

24

Annual Report

2014 / 2015



24th ANNUAL REPORT 2014 / 2015

Board of Directors

B K Patodia	Chairman
N K Bafna	Independent Director
Prem Malik	Independent Director
S.Sundareshan	Independent Director
Rajen K Mariwala	Independent Director
Pamela Anna Mathew	Additional Director (w.e.f. 17.3.2015)
V.Viswanathan	Nominee of KSIDC, Trivandrum
Umang Patodia	Managing Director

Assistant Company Secretary	Dipu George
General Manager (Finance) & Chief Financial Officer	N N Venkitasubramanian

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 682016

Corporate Office 43, 4th Floor, Mittal Chambers,
 228, Nariman Point, Mumbai 400021

Corporate ID No. (CIN) L18101KL1991PLC006194

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PATSPIN INDIA LIMITED

NOTICE

NOTICE is hereby given that the **TWENTY FOURTH** Annual General Meeting of the members of **PATSPIN INDIA LIMITED** will be held at the Bharat Hotel (BTH), Durbar Hall Road, Kochi 682 016 at 9:30 a.m on Friday, the 7th day of August, 2015 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2015 and the Reports of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri B.K. Patodia (DIN: 00003516), who retires by rotation, and being eligible, offers himself for re-appointment.
3. Ratification of appointment of Statutory Auditors. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with rules made thereunder, the appointment of M/s. MS Jagannathan & Visvanathan (Firm Reg. No: 001209S), Chartered Accountants as Auditors of the Company for a term of 3 years i.e. till the conclusion of the 26th Annual General Meeting (AGM), which was subject to ratification at every AGM, be and is hereby ratified to hold the office from the conclusion of this AGM till the conclusion of the 25th AGM of the Company to be held in the year 2016, at such remuneration plus service tax, out of pocket, traveling and living expenses etc. as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**.
“RESOLVED THAT Smt. Pamela Anna Mathew (DIN: 00742735), who was appointed by the Board of Directors as an Additional Director of the Company w.e.f. 17th March, 2015 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 (“Act”) and in respect of whom, the company has received a notice in writing from a member under Section 160 of the Act proposing her candidature as an Independent Director of the Company pursuant to the provisions of sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereon for the time being in force) read with Schedule IV to the Act, who shall hold office from the date of this Annual General Meeting, till 6th august, 2020 and whose office shall not, henceforth, will liable to determination by retirement of Directors by rotation“.

By Order of the Board of Directors

DIPU GEORGE

Assistant Company Secretary
Membership No. 38716

Place : Kochi
Date : 27.5.2015

NOTES:-

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.

The instrument appointing proxy in order to be effective should be deposited at the Registered Office of the Company duly completed

and signed not less than 48 hours before the commencement of the meeting. A proxy form is send herewith. Proxy submitted on behalf of the Companies, Societies etc, must be supported by an appropriate resolution / authority, as applicable.

2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto and forms part of the Notice.
3. The Company has already notified Closure of Register of Members and Share Transfer Books thereof from Friday, 31st July, 2015 to Friday, 7th August, 2015 (both days inclusive) for the purpose of the Annual General Meeting.
4. Pursuant to Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Security Holders are entitled to make nomination in respect of securities held by them in physical form. Individual Security holder(s) can avail of the facility of nomination. The nominee shall be a person in whom all rights of transfer and / or amount payable in respect of the securities shall vest in the event of the death of the Security holder(s). In the case of joint holding, all joint holders shall together nominate any person as nominee. A minor can be a nominee provided the name and address of the guardian is given in the Nomination form. The facility of nomination is not available to non-individual Shareholders such as Bodies-Corporate, Kartas of Hindu Undivided Families, Partnership Firms, Societies, Trust and holders of Power of Attorney. For further details please contact Company's Secretarial Department. Security holders desirous of making nominations are requested to send their requests in Form No.SH-13 (which will be made available on request) to the Registrar and Share Transfer Agent, M/s. Integrated Enterprises (India) Limited.
5. Disclosure relating to particulars of Cost Auditor as per general Circular No.15/2011 dated 11th April, 2011 for the year ended 31.03.2014.

