets the requirements of Section, 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations, 2015.

Shri. Dipu George, Deputy Company Secretary is the Secretary of the Audit Committee.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

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

Terms of reference of Audit Committee:

The role of the audit committee shall include the following

- Oversight of financial reporting process
- Reviewing with the management, the annual financial statements and Auditors report thereon before submitting the Board for approval
- Evaluation of internal financial controls and risk management systems
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company
- Approve policies in relation to the implementation of the insider trading code and supervise implementation of the same.

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

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

The details of the meetings are as under:

Sl. No.	Date	Committee Strength	No. of Directors present
1)	30 <sup>th</sup> May 2016	4	3
2)	1 <sup>st</sup> August 2016	4	4
3)	12 <sup>th</sup> November 2016	4	4
4)	13 <sup>s</sup> February 2017	4	4

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

- **Internal Audit and Control:**

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

- **Prevention of Insider Trading:**

The Audit Committee also monitors implementation and compliance of the Company's Code of Conduct for prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended up-to-date. Shri. Dipu George, Deputy Company Secretary is the Compliance Officer of the Company.

- **Vigil Mechanism**

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

#### 4. Nomination and Remuneration Committee

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

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### The broad terms of reference of the Committee include;

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

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

The Committee met on 25.5.2017 and evaluated performance of the entire Board as per Regulation 19 of the SEBI (LODR), Regulations, 2015. The Committee had also approved remuneration package of Shri Umang Patodia, Managing Director for his balance tenure from 1<sup>st</sup> June, 2017 up to 3<sup>rd</sup> August, 2019 in accordance with Section 197 and 198 read with Schedule V of the companies Act 2013. The remuneration structure approved by the Nomination and Remuneration Committee as well as the Board of Directors is as follow:

#### a) Salary:

₹ 4,00,000/- per month in the Scale ₹ 400000 – ₹ 20000 – ₹ 440000 for the balance period from 1<sup>st</sup> June, 2017 to 3<sup>rd</sup> August, 2019.

#### b) Commission:

Subject to the overall limits laid down in Sections 197 of the Companies Act, 2013 such percentage of the Net Profit 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.
- (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 months 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.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 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

#### • Remuneration to the Managing Director

The aggregate of salary and perquisites paid for the year ended 31<sup>st</sup> March, 2017 to the Managing Director is as follows:-

Shri. Umang Patodia : ₹ 48.61 lacs

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

#### • Remuneration to Non-Executive Directors:

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

The details of payment of sitting fee are as follows

Meeting	Amount (in ₹)
Board	7500
Committee	5000

The Fee paid for the year ended 31<sup>st</sup> March, 2017 to the Non Executive Directors is as follows:

Name of the Non-Executive Director	Sitting fee (₹)
Shri. B. K. Patodia	30000
Shri. N. K. Bafna	57500
Shri Prem Malik	80000
Shri. S. Sundareshan	80000
Smt. Pamela Anna Mathew	7500
Shri Rajen K. Mariwala	20000
Shri. B. Jyothikumar (up to 03.08.2016)	NIL
Shri. Rajesh Jacob (w.e.f 25.10.2016)	NIL
Total	275000

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

#### • Remuneration Policy

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

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

#### 5. Stakeholders Relationship Committee

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



## REPORT ON CORPORATE GOVERNANCE (Contd.)

The Committee is set up to monitor the process of share transfer, issue of fresh share certificates as well as review of redressal of investors / shareholders grievances. The Committee would also recommend measures for overall improvement of the quality of investor services. The Committee is constituted in line with the provisions of Regulation 20 of SEBI (LODR), Regulation, 2015 read with Section 170 of the Act.

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

Sl. No.	Date	Committee Strength	No. of Directors present
1)	30 <sup>th</sup> May 2016	4	3
2)	1 <sup>st</sup> August 2016	4	4
3)	12 <sup>th</sup> November 2016	4	4
4)	13 <sup>th</sup> February 2017	4	4

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

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

The total number of Complaints received and resolved to the satisfaction of investors during the year ended 31.3.2017 is as under: -

Type of Complaints	No. of Complaints
Non-receipt of Annual Reports	5
Non-receipt of Dividend Warrants	1
Non-receipt of Share Certificates	4
Complaints in respect of Electronic Transfers	--
Complaints /queries received from Regulatory Agencies	--
Others	4
<b>Total:</b>	<b>14</b>

There no outstanding complaints as on 31<sup>st</sup> March, 2017

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.

### 6. **Corporate Social Responsibility (CSR)**

The Board of Directors at its meeting held on 18.5.2017 have constituted a Committee comprises of Shri. B.K. Patodia (Chairman), Shri. N.K. Bafna, Shri. Prem Malik and Shri. Umang Patodia, as members in line with the provisions of Section 135 of the Companies Act, 2013. The Committee will formulate and recommend to the Board, a CSR policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act.

### 7. **Disclosures:**

#### • **Basis of Related Party Transactions**

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

## REPORT ON CORPORATE GOVERNANCE (Contd.)

- **Disclosure of Accounting Treatment**

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

- **Board Disclosures - Risk Management:**

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

- **Proceeds from public issues, right issues, preferential issues etc.**

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

- **Secretarial Audit Report**

The Company has obtained Secretarial Audit Report on annual basis from the Company Secretary in Practice for compliance with Section 204 (1) of the Companies Act, 2013, and SEBI (LODR) Regulations, 2015. A text of the Annual Secretarial Audit Report is annexed elsewhere.

- **Management Discussion And Analysis Report**

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

- **Shareholders**

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

- **Reconciliation of Share Capital Audit**

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

- **Means of communication**

- (i) Half-yearly report sent to each household of shareholders

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

- (ii) Quarterly results

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

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

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

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

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 8. MD and CFO Certification

The Managing Director and CFO of the Company give quarterly / annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI (LODR) Regulations, 2015.

### 9. Compliance on Corporate Governance

The quarterly compliance report has been submitted to the Stock Exchanges at BSE & NSE in the requisite format duly signed by the compliance officer. Pursuant to Regulation 27 of SEBI (LODR) Regulations, 2015. Auditors' certificate in compliance on conditions of Corporate Governance is published elsewhere in the Annual Report.

### 10. General Body Meetings:

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

Year	Location	Date	Day	Time	Special Resolution passed in previous AGM
2013-14	Bharat Hotel (BTH), Durbar Hall Road, Kochi 682 016	19.09.2014	Friday	9:30 a.m	1. Consent for fixing of Remuneration of Managing Director (Sec 203 Schedule V) 2. Appointment of Shri N.K. Bafna as Independent Director for a period of five years (Sec 149) 3. Appointment of Shri Rajen K. Mariwala as Independent Director for a period of five years. (Section 149) 4. Approval of Related party transactions (Sec 188) 5. Approval for increasing borrowing powers pursuant to Section 180(1)(c) of the Companies Act, 2013
2014-15	-do-	07.08.2015	Friday	9.30.am	No
2015-16	-do-	23.09.2016	Friday	9.30.am	No

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

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

E. Are votes proposed to be conducted through postal ballot, this year? — No

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

#### a) The Board

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

#### b) Shareholder Rights

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

#### c) Audit Qualifications

There are no qualifications in the Auditors Report on the accounts for the year 2016-17.

#### d) Reporting of internal Auditor

The Internal Auditor directly report to the Audit Committee.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 12. General Shareholder information:

#### I Annual General Meeting:

a)	Date and Time	:	Friday, 22 <sup>nd</sup> September, 2017 at 9.30 am
b)	Venue	:	Aangan Hall, Bharat Hotel, Kochi-682 016
c)	Book closure date	:	Saturday, 16 <sup>th</sup> September, 2017 to Friday, 22 <sup>nd</sup> September, 2017
d)	Financial calendar (tentative):		
	Annual General Meeting	:	Friday, 22 <sup>nd</sup> September, 2017
	Results for quarter ended 30th June, 2017	:	10 <sup>th</sup> August, 2017
	Results for quarter ending 30th Sept., 2017	:	On or before 14 <sup>th</sup> November, 2017
	Results for quarter ending 31st Dec., 2017	:	On or before 14 <sup>th</sup> February, 2018
	Results for Year ending 31st March, 2018	:	On or before 30 <sup>th</sup> May, 2018

#### II Listing:

a)	Listing of Equity Shares on Stock Exchanges at	:	BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE)
b)	Listing Fee	:	Annual Listing fee for the year 2017-18 have been duly paid to the said Stock Exchanges.
i)	Stock Code: Scrip Code No. : Bombay Stock Exchange	:	514326
	Trading symbol : National Stock Exchange	:	PATSPINLTD
ii)	Demat ISIN Nos. in NSDL and CDSL for Equity Shares	:	INE790C01014

#### III Stock market data :

(in ₹ per Share)

Month	BSE		NSE	
	High	Low	High	Low
April 2016	9.76	7.99	9.45	7.90
May	10.10	7.50	10.60	7.65
June	10.30	7.81	10.50	7.25
July	12.40	8.71	13.00	8.75
August	11.69	8.86	11.70	8.50
September	9.97	8.76	10.75	8.50
October	12.70	9.11	12.65	8.90
November	12.35	9.00	12.00	9.00
December	11.00	9.30	10.85	9.00
January 2017	14.60	10.10	14.80	9.75
February	15.98	12.20	15.80	12.10
March	18.60	13.62	18.30	13.45

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

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

#### (a) Shareholding pattern as on 31<sup>st</sup> March, 2017:

SL. No.	Category	No of shares (Issued Equity)	%age
1	Promoters & Associates	20096918	65.00
2	Indian Financial Institutions, Banks, Mutual Funds	7300	0.02
3	Foreign Institutional Investors / NRIs	229257	0.74
4	Others	10586525	34.24
	<b>Total :</b>	<b>30920000</b>	<b>100.00</b>

#### (b) Distribution of Shareholding as on 31.03.2017:

No. of shares held	No. of shareholders	% of shareholder	No. of shares (Issued Equity)	% of shareholding
Up to 100	10351	59.34	951467	3.08
101–500	4875	27.95	1378004	4.46
501–1000	1103	6.32	949133	3.07
1001–10000	1015	5.82	3126346	10.11
10001–100000	92	0.52	2106945	6.81
Above 100000	9	0.05	22408105	72.47
<b>Total :</b>	<b>17445</b>	<b>100.00</b>	<b>30920000</b>	<b>100.00</b>

### VII Dematerialization of shares and Liquidity:

94.90% of the equity shares of the company have been dematerialized (NSDL 87.14% and CDSL 7.76%) as on 31<sup>st</sup> March, 2017. The company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India Limited (CDSL) whereby shareholders have an option to dematerialize their shares with either of the depositories.

