



Patspin India Limited
Tenth Annual Report
2000-2001

PATSPIN INDIA LIMITED

BOARD OF DIRECTORS

B. K. Patodia	: <i>Chairman</i>
M. K. Patodia	: <i>Vice Chairman</i>
J. Otsuka	: <i>Nominee of ITOCHU Corporation</i>
M. Yamashita	: <i>Alternate to Shri. J. Otsuka</i>
T. Pius Joseph	: <i>Nominee of KSIDC</i>
J. F. Alapatt	: <i>Nominee of Industrial Development Bank of India</i>
N. P. Subramanian	: <i>Nominee of ICICI Limited</i>
P. K. Kurian	
Kishore V. Mariwala	
N. K. Bafna	
B. L. Singhal	
P. C. Seksaria	
Umang Patodia	: <i>Managing Director</i>

COMPANY SECRETARY

R. Syam Kumar

BANKERS

Central Bank of India
State Bank of India
State Bank of Travancore
Standard Chartered Grindlays Bank Limited

AUDITORS

M/s. M. S. Jagannathan & Visvanathan
Chartered Accountants
Coimbatore

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

LEGAL ADVISORS

M/s. Menon & Pai, Kochi

REGISTERED OFFICE

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

CORPORATE OFFICE

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

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NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of **PATSPIN INDIA LIMITED** will be held at Bharat Hotel (BTH), Durbar Hall Road, Kochi 682 016 at 9.30 a.m. on Friday, the 20th day of July, 2001, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2001, 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 consider declaration of Dividend on Preference and Equity shares.
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. M.K.Patodia, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

ITEM NO.6 : APPOINTMENT OF SHRI. JOJI OTSUKA AS A DIRECTOR U/S.257 OF THE COMPANIES ACT, 1956.

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

"RESOLVED THAT Shri. Joji Otsuka who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956, read with Clause 95 of the Articles of Association of the Company, in the meeting of the Board of Directors with effect from 21st May, 2001, and who holds the said office upto the date of the forthcoming Annual General Meeting and a Notice in respect of whom has been received by the Company from a Member signifying his intention to propose his candidature for the Office of Director under Section 257 of the Companies Act, 1956, be and is hereby re-appointed as the Director of the Company with effect from the date of Annual General Meeting".

ITEM NO.7 : CONSENT TO CREATE CHARGE, MORTGAGE ON THE IMMOVABLE PROPERTIES AND MOVABLE FIXED ASSETS OF THE COMPANY, UNDER SECTION 293(1)(a) OF THE COMPANIES ACT, 1956, IN FAVOUR OF EXPORT IMPORT BANK OF INDIA (EXIM BANK) ON PARI PASSU FIRST CHARGE BASIS FOR THE ADDITIONAL FINANCIAL ASSISTANCE SANCTIONED BY THEM AND ON PARI PASSU SECOND CHARGE BASIS IN FAVOUR OF CENTRAL BANK OF INDIA (CBI), STATE BANK OF INDIA (SBI) AND STATE BANK OF TRAVANCORE (SBT) FOR THE REVISED WORKING CAPITAL FINANCIAL ASSISTANCE SANCTIONED FOR THE FINANCIAL YEAR 2000-2001.

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or charging by the Board/Committee of Directors, of all the immovable properties and movable fixed assets of the Company, excluding assets on which exclusive charge was given and hypothecation of all movable properties of the Company subject to prior charges in favour of Bankers for Working Capital, wheresoever situate, present and future, and of conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of the following; viz.

- i) Export Import Bank of India (EXIM Bank);
- ii) Central Bank of India (CBI);
- iii) State Bank of India (SBI);
- iv) State Bank of Travancore (SBT)

NOTICE (Contd.)**to secure on Pari Passu first charge basis :**

Rupee Term loan of Rs. 597 lacs (Rupees five hundred ninety seven lacs only) lent and advanced by EXIM Bank to the Company; together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, charges, expenses and other moneys payable by the Company to EXIM Bank under the Loan Agreements / Memorandum of terms and conditions entered / to be entered into by the Company in respect of the said term loans

and

to secure on Pari Passu second charge basis:

1. Revised Working Capital facilities aggregating to Rs. 1625 lacs in lieu of earlier limit of Rs. 1797.50 lacs lent and advanced by CBI to the Company.
2. Revised Working Capital facilities aggregating to Rs. 912.50 lacs in lieu of earlier limit of Rs. 927.50 lacs lent and advanced by SBI to the Company.
3. Revised Working Capital facilities aggregating to Rs. 912.50 lacs in lieu of earlier limit of Rs. 927.50 lacs lent and advanced by SBT to the Company.

"RESOLVED FURTHER THAT the Board / Committee of Directors of the Company be and is hereby authorised to do all such acts and things as may be necessary for giving effect to the above resolution".

