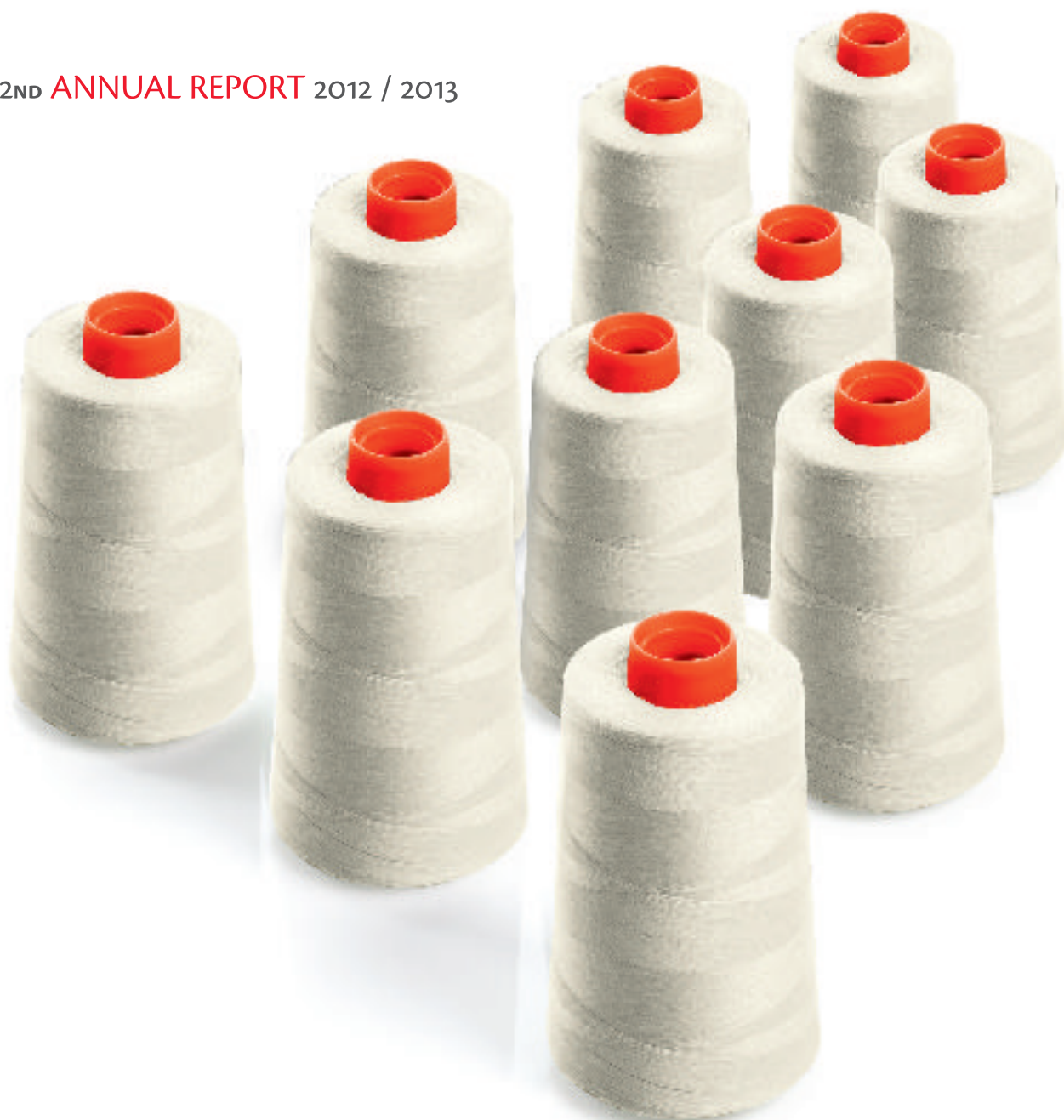


22ND ANNUAL REPORT 2012 / 2013



**Board of Directors****Contents**

B K Patodia Chairman
 N K Bafna
 B L Singhal
 R Rajagopalan
 Prem Malik
 Rajen K Mariwala
 Yoshikazu Ono Nominee of ITOCHU Corporation, Japan
 Keisuke Oba Alternate to Yoshikazu Ono
 V.Viswanathan Nominee of KSIDC
 Umang Patodia Managing Director