<b>VIII Plant Locations:</b>	(1) Patodia Nagar, 5/345, Para Road, Kanjikode East P.O, Palakkad, Kerala – 678 621.	(2) S.F No.190 and 191, Tirupur Road, Ponneri, Udumalpet, Tamil Nadu
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## REPORT ON CORPORATE GOVERNANCE (Contd.)

### IX Address for correspondence:-

i)	Investor Correspondence:-		
	For transfer / dematerialization of shares, payment of dividend on shares and any other query relating to the shares of the Company	a)	For shares held in Physical Form: - M/s Integrated Registry Management Service Private Ltd, 2 <sup>nd</sup> 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 5 <sup>th</sup> Floor, Palal Towers, M G Road, Ravipuram, Ernakulam, Kochi – 682 016 E-Mail: cs@patspin.com

### X. Compliance Certificate of the Auditors

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

## DECLARATIONS

### Compliance with the Code of Business Conduct and Ethics

As provided under Regulation 26(3) of SEBI (LODR) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with Patspin India Limited Code of Business Conducts and Ethics for the year ended 31<sup>st</sup> March, 2017.

Place : Kochi  
Date : 10.8.2017

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



## CEO/CFO CERTIFICATION

We the undersigned, in our respective capacities as Managing Director 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 31<sup>st</sup> March, 2017 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 :10.8.2017

## AUDITORS CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,

The Members of Patspin India Limited

We have examined the compliance of conditions of Corporate Governance by Patspin India Limited ("the Company") for the year ended 31<sup>st</sup> March, 2017 as stipulated in SEBI (LODR) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the company's management. Our examination was carried out in accordance with the guidance note on certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us.

We certify that the company has complied with the conditions of Corporate Governance as stipulated in the SEBI (LODR) Regulations, 2015.

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

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

Place : Kochi  
Date : 10.8.2017

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

# PATSPIN INDIA LIMITED

## MANAGEMENT DISCUSSION & ANALYSIS

### GLOBAL TEXTILE INDUSTRY

The Global textile and clothing trade which grew at an average CAGR of more than 7% during the period 2010-2014 declined to USD745 billion during 2015. The declining trend continued in 2016 as well, with the trade at USD 727 billion. Amongst the top ten markets most of the countries continued to show decline during 2016 including India, US, China and only Vietnam and Bangladesh showed growth in exports.

The global fibre market continues to be dominated by synthetic fibres, which account for little over 60%. It is expected that globally, the cotton prices will stay close to or below long term averages for next few seasons. World cotton stocks which continue to be high at around 90% of consumption, will also keep cotton prices on lower side. Due to this, cotton consumption will grow in absolute terms, but it's market share may remain around 30%.

### INDIAN TEXTILE INDUSTRY

During Financial Year 2016-17 exports of Textile and clothing were maintained at USD 35.5 billion. While garment sector accounted for 53% of the exports, Cotton yarn/fabrics/made ups had 24% share with remaining 23% comprising man-made textiles, handicrafts, handmade carpets, etc.

According to the report of Labour Bureau, textiles and clothing sector generated maximum employment during 2016, outperforming the IT and auto sectors. As it is, the clothing and textiles industry has 12% share of country's total exports and employs close to 45 million people. India's share in the world trade in textiles and clothing was around 5%, as against 37% of China, and 4% each of Italy, Germany and Bangladesh. Among the other major exporters, U.S., Hong Kong, Vietnam and Turkey had a share of 3% each.

Technology Upgradation Fund Scheme (TUFS), which was introduced for textile industry from 1<sup>st</sup> April, 1999, has been further extended up to 31<sup>st</sup> March, 2022 with certain changes. A substantial part of spinning capacity was put up under the TUFS during this period and total investments attracted in the entire industry till 30<sup>th</sup> June, 2017, amounted to around ₹ 3.07 lakh crores.

The spinning capacity, cotton yarn production and cotton yarn exports for last six years are given below:-

Year	Year / Spinning Capacity (Spindles-Million)	Production (Kg-Million)	Exports (Kg-million)	Exports (\$-Million)
2011-12	48.25	3126	749	2990
2012-13	49.17	3583	1108	3535
2013-14	49.64	3928	1310	4555
2014-15	50.14	4055	1253	3938
2015-16	51.26	4138	1325	3610
2016-17	52.45	4056	1203	3352

### RAW COTTON SCENARIO

#### Global Cotton Production

The cotton production at global level was estimated at 22.9 million tons in 2016-17, which is expected to increase to 24.5 million tons in 2017-18. The size of cotton growing area is also expected to expand by 7% to 31.8 million hectares and India is likely to continue to be the largest producer of cotton in the world, followed by China and USA. While USA remains the world's largest exporter of cotton, China remains world's largest consumer of cotton. Further, while world's cotton stocks will remain at around 17 million tons, the cotton prices are expected to remain low. This is mainly due to Chinese government's policy to reduce stocks-to-use ratio to 100% and below over a period and to bring down its stock levels, effectively reducing the import quotas. Thus, Chinese cotton stocks which have been more than 50% of the global cotton stocks in the past are expected to come down substantially.

The Cotlook A Index which was 70 US Cents / lb. during 2015-16, moved to 82 US Cents / lb. during 2016-17 and is expected to drop to 69 US Cents / lb. during 2017-18, indicating that cotton prices will show downward trend.

#### Domestic Production Scenario

Cotton crop in India for the season 2016-17 (Oct- Sept.) is estimated at 345 lakh bales of 170 kg each as announced by the cotton advisory board recently as against 338 lakh in 2015-16. After considering opening stock, import, exports etc., the carry forward stock at the end of the season 2016-17 is expected to be 36 lakh bales.

## MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

As per the latest report the coming season 2017-18 is likely to see substantial growth in total acreage. The cotton trade estimates the output higher by 10 to 15 % for 2017-18 over the last years output of 345 lakh bales of 170 kg each. As per the Union Ministry of Agriculture as on 4<sup>th</sup> August, 2017, cotton has been sown at 113.85 lakhs hectare against 92.37 lakhs hectare witnessed for the same time last year thereby indicating an increase of average 23% in the acreage. However, with the recent flooding in the key growing regions of Gujarat the authorities expect a damage of 30% to the crops in the state. Notwithstanding all these factors it is anticipated that the acreage will be higher by at least 10 to 12% and correspondingly higher production volume. The crop situation will have to be assessed at regular intervals from now, since the extent of rainfall during August and September and possibility of any pest attack will have to be taken into account. On the whole, the cotton situation is comfortable in both domestic and international markets.

### 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 20s 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.

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

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

In the year under review the country witnessed two highly important events, first being demonetization which was introduced on 8th November 2016 and the second being the introduction of Goods and Service Tax (GST) from 1st July 2017. As a result of these two events there was considerable slowdown in the market place resulting in accumulation of finished goods stock specially cotton yarns. We are hopeful that once there is greater understanding of the new GST system it should eventually help the companies to work in a simplified tax regime instead of a plethora of taxes and varieties of laws. The textile industry has strongly represented to the Central Government to restore some of the benefits like interest subvention and M.E.I.S benefits which were available for exports of cotton yarn and subsequently denied. If these benefits are restored it will help the cotton yarn spinning mills immensely.

### RISK AND CONCERNS

- a. Raw Cotton, an agricultural product, is the key raw material used for the manufacture of cotton yarn. Almost 65 percent of area under cotton cultivation is rain-fed and hence is dependent on vagaries of monsoon, which this year has shown uncertain signs so far. Adequate availability of raw cotton at right prices is crucial for the Company. Any disruption in the supply and/or violent changes in the cost structure would affect the profitability of the Company.
- b. Your Company follows an efficient inventory management system and a well-crafted strategy of procuring raw materials through a mix of spot and long-term contracts. The company's conscious efforts on maintaining a judicious mix of markets for its sales and thrust on 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.

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

- e. An area of concern is rapid expansion of spinning capacity in the country without commensurate increase in downstream weaving, knitting and garmenting sectors. This has resulted in surplus cotton yarn production, and spinning units had to export yarn at very low prices, specially to China. One of the main reason for rapid expansion of spinning capacity in States like Gujarat, Maharashtra, Andhra Pradesh, Madhya Pradesh etc. was unduly high incentives and concessions granted to the new entrants. Since their cost of production is lower by 10-15% as compared to the existing units, it has resulted in many companies incurring losses or earning insufficient profit to repay the loans, and turning into NPAs. The Government must ensure that such disproportionate incentive schemes should be scrapped and a level playing field prepared.

In the previous year when Government had announced ₹ 6000 crores package to create 10 million new jobs in the readymade garment industry, in the current year the government finally extended the same benefits to made up sector which will help to correct the imbalance in spinning capacity as the domestic consumption should increase. The government should also expedite the conclusion of FTAs with major markets particularly EU.