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

Place : Kochi
Date : 21st May, 2001

R. SYAM KUMAR
Company Secretary

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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies in order to be valid must be received by the Company, not less than 48 hours before the commencement of the Meeting.
3. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto and forms part of the Notice.
4. The Register of Members and Share Transfer Book of the Company will remain closed from 3rd July, 2001, to 10th July, 2001 (both days inclusive).
5. Pursuant to Section 205A of the Companies Act, 1956, all Unclaimed Dividends upto Financial Year ended 31st March, 1995, have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet claimed their Dividend Warrants for the said period, are requested to claim the amount from the Registrar of Companies-Kerala, Ernakulam by submitting an application in prescribed Form.
6. Pursuant to Section 205A(5) of the Companies Act, 1956, as amended, any money transferred to the Unpaid Dividend Account of the Company which remains Unpaid or Unclaimed for a period of Seven years from the date of such transfer to the Unpaid Dividend account shall be transferred by the Company to the Investor Education and Protection Fund to be established by the Central Government and the Shareholders shall not be able to claim any Unpaid Dividend from the said fund or from the Company thereafter.

Members who have not encashed the dividend warrant(s) for the Financial Year 1995-96 and any subsequent Dividend payment(s) are requested to make their claims to the Company.
7. Dividend, if declared, will be paid on or before 17th August, 2001, to those members whose names appear on the Company's Register of members as on 10th July, 2001, subject however to the provisions of Section 206A of the Companies Act, 1956. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership, as per details furnished by NSDL and CDSL for this purpose.

NOTICE (Contd.)

8. Members are requested to note that the Company's Equity Shares are included in the SEBI specified scrips for settlement only in demat form for all investors, effective from 29th January, 2001. Members are requested to open Depository account in their names with a Depository participant to dematerialise their holdings. This would be necessary for facilitating the transfers of our Equity Shares in all Stock Exchanges connected to the Depository System.
9. Members, holding shares in physical form are requested to notify change of address, if any, and the bank account particulars, to the Share Transfer Agents, M/s.Integrated Enterprises (India) Limited, "Seema", 41/427, Rajaji Road, Near Sun International, Emakulam - 682 035, Kerala; Telephone : (0484) 366099, Telefax : (0484) 371494; E-Mail: yesbalu@ieplndia.com or shaji@ieplndia.com. If the shares are held in Demat form, the same has to be notified to your Depository Participant (where you are maintaining your Demat Account).

REQUEST TO THE MEMBERS:

1. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company atleast 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. Members are requested to inform immediately any change in their address to the Company's Share Transfer Agents.
4. All communications relating to shares are to be addressed to the Company's Share Transfer Agents M/s.Integrated Enterprises (India) Limited, "Seema", 41/427, Rajaji Road, Near Sun International, Emakulam - 682 035, Kerala; Telephone: (0484) 366099, Telefax : (0484) 371494 E-Mail: yesbalu@ieplndia.com or shaji@ieplndia.com.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM No.6 :**

In terms of the Shareholders Agreement with ITOCHU Corporation, Japan, a financial collaborator of the Company, Shri. J. Otsuka has been nominated as Director in place of Shri. J. Fukunaga by ITOCHU.

The Board of Directors of the Company have appointed Shri. Joji Otsuka as an Additional Director with effect from 21st May, 2001. In terms of Section 260 of the Companies Act, 1956, read with Clause No.95 of the Articles of Association, he holds the said office only upto the date of the ensuing Annual General Meeting. A Notice has been received from a member and also Deposit of Rs. 500/- has been received from him pursuant to Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri. Joji Otsuka for the office of Director.

The Board recommends the passing of the ordinary resolution contained in item no.6 of the accompanying notice.

None of the Directors other than Shri. Joji Otsuka is concerned or interested in this resolution.

ITEM No.7 :

The Company has been sanctioned Additional Financial Assistance by EXIM Bank for its modernisation-cum-expansion plans under Technology Upgradation Fund Scheme (TUFS). As per terms of sanction, the said financial assistance shall be secured by way of mortgage on pari passu first charge on all the immovable properties and movable fixed assets of the Company.

The Company has undertaken to EXIM Bank that shareholders approval will be taken in the ensuing Annual General Meeting and therefore IDBI (the holder of original title of the properties) has extended mortgage on the aforesaid financial assistance.

The Working Capital Bankers viz. CBI, SBI and SBT has sanctioned the revised financial assistance for the financial year 2000-2001. As per the terms of sanction, mortgage has to be extended on second charge basis.

Section 293(1)(a) of the Companies Act, 1956, provides, inter alia, that the Board of Directors of a Public Company shall not, without the consent of its Shareholders in the General Meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its immovable properties and movable fixed assets, as aforesaid in favour of EXIM Bank and the Working Capital Bankers, may be regarded as disposal of the Company's properties / undertakings, it

NOTICE (Contd.)

is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

Copies of the letter of sanction Ref.No.OIF:EOU:D-207:846 dated 3rd November, 2000, of Exim Bank and WIL/2K-01:190 dated 12th July, 2000, of Central Bank of India – Consortium, is open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day prior to the date of the meeting.

