

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

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PERFORMANCE BEYOND EXPECTATION.

PATSPIN
INDIA LIMITED

7TH ANNUAL REPORT 1997-98

www.reportjunction.com

When times are bad, convention dictates that you put your head
down and sit out the storm. There is also another approach. One that
says that you seize the crisis and turn it around to your advantage.

To find out which route we chose, read on.



NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of PATSPIN INDIA LIMITED will be held at Bharat Hotel (BTH), Darbar Hall Road, Kochi - 682 016 at 9.30 A.M. on Tuesday, the 28th July, 1998 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors and the Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Shri B. K. Patodia, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri J. Fukunaga, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint the Auditors of the Company to hold Office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

ITEM No. 6 :

TO INCREASE THE AUTHORISED SHARE CAPITAL

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Authorised Share Capital of the Company be and is hereby increased from Rs.5500 lacs (Rupees Five Thousand Five Hundred lacs only) divided into 400 lacs (Four Hundred lacs) equity shares of Rs.10/- (Rupees Ten only) each and 15 lacs (Fifteen lacs) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each to Rs.6500 lacs (Rupees Six Thousand Five Hundred lacs only) consisting of 400 lacs (Four Hundred lacs) Equity Shares of Rs.10/- (Rupees Ten only) each and 25 lacs (Twenty Five lacs) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each."

ITEM No. 7 :

TO AMEND THE MEMORANDUM OF ASSOCIATION

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Companies Memorandum of Association be and is hereby altered as follows:

In Clause-V of the Memorandum of Association of the Company, the words and figures "The Authorised Share Capital of the Company is Rs.5500 lacs (Rupees Five Thousand Five Hundred lacs only) divided into 400 lacs (Four Hundred lacs) Equity Shares of Rs.10/- (Rupees Ten only) each and 15 lacs (Fifteen lacs) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each" be substituted by the following words and figures:

"The Authorised Share Capital of the Company is Rs.6500 lacs (Rupees Six Thousand Five Hundred lacs only) divided into 400 lacs (Four Hundred lacs) Equity Shares of Rs.10/- (Rupees Ten only) each and 25 lacs (Twenty Five lacs) Redeemable Preference Shares of Rs.100/- (Rupees One hundred only) each."

ITEM No. 8 :

TO AMEND THE ARTICLES OF ASSOCIATION

To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:

"RESOLVED THAT pursuant to Section 31 and other applicable provisions if any, of the Companies Act, 1956, the Company's Articles of Association be and is hereby altered as follows:

In Article 4 of the Articles of Association of the Company, the words and figures "The Authorised Share Capital of the Company is Rs.5500 lacs (Rupees Five Thousand Five Hundred lacs only) divided into 400 lacs (Four Hundred lacs) Equity Shares of Rs.10/- (Rupees Ten only) each and 15 lacs (Fifteen lacs) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each" be substituted by the following words and figures:

"The Authorised Share Capital of the Company is Rs.6500 lacs (Rupees Six Thousand Five Hundred lacs only) divided into 400 lacs (Four Hundred lacs) Equity Shares of Rs.10/- (Rupees Ten only) each and 25 lacs (Twenty Five lacs) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each".

NOTICE (Contd.)**ITEM No. 9 :****CONSENT TO ISSUE REDEEMABLE PREFERENCE SHARES UNDER SECTION 80(1) AND SECTION 81(1A)**

To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 80(1) and Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals, consents as may be necessary, consent of the Company be and is hereby accorded to the Board or its Committee to issue Redeemable Preference Shares of Rs.100/- each at par / premium in one or more tranches to such person(s), whether or not Shareholders of the Company, including one or more of the Members / Promoters / Employees / Overseas Bodies Corporate / their Associates / Foreign Institutional Investors / Indian Institutional Investors / Mutual Funds / Banks / Public or Private Bodies Corporates / Associations / Welfare Funds or any such funds whether through Public Issue or on private placement basis and on such terms and conditions as regarding redemption, upfront fee, dividend, etc. as the Board or its Committee may decide such that the Redeemable Preference Shares outstanding at any point of time shall not exceed Rs.2500 lacs (Rupees Two Thousand Five Hundred lacs only)".

"FURTHER RESOLVED THAT for the purpose of giving effect to this resolution the Board or its Committee be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue or allotment and redemption from time to time as it may in its absolute discretion deem fit".