### **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 unauthorized 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 31<sup>st</sup> March, 2017, the Company has about 1776 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 AUDITORS' REPORT TO THE MEMBERS OF PATSPIN INDIA LIMITED**

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

We have audited the accompanying standalone financial statements of **Patspin India Limited** ('the Company'), which comprise the Balance sheet as at 31<sup>st</sup> March 2017, the Statement of profit and loss and the Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2017 and its profit and its cash flows for the year ended on that date.

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

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

## INDEPENDENT AUDITORS' REPORT (Contd.)

- (c) The Balance sheet, the Statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31 to the standalone financial statements;
  - (ii) In our opinion and as per the information and explanations provides to us, the Company has not entered into any long-term contracts including derivative contracts, requiring provision under applicable laws or accounting standards, for material foreseeable losses; and
  - (iii) There are no dues required to be transferred, to the Investor Education and Protection Fund by the Company.
  - (iv) The company has provided requisite disclosure in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the Company - Refer Note 42 to the standalone financial statements.

For **M.S. Jagannathan & Visvanathan**  
Chartered Accountants  
ICAI FRN 001209S

**R. Mugunthan**  
Partner  
M.No.21397

Place: Kochi  
Date : 18/05/2017

### ANNEXURE - A TO THE AUDITORS' REPORT

**The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March 2017, we report that:**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner which in our opinion, is reasonable, having regard to the size of the Company and the nature of its assets and no material discrepancies were noted 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 are held in the name of the Company.
- (ii) During the year, Inventories has been physically verified by the Management and there were no material discrepancies were noticed during such verification.
- (iii) As informed to us, during the year company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act.



## INDEPENDENT AUDITORS' REPORT (Contd.)

- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to sub-section (1) of Section 148 of the Companies Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

As explained to us, the Company did not have any dues on account of duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31<sup>st</sup> March, 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are following dues which have not been deposited on account of dispute and the same is being contested by the Company.

Sr. No.	Name of the Statute	Nature of the Dues	Amount in Lacs	Period to which the amount relates	Forum where dispute is pending
01.	Income Tax Act, 1961	Income Tax	₹ 81.45	A.Y. 2001-02 to A.Y. 2005-06	Hon'ble Supreme Court of India

- (viii) During the year, Company has defaulted in repayment of dues to Banks/financial institutions and installment of dues are paid after days of delay from due date. And in the case of year end dues as on Balance sheet which remains outstanding on account of default and remained payable are as under:

Particulars	Amount of default as at the balance sheet date – ₹ In lakhs	Period of default	Remarks if any
Bank of Maharashtra	₹ 53.15	17 days	Paid on 17 <sup>th</sup> April, 2017
Central Bank of India	₹ 172.92	40 days	Paid on 10 <sup>th</sup> May, 2017
Karur Vysya Bank	₹ 7.71 ₹ 7.68	27 days 45 days	Paid on 27 <sup>th</sup> April, 2017 Paid on 15 <sup>th</sup> May, 2017
Oriental Bank of Commerce	₹ 20.58	45 days	Paid on 15 <sup>th</sup> May, 2017
State Bank of India	₹ 14.43	45 days	Paid on 15 <sup>th</sup> May, 2017
Canara Bank	₹ 82.29	Since 31 <sup>st</sup> March, 2017 till date of this report not paid.	
EXIM Bank	₹ 70.16		
KarurVysya Bank	₹ 82.24		
Oriental Bank of Commerce	₹ 77.50		
State Bank of India	₹ 73.66		
State Bank of Travancore	₹ 59.90		

- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

## INDEPENDENT AUDITORS' REPORT (Contd.)

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **M.S. Jagannathan & Visvanathan**  
Chartered Accountants  
ICAI FRN 001209S

**R. Mugunthan**  
Partner  
M.No.21397

Place: Kochi  
Date : 18/05/2017

### ANNEXURE - B TO THE INDEPENDENT AUDITORS' 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 over financial reporting of Patspin India Limited ("the Company") as on 31<sup>st</sup> March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the

## **INDEPENDENT AUDITORS' REPORT (Contd.)**

assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls over Financial Reporting**

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

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as on 31<sup>st</sup> March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M.S. Jagannathan & Visvanathan**  
Chartered Accountants  
ICAI FRN 001209S

**R. Mugunthan**  
Partner  
M.No.21397

Place: Kochi  
Date : 18/05/2017

# PATSPIN INDIA LIMITED

## BALANCE SHEET

	Note	As at 31.03.2017 (₹ in lacs)	As at 31.03.2016 (₹ in lacs)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	5143.00	5143.00
(b) Reserves and surplus	3	<u>(1594.62)</u>	<u>(2595.16)</u>
<b>Sub-Total</b>		<u><b>3548.38</b></u>	<u>2547.84</u>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	<u>11066.08</u>	<u>14066.81</u>
(b) Deferred tax liabilities (Net)	5	<u>45.21</u>	<u>—</u>
<b>Sub-Total</b>		<u><b>11111.29</b></u>	<u>14066.81</u>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	6	<u>8833.63</u>	<u>5208.34</u>
(b) Trade payables	7	<u>5237.21</u>	<u>5819.59</u>
(c) Other current liabilities	8	<u>4961.11</u>	<u>4479.51</u>
(d) Short-term provisions	9	<u>104.30</u>	<u>94.33</u>
<b>Sub-Total</b>		<u><b>19136.25</b></u>	<u>15601.77</u>
<b>TOTAL</b>		<u><b>33795.92</b></u>	<u>32216.42</u>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	10		
(i) Tangible assets		<u>17478.37</u>	<u>18463.12</u>
(ii) Intangible assets		<u>0.76</u>	<u>4.39</u>
(iii) Capital work-in-progress		<u>10.88</u>	<u>9.92</u>
(iv) Assets Held for Sale/Disposal		<u>—</u>	<u>17.56</u>
(b) Non-current investments	11	<u>58.40</u>	<u>156.98</u>
(c) Deferred tax Asset (Net)	12	<u>—</u>	<u>267.20</u>
(d) Long-term loans and advances	13	<u>1163.86</u>	<u>1083.53</u>
(e) Other Non-current assets	14	<u>480.44</u>	<u>600.56</u>
<b>Sub-Total</b>		<u><b>19192.71</b></u>	<u>20603.26</u>
<b>2 Current assets</b>			
(a) Inventories	15	<u>7767.41</u>	<u>7583.24</u>
(b) Trade receivables	16	<u>4227.44</u>	<u>1493.17</u>
(c) Cash and Cash equivalents	17	<u>1746.92</u>	<u>881.51</u>
(d) Short-term loans and advances	18	<u>643.36</u>	<u>1416.30</u>
(e) Other current assets	19	<u>218.08</u>	<u>238.94</u>
<b>Sub-Total</b>		<u><b>14603.21</b></u>	<u>11613.16</u>
<b>TOTAL</b>		<u><b>33795.92</b></u>	<u>32216.42</u>

Significant Accounting Policies 1  
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 **M.S. JAGANNATHAN & VISVANATHAN**  
Chartered Accountants (ICAI FRN 001209S)

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

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

**R. MUGUNTHAN**  
Partner  
(M. NO. 21397)

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

**DIPU GEORGE**  
Deputy  
Company Secretary

Place : Kochi  
Date : 18<sup>th</sup> May 2017

# PATSPIN INDIA LIMITED

## STATEMENT OF PROFIT AND LOSS

	Note	Year Ended 31.03.2017 (₹ in lacs)	Year Ended 31.03.2016 (₹ in lacs)
<b>Revenue</b>			
Revenue from Operations	20	53154.13	49630.05
Other Income	21	97.74	123.50
<b>Total Revenue</b>		<b>53251.87</b>	<b>49753.55</b>
<b>Expenses:</b>			
Cost of Materials Consumed	22	32874.33	30129.90
Purchases of Stock-in-Trade		4938.07	4120.42
Changes in inventories of Finished goods, Goods-in-process and Waste	23	(397.75)	(477.66)
Employee Benefit Expense	24	3385.15	3135.71
Finance Costs	25	3476.23	3677.20
Depreciation and Amortization Expense		1189.17	1218.94
Other Expenses	26	6965.68	7892.46
<b>Total Expenses</b>		<b>52430.88</b>	<b>49696.97</b>
<b>Profit/(Loss) before tax (Before Exceptional Items)</b>		<b>820.99</b>	<b>56.58</b>
Exceptional Items			
Profit on Sale of Wind Mill Undertaking		491.97	
<b>Profit/(Loss) before tax (After Exceptional Items)</b>		<b>1312.96</b>	
Tax Expense:			
Provision for Current tax-MAT		5.89	—
MAT Credit entitlement		5.89	
Deferred tax Charge/(Credit)		312.42	(20.96)
<b>Profit /(Loss) for the year</b>		<b>1000.54</b>	<b>77.54</b>
Earnings Per Share: (Nominal Value per share: ₹ 10)	27		
Basic and Diluted - in ₹		1.53	0.14
Significant Accounting Policies	1		

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

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

**UMANG PATODIA**  
Managing Director  
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**R. MUGUNTHAN**  
Partner  
(M. NO. 21397)

