

21ST **ANNUAL REPORT** 2011 / 2012



▶ Board of Directors

B K Patodia	Chairman
N K Bafna	
B L Singhal	
R Rajagopalan	
Prem Malik	Additional Director (w.e.f 15.05.2012)
Rajen K Mariwala	
Yoshikazu Ono	Nominee of ITOCHU Corporation
Keisuke Oba	Alternate to Yoshikazu Ono
V.Viswanathan	Nominee of KSIDC (w.e.f 19.07.2011)
Umang Patodia	Managing Director

Company Secretary Abhilash N A

Bankers & Financial Institution

Central Bank of India
State Bank of India
Export-Import Bank of India
State Bank of Travancore
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.

Legal Advisors M/s. Menon & Pai, Kochi

Registered Office 3rd Floor, Palal Towers, Ravipuram
M G Road, Ernakulam, Kochi 682 016

Corporate Office 43, 4th Floor, Mittal Chambers,
228, Nariman Point, Mumbai 400 021

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PATSPIN INDIA LIMITED

NOTICE

NOTICE is hereby given that the **TWENTY FIRST** 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 Monday, the 13th day of August, 2012 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012, the Statement of Profit and Loss for the year ended on that date and the Reports of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri.B.L. Singhal, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. Rajen K Mariwala, who retires by rotation, and being eligible, offers himself for re-appointment.
4. 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:

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

“RESOLVED THAT Shri Prem Malik, who was appointed as an Additional Director of the Company with effect from 15th May,2012 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 read with Article 95 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, and in respect of whom a notice has been received from a member in writing and also a deposit of ₹500/- from him signifying his intention to propose the candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the company with effect from the date of this Annual General Meeting”

6. 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 section 198, 269, 302, 309, 310 read with schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to the approval of such other authorities including Central Government, as may be required, the consent of the company be and is hereby accorded to the remuneration and perquisites payable to Shri Umang Patodia, Managing Director with effect from April 1, 2012, as recommended by the Remuneration Committee of the Board of Directors and as approved by Board of Directors and as set out in the Explanatory Statement annexed to the Notice convening this meeting and as further set out in the draft agreement placed before this meeting, which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to the “Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the same subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act,1956 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 in such manner as may be agreed to between the Board and Shri Umang Patodia, Managing Director.”

“FURTHER RESOLVED THAT that pursuant to the provisions

of Sections 198, 269, 309 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 XIII to the Act”.

“FURTHER RESOLVED THAT Shri Umang Patodia shall not be liable to retire by rotation.”

AND

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

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

“RESOLVED THAT pursuant to the provisions of 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 (Rupees hundred only) at par in one or more tranches on a preferential basis to the Company's Bankers and Financial Institution (hereinafter referred to as “Lenders”) under the proposed Corporate Debt Restructuring (CDR) Scheme , credited as fully paid up, amount not exceeding Rs 1500 lacs (Rupees One Thousand Five Hundred Lacs only) under the Scheme ,on such terms and conditions as may be mutually agreed between the Company and the lenders”.

“FURTHER RESOLVED 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 authorized 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”.

8. 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 to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof) for creating such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties of the Company wheresoever situate, both present and future and of conferring power to enter upon and to take possession of the assets of the Company in certain events, to or in favour of Export Import Bank of India (Exim Bank) and State Bank of Travancore (SBT) to secure on pari passu first charge basis for ;

- (i) the term loan of ₹20 crores lent and advanced by Export Import Bank of India (Exim Bank) to the Company;
- (ii) the term loan of ₹15 crores lent and advanced by State Bank of Travancore (SBT) to the Company;

NOTICE (Contd.)

and to secure on pari passu second charge basis for;

- (a) Additional Working Capital limits of ₹3150 lacs lent and advanced by Central Bank of India (CBI) to the Company;
- (b) Additional Working Capital limits of ₹1155 lacs lent and advanced by State Bank of Travancore (SBT) to the Company;
- (c) Additional Working Capital limits of ₹425 lacs lent and advanced by IDBI Bank Ltd (IDBI Bank) to the Company;
- (d) Additional Working Capital limits of ₹250 lacs lent and advanced by Karur Vysya Bank Limited (KVB) to the Company;

“RESOLVED FURTHER THAT the Board/Committee of Directors of the Company be and is hereby authorized to do all such acts and things as may be necessary to give effect to the above resolution.”.