Name	M/s STR & Associates
Address	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 31.03.2014	29.9.2014
Actual date of filing Cost Audit Report in XBRL Format	28.09.2014

6. Disclosure as per Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

No. of Complaints of sexual harassment received during the year	NIL
No. of complaints disposed off during the year	—
No. of cases pending for more than ninety days	—
No. of workshops or awareness programme against sexual harassment carried out	5
Nature of action taken by the employer	—

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

NOTICE (Contd.)

are requested to bring their copies of the Annual Report to the Meeting.

3. All communications relating to shares including change in their address are to be addressed to the Company's Share Transfer Agent M/s. Integrated Enterprises (India) Ltd., 2nd Floor, Kences Towers, No.1, Ramakrishna Street, T Nagar, Chennai-600017, Tel: 044 28140801-803; E-Mail: corpserv@integratedindia.in.
4. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to register/update your e-mail addresses, in respect of shares held in dematerialized form with your respective Depository Participants and in respect of shares held in physical form with above RTA directly to enable Company to send communication / documents via e-mail.
5. Copies of the Annual Report 2015 alongwith Notice of the 24th AGM, Attendance Slip and Proxy Form, are being sent by electronic mode to all members whose email address are registered with the Company/ Depository Participant (s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.
6. Members who hold shares in physical forms are requested to dematerialise their holdings for facilitating the transfers of Company's equity shares in all stock exchanges connected to the depository system.
7. **Voting through electronic means**

Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and clause 35 B of the Listing Agreement with the Stock Exchanges, the Company is pleased to offer Remote e-voting facility to the members to cast their votes electronically as an alternative to participation at the Annual General Meeting (AGM) to be held on Friday, 7th August, 2015 at 9.30 am at Bharath Hotel (BTH), Durbar Hall Road Kochi-682016. Please note that remote e-voting through electronic means is optional. The company is also providing the facility of poll at the meeting by way of ballot. The Company has engaged the services of Central Depository Services India Ltd (CDSL) to provide remote e-voting facilities. The remote e-voting facility is available at the link <https://www.evotingindia.com> :

The Company had fixed on Friday, 31st July, 2015 as the cut off date for determining voting right of shareholders entitled to participating in the remote e-voting process. In this regard, your demat account/folio number has been enrolled by the Company for your participation in remote e-voting on resolutions placed by the Company on e-voting system.

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

Commencement of remote e-voting	9:00 A.M. onwards on Tuesday, 4th August, 2015
End of remote e-voting	Upto 5:00 P.M. on Thursday, 6th August, 2015

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

The voting rights of the members shall be in proportion to their shares of the paid up equity share capital of the company as on Friday, 31st July, 2015. A person, whose name is recorded in the Register of members or in the Register of beneficial

owners maintained by the Depositories as on the cut off date only shall be entitled to avail the facility of remote e-voting as well as voting at the meeting through ballot paper.

Any person who acquires shares of the company and becomes member of the company after dispatch of the Notice and holding shares as on cut off date i.e. 31st July, 2015 may obtain the sequence number by sending a request at corpserv@integratedindia.in.

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

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "PATSPIN INDIA LIMITED" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits sequence number in the PAN Field. In the case of sequence number is less than 8 digits; enter the applicable number of 0's before the number after the first two character of the name in CAPITAL letter. <p>eg.: If your name is Ramesh Kumar with sequence number 1, then enter RA00000001 in the PAN field.</p>
DOB#	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p># Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member ID / folio number in the Dividend Bank details field in order to login.</p>

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

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

NOTICE (Contd.)