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

**DIPU GEORGE**  
Deputy  
Company Secretary

Place : Kochi  
Date : 18<sup>th</sup> May 2017

# PATSPIN INDIA LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

	2016-17 (₹ in lacs)	2015-16 (₹ in lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before tax and after exceptional items	1312.96	56.58
Adjustments for:		
Depreciation	1185.54	1212.02
Amortisation	3.63	6.92
Loss on disposal of tangible assets (net)	11.10	22.15
Profit on Sale of Wind Mill Undertaking	(491.97)	—
Unrealised Foreign Currency (Gain) /Loss	(77.49)	(10.34)
Interest income	(71.05)	(66.16)
Interest Expenditure	3059.12	3218.43
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	4931.84	4439.60
Changes in Working Capital:		
Increase / (Decrease) in trade payables	(666.64)	364.04
Increase / (Decrease) in provisions	9.97	(6.26)
Increase / (Decrease) in other current liabilities	(345.74)	163.35
(Increase) / Decrease in trade receivables	(2741.04)	461.56
(Increase) / Decrease in inventories	(184.18)	296.51
(Increase) / Decrease in Short Term loans and advances	730.25	235.34
(Increase) / Decrease in other current assets	20.86	332.10
(Increase) / Decrease in other Bank balances	(924.56)	78.56
(Increase) / Decrease in Long Term loans and advances	(80.34)	202.68
<b>CASH GENERATED FROM OPERATIONS</b>	750.42	6567.48
Direct Taxes paid	(4.66)	(46.65)
<b>NET CASH GENERATED FROM OPERATIONS BEFORE EXTRAORDINARY ITEMS</b>	745.76	6520.83
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of tangible/intangible assets	(291.98)	(375.51)
Sale or disposal of tangible/intangible assets	43.81	170.20
Sale of Wind Mill Undertaking	291.00	—
Advance against sale of balance three Wind Mill Undertakings	825.00	—
Interest received	71.05	66.16
(Increase)/Decrease in Non Current Assets	98.58	65.51
(Increase)/Decrease in Other Non Current Assets	120.11	120.11
<b>NET CASH FROM INVESTING ACTIVITIES</b>	1157.57	46.47
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term borrowings	—	148.00
Repayment of Long Term borrowings	(3004.78)	(2634.91)
Proceeds from Slump sale buyer for repayment of Term loan of Wind Mill- Undertaking	257.94	—
Proceeds/(Repayment) from/of Short Term Borrowings	3625.29	(495.58)
Proceeds/Repayment from/of Finance Lease Obligations (Net)	(1.47)	(4.19)
Repayment of Fixed Deposits	—	(40.00)
Interest paid	(2839.46)	(3210.56)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	(1962.48)	(6237.24)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(59.16)	330.06
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	412.63	82.57
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	353.48	412.63

**Note:**

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

As per our report of even date attached

For and on behalf of the Board

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

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

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

**R. MUGUNTHAN**  
Partner  
(M. NO. 21397)

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

**DIPU GEORGE**  
Deputy  
Company Secretary

Place : Kochi

Date : 18<sup>th</sup> May 2017

# PATSPIN INDIA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### A) BASIS OF PRESENTATION

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

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

#### B) USE OF ESTIMATES

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

#### C) FIXED ASSETS

- (i) (i) Tangible Assets/Intangible Assets are stated at acquisition cost less net of accumulated depreciation/amortisation and impairment, if any. The Cost Comprises its purchase price and any cost directly attributable to bringing the asset to its working condition for its intended use. Fixed assets are eliminated from financial statements, either on disposal or when retired from active use. Also refer Policy G and H below. Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets are recognised in the Statement of Profit and Loss.
- (ii) Impairment of Assets : The company assesses at each Balance Sheet date whether there is any indication that any asset (both tangible and intangible) may be impaired, if any such indication exists, the carrying value of such assets is reduced to recoverable amount and the impairment loss is charged to Statement of Profit and Loss. If at the Balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

#### D) INVESTMENTS

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

#### E) INVENTORIES

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

#### F) REVENUE RECOGNITION

Sales are recognised as and when risks and rewards of ownership are passed on to the buyer and ultimate realisation of price is reasonably certain. Export Sales are inclusive of deemed exports while domestic sales are net of Value Added Tax.

#### G) BORROWING COST

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

#### H) DEPRECIATION/AMORTISATION

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

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

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

Intangible Assets are amortised on their estimated useful lives.

#### I) EMPLOYEE BENEFITS

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### **Defined Contribution Plans:**

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

### **Defined Benefit plans:**

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

### **Termination Benefits:**

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

## **J) FOREIGN CURRENCY TRANSACTIONS**

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

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

## **K) TAXATION**

Income Tax expenses comprises Current Tax and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year, unabsorbed depreciation or carry forward loss under taxation laws).

Deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted on the Balance Sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. At each balance sheet date the company re-assesses the deferred tax assets .

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

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

## **L) PROVISIONS AND CONTINGENT LIABILITIES**

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

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

## **M) CASH AND CASH EQUIVALENTS**

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

## **N) EARNINGS PER SHARE**

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### 2 SHARE CAPITAL

	As at 31.03.2017 (₹ in lacs)	As at 31.03.2016 (₹ in lacs)
<b>(a) Authorised:</b>		
400,00,000 Equity shares (Previous year 400,00,000 ) of ₹ 10 each	4000.00	4000.00
25,00,000 Redeemable preference shares (Previous year 25,00,000) of ₹ 100 each	2500.00	2500.00
<b>(b) Issued, Subscribed and fully paid up shares</b>		
309,20,000 Equity shares (Previous year 309,20,000 ) of ₹ 10 each	3092.00	3092.00
7,00,000 5% Non Cumulative Redeemable preference shares (Previous year 7,00,000) of ₹ 100 each	700.00	700.00
13,51,000, 0.01% Non Cumulative Redeemable preference shares (Previous year 13,51,000) of ₹ 100 each issued to lenders/promoters and their associates as per the CDR Package (Refer Note No. 35)	1351.00	1351.00
<b>Total</b>	<b>5143.00</b>	<b>5143.00</b>

#### (c) Reconciliation of number of shares

	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Amount ₹ lacs	No. of Shares	Amount ₹ lacs
<b>1 Equity Shares:</b>				
Balance as at the beginning of the year	30,920,000	3092.00	30,920,000	3092.00
Add: Shares issued during the Year	Nil	Nil	Nil	Nil
Balance as at the end of the year	30,920,000	3092.00	30,920,000	3092.00
<b>2 5% Non Cumulative Redeemable Preference Shares of ₹ 100 each</b>				
Balance as at the beginning of the year	700,000	700.00	700,000	700.00
Add: Shares issued during the Year	Nil	Nil	Nil	Nil
Balance as at the end of the year	700,000	700.00	700,000	700.00
<b>3 0.01% Non Cumulative Redeemable Preference Shares of ₹ 100 each</b>				
Balance as at the beginning of the year	1,351,000	1,351.00	1,351,000	1,351.00
Add: Shares issued during the Year	—	—	—	—
Balance as at the end of the year	1,351,000	1,351.00	1,351,000	1,351.00

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

##### 1) Equity Shares

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

##### 2) Preference Shares:

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

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

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

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

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

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

		As at 31.03.2017		As at 31.03.2016	
		No. of Shares	% of holding in the Class	No. of Shares	% of holding in the Class
1	Equity Shares: GTN Textiles Limited (Promoter/Associate)	14287068	46.21%	14287068	46.21%
2	Preference Shares:	Nil	Nil	Nil	Nil

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

		As at 31.03.2017		As at 31.03.2016	
		No. of Shares	% of holding in the Class	No. of Shares	% of holding in the Class
1	Equity Shares:				
	Name of share Holder				
i	GTN Textiles Limited (Promoter /Associate)	14287068	46.21%	14287068	46.21%
ii	KSIDC Ltd (Promoter)	2490000	8.05%	2490000	8.05%
2	5% Non-Cumulative Redeemable Preference Shares of ₹ 100 each				
i	Smt Deepa Bagla	600000	85.71%	600000	85.71%
ii	Shri B. K. Patodia	75000	10.71%	75000	10.71%
3	0.01% Non-Cumulative Redeemable Preference Shares of ₹ 100 each issued as per the CDR Package				
i	Central Bank of India	199000	14.73%	199000	14.73%
ii	State Bank of India	199000	14.73%	199000	14.73%
iii	Oriental Bank of Commerce	153000	11.32%	153000	11.32%
iv	Karur Vysya Bank	82000	6.07%	82000	6.07%
v	Bank of Maharashtra	112000	8.29%	112000	8.29%
vi	Export Import Bank of India	121000	8.96%	121000	8.96%
vii	State Bank of Travancore	100000	7.40%	100000	7.40%
viii	Canara Bank	115000	8.51%	115000	8.51%
ix	Smt Deepa Bagla	270000	19.99%	270000	19.99%

- (g) There was no issue of shares allotted as fully paid up shares pursuant to contract(s) without payment being received in cash or buyback or Bonus shares in the preceding five years.

