

# 26<sup>th</sup> annual report 2016-2017



nurturing new possibilities

## 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	Independent Director
B. Jyothikumar	Nominee of KSIDC, Trivandrum (upto 03.8.16)
Rajesh Jacob	Nominee of KSIDC, Trivandrum (w.e.f. 25.10.16)
Umang Patodia	Managing Director

Deputy Company Secretary	Dipu George
General Manager (Finance) & Chief Financial Officer	T. Ravindran

Bankers & Financial Institution  
Central Bank of India  
State Bank of India  
Export-Import Bank of India  
Erstwhile State Bank of Travancore taken over by SBI  
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
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Legal Advisors	M/s. Menon & Pai, Kochi
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Registered Office	3rd Floor, Palal Towers, Ravipuram M G Road, Kochi 682 016, India
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Corporate Office	43, Mittal Chambers, 4th Floor 228, Nariman Point, Mumbai 400 021, India
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Corporate ID No.(CIN)	L18101KL1991PLC006194
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## Contents

Notice .....	01
Directors' Report .....	12
Report on Corporate Governance .....	28
Management Discussion & Analysis .....	40
Auditors' Report .....	43
Balance Sheet .....	48
Statement of Profit & Loss .....	49
Cash Flow Statement .....	50
Notes to Financial Statements .....	51

# PATSPIN INDIA LIMITED

## NOTICE

NOTICE is hereby given that the **TWENTY SIXTH** 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 22nd day of September 2017 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, 2017 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. To appoint statutory auditors and fix their remuneration  
**“RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable and pursuant to the recommendations of the Audit Committee, M/s. L.U. Krishnan & Co (Regn. No.001527S) Chartered Accountants, Chennai, be appointed as Statutory Auditors of the Company, in place of retiring Auditors M/s. MS Jagannathan & Visvanathan (Firm Reg. No: 001209S), to hold office from the conclusion of this 26<sup>th</sup> Annual General Meeting (AGM) until the conclusion of the 31<sup>st</sup> AGM, subject to ratification by members every year, as applicable, at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company.”

### SPECIAL BUSINESS:

4. 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 sections 197, 198 and all other applicable provisions of the Companies Act, 2013 (the Act) and Rules thereunder read with Schedule V of the Companies Act, 2013 (Including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the company be and is hereby accorded to fix remuneration to Shri Umang Patodia (DIN: 00003588), Managing Director of the company for his balance tenure from 1.6.2017 to 3.8.2019 on the terms and conditions as set out and approved by the Nomination and Remuneration Committee/Board of Directors. The draft remuneration structure placed before this meeting is specifically sanctioned with liberty to the Board of Directors (hereinafter referred to the “Board” which terms shall be deemed to include the Nomination and Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the remuneration structure, subject to the same not exceeding the limits specified in Schedule V to the Companies Act, 2013 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 as may be agreed to between the Board and Shri Umang Patodia”

**“FURTHER RESOLVED THAT** pursuant to the provisions of Sections 197, 198 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 V to the Act”

AND

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

5. 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 188 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with the Companies (Meetings of Board and its Powers) Rules, 2014 and subject to such approvals, consents, sanctions and permission as may be necessary, consent of the members of the Company be accorded to the Board of Directors of the Company to enter in to contracts and / or agreements with related parties as defined under the Act with respect to (a) Sale, Purchase or supply of cotton, cotton yarn, stores & spares and other materials (b) Selling or otherwise disposing off, or buying, property and other assets of any kind (c) Leasing of property of any kind (d) Availing or rendering of processing charges or any other transaction of whatever nature with the following related parties:

1.	GTN Textiles Limited
2.	GTN Enterprises Limited
3.	Patcot Company
4.	Standard Cotton Corporation
5	Prefect Cotton Company

**“RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding”.

6. Approval of Cost Auditors remuneration

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

**“RESOLVED THAT** pursuant to provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Cost

## NOTICE (Contd.)

Records & Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Hareesh K.N and Associates, Cost Accountants (Firm Reg. No. 101974), appointed by the Board of Directors of the company to conduct audit of the cost records of the company's textile units, be paid a remuneration, amounting to ₹ 40000 (Rupees forty thousand only) plus service tax applicable and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit for the financial year ended 31st March, 2017"

By Order of the Board of Directors

**DIPU GEORGE**

Place : Kochi

Deputy Company Secretary

Date : 10.08.2017

Membership No. ACS 38716

### 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 Saturday, 16<sup>th</sup> September, 2017 to Friday, 22<sup>nd</sup> September, 2017 (both days inclusive) for the purpose of the Annual General Meeting.
4. Pursuant section 125 of the Companies Act, 2013 there is no unclaimed dividend for transferring to Investors Education and Protection Fund (IEPF).
5. 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 Registry Management Services Private Limited.