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

ABHILASH N.A

Company Secretary

Place : Kochi

Date : 29th June, 2012

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. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. 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.
3. The Company has already notified Closure of Register of Members and Share Transfer Books thereof from Saturday, 4th August, 2012 to Monday, the 13th August, 2012 (both days inclusive) for the purpose of the Annual General Meeting.
4. Pursuant to Section 205A (5) of the Companies Act, 1956, as amended with effect from 31st October 1998, dividends for the financial year ended 31st March 1996 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the date of transfer of the same under sub section (1) of the said Section will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government established under Section 205C of the Act. As per Section 205A(5) of the Companies Act, 1956, Dividend for the Financial Year upto 31st March, 2003 have been transferred by the Company to the Investor Education and Protection Fund (IEPF), established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such Unclaimed Dividend when due for transfer to the said Fund with reference to dividend for the financial year ended 31st March, 2005 and thereafter, is given below:

Financial year Ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEPF
31.3.2005	29.7.2005	28.7.2012	27.8.2012
31.3.2006	28.7.2006	27.7.2013	26.8.2013
31.3.2007	26.7.2007	25.7.2014	24.8.2014

Shareholders who have not so far encashed the Dividend Warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company. Also, note that no claim shall lie against the said Fund or the Company in respect of any amounts which were unclaimed and unpaid after a period of 7 (Seven) years from the date that they first became due for payment and no payment shall be made in respect of any such claim.

5. Consequent upon introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Individual Shareholder(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 shares shall vest in the event of the death of the Shareholder(s). A minor can be a nominee provided the name of the guardian is given in the Nomination form. The facility of nomination is not available to non-individual Shareholders such as Body 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. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Share Transfer Agent, M/s.Integrated Enterprises (India) Limited.
6. Disclosure relating to particulars of Cost Auditor as per general Circular No.15/2011 dated 11th April, 2011 for the year ended 31.03.2011.

Name	M/s STR & Associates
Address	Mr.S.T.Rengarajan, STR & Associates, 37 &38, Kaveri Nagar, Srirangam, Trichy - 620 006. Ph: 0431 6547726, 2432224 e mail ID's : strengarajan@hotmail.com strassociates@rediffmail.com
Due date for filing Cost Audit Report	30.09.2011
Actual date of filing	23.09.2011

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 Agents M/s.Integrated Enterprises (India) Ltd., 2nd Floor, Kences Towers, No.1, Ramakrishna Street, T Nagar, Chennai-600017, Tel: 044 28140801-803; E-Mail: corpseiv@integratedindia.in.
4. 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.

DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT / REGULARISATION PURSUANT TO SECTION 257 OF THE ACT (IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)

Name of Director	Shri. B.L Singhal	Shri. Rajen K Mariwala	Shri Prem Malik
Date of Birth	15.04.1947	04.09.1962	03.02.1942
Date of appointment	20.06.2000	21.01.2006	17.12.2005
Qualifications	B.Com, FCA	BTech Chemical Engineering, M Tech Chemical Engineering	Post Graduate, Punjab University
Expertise in specific functional area	Shri B.L Singhal, aged 65 years is a Graduate in Commerce and Fellow member of the Institute of Chartered Accountants of India (ICAI) and Senior Partner of M/s B.L Singhal & Co., Chartered Accountants, Kolkata. He has vast experience in Finance, Company Law matters besides proficiency in Accountancy.	Shri Rajen K Mariwala ,aged 50 years, is a Bachelor of Chemical Engineering (B Tech Chem. Eng.) from A.C College of Technology,Anna University,Chennai, Tamilnadu. He has also secured Masters Degree in Chemical Engineering (M Chem. Engg.) from Cornell University,USA, Ithaca New York.Besides these formal Degrees, Shri Rajen K Mariwala keeps abreast of recent developments in Management Philosophy & Science by annually attending continuing educational courses at Wharton School of Business.	Shri. Prem Malik, aged 70 years, is a post graduate from Punjab University and is having over 4 decades of experience in textiles and clothing. He had worked as Executive Director of main Board of M/s. Mafatlal Fine Spinning & Manufacturing Company Limited. Presently, he is a Textile Consultant/Advisor. He is the Deputy Chairman of Confederation of Indian Textile Industry and also Director on various forums viz. The Synthetic Rayon Textile Export Promotion Council etc.
Shareholding in the Company.	6460 Equity Shares of ₹10 each.	21300 Equity Shares of ₹10 each.	None