## 3 RESERVES AND SURPLUS

	As at 31.03.2017 (₹ in lacs)	As at 31.03.2016 (₹ in lacs)
<b>Capital Redemption Reserve</b>		
Balance as at the beginning and the end of the year	1000.00	1000.00
<b>Securities Premium Reserve</b>		
Balance as at the beginning and the end of the year	468.28	468.28

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

	As at 31.03.2017 (₹ in lacs)	As at 31.03.2016 (₹ in lacs)
<b>Surplus/(Deficit) in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	(4063.44)	(4140.98)
Less: Profit/(Loss) for the year from the Statement of Profit and Loss	1000.54	77.54
Balance as at the end of the year	(3062.90)	(4063.44)
<b>Total</b>	(1594.62)	(2595.16)

### 4 LONG TERM BORROWINGS

	As at 31.03.2017 (₹ in lacs)		As at 31.03.2016 (₹ in lacs)	
	Non-Current	Current	Non-Current	Current
<b>Secured Loans</b>				
(a) Term Loans :				
(i) From a Financial Institution	988.59	350.80	1268.93	350.79
(ii) From Banks	10075.03	3245.94	12793.79	3251.63
(b) Finance Lease obligations :				
From Banks	2.46	1.63	4.09	1.46
<b>Total</b>	11066.08	3598.37	14066.81	3603.88

#### I Term Loan are secured by :

- (i) Term loans from banks and financial institution, excluding corporate term loan from a bank of ₹ 1500 lacs (Outstanding as on 31.03.2017 ₹ 937.45 lacs, Previous Year ₹ 1189.21 lacs) (security for which is explained in Para 1(ii) below) and Term Loan from a financial institution of ₹ 2000 lacs (Outstanding as on 31.03.2017 ₹ 1317.82 lacs, Previous year ₹ 1581.44 lacs) (security for which is explained in Para 1(iii) below) , are secured by first charge by way of equitable mortgage on all the immovable assets of the company, both present and future, and by way of hypothecation on all moveable assets (excluding vehicle purchased on Finance lease basis) of the company, and further secured by second charge on current assets of the company, subject to prior charges in favour of banks for working capital ranking pari passu, inter se (as mentioned in Note No 5, Para (i) and (ii)),and further secured by personal guarantee of two Directors of the Company.
- (ii) Corporate term loan from a bank of ₹ 1500 lacs mentioned in para 1 (i) above is secured by way of hypothecation of moveable assets (excluding vehicle purchased on Finance lease basis) of the company, both present and future, has been secured by second charge by way of equitable mortgage on the immovable assets of the company, both present and future,and further secured by personal guarantee of two directors of the Company.
- (iii) Term Loan from a financial institution of ₹ 2000 lacs is secured by first charge by way of equitable mortgage on all the immovable assets of the company, both present and future, and by way of hypothecation on all moveable assets (excluding vehicle purchased on Finance lease basis) of the company, and further secured by second charge on current assets of the company, subject to prior charges in favour of banks for working capital ranking pari passu, inter se (as mentioned in Note No 5, Para (i) and (ii) below), and further secured by Corporate Guarantee from GTN Textiles Limited (₹ 300 lacs) and GTN Enterprises Limited (₹ 1700 lacs).
- (iv) Finance lease obligations are relating to vehicles and are secured by hypothecation of respective vehicles.

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

		Maturity Pattern (₹ Lacs)		
		Within One Year	1-5 Years	Beyond 5 Years
a	Term Loans	3597	11064	0
b	Finance Lease obligations	2	2	Nil

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### 5 DEFERRED TAX LIABILITY (Net)

	As at 31.03.2017 (₹ in lacs)	As at 31.03.2016 (₹ in lacs)
<b>a Deferred Tax Liability</b>		
Related to Fixed Assets	3,805.27	—
	<u>3,805.27</u>	<u>—</u>
<b>b Deferred Tax Asset</b>		
Unabsorbed Depreciation	3,595.81	—
Other Disallowances	164.25	—
	<u>3760.06</u>	<u>—</u>
<b>Net Deferred Liability (a-b)</b>	<u>45.21</u>	<u>—</u>

### 6 SHORT TERM BORROWINGS

	As at 31.03.2017 (₹ in lacs)	As at 31.03.2016 (₹ in lacs)
<b>a Secured Loans</b>		
<b>Working Capital Loans</b>		
From Banks (Refer Note No.4)	8523.63	4898.34
<b>b Unsecured Loans</b>		
Corporate Deposits	310.00	310.00
<b>Total</b>	<u>8833.63</u>	<u>5208.34</u>

- i Working Capital loans from banks are secured by first charge by way of hypothecation on current assets of the company and further secured by way of second charge over the immovable assets of the company both present and future and further secured by personal guarantee of two directors of the Company.
- ii Non-fund based limits sanctioned by the bankers are secured by extension of first charge on the current assets of the Company and further secured by second charge on the immovable properties of the company and personal guarantee of two directors of the company; Total amount outstanding at the end of the year is ₹ 4837.00 lacs (Previous year ₹ 4047.00 lacs).

### 7 TRADE PAYABLES

	As at 31.03.2017 (₹ in lacs)	As at 31.03.2016 (₹ in lacs)
Due to Micro, Small and Medium Enterprises (MSME's) (Refer Note No 37)	0.99	15.37
Other than MSME's	5236.22	5804.22
<b>Total</b>	<u>5237.21</u>	<u>5819.59</u>

### 8 OTHER CURRENT LIABILITIES

Current maturities of long-term debt (Refer Note 4)	3596.74	3602.42
Current maturities of Finance lease obligations (Refer Note 4)	1.63	1.46
Interest accrued but not due on borrowings	7.37	6.97
Interest due on borrowings *	219.26	211.81
Creditors for Capital Expenditure	92.26	—
Advances from customers	122.85	93.52
Advance against Sale of Wind Mill Undertakings (Refer Note 31)	825.00	500.00
Statutory and Other dues payable	96.00	63.33
<b>Total</b>	<u>4961.11</u>	<u>4479.51</u>

\*Interest due on borrowings represents interest for the month of March '17 paid subsequently during the Month of April '17.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### 9 SHORT TERM PROVISIONS

	As at 31.03.2017 (₹ in lacs)	As at 31.03.2016 (₹ in lacs)
Provision for Employee benefits	104.30	94.33
<b>Total</b>	<b>104.30</b>	<b>94.33</b>

### 10 FIXED ASSETS

(₹ In lacs)

Description of Assets	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.2016	Addition	Deductions / Adjustments	As at 31.03.2017	Up to 31.03.2016	For the Year	Deductions / Adjustments	Up to 31.03.2017	As at 31.03.2017	As at 31.03.2016
<b>A TANGIBLE ASSETS</b>										
<b>a. Own Assets</b>										
Land-Freehold	282.16	2.30	15.00	269.46	—	—	—	—	269.46	282.16
	(280.08)	(2.08)	—	(282.16)	—	—	—	—	(282.16)	(280.08)
Building	4,989.15	4.30	—	4,993.45	1,951.40	129.26	—	2,080.66	2,912.79	3,037.75
	(4,980.82)	(8.33)	—	(4,989.15)	(1,821.62)	(129.78)	—	(1,951.40)	(3,037.75)	(3,159.20)
Plant and Equipment	29,438.07	285.20	222.21	29,501.06	14,940.01	896.33	184.89	15,651.45	13,849.61	14,498.06
	(29,885.99)	(765.24)	(1,213.16)	(29,438.07)	(15,047.71)	(913.20)	(1,020.90)	(14,940.01)	(14,498.06)	(14,848.74)
-do- Wind Mill	3,453.95	—	609.17	2,844.78	2,882.93	142.63	568.99	2,456.57	388.21	571.02
	(3,453.95)	—	—	(3,453.95)	(2,733.72)	(149.21)	—	(2,882.93)	(571.02)	(720.23)
Furniture	167.83	1.52	0.05	169.30	124.83	8.22	0.02	133.03	36.27	43.00
	(176.07)	(1.11)	(0.16)	(167.83)	(116.27)	(8.63)	(0.07)	(124.83)	(43.00)	(59.80)
Office Equipments	142.72	—	—	142.72	132.23	3.67	—	135.90	6.82	10.49
	(132.66)	(0.87)	—	(142.72)	(128.06)	(4.17)	—	(132.23)	(10.49)	(4.60)
Vehicles	74.01	—	(31.44)	105.45	72.23	3.82	(17.73)	93.78	11.67	1.78
	(74.01)	—	—	(74.01)	(71.27)	(0.96)	—	(72.23)	(1.78)	(2.74)
<b>Total</b>	38,547.89	293.32	814.99	38,026.22	20,103.63	1,183.93	736.17	20,551.39	17,474.83	18,444.26
	(38,983.58)	(777.63)	(1,213.32)	(38,547.89)	(19,918.65)	(1,205.95)	(1,020.97)	(20,103.63)	(18,444.26)	(19,064.93)
<b>b. Assets taken on Finance Lease:</b>										
Vehicles	40.32	—	31.44	8.88	21.46	1.61	17.73	5.34	3.54	18.86
	(40.32)	—	—	(40.32)	(15.39)	(6.07)	—	(21.46)	(18.86)	(24.93)
<b>Total A (a+b)</b>	38,588.21	291.02	846.43	38,035.10	20,125.09	1,185.54	753.90	20,556.7	17,478.37	18,463.12
	(39,023.90)	(777.63)	(1,213.32)	(38,588.21)	(19,934.04)	(1,212.02)	(1,020.97)	(20,125.1)	(18,463.1)	(19,089.86)
<b>B INTANGIBLE ASSETS</b>										
Computer Software	234.08	—	—	234.08	229.69	3.63	—	233.32	0.76	4.39
	(234.08)	—	—	(234.08)	(222.77)	(6.92)	—	(229.69)	(4.39)	(11.31)
<b>Total B</b>	234.08	—	-	234.08	229.69	3.63	—	233.32	0.76	4.39
	(234.08)	—	—	(234.08)	(222.77)	(6.92)	—	(229.69)	(4.39)	(11.31)
<b>Total A+B</b>	38,822.29	291.02	846.43	38,269.18	20,354.78	1,189.17	753.90	20,790.05	17,479.13	18,467.51
	(39,257.98)	(777.63)	(1,213.32)	(38,822.29)	(20,156.81)	(1,218.94)	(1,020.97)	(20,354.78)	(18,467.51)	(19,101.17)
Capital Work-in-Progress									10.88	9.92
									9.92	429.61
Assets Held for Sale/Disposal									—	17.56
									—	-

\*Figures in brackets represent previous year's figures

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

	As at 31.03.2017	As at 31.03.2016
Plant and Equipment	10.88	9.92
<b>Total</b>	<b>10.88</b>	<b>9.92</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