ITEM NO. 10 :**KEEPING OF REGISTER OF MEMBERS, INDEX ETC. WITH COMPANY'S SHARE TRANSFER AGENTS' OFFICE**

To consider and, if thought fit, to pass with or without modification the following Resolution as a Special Resolution:

"RESOLVED THAT the Directors of the Company be and are hereby authorised to keep the Register of Members, Index of Members and copies of all Annual Returns together with the copies of certificates and documents required to be annexed thereto at the office of Company's Transfer Agents, M/s Karvy Consultants Limited, H-B17, Panampilly Nagar, Kochi - 682 036".

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

Place : Kochi
Date : 9th June, 1998.

E. K. BALAKRISHNAN
Company Secretary

Registered Office

3rd Floor, Palal Towers
Ravipuram, M.G.Road
Kochi - 682 016.

NOTES :

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and proxy need not be a member of the Company.
2. Proxies in order to be effective should be lodged with the Company at the Registered Office at least 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 22.07.1998 to 28.07.1998 (both days inclusive).
4. The dividend, if declared, will be paid to those Members whose names appear on the Company's Register of Members on 28.07.1998.
5. The company had paid Maiden Equity dividend in the year 1994-95 and the dividend remaining unclaimed will be transferred to the General Revenue account of the Central Government in accordance with the Companies unpaid Dividend (Transfer to General Revenue Account of Central Government) Rules, 1975, by 5th October, 1998. Shareholder who have not encashed their dividend warrants are requested to write to M/s Karvy Consultants Limited, H-B17, Panampilly Nagar, Kochi - 682 036, Company's Transfer Agents, before September 20, 1998 and make necessary application to the Registrar of Companies, Kerala, Ernakulam after 5th October, 1998 for claiming their Dividend. Individual notice to members whose dividend remains unclaimed is being issued by the Company.



NOTICE (Contd.)

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 for 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. Members are requested to inform immediately any change in their address to the Company's Transfer Agents.
4. Shareholders holding shares in identical order of names in more than one folio are requested to write to the Transfer Agents enclosing their certificates to enable them to consolidate their holdings in one folio.
5. All communication in respect of shares are to be addressed to the Company's Transfer Agents, M/s Karvy Consultants Limited, H-B17, Panampilly Nagar, Kochi - 682 036.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 6, 7 & 8 :

The present Authorised Share Capital of the Company is Rs.5500 lacs divided into 400 lacs Equity Share of Rs.10/- each and 15 lacs Redeemable Preference Shares of Rs.100/- each. The present issued, subscribed and paid up Equity Capital is Rs. 3092 lacs and Redeemable Preference Shares of Rs. 1000 lacs. In order to strengthen the capital base of the Company and with a view to have adequate amount of capital to take care of any further issue of Preference Shares, it is proposed to increase the Authorised Capital from Rs.5500 lacs to Rs.6500 lacs.

The amendments to Clause V of Memorandum of Association and Article 4 of Articles of Association as set out at item No.6, 7 and 8 of the Notice respectively are consequential to the increase in the Authorised Share Capital.

Your Directors, therefore, recommend the resolutions for your approval. None of the Directors of the Company is in any way concerned or interested in the above resolutions.

ITEM No. 9 :

The Redeemable Preference Shares are proposed to be issued to augment Working Capital resources for the long term diversification plans of the Company by itself or through its subsidiaries.

The Company, if necessary, in consultation with the appropriate authorities and advisors will fix at relevant time, the detailed terms of the issue including the price of issue, rate of dividend, period of redemption, etc.

Section 81 of the Companies Act, 1956 provides, inter alia, that when it is proposed to increase the Issued Capital of the Company by allotment of further shares, such further shares shall be offered to the existing Shareholders of the Company in the manner laid down in Section 81 unless the Shareholders in a General Meeting decide otherwise.

The said resolution is an enabling resolution conferring authority to the Board to issue shares even to non-member of the Company.

Accordingly, consent of the Shareholders is being sought.

Your Directors, therefore, recommend the resolution for your approval. None of the Directors of the Company is in any way concerned or interested in the resolution.

ITEM No. 10 :

Your Directors have appointed M/s Karvy Consultants Limited, H-B17, Panampilly Nagar, Kochi - 682 036, as the Company's Registrars and Share Transfer Agents. Hence all the Members' Registers and other records will be kept at the office of Karvy Consultants Limited only. Under Section 163 of the Companies Act, 1956, the Company is required to pass a Special Resolution for keeping the Register of Members and other documents at a place other than the Registered Office of the Company. Accordingly the above resolution is recommended for your acceptance.