Details of other Directorship:-

Name of Director	Name of the Company	Position held	Committee type	Membership status
Shri. B.L Singhal	1) GTN Textiles Ltd	Director	Audit Shareholders Remuneration	Chairman Member Chairman
	2) GTN Industries Ltd	Director	Audit Shareholders	Chairman Member
	3) Prime Urban Development India Ltd	Director	Audit Shareholders	Chairman Member
	4) GTN Enterprises Limited	Director	Remuneration	Chairman
	5) ATL Textile Processors Limited	Director	None	None
	6) Priti Credit Pvt. Limited	Director	None	None
	7) BLS Securities Pvt. Limited	Director	None	None
	8) M B Credit Pvt. Ltd	Director	None	None
Shri Rajen K Mariwala	1) Marico Ltd	Director	Audit Shareholders	Member Member
	2) Hindustan Polyamides and Fibers Limited	Director	None	None
	3) Kaya Ltd	Director	None	None
	4) Scientific Precision Pvt Ltd	Director	None	None
	5) Mariwala Estates Private Limited	Director	None	None
	6) Artic Investments & Trading Private Ltd	Director	None	None
	7) Rajanjali Estates Private Limited	Director	None	None
	8) Village Laundry Services Inc.	Director	None	None
Shri Prem Malik	1) GTN Textiles Ltd	Director	Audit Shareholders Remuneration	Member Member Member
	2) Gyscoal Alloys Ltd	Director	None	None
	3) Spentex Industries Ltd	Director	Audit	Member
	4) Indo Count Industries Ltd	Director	None	None
	5) Four Seasons Residency Ltd	Director	None	None
	6) Alder Trading Co. Pvt Ltd	Director	None	None
	7) Smillesville Care Pvt ltd	Director	None	None
	8) CLC Textiles Park Pvt.Ltd	Director	None	None
	9) Chhindwara Infrastructure Pvt Ltd	Director	None	None
	10) Confederation of Indian Textile Industry	Deputy Chairman	None	None
	11) The Synthetic Rayon Textile Export Promotion Council	Director	None	None

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

Place : Kochi
Date : 29th June,2012

ABHILASH N.A
Company Secretary

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

ITEM No.5:

Shri Prem Malik was appointed as an Additional Director w.e.f. 15th May,2012 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 95 of the Articles of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956, the above Director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received notice in writing from a member of the company and also a deposit of ₹500 from him proposing his candidature for appointment as Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

The Board recommends resolution under Item No. 5 to be passed as an ordinary resolution.

None of the Directors, except Shri Prem Malik is concerned or interested in this resolution.

ITEM No.6:

The present term of office of Shri Umang Patodia as Managing Director will expire on 3rd August, 2014. Remuneration approved to Shri Umang Patodia, Managing Director pursuant to Schedule XIII of the Companies Act,1956 was for a period of three years from 1st April,2009 to 31st March, 2012.

In order to determine remuneration payable to Shri Umang Patodia, Managing Director for his balance tenure, the Remuneration Committee constituted by the Board had met on 26.4.2012 and approved and recommended to retain the same remuneration package for his balance tenure from 1st April,2012 to 3rd August, 2014, in accordance with Schedule XIII to the Companies Act, 1956.

In terms of Government of India, Ministry of Law, Justice and Company Affairs, Department of Company Affairs, Notification No.GSR36(E) dated 16th January 2002, where in any financial year, during the currency of the tenure of the managerial person, a company has no profits or its profits are inadequate, it may pay remuneration by way of Salary, Dearness Allowance, Perquisites and any other allowance in excess of ₹2,00,000/-, per month but not exceeding ₹4,00,000/- per month or exceeding ₹4,00,000/- per month with prior approval of the Central Government, provided;

- (i) payment of remuneration is approved by a resolution passed by the Remuneration Committee;
- (ii) 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;
- (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 said notification.

Presently, Shri. Umang Patodia is drawing a monthly salary of ₹380000/- plus usual perquisites in the scale of ₹370000-

10000-390000. Under his able leadership, the company has recorded significant growth for the past few years. The Committee, therefore, unanimously recommended to retain the same remuneration package to Shri. Umang Patodia, Managing Director for his balance tenure from 1st April, 2012 to 03.08.2014, as set out below:

a) Salary:

₹ 3,80,000/- per month in the Scale ₹370000-10000-390000 effective from 1st April, 2012 to 03.08.2014.

b) Commission:

Subject to the overall limits laid down in Sections 198 and 309 of the Companies Act, 1956, 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 ₹48 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) Contribution to Provident Fund, Superannuation or Annuity Fund to the extent the same are not taxable under the Income-Tax Act.
- (viii) Gratuity : As per the provisions of the Payment of Gratuity Act or as per the Gratuity Scheme of the Company, whichever is higher.
- (ix) Provision of Car with driver and telephone at the residence for use of Company's business.
- (x) Encashment of Leave as per Rules of the Company.