	As at 31.03.2017 (₹ in lacs)	As at 31.03.2016 (₹ in lacs)
<b>11 NON-CURRENT INVESTMENTS</b>		
<b>Long Term Investment - At cost</b>		
<b>In Equity instruments - Non-Trade (unquoted)</b>		
1,450 Equity Shares (Previous year 1,450) of ₹ 100 each in Matspin India Private Limited	1.45	1.45
3,95,472 Equity Shares (Previous year 1131461) of ₹ 10 each in Gamma Green Power Private Limited	39.55	113.15
Nil Equity Shares (Previous year 37500) of ₹ 10 each in Tulsyan NEC Ltd	—	11.25
52133 Equity Shares (Previous year 119439) of ₹ 10 each in Beta Wind Farm Power Pvt Ltd	9.90	22.69
65300 Equity Shares (Previous year 73900) of ₹ 10 each in OPG Power Generation (P) Ltd	7.18	8.13
<b>In Government Securities - Non-Trade (unquoted)</b>		
National Savings Certificates (Lodged with statutory authorities)	0.32	0.32
<b>Total</b>	<b>58.40</b>	<b>156.98</b>
<b>12 DEFERRED TAX ASSET (Net)</b>		
<b>a Deferred Tax Asset</b>		
Unabsorbed Depreciation	—	3,008.90
Business Loss	—	396.83
Other Disallowances	—	123.26
	—	3,528.99
<b>b Deferred Tax Liability</b>		
Related to Fixed Assets	—	(3,261.79)
	—	(3,261.79)
<b>Net Deferred Tax Asset</b>	—	267.20
<p>The company has recognised deferred tax asset on the basis of export orders and expected profits. Thus management is virtually certain that sufficient future taxable income would be available against which brought forward business losses and unabsorbed business depreciation would be set off.</p>		
<b>13 LONG TERM LOANS AND ADVANCES</b>		
Unsecured and considered good unless otherwise stated		
Capital Advances	69.23	—
Security Deposits	60.74	50.86
Income Tax (Net of Provision ₹ 569.71 lacs; Previous year ₹ 562.77 lacs)	595.69	600.36
Minimum Alternate Tax Credit entitlement	438.20	432.31
<b>Total</b>	<b>1163.86</b>	<b>1083.53</b>
<b>14 OTHER NON-CURRENT ASSETS</b>		
Unamortised borrowing costs (arising as per CDR scheme) (Refer Note No 36)	480.44	600.56
<b>Total</b>	<b>480.44</b>	<b>600.56</b>
<b>15 INVENTORIES</b>		
Method of valuation - Refer Note No.1(E) of Significant Accounting Policy		
Stores, Spares and Packing Materials	66.68	53.99
Raw Materials	3549.66	3775.93
Goods-in-Process	405.62	436.69
Finished Goods	3682.01	3243.24
Waste Stock	63.44	73.39
<b>Total</b>	<b>7767.41</b>	<b>7583.24</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

	As at 31.03.2017 (₹ in lacs)	As at 31.03.2016 (₹ in lacs)
<b>16 TRADE RECEIVABLES</b>		
Unsecured, considered good unless otherwise stated		
Considered Good		
Outstanding exceeding six months from the due date	5.15	15.37
Outstanding less than six months from the due date	4222.29	1477.80
<b>Total</b>	<u>4227.44</u>	<u>1493.17</u>
<b>17 CASH AND BANK BALANCES</b>		
<b>a Cash and Cash Equivalents :</b>		
Bank Balances	349.68	410.66
Cash on Hand	3.79	1.97
	<u>353.47</u>	<u>412.63</u>
<b>b Other Bank Balances :</b>		
Margin Money Deposit Accounts	567.76	468.36
Deposit Accounts under lien	825.69	0.52
	<u>1393.45</u>	<u>468.88</u>
<b>Total (a)+(b)</b>	<u>1746.92</u>	<u>881.51</u>
<b>18 SHORT TERM LOANS AND ADVANCES</b>		
Unsecured considered good, unless otherwise stated:		
Considered doubtful	2.13	2.13
Less: Provision for Doubtful advances	2.13	2.13
	<u>—</u>	<u>—</u>
TUF Subsidy	234.65	1025.90
Security Deposits	174.22	210.24
Prepaid Expenses	79.00	51.78
Balances with Statutory Authorities	52.88	55.55
Other Advances	102.61	72.83
<b>Total</b>	<u>643.36</u>	<u>1416.30</u>
<b>19 OTHER CURRENT ASSETS</b>		
Unamortised borrowing costs (arising as per CDR scheme) (Refer Note No.36)	120.11	120.11
Export Incentives	74.35	101.30
Interest accrued on Deposits	23.62	17.53
<b>Total</b>	<u>218.08</u>	<u>238.94</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)**

	Year ended 31.03.2017 (₹ in lacs)	Year ended 31.03.2016 (₹ in lacs)
<b>20 REVENUE FROM OPERATIONS</b>		
<b>A Sale of Products</b>		
<b>Finished Goods :</b>		
Exports	22006.12	26227.45
Local	22349.90	15047.23
<b>Traded Goods</b>		
Exports	5070.28	4404.68
<b>Waste Sales</b>		
Exports	562.77	751.16
Local	2009.68	1775.08
<b>Gross Sales</b>	<u>51998.75</u>	<u>48205.60</u>
<b>Less: Excise Duty</b>	—	—
<b>Net Sales</b>	<u>51998.75</u>	<u>48205.60</u>
<b>B Other Operating Revenues</b>		
Export Incentives	829.85	1123.68
Job Work Charges	325.53	300.77
	<u>1155.38</u>	<u>1424.45</u>
<b>Total (A) + (B)</b>	<u>53154.13</u>	<u>49630.05</u>
<b>21 OTHER INCOME</b>		
Interest Income	71.04	66.16
Agricultural Income	0.30	0.35
Sale of Scrap	26.40	26.71
Insurance Claim	—	30.20
Profit on Sale of Investment	—	0.08
<b>Total</b>	<u>97.74</u>	<u>123.50</u>
<b>22 COST OF MATERIALS CONSUMED</b>		
<b>a Raw materials Consumed</b>		
Opening Inventory	3775.93	4539.82
Add: Purchases during the Year	34301.16	29238.57
Less: Sale of Cotton	2245.39	428.16
Less: Closing Stock	3549.66	3775.93
<b>TOTAL (a)</b>	<u>32282.04</u>	<u>29574.30</u>
<b>b Packing Material Consumed</b>		
Opening Inventory	28.73	28.63
Add: Purchases during the Year	601.89	555.70
Less: Closing Stock	38.33	28.73
<b>TOTAL (b)</b>	<u>592.29</u>	<u>555.60</u>
<b>Total (a)+(b)</b>	<u>32874.33</u>	<u>30129.90</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

	Year ended 31.03.2017 (₹ in lacs)	Year ended 31.03.2016 (₹ in lacs)
<b>23 CHANGES IN INVENTORY OF FINISHED GOODS, GOODS IN PROCESS AND WASTE</b>		
<b>a Stock at the beginning of the year:</b>		
Finished Goods	3243.24	2673.89
Goods-in-process	436.69	466.14
Waste	73.39	135.63
<b>Total</b>	<b>3753.32</b>	<b>3275.66</b>
<b>b Less : Stock at the end of the year:</b>		
Finished Goods	3682.01	3243.24
Goods-in-process	405.62	436.69
Waste	63.44	73.39
<b>Total (a)+(b)</b>	<b>4151.07</b>	<b>3753.32</b>
<b>(Increase)/Decrease in Stocks (a-b)</b>	<b>(397.75)</b>	<b>(477.66)</b>
<b>24 EMPLOYEES BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	2775.55	2600.99
Contribution to Provident and Other Funds	279.45	212.69
Welfare Expenses	330.15	322.03
<b>Total</b>	<b>3385.15</b>	<b>3135.71</b>
<b>25 FINANCE COSTS</b>		
Interest Expenses	3059.12	3218.44
Other Borrowing Costs*	417.10	458.99
Applicable loss on foreign currency transaction and translation	0.01	(0.23)
<b>Total</b>	<b>3476.23</b>	<b>3677.20</b>

\*includes amortised borrowing cost as per CDR Scheme ₹ 120.11 lacs  
(Previous year ₹ 120.11 lacs)

	Year ended 31.03.2017 (₹ in lacs)	Year ended 31.03.2016 (₹ in lacs)
<b>26 OTHER EXPENSES</b>		
Power and Fuel (Net of Wind Energy)	3449.08	4272.65
Repairs to Building	10.61	11.89
Repairs to Machinery	660.99	612.24
Stores and Spares	121.20	123.10
Processing Charges	614.56	570.67
Rent	14.75	14.24
Insurance	90.02	92.86
Rates and Taxes	212.50	138.28
Commission and Brokerage	455.74	473.82
Freight, Forwarding and Other expenses	911.48	933.92
Payment to Auditors		
Audit Fee	2.77	2.72
Tax Audit Fee	0.87	0.88
Certification Charges	2.42	1.80
Out of Pocket Expenses	2.72	1.34
Directors Sitting Fee	2.75	3.08
Loss on disposal of Fixed Assets (Net)	11.09	22.15
Net loss / (gain) on foreign currency transaction and translation	(228.79)	27.38
Miscellaneous Expenses	630.92	589.44
<b>Total</b>	<b>6965.68</b>	<b>7892.46</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### 27 EARNING PER SHARE

	2016-17	2015-16
	(₹ in lacs)	(₹ in lacs)
Net profit /(Loss) as per statement of profit and loss	1,000.54	77.54
Less: Dividend on Preference Shares -Notional	35.14	35.14
Net profit available to Equity Share holders	965.40	42.40
Weighted average no of Equity Shares (Face value of ₹10 each)	30920000	30920000
Basic and diluted Earning Per Share	1.53	0.14