Notice 1

Directors' Report 4

Report on Corporate Governance 7

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

Management Discussion & Analysis 16

Auditors' Report 21

Balance Sheet 24

Auditors M/s. M S Jagannathan & Visvanathan,
 [Chartered Accountants], Coimbatore.

Statement of Profit & Loss 25

Legal Advisors M/s. Menon & Pai, Kochi

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

Notes to Financial Statements 27

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

Corporate ID No. (CIN) L18101KL1991PLC006194

PATSPIN INDIA LIMITED

NOTICE

NOTICE is hereby given that the **TWENTY SECOND** Annual General Meeting of **PATSPIN INDIA LIMITED** will be held on Tuesday, the 30th day of July, 2013 at Bharat Hotel (BTH), Durbar Hall Road, Kochi – 682 016 at 9:30 a.m to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013, the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri.B.K Patodia, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. Yoshikazu Ono, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. R.Rajagopalan, 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 Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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 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/premium in one or more tranches to such person (s), whether or not such person(s) are existing shareholders of the Company, including one or more of the members/ Promoters/ Employees/their Associates etc. on a preferential basis for an amount of Rs 270 lacs (Rupees Two Hundred and Seventy Lacs only) on such terms and conditions regarding period of redemption, dividend, nature of the shares i.e. Cumulative or Non-Cumulative etc. as the Board or its Committee may decide. The Redeemable Preference Shares outstanding at any point of time shall not exceed Rs 2100 lacs (Rupees Two Thousand and One 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"

7. 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 Central Bank of India (CBI), State Bank of India (SBI), State Bank of Travancore (SBT), IDBI Bank Ltd (IDBI Bank), The Karur Vysya Bank Ltd (KVB), Bank Of Maharashtra (BOM), Canara Bank (CB), Oriental Bank of Commerce (OBC) and Export Import Bank of India (Exim Bank) to secure :

- (i) on pari passu first charge basis for the financial assistance by way of Additional Long Term Working Capital Loan (LTWCL) aggregating Rs. 2216 lacs lent and advanced by CBI, SBI, SBT, IDBI Bank, KVB, BOM, CB, OBC and Exim Bank to the Company.

- (ii) on pari passu second charge basis for the financial assistance by way of Additional Working Capital limits of Rs 800 lacs lent and advanced by Central Bank of India (CBI) 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**

Place : Kochi
Date: 30th May, 2013.

ABHILASH N.A
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. 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, the 20th July, 2013 to Tuesday, the 30th July, 2013 (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, 2005 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, 2006 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
31.3.2006	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

NOTICE (Contd.)

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 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. 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 31.03.2012.

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 in XBRL format for F.Y ended 31.03.2012	28.02.2013
Actual date of filing Cost Audit Report in XBRL Format	30.01.2013

REQUEST TO THE MEMBERS:

- 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.
- 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.
- 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: corpserve@integratedindia.in.
- 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 AT THIS ANNUAL GENERAL MEETING PURSUANT TO SECTION 257 OF THE ACT

(In pursuance of Clause 49 of the Listing Agreement)