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 (Contd.)

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 198, 309, and other applicable provisions of the Act read with Schedule XIII 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 XIII to the Act.

Pursuant to the provisions of Section 269 read with Schedule XIII of the Companies Act, 1956, the approval of the members in general meeting is required to be obtained with regard to the remuneration as set out in Item No.5 of the accompanying notice.

Further more, 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 allowances 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 and Shri Umang Patodia being related to each other is deemed to be interested in the resolution mentioned in Item no.6 of the Notice.

None of the other directors of the company is in any way concerned or interested in the resolution.

Information required to be disclosed in terms of Notification No. GSR 36(E) dated 16.1.2002 of Schedule XIII to the Companies Act, 1956:-

I. General Information:

i) Nature of the industry:

Textile 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 January 1994.

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

Not applicable.

iv) Financial Performance:

(₹ in lacs)			
Particulars	2011-12	2010-11	2009-10
Sales	42611	42498	30254
Other Income	59	355	100
Operating Profit	(8445)	8007	3450
Interest	2809	2130	2061
PBDT	(5636)	5877	1389
Profit Before Tax	(3622)	3892	(611)
Profit After Tax	(2354)	2534	(407)
Net Profit	(2354)	2534	(407)
Amount of Equity Dividend Paid	Nil	Nil	Nil
Rate of Dividend Declared (%)	Nil	Nil	Nil

The Effective Capital of the company based on the Audited Accounts for the year ended 31.3.2012 is ₹246 crores.

The Company has not made any default in the repayments of its dues (including Public Deposits) or interest payments thereon. The Company has not issued any debentures.

v) Export Performance and Net foreign Exchange contributions:

(₹ in Lacs)	
Financial Year	Export Turnover
2009-2010	14960
2010-11	21820
2011-12	22967
The Company does not have any Foreign Exchange Collaboration.	

vi) Foreign Investments or Collaborators, if any: the Company does not have any foreign investments or collaborators.

II. Information about the appointee: Shri. Umang Patodia

Vide Item No.5 of the Notice of this Annual General Meeting of the company, the approval of the members is being sought for re-fixing the remuneration of Shri. Umang Patodia, Managing Director effective from 1st April 2012 for the balance tenure to 03.08.2014. Shri. Umang Patodia is a Citizen of India, 42 years of age. He is a Commerce Graduate and has over two decades of experience in the textile business and has a successful presence in the textile 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 Member of CII State and Southern Region, Confederation of Indian Textile Industry, Texprocil, Southern India Mills Association.

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 (Contd.)

In the year 2000, he was nominated by CITI New Delhi, to the "YOUNG ENTREPRENEURS GROUP" of International Textile Manufacturers' Federation based at Zurich, and in October 2002, the group nominated him as their Vice Chairman. Mr. Umang Patodia, who pioneered the Young Entrepreneurs Group during 2003 within CITI served as its founder Chairman till September 2005. He is also a Member and Education Chair of Young Presidents Organization (YPO) Kerala Chapter.

During the financial year 2011-2012, he was paid the following remuneration:

(₹ in lacs)				
Salary	Commission	Perquisites	P F / Gratuity / Superannuation	Total
44.40	-	0.59	14.15	59.14

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 arms length.

III. Other Information:

The Directors Report and the Management Discussion and Analysis forming part of the Annual Report mention in detail "other information" as required under Schedule XIII as per the notification no. GSR 36(E) dated 16.01.2002.

IV. Disclosures:

The requisite disclosures of remuneration package etc. have been made in the Report on Corporate Governance which form part of the Annual Report.

The draft agreement referred to in the resolution would be available for inspection for members at the Registered Office of the Company on any working day between 11.a.m and 1.00 pm prior to the date of the meeting.

Shri. B.K Patodia and Shri Umang Patodia being related to each other is deemed to be interested in the resolution mentioned in Item no.6 of the Notice.

None of the other directors of the company is in any way concerned or interested in the resolution.

The terms and conditions mentioned in Item No 6 of the Notice may be taken as abstract of the agreement to be made by the Company with Shri Umang Patodia ,pursuant to Section 302 of the Companies Act, 1956.

Your Directors recommend this resolution for approval.