None of the Directors is concerned or interested in the Resolution.

Your Directors commend this Resolution for approval.

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

Place : Kochi
Date : 21st May, 2001

R. SYAM KUMAR
Company Secretary

Registered Office:

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

SHAREHOLDER INFORMATION**A) Stock Exchanges on which the Company's Securities are listed:**

The Company's securities are listed at the following Stock Exchanges:

- | | |
|--|--|
| <p>1. Cochin Stock Exchange Ltd
MES Dr.P.K.Abdul Gafeer Memorial Cultural Complex
36/1565, 4th floor, Judges Avenue, Kaloar
KOCHI – 682 017</p> | <p>2. The Stock Exchange Ahmedabad
Kamadhenu Complex
Opp.Sahajanand College
Panjarapole
AHMEDABAD - 380 015</p> |
| <p>3. The Stock Exchange
Phiroze Jeejeebhoy Towers
Dalal Street
MUMBAI – 400 001</p> | <p>4. The Hyderabad Stock Exchange Limited
3-6-275, Himayatnagar
HYDERABAD - 500 029</p> |
| <p>5. The Calcutta Stock Exchange Assn. Limited
7, Lyons Range
KOLKATA - 700 001</p> | <p>6. National Stock Exchange of India Limited
Trade World, Kamala Mill Compound
2nd Floor, Senapati Bapat Marg
Lower Parel
MUMBAI - 400 013</p> |

The Company has paid Annual Listing Fees to each of the above Stock Exchanges for the Financial Year 2001-2002.

B) Change of Share Transfer Agent:

M/s. Karvy Consultants Limited (Karvy), Company's Share Transfer Agent has taken a decision to close the share transfer related activities at its Branch in Kochi, Kerala. Therefore, the Company has appointed M/s. Integrated Enterprises (India) Limited (IEIL) as its Share Transfer Agent with effect from 15th June, 2001. All are requested to please note the same and future correspondence may please be made at the following address:

M/s. Intergrated Enterprises (India) Limited (IEIL)
"Seema", 41/427, Rajaji Road
Near Sun International
Ernakulam - 682 035, Kerala
Telephone : (0484) 366099
Telefax : (0484) 371494
E-Mail : yesbalu@iepindia.com or shaji@iepindia.com

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Tenth Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2001.

FINANCIAL RESULTS

	Year ended 31.03.2001 (Rs. in lacs)	Year ended 31.03.2000 (Rs. in lacs)
INCOME		
Net sales/Income from operations	10112	6519
Other Income	6	2
Total	<u>10118</u>	<u>6521</u>
EXPENDITURE		
a) (Increase) / Decrease in Stock in trade	89	(201)
b) Consumption of raw materials	5637	3886
c) Staff Cost	333	235
d) Excise Duty	23	12
e) Other expenditure	2151	1414
Total	<u>8233</u>	<u>5346</u>
OPERATING PROFIT	1885	1175
Interest	675	595
Profit before depreciation and taxation	1210	580
Depreciation	652	559
Profit before tax	558	21
Provision for taxation	1	-
PROFIT AFTER TAX	557	21
Balance brought forward from previous year	400	512
Profit available for appropriations	<u>957</u>	<u>533</u>
APPROPRIATIONS		
Transfer to Capital Redemption Reserve	250	-
Transfer to General Reserve	50	-
Preference Dividend – Interim	120	120
Proposed Equity Dividend	232	-
Corporate Dividend Tax	50	13
Surplus carried to Balance Sheet	<u>255</u>	<u>400</u>
	<u>957</u>	<u>533</u>

DIVIDEND

On account of improved profitability, your Directors are glad to recommend a dividend of 7.50% on the Equity Shares for the Financial Year ended 31st March, 2001.

The Company has paid interim dividend on 11% 5,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each in Series – I and on 13% 5,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each in Series – II, for the financial year ended 31st March, 2001.

As no final dividend has been recommended on these Preference Shares, the interim dividend paid, shall be fully adjusted as final dividend for the financial year ended 31st March, 2001.

PERFORMANCE REVIEW

During the year under review, the Textile Industry which showed some signs of revival in the beginning, was soon caught in recessionary trend, specially due to slow down in US economy. However, as anticipated, your Company could turn out much improved performance as compared to the previous year, during which there was significant loss of production of nearly 3 months due to strike by the workmen. As a result, the sales of the Company improved to Rs. 101 crores from Rs. 65 crores. Inspite of increase in out-flow on account of staff cost and other expenditure, the operating profit was higher at Rs. 18.85 crores against Rs. 11.75 crores. The gross profit after payment of interest was higher at Rs. 12.10 crores against Rs. 5.80 crores. The net profit after depreciation went up substantially to Rs. 5.58 crores against Rs. 0.21 crores in the previous year.