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

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice..
- (xi) Click on the EVSN for PATSPIN INDIA LIMITED on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - a) They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - b) After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - c) The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - d) They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
 - In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

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

**DETAILS OF DIRECTORS SEEKING APPOINTMENT /RE-APPOINTMENT AT THIS ANNUAL GENERAL MEETING
PURSUANT TO SECTION 160 OF THE COMPANIES ACT,2013
(In pursuance of Clause 49 of the Listing Agreement)**

Name of Director	Shri. B.K. Patodia	Smt. Pamela Anna Mathew
Date of Birth	1.1.1945	24.2.1950
DIN	00003516	00742735
Date of appointment	20.9.1991	17.3.2015
Qualifications	B.E.	Double Post Graduate in Economics & Business Administration
Expertise in specific functional area	<p>Shri. B.K. Patodia, 70 years of age, holds the Engineering Degree from Birla Institute of Science and Technology, Pilani, is the past Chairman of the Cotton Textiles Export Promotion Council, (Texprocil), Mumbai. He is also the past Chairman of the Indian Cotton Mills' Federation, (now known as Confederation of Indian Textile Industry) and Southern India Mills' Association, Coimbatore. He has also served as President of Cochin Chamber of Commerce and Industry, Cochin and Employers' Federation of Southern India, Chennai.</p> <p>Shri. B.K. Patodia is the past Chairman of the Joint Cotton Committee of International Textile Manufacturers Federation (ITMF), Zurich. He is a member of the Advisory Board on the Committee of Management of ITMF. He is also a member of the Spinners Committee of ITMF.</p> <p>Shri. B.K. Patodia has been nominated by Ministry of Consumer Affairs, Food and Public Distribution as a member of the National Advisory Committee to advise the Central Government and Forward Markets Commission regarding Commodity Futures Markets.</p> <p>Shri. B.K. Patodia is a Director on the Boards of several leading Companies and is also a Member of several Government Committees including the Cotton Advisory Board and Cotton Yarn Advisory Board appointed by the Ministry of Textiles, Government of India. He was also actively involved in the Sub-Group on Cotton to formulate National Fibre Policy of the Ministry of Textiles.</p>	<p>Smt. Pamela Anna Mathew, aged about 65 years, is a twin Post Graduate in Economics & Business Administration, having 41 years of professional managerial experience, presently Managing Director of O/E/N India Limited, market leader in the country in the field of Electro Mechanical components for the Electronics Industry.</p> <p>Smt. Pamela Anna Mathew was the Past President of Cochin Chamber of Commerce, Kerala Management Association and Electronic Components Industries Association. She is closely associated with Kerala State Productivity Council and Confederation of Indian Industry. She was the Chairperson of CII, Kerala Council during the year 2002-03. She had received CII Award for the best Chairperson at National level for outstanding contributions to the industry, Management Leadership Award- 2011 of KMA for Managerial Excellence and Outstanding Entrepreneurship Award - 2011 by Kerala State Industrial Development Corporation Ltd.</p>
Shareholding in the Company.	34,550 Equity Shares of Rs 10 each	NIL

Details of other Directorship:-

Name of Director	Name of the Company	Position held	Committee type	Membership status	Shareholdings
Shri. B.K. Patodia	GTN Textiles Limited	Chairman & Mg. Director	Audit SRC	Member Member	11,95,580 Equity Shares
	GTN Enterprises Limited	Chairman	Audit	Member	4,72,310 Equity Shares
	The India Thermit Corporation Limited	Director	None	None	None
	Hind Rectifiers Limited	Director	None	None	None
	Patspin Apparels Pvt. Limited	Director	None	None	None
	Patodia Exports & Investments Pvt. Limited	Director	None	None	None
	Umang Finance Pvt. Limited	Director	None	None	None
	Beekaypee Credit Pvt. Limited	Director	None	None	None

DETAILS OF DIRECTORS SEEKING APPOINTMENT /RE-APPOINTMENT AT THIS ANNUAL GENERAL MEETING (Contd.)