ITEM No.7:

Your Company has incurred heavy losses during FY 2011-12 on account of various adverse factors, which also were responsible for severe crisis faced by the textile industry for more than a year. The situation has been reported by your Directors in detail in the "Directors' Report" and "Management Discussion and Analysis Report", forming part of the Annual Report. The surplus cash earned by your Company for the previous financial year 2010-11 was used to service the debts i.e. interest and principal, as per the repayment schedule during 2011-12, in spite of low EBITDA.

Since the year under review reported negative cash accruals and further, the situation for current financial year 2012-13 being uncertain, your company has approached CDR Cell for a Debt Restructuring of some of the major term loans under the Corporate Debt Restructuring (CDR) mechanism. As per CDR guidelines, for the Bank to classify the account as Standard Asset, it is necessary that there is no diminution in the fair value of Loans/Advance before and after restructuring, for which the Net Present Value has to be protected considering the "proposed repayment schedule/interest rates" vis-à-vis "current repayment schedule and interest rates".

Your Directors, therefore, propose to issue Redeemable Preference Shares of an amount not exceeding Rs. 1500 lacs (Rupees one thousand five hundred lacs only) on such terms and conditions as may be mutually agreed upon by the company and the lenders, the actual amount of which will be firmed-up during finalization of the scheme. The Redeemable Preference Shares outstanding at any point of time shall not exceed Rs 2500 lacs (Rupees two thousand five hundred lacs only) including 7 lacs Non Cumulative Redeemable Preference Shares of Rs 100 each aggregating Rs 700 lacs, already issued to the Promoters and their Associates.

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

Your Directors recommend this resolution for approval.

ITEM No.8:

The Company has been availed Term Loans of ₹ 20 crores and ₹15 Crores respectively by Export Import Bank of India (Exim Bank) and State Bank of Travancore to part finance modernization and expansion plans under the restructured TUF Scheme. As per the terms and conditions, the said financial assistance are to be secured by way of pari passu First charge on the immovable properties of the company, both present and future .

The Company has also been availed additional Working Capital Financial Assistance from Central Bank of India (CBI), State Bank of Travancore (SBT), IDBI Bank Limited (IDBI Bank),and Karur Vysya Bank Limited (KVB). This financial assistance are to be secured by way of pari passu second charge on the immovable properties of the company, both present and future.

Hypothecation or mortgage does not amount to disposal of undertaking. The Board/Committee propose to create equitable mortgage in favour of Exim Bank, SBT and Working Capital Bankers for the above said financial assistance ranking pari passu in all respects with the existing mortgage on the Company's property and assets created in favour of Banks/Financial Institution for the loans granted by them to the company.

Copies of the Sanction Letters from the Banks are open for inspection at the registered office of the Company between 11.a.m and 2.p.m on any working day prior to the date of the meeting.

None of the Directors is interested or concerned in this resolution.

Your Directors recommend this resolution for approval.

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

Place : Kochi
Date : 29th June,2012

ABHILASH N.A
Company Secretary

PATSPIN INDIA LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors present the **TWENTY FIRST** Annual Report together with the Audited Statements of Account for the year ended 31st March, 2012.

FINANCIAL RESULTS

(₹ in lacs)

Particulars	Year ended	
	31.3.2012	31.3.2011
REVENUE		
Revenue from operations	42611	42498
Other income	59	355
Changes in Inventories	384	1260
Total	43054	44113
EXPENSES		
a) Cost of materials	33718	29100
b) Employee benefits expense	1836	1659
c) Other expenses	6298	5345
Total	41852	36104
OPERATING PROFIT	1202	8007
Finance Costs	2809	2130
PROFIT/(LOSS) BEFORE DEPRECIATION, AMORTISATION & TAX EXPENSES	(1607)	5877
Depreciation and Amortisation Expenses	2014	1985
PROFIT/(LOSS) BEFORE TAX	(3621)	3892
Tax Expenses		
a) Current Tax (MAT)	—	432
b) MAT credit entitlement	—	(432)
c) Deferred Tax	(1267)	1358
PROFIT/(LOSS) AFTER TAX	(2354)	2534

DIVIDEND

As explained in detail under Performance Review, your company has incurred loss for the year under review, and hence the Board is unable to recommend a Dividend.