### 28 GRATUITY

		Gratuity (Funded) 2016-17 (₹ in lacs)	Gratuity (Funded) 2015-16 (₹ in lacs)
<b>A</b>	<b>Expense recognised during the year</b>		
	1 Current Service Cost	25.01	22.63
	2 Interest cost	27.84	27.46
	3 Expected return on plan assets	(25.95)	(23.21)
	4 Actuarial Loss/(Gain) during the year	55.15	(68.97)
	5 Expenses recognised in Profit & Loss account	82.04	(42.09)
<b>B</b>	<b>Actual return on Plan assets</b>		
	1 Expected return on plan assets	25.95	23.21
	2 Actuarial Gain/(Loss) on Plan assets	—	—
	3 Actual return on plan assets	25.95	23.21
<b>C</b>	<b>Net Asset/(Liability) recognised in the Balance Sheet</b>		
	1 Present value of the obligation at the year end	427.02	318.84
	2 Fair Value of plan assets at the year end	331.72	318.77
	3 Funded status - surplus/(deficit)	(95.30)	(0.06)
	4 Unrecognised past service cost	—	—
	5 Net Asset/(Liability) recognised in the Balance Sheet	(95.30)	(0.06)
<b>D</b>	<b>Change in Present value of the Obligation during the year</b>		
	1 Present value of the obligation as at the beginning of year	318.84	343.24
	2 Additional initial obligation provided	29.13	—
	3 Current service cost	25.01	22.63
	4 Interest cost	27.84	27.46
	5 Benefits paid	(28.94)	(5.52)
	6 Actuarial loss/(gain) on obligation	55.15	(68.97)
	7 Present value of obligation at the year end	427.02	318.84
<b>E</b>	<b>Change in Assets during the year</b>		
	1 Fair Value of plan assets at the beginning of the year	318.77	281.98
	2 Additional initial value of plan assets provided	15.04	—
	3 Expected return on plan assets	25.95	23.21
	4 Contributions made	0.90	19.10
	5 Benefits paid	(28.94)	(5.52)
	6 Actuarial Loss/(gain) on plan assets	—	—
	7 Fair value of plan assets at the year end	331.72	318.77
<b>F</b>	<b>Actuarial Assumptions</b>		
	1 Discount rate	8.00%	8.00%
	2 Salary escalation	4.00%	3.00%

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### 29 RELATED PARTY DISCLOSURES

#### Disclosure in respect of Related Parties pursuant to Accounting Standard -18

##### (a) List of Related Parties

(As identified by the Management)

Related parties with whom company entered in to transactions during the year

##### i Associates:

- 1 GTN Textiles Limited
- 2 GTN Enterprises Limited

##### ii Key Management Personnel:

Shri Umang Patodia -Managing Director

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

- 1 Perfect Cotton Co.
- 2 Patcot & Co
- 3 Standard Cotton Corporation

##### iv Relatives of Key Management Personnel:

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

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

Nature of Transactions / Balances	Associates		Key Management Personnel		Enterprises/Relatives of Key Management Personnel	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
Sales, Service and other income	3,034.85	1,248.12	—	—	—	—
Purchase of Goods and Services	2,711.34	2,452.24	—	—	3,768.40	4,600.36
Purchase of fixed assets						
Remuneration paid	—	—	59.23	56.65	—	—
Sitting Fees	—	—			0.30	0.30
Interest Paid	—	—	—	—	—	—
Balances as at year end:						
Amount Receivable	1,709.89	—	—	—	—	—
Amount Payable	—	88.49	—	—	424.63	222.27
Guarantee Received	2,000.00	2,000.00	—	—	—	—
Guarantee Provided for	564.00	2,288.00	—	—	—	—

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)**

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

	Transactions	
	2016-17	2015-16
	₹ in lacs	₹ in lacs
<b>(i) Sale of goods</b>		
<b>a) Cotton</b>		
i) GTN Textiles LTD	<b>1086.57</b>	262.30
ii) GTN Enterprises LTD	<b>1252.54</b>	0.00
<b>b) Cotton Yarn</b>		
i) GTN Textiles LTD	<b>203.70</b>	366.90
ii) GTN Enterprises LTD	<b>242.54</b>	339.67
<b>c) Store Items</b>		
i) GTN Textiles LTD	<b>2.45</b>	0.06
ii) GTN Enterprises LTD	<b>2.44</b>	0.25
<b>d) Sale of Waste</b>		
i) GTN Enterprises LTD	<b>0.03</b>	0.00
<b>e) Packing Materials</b>		
i) GTN Textiles LTD	<b>0.08</b>	0.00
ii) GTN Enterprises LTD	<b>0.16</b>	0.00
<b>f) Machinery</b>	-	
i) GTN Textiles LTD	-	0.00
ii) GTN Enterprises LTD	<b>20.62</b>	0.00
<b>(ii) Purchase of goods</b>		
<b>a) Cotton</b>		
i) GTN Textiles LTD	<b>283.25</b>	583.88
ii) GTN Enterprises LTD	<b>911.78</b>	487.07
iii) Standard Cotton Corporation	<b>1,469.75</b>	1340.36
iv) Patcot & Co.	<b>1,337.02</b>	2340.68
v) Perfect Cotton Co.	<b>961.62</b>	919.31
<b>b) Cotton Yarn</b>		
i) GTN Textiles LTD	<b>533.91</b>	733.76
ii) GTN Enterprises LTD	<b>609.73</b>	198.47
<b>c) Store Items</b>		
i) GTN Textiles LTD	<b>3.60</b>	9.11
ii) GTN Enterprises LTD	<b>1.01</b>	0.87
<b>(iii) Purchase of Machinery</b>		
i) GTN Textiles LTD	<b>28.11</b>	—
ii) GTN Enterprises LTD	—	0.00
<b>(iv) Rendering of services</b>		
<b>a) Rent</b>		
GTN Enterprises LTD	<b>1.08</b>	1.08
<b>b) Processing Charges</b>		
i) GTN Textiles LTD	<b>133.77</b>	212.16
ii) GTN Enterprises LTD	<b>88.87</b>	65.70

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

	Transactions	
	2016-17	2015-16
	₹ in lacs	₹ in lacs
<b>(v) Receiving of services</b>		
<b>a) Rent</b>		
GTN Textiles LTD	<b>1.32</b>	1.32
<b>b) Processing Charges</b>		
i) GTN Textiles LTD	—	6.28
ii) GTN Enterprises LTD	<b>338.63</b>	431.48
<b>(vi) Remuneration paid</b>		
Shri. Umang Patodia (Managing Director)	<b>59.23</b>	56.65
<b>(vii) Sitting Fees</b>		
Shri. B. K. Patodia	<b>0.30</b>	0.30
Notes:		
i) The related parties have been identified by the Management and relied up on by the auditors.		
ii) No amount has been provided for / written off / written back, pertaining to related party.		

### 30 Finance Lease: Disclosure as required in AS-19 Leases

Particulars	Total minimum payments outstanding (₹ In Lacs)	Future interest on outstanding (₹ In Lacs)	Present Value of minimum payments (₹ In Lacs)
1. Due Within one year	<b>1.98</b>	<b>0.35</b>	<b>1.63</b>
	(1.98)	(0.52)	(1.46)
2. Between one year to five years	<b>2.64</b>	<b>0.19</b>	<b>2.46</b>
	(4.62)	(0.53)	(4.09)
Total	<b>4.62</b>	<b>0.54</b>	<b>4.09</b>
	(6.60)	(1.05)	(5.55)

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

### 31 CONTINGENT LIABILITY AND COMMITMENTS:

#### A COMMITMENTS

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Nil (Previous year ₹ Nil).
- Outstanding Export Forward Contracts (not in the nature of derivatives) as on 31<sup>st</sup> March '17 which were entered into for hedging exchange risk arising from foreign currency fluctuations related to highly probable future transactions amount to US\$ 10.31 lacs and Euro 1.00 lacs (Previous Year US\$ 7.41 lacs and Euro 9.23 lacs ) at average Exchange Rate of ₹ 68.56 /US\$ and ₹ 74.14 /Euro (Previous year ₹ 68.52/US\$ and ₹ 75.80/Euro). The period covered under these contracts spreads over April 2017 to September 2017 (Previous Year April 2016 to November 2016). The average Exchange Rate applicable for the above period based on exchange rate on 31.03.2017 works out to ₹ 65.61 /US\$ and ₹ 69.93/Euro (Previous year ₹ 66.99/US\$ and ₹ 76.35/Euro ), resulting in notional gain of ₹ 34.72 lacs (Previous year notional gain of ₹ 6.24 lacs)
- Outstanding Import Forward Contracts (not in the nature of derivatives) as on 31<sup>st</sup> March 2017 which were entered into for hedging exchange risk arising from foreign currency fluctuations related to highly probable future transactions amounting to US\$ 24.08 Lacs (Previous year US\$ 20.86 Lacs) at average exchange rate of ₹ 67.13/US\$ (Previous year ₹ 68.01/US\$) . The period covered under these contracts spreads over April 2017 to June 2017 (Previous year April 2016 to July 2016). The average exchange rate applicable for above period based on exchange rate on 31.03.2017 works out to ₹ 65.20/US\$ (Previous year ₹ 67.08/US\$), resulting a notional loss of ₹ 46.35 lacs (Previous year notional loss of ₹ 20.61 Lacs)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

- 4 The Company has entered into an Agreement for Sale on 23<sup>rd</sup> February, 2017 with a prospective Buyer for sale of Company's balance three (3) wind mill undertakings on a slump sale basis at a lump sum consideration of ₹ 600 lakhs. The Company has specific loans outstanding for an amount of ₹ 1050 lakhs against these undertakings, which shall also be transferred alongwith all other liabilities as part of the Slump Sale. Against the same, the company has received an advance amount of ₹ 825 lakhs, which has been kept with company's lead bank, M/s. Central Bank of India's Lien Account, to be adjusted against specific loans. As per the terms of the Agreement, the balance payment has to be received on submission of "No Objection Certificates" from the Company's lenders. It is expected to complete the deal on or before 31<sup>st</sup> May, 2017.