Name of Director	Name of the Company	Position held	Committee type	Membership status	Shareholdings
Smt. Pamela Anna Mathew	GTN Textiles Limited	Additional Director	None	None	None
	O E N India Limited	Managing Director	None	None	48.04%
	Muthoot Finance Limited	Additional Director	None	None	None
	INKEL-KSIDC Projects Limited	Director	None	None	None
	INKEL Limited	Director	None	None	None
	Geomaths Stocks and Shares Trading Private Limited	Additional Director	None	None	None

By Order of the Board of Directors

DIPU GEORGEAssistant Company Secretary
Membership No. 38716Place : Kochi
Date : 27.5.2015**STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****ITEM No.4:**

The Board of Directors has appointed Smt. Pamela Anna Mathew as Additional Director w.e.f. 17th March, 2015. As per the provisions of 161(1) of the Act, Smt. Pamela Anna Mathew shall hold office as an Additional Director only up to the date of this Annual General Meeting of the Company.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act, proposing the candidature of Smt. Pamela Anna Mathew as an Independent Director for five consecutive years for a term up to 6th August, 2020.

In the opinion of the Board, Smt. Pamela Anna Mathew fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management. She is not holding any equity shares in the Company and does not hold, by herself or for any other person any shares on a beneficial basis in the Company. Pursuant to revised Clause 49 of the Listing Agreement Smt. Pamela Anna Mathew's tenure as Independent Director in the Company shall be less than 5 years and therefore, this appointment will be treated as her 1st term in the office.

The Board considers that her continued association would be of great benefit to the Company and it is desirable to continue the service of Smt. Pamela Anna Mathew as an Independent Director of the Company. Accordingly, the Board recommends the Resolution in relation to appointment of Smt. Pamela Anna Mathew as an Independent Director, for the approval by the shareholders of the Company by way of Ordinary Resolution.

Copy of the draft letter for appointment of Smt. Pamela Anna Mathew as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

None of the Directors and Key Managerial Personnel or their relatives except Smt. Pamela Anna Mathew is concerned or interested, financial or otherwise, in the resolution set out at item No.4.

By Order of the Board of Directors

DIPU GEORGEAssistant Company Secretary
Membership No. 38716Place : Kochi
Date : 27.5.2015

PATSPIN INDIA LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors present the **TWENTY FOURTH** Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2015

FINANCIAL RESULTS

(Rs in lacs)

PARTICULARS	Year Ended	
	31.3.2015	31.3.2014
REVENUE		
Income from operations	55442	60961
Other income	118	104
Changes in Inventories	(303)	1675
Total	55257	62740
EXPENSES		
a) Cost of materials	41004	46230
b) Employee benefits expense	2940	2630
c) Other expenses	7809	7960
Total	51753	56820
OPERATING PROFIT	3504	5920
Finance Costs	3083	3464
PROFIT/(LOSS) BEFORE DEPRECIATION, AMORTISATION & TAX EXPENSES	421	2456
Depreciation and Amortisation Expenses	1243	1899
PROFIT/(LOSS) BEFORE TAX	(822)	557
Tax Expenses		
Deferred Taxation	174	132
PROFIT/(LOSS) AFTER TAX	(648)	425

DIVIDEND

As explained in detail under performance review, your company has incurred loss for the year and hence the Board is unable to recommend a dividend for the financial year ended 31st March, 2015.

PERFORMANCE REVIEW

As reported in previous year's Directors' Report, the company continued to perform reasonably in the two quarters of the year under review, but due to variety of reasons, from the 3rd quarter of FY 2014-15 the industry went into tailspin and started incurring substantial losses. The major causes were as follows:-

- Raw cotton prices crashed and the benchmark New York Futures plunged from over 90 cents a pound in July 2014 to below 60 cents by Oct / Nov 2014. Similarly, the Indian cotton prices also crashed steeply. For example, Gujarat Shankar 6 prices which was ruling at over Rs.43,000/- per candy in July 2014 came down to Rs.31,000/- per candy in Feb. 2015.
- Spinning mills, specially export oriented Mills always keep several months' of stock of cotton due to quality reasons. Such Mills were left with high-priced cotton with resultant value losses.
- The prime factor in causing the cotton price crash was the change in Chinese Cotton Procurement policies, which in the past had kept the global prices buoyant.
- Consequently, the yarn prices also plunged significantly, specially in fine and superfine yarns.