Name of Director	Shri. B.K Patodia	Shri. Yoshikazu Ono	Shri R .Rajagopaln
Date of Birth	01.01.1945	20.01.1963	21.07.1938
Date of appointment	20.9.1991	28.01.2011	27.01.2005
Qualifications	B.E	Graduate	FCA, FCS
Expertise in specific functional area	Over 40 years of experience in Textile Industry, yarn marketing and cotton trade. Mr. B. K. Patodia was the Chairman of the Indian Cotton Mills' Federation (ICMF), New Delhi, (now known as Confederation of Indian Textile Industry - CITI, New Delhi). He was appointed by the Government of India as the Member of the Working Group on Textile and Jute. He is also the Chairman of the Market Access Sub-committee of CITI. He was the Chairman of the Cotton Textiles Export Promotion Council (Texprocil). He has been a Member of the Committee of Management of International Textile Manufacturers Federation, Zurich for several years. He continues to be an active member of the Committee of Management of Southern India Mills' Association (SIMA), Coimbatore, which is the largest association of textile mills in the South. He is an ex-Director of the Board of Directors of Cotton Association of India (CAI), Mumbai and as a nominee of Forward Markets Commission, Government of India. He has been inducted as a member of National Cotton Advisory Committee (NCAC) of MCX. He has been nominated by Ministry of Consumer Affairs, Food and Public Distribution as a member of the Advisory Committee to advise the Central Government and Forward Markets Commission regarding Commodity Futures Markets. He is one of the leading members of the Cotton Advisory Board and Cotton Yarn Advisory Board constituted 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.	He has 27 years of experience in textile material import and export.	Retired as Managing Director - Commercial & Company Secretary with M/s. Widia India Ltd. Besides his proficiency in Finance, Accounts and Secretarial Functions, he was part of management team for finalization of many collaboration tie-ups with Widia GmbH and also with other reputed European and American Companies. He was also associated with various organizations and was the National President of the Institute of Company Secretaries of India (ICSI), President of Employers' Federation of Southern India (EFSI), Chairman of Taxation and Finance Sub-Committee of Confederation of Indian Industry (CII), Member of Southern Regional Council of CII, Member of Engineering Export Promotion Council (EEPC), Greater Mysore Chamber of Industry (GMCI), etc.
Shareholding in the Company	34550 equity shares of Rs 10 each.	Nil	Nil

NOTICE (Contd.)

Details of other Directorship:-

Name of Director	Name of the Company	Position held	Committee type	Membership status
Shri. B.K Patodia	GTN Textiles Limited	Chairman & Managing Director	None	None
	GTN Enterprises Limited	Chairman	None	None
	India Thermit Corporation Limited	Director	None	None
	Hind Rectifiers Limited	Director	None	None
	Patspin Apparels Pvt. Limited	Chairman	None	None
	Patodia Exports & Investments Pvt. Limited	Director	None	None
	Umang Finance Pvt. Limited	Director	None	None
	Beekaypee Credit Pvt. Limited	Director	None	None
Shri Yosikazu Ono	None	None	None	None
Shri R. Rajagopalan	GTN Textiles Limited	Director	Audit Shareholders	Member Chairman
	MRO-TEK Limited	Director	Audit Shareholders	Chairman Member
	SAKSOF Limited	Director	Audit Shareholders	Chairman Chairman

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

Place : Kochi

Date: 30th May, 2013.

ABHILASH N.A
Company Secretary

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

ITEM No.6:

As reported, CDR EG has approved a Debt Restructuring package to the company and the same have been implemented. As per the same, the Promoters and its Associates has to bring in Rs. 270 lacs, 50% to be brought in alongwith Master Restructuring Agreement (MRA) execution and the balance 50% within 12 months from the date of MRA. Accordingly, your promoters have already brought in Rs. 135 lacs and the balance Rs. 135 lacs will be brought in during the current financial year.

The Board of Directors at their meeting held on 22nd October, 2012 have approved a proposal to issue Redeemable Preference Shares of Rs.100/- each aggregating Rs. 270 lacs, in one or more tranches to the Promoters and its Associates, subject to the approval of the members.

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 Shareholder in a General Meeting decide otherwise.

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

Accordingly, consent of the Shareholders is being sought.