### B CONTINGENT LIABILITY

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

- Excise duty : ₹ 36.36 lacs (Previous year ₹ Nil lacs)
- Sales Tax (VAT) : ₹ 146.45 lacs (Previous year ₹ 146.45 lacs)
- TANGEDCO has been charging electricity tax @ 5% on Demand Charges through their bills. This was challenged by a consumer in Supreme Court and SC has accepted the appeal on records. Liability towards the same ₹ 15.17 lacs (Previous year ₹ 3.09 lacs)
- Disputed Income Tax demands ₹ 353.78 lacs (Previous year ₹ 353.78 lacs) and interest there on ₹ 308.65 lacs (Previous year ₹ 308.65 lacs), matter having been decided by the Hon'ble High Court of Kerala against the Company. The Company has gone for appeal before the Supreme Court of India and is hopeful of outcome in its favour. Payment there against ₹ 580.98 lacs (Previous year ₹ 580.98 lacs) is included in the loans and advances.

#### 2 Corporate Guarantee :

- The company has given Corporate Guarantee amounting to ₹ 389 lacs (Previous year ₹ 2113 lacs) to a Financial Institution in respect of financial assistance provided by them to GTN Enterprises Ltd and the outstanding amount thereof is ₹ 271.95 lacs as on 31<sup>st</sup> March 2017 (Previous Year – ₹ 864 lacs).
- The company has given Corporate Guarantee amounting to ₹ 175 lacs (Previous year ₹ 175 lacs) to a Financial Institution in respect of financial assistance provided by them to GTN Textiles Ltd and the outstanding amount thereof is ₹ 140 lacs as on 31<sup>st</sup> March 2017 ( Previous Year – ₹ 210 lacs).

#### 32 Particulars of unhedged Foreign Currency exposures as at 31<sup>st</sup> March 2017 are as given below:

Particulars		As at 31.03.2017			As at 31.03.2016		
Accounts Payable	Currency	Amount in lacs	Exchange Rate ₹	Amount (₹ in lacs)	Amount in lacs	Exchange Rate ₹	Amount (₹ in lacs)
	USD	51.65	64.86	3,350.32	11.60	66.25	768.53

#### 33 Net loss / Gain on Foreign currency transaction and translation

The amount of net gain on foreign currency transaction and translation included in the other expenses amounts to ₹ 228.79 lacs (Previous year ₹ 27.38 lacs loss ). This includes gain on account of export ₹ 268.53 lacs (Previous Year ₹ 162.14 lacs gain), Loss on account of Import ₹ 28.21 lacs (Previous year ₹ 182.68 lacs loss ) and loss on account of cancellation of forward contracts ₹ 11.52 lacs (Previous Year ₹ 6.84 lacs loss)

- In the opinion of the management, assets other than fixed assets and non current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
  - The accounts of certain Trade Receivables, Trade payables, Loans and advances and Banks are however, are subject to formal confirmations /reconciliations and consequent adjustments ,if any. The management does not expect any material difference affecting the current period's financial statements on such reconciliation/adjustments.
- 35 In term of Accounting Standard-17, the company operates materially only in one business segment viz., Textile industry and have its production facilities and all other assets located within India. Sales to external customers comprise outside India sales of ₹ 27639.17 Lacs (Previous year ₹ 31383.29 lacs) and within India sale of ₹ 24359.59 lacs (Previous year ₹ 16822.31 Lacs).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

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

The restructuring inter-alia envisages:

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

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

Particulars	2016-17 (₹ in lacs)	2015-16 (₹ in lacs)
The principal amount due thereon remaining unpaid as on the Balance sheet date	₹ Nil	₹ Nil
Interest paid along with the amount of the payment during the year	₹ Nil	₹ Nil
Interest due and payable but without adding the interest specified in the above mentioned act.	₹ Nil	₹ Nil
Interest accrued and remaining unpaid at the end of the year.	₹ Nil	₹ Nil
Amount of interest remaining due and payable in subsequent years, and such interest actually paid to and deductible expenditure under Section 23 of the said act.	₹ Nil	₹ Nil

### **38 VALUE OF IMPORTS ON CIF BASIS**

Particulars	2016-17 (₹ in lacs)	2015-16 (₹ in lacs)
a Raw Materials - Cotton	15,153.57	7,346.62
b Stores	79.26	57.72
c Capital Goods	100.12	117.68
<b>Total</b>	<b>15,332.95</b>	<b>7,522.02</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### 39 EXPENDITURE IN FOREIGN CURRENCY

Particulars	2016-17 (₹ in lacs)	2015-16 (₹ in lacs)
Agents Commission	331.35	417.86
Others	5.80	20.39
<b>Total</b>	<b>337.15</b>	<b>438.25</b>

### 40 IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED

Particulars	Percentage	2016-17 (₹ in lacs)	Percentage	2015-16 (₹ in lacs)
<b>a Raw Materials</b>				
Cotton Imported	42.40%	13,687.25	31.63%	9,355.18
Cotton Indigenous	28.26%	9,122.58	41.97%	12,413.17
Yarn Indigenous -(Semi Finished)	29.34%	9,472.21	26.39%	7,805.95
	<b>100.00%</b>	<b>32,282.04</b>	<b>100.00%</b>	<b>29,574.30</b>
<b>b Packing Materials (Indigenous)</b>		<b>592.29</b>		<b>555.60</b>
<b>c Stores and Spares</b>				
Imported	4.65%	5.79	9.62%	13.26
Indigenous*	95.35%	118.86	90.38%	124.58
	<b>100.00%</b>	<b>124.65</b>	<b>100.00%</b>	<b>137.84</b>

\* Includes HSD Value ₹ 3.45 (Previous Year ₹ 39.77 lacs) Charged to Power & Fuel.

### 41 EARNINGS IN FOREIGN CURRENCY

Particulars	2016-17 (₹ in lacs)	2015-16 (₹ in lacs)
FOB Value of Exports	27,365.59	31,149.93

### 42 SPECIFIED BANK NOTES (SBNs) DISCLOSURE REQUIRED VIDE NOTIFICATION GSR 308(E) DATED 30<sup>th</sup> MARCH, 2017 ISSUED BY MINISTRY OF CORPORATE AFFAIRS :

	SBNs	Other denomination notes	Total
Closing Cash in Hand as on 08.11.2016	1.09	2.49	3.58
(+) Permitted receipts	—	20.66	20.66
(-) Permitted Payments	—	18.67	18.67
(-) Amount deposited in Banks	1.09	—	1.09
Closing Cash in Hand as on 30.12.2016	—	4.48	4.48

### 43 PREVIOUS YEAR'S FIGURES

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

Signature to Note 1 to 43

As per our report of even date attached

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

**R. MUGUNTHAN**  
Partner  
(M. NO. 21397)

Place : Kochi  
Date : 18<sup>th</sup> May 2017

For and on behalf of the Board

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

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

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

**DIPU GEORGE**  
Deputy  
Company Secretary

**PATSPIN INDIA LIMITED**

CIN L18101KL1991PLC006194

**Registered Office:** 3rd Floor, Palal Towers, Ravipuram, M.G. Road, Ernakulam - 682016. **Website :** www.patspin.com

**ATTENDANCE SLIP**

(To be presented at the entrance)

DP ID \_\_\_\_\_

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

Name and address of the shareholder(s) \_\_\_\_\_

I/We hereby record my/our presence at the 26<sup>th</sup> ANNUAL GENERAL MEETING of the Company on Friday, 22<sup>nd</sup> day of September, 2017 at 9:30 a.m. at Aangan Hall, Bharat Hotel (BTH), Darbar Hall Road, Ernakulam 682 016.

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

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

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

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

**PATSPIN INDIA LIMITED**

CIN L18101KL1991PLC006194

**Registered Office:** 3rd Floor, Palal Towers, Ravipuram, M.G. Road, Ernakulam - 682016. **Website :** www.patspin.com

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf on the 26<sup>th</sup> Annual General Meeting of the Company, to be held on Friday, 22<sup>nd</sup> day of September, 2017 at 9:30 a.m. at Aangan Hall, Bharat Hotel (BTH), Darbar Hall Road, Ernakulam 682 016 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	Vote (optional see Note 2) (Please mention No. of shares)		
		For	Against	Abstain
<b>Ordinary Business</b>				
1.	Adoption of Audited Financial Statements of the Company for the financial year ended 31st March, 2017, together with the Reports of the Directors and Auditors thereon			
2.	Reappointment of Shri. B.K. Patodia (DIN 00003516) as a Director pursuant to Section 152 (6) of the Companies Act, 2013			
3.	Appointment of M/s L.U. Krishnan & Co., Chartered Accountants, Chennai (Firm Regn. NO. 001527S) as Auditors of the Company			
<b>Special Business</b>				
4.	Fixation of remuneration to Shri. Umang Patodia, Managing Director for his balance tenure up to 3.8.2019			
5.	Approval of Related Party Transactions			
6.	Ratification of remuneration of M/s. Hareesh K.N & Associates, Cost Accountants (Firm Registration No. 101974) as Cost Auditors of the Company.			

Signed this..... day of.....2017

Signature of shareholder .....

Signature of Proxy holder(s).....

Affix Revenue Stamp of ₹1
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**Note:**

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



Registered Office: 3rd Floor, Palal Towers, Ravipuram, M G Road, Kochi 682 016, India  
Corporate Office: 43, Mittal Chambers, 4th Floor, 228, Nariman Point, Mumbai 400021

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