None of the Directors of the Company is in any way concerned or interested in the resolution.

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

Place : Kochi
Date : 9th June, 1998.

E. K. BALAKRISHNAN
Company Secretary



PATSPIN INDIA LIMITED**BOARD OF DIRECTORS**

B K Patodia : *Chairman*

M K Patodia

R Balasundaram : *Nominee of Industrial Development Bank of India*

J Fukunaga : *Nominee of Itochu Corporation*

K Osumi : *Alternate to Mr J Fukunaga*

James K Joseph : *Nominee of KSIDC*

P K Kurian

Kishore V Mariwala

P C Seksaria

Umang Patodia : *Managing Director*

COMPANY SECRETARY

E K Balakrishnan

BANKERS

Central Bank of India

State Bank of India

State Bank of Travancore

ANZ Grindlays Bank Ltd.

AUDITORS

M/s. M S Jagannathan & Visvanathan
Chartered Accountants

CORPORATE ADVISORS

M/s Lodha & Co., Mumbai

FACTORY

5/345, Para Road, Patodia Nagar
Pudussery Central Village
Kanjikode East P.O. Palakkad
Kerala - 678 621

REGISTERED OFFICE

3rd Floor, 'Palal Towers'
Ravipuram, M G Road
Kochi - 682 016

CORPORATE OFFICE

43, Mittal Chambers
228, Nariman Point
Mumbai - 400 021

CONTENTS	
	Page
Directors' Report	3
Annexure to the Directors' Report	4
Auditors' Report	6
Annexure to the Auditors' Report	6
Balance Sheet	8
Profit & Loss Account	9
Schedules Forming Part of the Balance Sheet	10
Schedules Forming Part of the Profit & Loss Account	14
Notes Forming Part of Accounts	16
Cash Flow Statement	22



DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Seventh Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS

	Year ended 31.03.1998 (Rs.in lacs)	Year ended 31.03.1997 (Rs.in lacs)
Net sales / Income from operations (including increase / decrease in stocks)	8242	5527
Other Income	7	8
	<u>8249</u>	<u>5535</u>
Total expenditure	5810	3856
Operating profit (Profit before interest, depreciation and income-tax)	2439	1679
Interest	869	641
Gross profit after interest, but before depreciation and taxation	1570	1038
Depreciation	545	388
Provision for taxation	—	—
Profit after tax	1025	650
Prior period adjustments	9	—
Balance brought forward from previous year	304	609
Profit available for appropriation	<u>1320</u>	<u>1259</u>
Appropriations:		
Interim Dividend on Preference shares	7	—
Proposed Dividend :		
On Preference Shares	1	—
On Equity Shares	304	232
Corporate Dividend tax	31	23
Transfer to General Reserve	500	700
Balance Carried to Balance Sheet	<u>477</u>	<u>304</u>
	<u>1320</u>	<u>1259</u>

DIVIDEND

Your Directors recommend a dividend of 10% to the Equity Shareholders of the Company for the year ended 31st March, 1998. The Equity Shares issued through Rights Shares shall rank for dividend on pro-rata basis from the date of allotment.

The Company has paid an Interim dividend @10% per annum on pro-rata basis from the date of allotment to the Preference Shareholder. Your Directors recommend a final dividend of 1% to the Preference Shareholder on pro-rata basis from the date of allotment.

ISSUE OF REDEEMABLE CUMULATIVE PREFERENCE SHARES

During the year under review, the Company has issued 5 lacs, 11% Redeemable Cumulative Preference Shares of Rs.100/- each by way of Private Placement to IDBI Bank Limited in Series - I, aggregating to Rs.500 lacs on 11.2.1998. The shares will be redeemed at the end of 4th & 5th year, in two equal instalments.

During the current year, the Company has also issued 5 lacs, 13% Redeemable Cumulative Preference Shares of Rs.100/- each by way of Private Placement to IDBI in Series - II, aggregating to Rs.500 lacs on 9.6.1998. The Shares will be redeemed at the end of 4th & 5th year, in two equal instalments.

PERFORMANCE REVIEW

With the full impact of expanded capacity in Unit "B", the sales turnover has gone up from Rs.5527 lacs to Rs.8242 lacs with exports constituting over 90% of the sales. The net profits also went up significantly to Rs.1025 lacs from Rs.650 lacs. The operating results would have been even better had it not been for the crisis in the South-East Asian economies and severe power cut in Kerala resulting in substantial increase in the power cost. Under the circumstances, the results of the Company have been commendable.