Shri. B K Patodia and Shri. Umang Patodia being Promoters, Shri. K.Oba and Shri. V.Viswanathan being Nominee Directors of Itochu Corporation and KSIDC respectively, being Co-promoters of the Company are 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.

Your Directors, therefore, recommended the resolution for your approval.

ITEM No.7:

Pursuant to a restructuring Package approved by CDR Empowered Group (CDR-EG), the Company has been sanctioned Additional Long Term Working Capital Loan of Rs 2216 lacs by our lenders as under:

- Central Bank of India (CBI) for Rs 772.42 lacs;
- State Bank of India (SBI) for Rs 394 lacs;
- State Bank of Travancore (SBT) for Rs 231.52 lacs;
- IDBI Bank Limited (IDBI Bank) for Rs 67.28 lacs;
- The Karur Vysya Bank Limited (KVB) for Rs 164.25 lacs;
- Bank of Maharashtra (BOM) for Rs 109.35 lacs;
- Canara Bank (CB) for Rs 182.48 lacs;
- Oriental Bank of Commerce (OBC) for Rs 219.38 lacs; and
- Export-Import Bank of India (Exim Bank) for Rs 75.60 lacs.

As per the terms of sanction, this 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) to the extent of Rs 800 lacs. This financial assistance is 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 Company's lenders 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.

Copy of sanction from CDR- EG in this regard is 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: 30th May, 2013.

ABHILASH N.A
Company Secretary

PATSPIN INDIA LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors present the **TWENTY SECOND** Annual Report together with the Audited Statements of Account for the year ended 31st March, 2013.

FINANCIAL RESULTS

(Rs in lacs)

PARTICULARS	Year Ended 31.03.2013	Year Ended 31.03.2012
REVENUE		
Revenue from operations	46197	42586
Other income	99	84
Changes in Inventories	(1053)	384
Total	45243	43054
EXPENSES		
a) Cost of materials	34383	33718
b) Employee benefits expense	1830	1836
c) Other expenses	6418	6298
Total	42631	41852
OPERATING PROFIT	2612	1202
Finance Costs	2904	2809
PROFIT/(LOSS) BEFORE DEPRECIATION, AMORTISATION & TAX EXPENSES	(292)	(1607)
Depreciation and Amortisation Expenses	2032	2014
PROFIT/(LOSS) BEFORE TAX	(2324)	(3621)
Tax Expenses		
a) Current Tax (MAT)	—	—
b) MAT credit entitlement	—	—
c) Deferred Taxation	(742)	(1267)
PROFIT/(LOSS) AFTER TAX	(1582)	(2354)

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

Last five years beginning from 2008-09 have been the most challenging period in the history of Indian Textile Industry, which faced multiplicity of adverse factors. Barring the year 2010-11 which reported exceptional recovery, rest of the period was mired in adversities arising from global meltdown, continued slowdown in advanced economies and weakening economic growth in India as well as other developing countries. Business related and political factors also took heavy toll on recovery of the textile industry which witnessed severe power constraints, rising interest rates, wide currency fluctuations, besides considerable mismatch in input / output costs resulting from faulty Government Policies relating to export of cotton and cotton yarn.

The first half of the financial year 2012-13 continued to be affected from some of the above adverse factors, but from the second half of the financial year there was distinct all around improvement and the industry was well on the path of recovery. The Government had announced series of policy measures which included un-hindered export of cotton yarn, continuation of Textile Upgradation Fund Scheme and announcement of Foreign Trade Policy which had many positive features for the textile industry including incentive for incremental exports. Simultaneously demand for cotton yarn

has also improved significantly. China became one of the major importers of cotton yarn from India and in the year 2012-13 cotton yarn exports from India for the first time exceeded 1000 Million Kgs. The cotton crop at 34 Million bales was also satisfactory to take care of indigenous consumption and yet leave a sizable exportable surplus. The prices of raw cotton which in the beginning of the crop were lower have since settled down at reasonable levels.