- The cotton yarn exports to China came down by nearly 23% in 2014-15 as compared to 2013-14. Globally India exported nearly 14% lower in 2014-15 compared to 2013-14. These factors had a bearish effect on demand and realization resulting in Mills' obliged to carry substantial unsold inventories.
- Due to excessive production of cotton yarn and lack of demand resulted in the mills obliged to carry unsold inventories of finished goods putting extreme pressure on prices and margins.
- Due to adverse financial performance of most of the Mills and strain on working capital, they could not procure and stock raw cotton as they used to do in the past. As a result, the Cotton Corporation of India (CCI) was asked by the Government to undertake wide-spread Minimum Support Price operations and so far they have procured nearly 9 Million bales of Indian Cotton. As a result, the Indian cotton prices have once again firmed up by nearly 10-12% since beginning of the season in Nov/Dec. 2014 and now.

As regards financial performance of the year under review, in spite of several adverse factors as mentioned above, due to your company's strong presence in the International market resulted a total revenue of Rs. 555.60 crores as against Rs.610.65 crores in the previous year. The operating profit was lower at Rs.35.04 crores as against Rs.59.20 crores in the previous year. After meeting finance cost of Rs.30.83 crores, the profit before depreciation, amortization and tax expenses was Rs.4.21 crores and net loss after provision of depreciation and deferred taxation at Rs.6.48 crores.

Under the circumstances, your company has been reviewing various options to tide over the liquidity constraints caused by the extreme market changes, in consultation with Banks and financial institutions who have given financial assistance. It is proposed to approach them with a revitalization proposal which will seek to securitize the long term exports of the company and will result in economizing the cost of borrowing

In the current year, the industry is hopeful that cotton yarn export demand will emerge from China and other Asian countries. We also hope that the parity between raw cotton and finished yarn prices may stabilize and normal trading conditions will return soon.

MODERNISATION, UPGRADATION AND MARGINAL EXPANSION PLANS:

Your Directors are glad to report that your Company has implemented the remaining project in respect of modernization, upgradation, and marginal expansion plans at Kanjikode Unit and addition of balancing equipment to enhance the output at Ponneri Unit at a project cost of Rs.42.41 crores as on 31st March, 2015.

PROPOSAL FOR SALE OF WIND MILL DIVISION OF THE COMPANY

The shareholders have already approved the proposed sale of Wind Mill Division and your Directors have initiated steps to conclude the same

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

As explained in the performance review, financial position of your Company has not been improved and your company continued to be classified as a "potentially sick company" under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 as at

DIRECTORS' REPORT (Contd.)

the close of 31st March, 2015.

Your Directors have taken effective steps and are striving hard to come out from the above provisions and hope that the Company achieves better results in the coming years.

CORPORATE GOVERNANCE REPORT, MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION REQUIRED UNDER THE COMPANIES ACT, 2013 AND LISTING AGREEMENT

As per Clause 49 of the Listing Agreement entered into with the Stock Exchanges, Corporate Governance Report with Auditors Certificate thereon and Management Discussion and Analysis are attached and form part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134 (5) of the Act, and based on the representations received from the management, the directors hereby confirm that :

- i) In the preparation of the annual accounts for the financial year 2014-15, the applicable accounting standards have been followed and there are no material departures;
- ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the financial year.
- iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act. They confirm that there are adequate systems and controls for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) they have prepared the annual accounts on a going concern basis.
- v) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating effectively; and
- vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, in accordance with the provisions of the Companies Act, 2013 and Company's Articles of Association, Shri B.K. Patodia retires by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for reappointment. The Board recommends the same for your approval.

Smt. Pamela Anna Mathew has been inducted as an Additional Director effective from 17.3.2015 and hold office only up to the date of forthcoming Annual General Meeting of the company. Based on the recommendation of Nomination and Remuneration Committee, the Board recommends and seeks shareholders approval for appointment of Smt. Pamela Anna Mathew as an Independent Director for a period of 5 years.