PERFORMANCE REVIEW

The textile industry has been facing a major challenge during the past few years in coping up with uncertainties arising from unexpected events led by external factors far beyond its control. The spinning sector which recovered handsomely in 2010-11 after two years of recession and adverse working, was once again plunged into yet another crisis due to lopsided government policies in respect of exports of cotton and cotton yarn, economic crisis in eurozone and consequent demand recession. The Government suddenly suspended cotton yarn exports from January to March 2011 which resulted in a huge piling up of yarn inventory of over 500 million kgs with the Spinning Mills. Eventually when this ill-timed ban was lifted in April 2011, there was a sudden rush to liquidate the yarn stock at any price made from

high-priced cotton inventory. The above ban also resulted in international and domestic cotton prices crashing from April 2011 and within a period of 3 months i.e by June 2011, the domestic cotton prices declined to ₹ 32,000 per candy for the Gujarat Shanker-6 variety from a peak of ₹ 65,000 per candy. Mills were saddled with holding high cost raw material inventory and the yarn prices crashed due to reasons given above, resulting in majority of the Spinning Units incurring cash losses in FY 2011-12. Extreme volatility in the foreign exchange rates also adversely affected the profitability.

Under the circumstances, while your company could maintain its total revenue at ₹430.54 crores for the year as compared to ₹438.34 crores for the previous year, there was a cash loss of ₹16.09 crores as against cash profit of ₹58.77 crores in the last year. As explained earlier, unrealistically higher cotton procurement cost in relation to subdued cotton yarn prices in the international as well as local markets wiped out most of the operating margin. Power cost has also been higher as the company had to buy expensive power from Independent Power Producers due to substantial power cut in Tamil Nadu, besides increase in manpower cost. After charging depreciation, at net level the company incurred a loss of ₹36.23 crores as compared to a profit before tax of ₹38.92 crores in the previous year.

To get over the crisis which are the direct result of lopsided government policies, the industry is persuading the concerned Ministry to offer some fiscal concessions including moratorium in repayment of term loan installments falling due in near future. Hence, for the current year, we have to wait and watch for the situation to return to normalcy.

MODERNISATION, UPGRADATION AND MARGINAL EXPANSION PLANS

Your Directors are glad to report that the modernization, upgradation and marginal expansion plans at Kanjikode Unit as well as addition on balancing equipment to enhance the output at Ponneri Unit at a revised project cost of ₹ 42.41 crores is in the final stage of implementation.

With this, installed capacity of Kanjikode unit will marginally go up from the existing 48624 spindles to 53136 spindles, thereby the total installed capacity of the company will be 115439 spindles.

CORPORATE DEBT RESTRUCTURING

Your Directors have approved a proposal to approach Corporate Debt Restructuring (CDR) Cell for a debt restructuring scheme to tide over the huge cash loss suffered during the year under review. As explained, Textile Industry has been passing through a very severe crisis as a result of total mismatch in the international and domestic yarn prices vis-a-vis the raw cotton prices, high interest costs, severe

DIRECTORS' REPORT (Contd.)

power shortage, etc.

Your Directors seeks support of the lenders to permit holding on operations, correction in interest rates, deferment of principle repayment, sanction of additional long term working capital etc. to tide over the situation.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:-

- a) in the preparation of the annual accounts, the applicable Accounting Standards have been followed and that there are no material departures;
- b) appropriate accounting policies have been selected and applied them consistently and have 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 of the Company for that period;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.
- d) the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

Your Directors affirm their commitments to the Corporate Governance standards prescribed by the Securities and Exchange Board of India (SEBI).

A Report on Corporate Governance with Management Discussion and Analysis as required under Clause 49 of the Listing Agreement is attached.

FIXED DEPOSITS

The Company had no unclaimed deposits outstanding as at the close of the financial year.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Shri B.L Singhal and Shri Rajen K Mariwala, Directors, retire from Office by rotation and are eligible for re-appointment.

Shri V Viswanathan, Nominee of KSIDC was appointed as Director effective from 19.07.2011 in place of Shri T Pius Joseph. The Board placed on record its profound appreciation to Shri. T Pius Joseph for his valuable contribution during his tenure as a Director of the Company.

Shri Prem Malik, was appointed as Additional Director effective from 15.05.2012 pursuant to section 260 of the Companies Act, 1956. Your Board of Directors recommends his appointment under Section 257 of the Companies Act, 1956.

AUDITORS

M/s. M S Jagannathan & Visvanathan, Chartered Accountants, Coimbatore, Auditors of the Company will retire at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

PERSONNEL & INDUSTRIAL RELATIONS

Industrial Relations were cordial and satisfactory. There were no employees whose particulars are to be given in terms of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011 dated 31st March, 2011.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in Annexure, attached hereto and forms part of this Report.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place : Kochi,
Date : 23rd May, 2012

B. K. PATODIA
Chairman