Unfortunately, the workmen at our Kanjikode Plant in Kerala went on an illegal strike from 23rd August, 2012 while negotiations for long term settlement were going on in the conciliation proceedings undertaken by the Regional Joint Labour Commissioner. This has resulted in total loss of production of this unit and consequent adverse financial impact. In the year under review, this unit has already lost over seven months of production upto 31.03.2013 and the strike continued in the current financial year as well.

But for the above prolonged strike in our Kanjikode Plant, company would have fared much better from the second half of the year under review. However, the company continued its vigorous thrust to increase the top line growth by undertaking outsourced yarn exports. As a result, we were able to maintain the top line at Rs.462 crores against Rs.426 crores. The power situation in Tamil Nadu continues to be a cause of concern and the grid power available is hardly sufficient for operating 30% capacity and to operate the plant at full capacity, the company is obliged to buy power from Trading Platforms at substantially higher prices. The impact of higher power cost at our Ponneri Plant itself in the year under review was Rs.8.32 crores. Availability of skilled labour continues to be a challenge at the Ponneri Plant.

In spite of all these adverse factors, the Company was able to report operating profit at Rs.26.12 crores as against Rs.12.03 crores in the previous year. After providing for finance cost, the cash loss is reduced to Rs.2.92 crores as compared to Rs.16.07 crores in the previous year. After providing Rs.20.32 crores depreciation and the effect of deferred taxation, the net loss was reduced to Rs.15.82 crores as against Rs.23.54 crores in the previous year.

We are glad to report that the illegal strike at our Kanjikode Plant in Kerala, which started on 23rd August, 2012, has been withdrawn consequent to a conciliation settlement arrived at between the Trade Unions and the Management at the meeting called by the Labour Commissioner at Trivandrum on 17.05.2013 in the presence of Hon'ble Minister for Labour. The Plant has reopened on 18.05.2013 and will start contributing towards both top line and operating margin. However, the areas of concern for the Kanjikode Plant are ever rising power tariff in Kerala and continued high cost of salaries & wages as compared to industry norms.

With overall improvement in demand for the textile products both in international and domestic markets and relentless efforts put in by the Company, we are confident of achieving better results in the current financial year.

MODERNISATION, UPGRADATION AND MARGINAL EXPANSION PLANS:

As reported in the previous Directors' Report, your Company had undertaken modernization, upgradation & marginal expansion plans at Kanjikode Unit and addition of balancing equipments to enhance the output at Ponneri Unit at a Project Cost of Rs.42.41 crores. During the year under review, we have so far executed the project to the tune of Rs.21.78 crores. Due to illegal strike at Kanjikode Plant, execution of the project was held up. Further

DIRECTORS' REPORT (Contd.)

implementation of the project is now being planned as the strike by the workmen has been withdrawn.

CORPORATE DEBT RESTRUCTURING

As reported in the previous Directors' Report, the Company's restructuring proposal under CDR System has been approved by CDR-EG, Mumbai during the year under review. The Company and all the lenders have executed Master Restructuring Agreement on 29.12.2012 and have also completed other related documentation in this regard. The lenders have sanctioned Additional Long Term Working Capital Loan of Rs 22.16 Crores to tide over the long term working capital needs of the Company. As per the scheme, the lender's sacrifice of Rs 10.81 crores has been compensated by way of issue of 0.01% Non Cumulative Redeemable Preference Shares on 29.1.2013. The said Preference Shares are being redeemed in one installment on 31st March, 2022. The Scheme has also proposed promoter's contribution of Rs.2.70 crores, 50% shall be brought in at the time of implementation and the balance 50% to be brought in within 12 months time. The Promoters and its Associates has already brought in Rs.1.35 crores and the balance Rs.1.35 crores shall be brought in during the current financial year. The Allotment of Redeemable Preference Shares to the Promoters and its Associates are proposed during the current financial year for which enabling resolution is being obtained from the shareholders at the ensuing Annual General Meeting.