Pursuant to the provisions of Section 203 of the Act, the appointment of Shri. Umang Patodia, Managing Director, Shri. N.N. Venkatasubramanian, Chief Financial Officer and Shri. Abhilash N.A., Company Secretary were formalized by the Board at its

meeting held on 15.5.2014 as the Key Managerial Personnel of the Company.

Further, Shri. Abhilash N.A. has resigned from the post of Company Secretary with effect from 31.3.2015 and in his place Shri. Dipu George has been appointed as Assistant Company Secretary and Key Managerial Personnel of the Company, effective from 9.4.2015

AUDITORS AND SECRETARIAL AUDIT

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules framed thereunder, M/s. M S Jagannathan & Visvanathan, Chartered Accountants, Coimbatore, were appointed as Statutory Auditors of the Company from the conclusion of the 23rd Annual General Meeting (AGM) of the Company held on 19th September, 2014 till the conclusion of the 26th Annual General Meeting to be held in the year 2017, subject to ratification of their appointment at every AGM

Further, pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed Shri. MRL Narasimha, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The same is attached as Annexure I and forms an integral part of this Report

There is no disqualification, reservations or adverse remarks or disclaimers in the Auditors and Secretarial Auditor's Report

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, a structured questionnaire was prepared after taking into consideration of the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties obligations and governance.

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

FAMILIRISATION PROGRAMME FOR DIRECTORS

At the time of appointing a Director, a formal letter of appointment is given to him, which interalia explains the role, function, duties and responsibilities expected of him as a Director of the Company. The Director is also explained in detail the Compliance required from him under the Companies Act, 2013, Clause 49 of the Listing Agreement and other relevant regulations and affirmation taken with respect to the same.

DIRECTORS' REPORT (Contd.)

The Chairman along with the management has also one to one discussion with the newly appointed Director to familiarize with the Company's operations.

NUMBER OF MEETINGS OF THE BOARD

The details of the number of meetings of the Board held during the Financial Year 2014-15, forms part of the Corporate Governance Report

INDEPENDENT DIRECTORS' DECLARATION

The Non Executive Independent Directors fulfill the conditions of independence specified in Section 149 (6) of the Companies Act, 2013 and Rules made thereunder and meet with requirement of Clause 49 of the Listing Agreement entered into with the Stock Exchanges. A formal letter of appointment to Independent Director as provided in Companies Act, 2013 and the Listing Agreement has been issued and disclosed on the website of the Company viz. www.patspin.com

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a vigil mechanism / whistle Blower policy for Directors and employees to report genuine concerns or grievances. The Whistle Blower policy has been posted on the website of the Company (www.patspin.com).

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an effective internal control and risk mitigation system, which has consistently assessed and strengthened with standard operating procedure. Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same.

The Audit Committee of the Board of Directors, statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions taken. To maintain its objectivity and independence, the internal audit function reports to the Chairman of the Audit Committee

RISK MANAGEMENT

The Risk Management is a very important part of business. The main aim of risk management is to identify, monitor and take precautionary measures in respect of the events that may pose risks for the business. The Company is having a business risk management framework in place, which defines the risk management approach of the company and includes periodic review of such risks and mitigating controls and reporting mechanism of such risks.

NOMINATION & REMUNERATION POLICY

The Board of Directors has framed a policy which lays down a frame work in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members.

RELATED PARTY TRANSACTIONS

The transactions entered with related parties for the year under review were on arm's length basis and in the ordinary course of business. The disclosure under form AOC-2 for transactions with related party during the year under review is attached as Annexure III.

The Company has developed a Related Party Transactions framework for the purpose of identification and monitoring of such transaction.

A Statement giving details of Related party transactions are placed before the Audit Committee as also to the Board for review and approval on a quarterly basis.

DEPOSIT FROM PUBLIC

The Company has not accepted any deposits from public and as such no amount on account of principal or interest on deposit from public was outstanding as on the date of the Balance sheet

EXTRACT OF ANNUAL RETURN

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

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

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

PERSONNEL & INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place : Kochi,
Date : 27.5.2015

B.K PATODIA
Chairman