As per CDR Scheme, GTN Textiles Limited being the main promoter of the Company has created pledge in respect of 7286405 Equity Shares of Rs 10 each (i.e., 51% of shares held by GTN in Patspin India Ltd) in favour of Central Bank of India (Monitoring Institution for CDR Scheme) on behalf of Company's lenders.

With all the above, the Company has complied with all the terms and conditions as required by CDR-EG.

POTENTIALLY SICK COMPANY UNDER THE PROVISIONS OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985.

As explained above, severe power cuts in Tamilnadu and consequent purchase of High Cost Power from Private Power Producers and the illegal and unjustified strike by the workmen at Kanjikode Plant in Kerala, which lasted for a period of about 9 months up to 17.5.2013 have severely affected the performance of the Company. Consequent to this, your Company has been classified as a "potentially sick company" under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985, as at the close of the financial year.

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 loss 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.K Patodia, Shri Yoshikazu Ono and Shri. R. Rajagopalan, Directors, to retire from Office by rotation and are eligible for re-appointment.

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

Barring the illegal strike by the workmen at our Kanjikode Unit Kerala, 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 : 30th May, 2013

B.K PATODIA
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report.

A. Conservation of Energy

- a) Energy conservation measures taken.

The Company is making all round efforts for the conservation of energy. To reduce the energy cost, energy efficient equipments were used and the effect of the same has been felt.

- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.
- d) Total energy consumption and energy consumption per unit of production as prescribed in Form-A given below

	Year ended 31.3.2013	Year ended 31.3.2012
I. Power and fuel consumption		
1 Electricity		
a) Purchased (Units in lacs) [wind Mill Units Consumed 134.01(Previous year 110.48)]	536.97	679.49
Total amount (Rs. In lacs)	3553.03	3216.29
Rate per unit (Rs.)	6.62	4.73
b) Own generation		
i) through Diesel Generator (units in lacs)	1.28	5.36
Total amount (Rs. in lacs)	20.41	67.13
Units per liter of diesel oil	3.61	3.50
Cost per unit (Rs.)	15.94	12.52
ii) through steam turbine / generator		
Units	Nil	Nil
Unit per liter of fuel oil / gas	Nil	Nil
Cost per unit (Rs.)	Nil	Nil
2 Coal	Nil	Nil
3 Furnace Oil	Nil	Nil
4 Others/internal generation	Nil	Nil
II. Consumption per unit of production		
a) Electricity – Units per Kg. Yarn	6.11	6.58
b) Furnace Oil	Nil	Nil
c) Coal	Nil	Nil
d) Others	Nil	Nil

B. Technology Absorption

Efforts made in Technology Absorption as per Form B:

Indigenous technology alone is used and Research and Development are carried out by a separate Textile Research Association for Textile Units situated in Southern Region (SITRA).

C. Foreign Exchange Earnings & Outgo

- a) Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans

The Company is presently exporting yarn and knitted fabric. Steps are being continued to explore new markets and product development.

- b) Total Foreign Exchange earned and used excluding capital goods, components & Spares:

Earned: Rs 28094.70 lacs (Previous year Rs.20806.67 lacs) (includes shipping freight and agents commission) Used: Rs 5702.89 lacs (Previous year Rs 5183.05 lacs)

For and on behalf of the Board

Place : Kochi,
Date : 30th May, 2013

B.K PATODIA
Chairman

PATSPIN INDIA LIMITED

REPORT ON CORPORATE GOVERNANCE

1) The Company's Philosophy on Code of Corporate Governance

The Company firmly believes in and has consistently endeavoured to practice good Corporate Governance. 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 a Non-Executive Chairman, Shri. B K Patodia and comprises eminent persons with considerable professional experience in diverse fields. Over 88% of the Board consists of Non-Executive Directors.

As on 31st March, 2013, the Board comprises of 5 Independent Directors constituting 56% of the total Board strength. The Company is in compliance with the Clause 49 of the Listing Agreement pertaining to Composition of Directors.

Composition and category of Directors is as follows:

Category	Name of Directors
Promoter/Executive Director	Shri. Umang Patodia
Promoter / Non-Executive Directors	Shri.B K Patodia
	Shri Yoshikazu Ono (Nominee of ITOCHU Corporation, Japan)
	Shri Keisuke Oba (Alternate Director to Shri Yoshikazu Ono)
	Shri V. Viswanathan (Nominee of KSIDC, Trivandrum)
Independent Directors	Shri.N K Bafna
	Shri.B L Singhal
	Shri.R Rajagopalan
	Shri Prem Malik
	Shri.Rajen K Mariwala

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	Yes	8	None	None	Related to Shri. Umang Patodia
Shri.N K Bafna	00019372	Nil	4	Yes	3	5	2	None
Shri.B L Singhal	00006433	6,460	3	Yes	8	6	3	None
Shri.R Rajagopalan	00003642	Nil	3	Yes	3	6	4	None
Shri Prem Malik	00023051	Nil	4	No	10	3	None	None
Shri Rajen K Mariwala	00003642	21,300	1	No	7	2	None	None
Shri.K.Oba [Itochu Nominee]	03074332	Nil	None	No	None	None	None	None
Shri.V Viswanathan [KSIDC Nominee]	00027843	Nil	4	No	1	None	None	None
Shri.Umang Patodia	00003588	11,000	4	Yes	3	None	None	Related to Shri.B K Patodia

In accordance with Clause 49 of the Listing Agreement, Membership / Chairmanship of only the Audit Committees and Shareholders /Investors' Grievance Committees of all Public Limited Companies has been considered.

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 Clause 49 of the Listing Agreement.

REPORT ON CORPORATE GOVERNANCE (Contd.)

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 such two meetings was not more than 4 calendar months.

The details of the Board Meetings are as under:-

Sl. No.	Date	Board Strength	No. of Directors present
1)	23rd May, 2012	9	5
2)	12th August, 2012	9	7
3)	22nd October, 2012	9	7
4)	29th January, 2013	9	8

3) Audit Committee

Audit Committee comprises of four Independent Directors and one Non Independent Director namely; Shri N.K Bafna, Chairman, Shri.B L Singhal, Shri.R Rajagopalan, Shri Prem Malik and Shri Umang Patodia, Managing Director. All the Members of the Audit Committee possess financial / accounting expertise. The composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Shri Abhilash N.A, Company Secretary is the Secretary of the Audit Committee.

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

The terms of reference of Audit Committee are broadly as follows;

- The Audit Committee shall oversee financial reporting process and disclosures.
- To review quarterly, half yearly and annual financial statements, management discussion and analysis of financial condition and results of operation.
- To review adequacy of internal controls in the Company including the plan, scope and performance of internal audit function
- To review management letters/ letters of internal control weakness issued by the statutory auditors, internal audit report relating to internal control weakness,
- To review related party transactions.
- To review financial and risk management policies
- To look into the reasons for substantial defaults in the payment to depositors, debenture / shareholders and creditors.
- To oversee compliance with stock exchange and legal requirements concerning financial statements
- To review auditors qualifications (draft) and to ensure compliance with Accounting Standards
- Recommending the appointment and renewal of external Auditors / Chief internal auditor and their fees
- Recommending the appointment of Cost Auditor, fixation of audit fee, approval for payment for any other services and also approval of appointment of Chief Financial Officer (CFO).

During the 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	4
2)	Shri B.L Singhal	Independent Director	3
3)	Shri.R Rajagopalan	Independent Director	3
4)	Shri Prem Malik	Independent Director	4
5)	Shri Umang Patodia	Executive Director	4