### 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 Agent M/s Integrated Registry Management Services Private Limited, 2<sup>nd</sup> Floor, Kences Towers, No.1, Ramakrishna Street, T Nagar, Chennai-600017, Tel: 044 28140801-803; E-Mail: [corpserv@integratedindia.in](mailto: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 2017 along with Notice of the 26<sup>th</sup> 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 Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 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,

## NOTICE (Contd.)

22<sup>nd</sup> September, 2017 at 9.30 am at Bharath Hotel (BTH), Durbar Hall Ground, Kochi-682 016. 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, 15<sup>th</sup> September, 2017 as the cutoff 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:

<b>Commencement of remote e voting</b>	<b>9.00 AM onwards on Tuesday, 19<sup>th</sup> September, 2017</b>
<b>End of remote e-voting</b>	<b>Up to 5.00 PM on Thursday, 21<sup>st</sup> September, 2017</b>

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, 15<sup>th</sup> September, 2017. 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 cutoff 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 Friday, 15<sup>th</sup> September, 2017 may obtain the sequence number by sending a request at [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in).

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

- (i) The voting period begins on Tuesday, 19<sup>th</sup> September, 2017 at 9.00 am and ends on Thursday 21<sup>st</sup> September, 2017 at 5.00 pm. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Friday 15<sup>th</sup> September, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

(iv) Click on Shareholders.

(v) 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.

(vi) Next enter the Image Verification as displayed and Click on Login.

If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://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:

<b>For Members holding shares in Demat Form and Physical Form</b>	
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"> <li>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 of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

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

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



## NOTICE (Contd.)

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 the relevant <Patspin India Ltd> 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 a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login 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) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non-Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

The following person is available to address grievances concerned with facility for remote e-voting:

Contact Name – Mr. Rakesh Dalvi, Designation - Deputy Manager, Address - 16<sup>th</sup> Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400001. Contact No.18002005533. Email id - [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- The company has appointed Shri. MRL Narasimha (Membership No 2851 CP No.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](http://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 of India Limited, where, the shares of the company are listed.

**NOTICE (Contd.)**

**DETAILS OF DIRECTOR SEEKING REAPPOINTMENT AT THIS ANNUAL GENERAL MEETING  
PURSUANT TO SECTION 160 OF THE COMPANIES ACT, 2013  
Regulation 36 of SEBI (LODR) Regulations, 2015**

<b>Name of Director</b>	<b>Shri B.K. Patodia</b>
<b>Date of Birth</b>	1.1.1945
<b>DIN</b>	00003516
<b>Date of appointment</b>	20.9.1991
<b>Qualifications</b>	B.E.
<b>Expertise in specific functional area</b>	<p>Shri. B.K. Patodia, 73 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, Kochi 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>
<b>Shareholding in the Company.</b>	34,550 Equity Shares of ₹ 10 each

**Details of other Directorship:-**

<b>Name of Director</b>	<b>Name of the Company</b>	<b>Position held</b>	<b>Committee type</b>	<b>Membership status</b>	<b>Share holdings</b>
<b>Shri. B.K. Patodia</b>	GTN Textiles Limited	Chairman & Mg. Director	Audit SRC	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	Nil
	Hind Rectifiers Limited	Director	NONE	NONE	Nil
	Patspin Apparels Pvt. Limited	Director	NONE	NONE	30 Equity Shares
	Patodia Exports & Investments Pvt. Limited	Director	NONE	NONE	9800 Equity Shares
	Umang Finance Pvt. Limited	Director	NONE	NONE	8300 Equity Shares
	Beekaypee Credit Pvt. Limited	Director	NONE	NONE	4300 Equity Shares

By Order of the Board of Directors  
**DIPU GEORGE**  
Deputy Company Secretary  
Membership No. ACS 38716

Place : Kochi  
Date : 10.08.2017

## NOTICE (Contd.)

### STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

#### Item No. 3

Though not mandatory, this statement is provided for reference.

The Shareholders at their 23<sup>rd</sup> Annual General Meeting held on 19<sup>th</sup> September, 2014 have appointed M/s. MS Jagannathan & Visvanathan (Firm Reg. No: 001209S) as Statutory Auditors for 3 years ie. till the conclusion of 26<sup>th</sup> Annual General Meeting, and hence, would retire at the conclusion of the forthcoming 26<sup>th</sup> AGM.

As per second proviso to Section 139(2) of the Companies Act, 2013 ('the Act'), a transition period of three years from the commencement of the Act is provided to appoint a new auditor when the existing auditor's firm has completed two terms of five consecutive years. Since the present Statutory Auditors have completed their two terms of five consecutive years, it is proposed to appoint a new Statutory Auditors. Accordingly, as per the said requirements of the Act, M/s. L.U. Krishnan & Co. (Regn.No.001527S) Chartered Accountants, Chennai are proposed to be appointed as auditors for a period of 5 years, commencing from the conclusion of 26<sup>th</sup> AGM till the conclusion of the 31<sup>st</sup> AGM, subject to ratification by members every year, as may be applicable.

M/s. L.U.Krishnan & Co (Regn.No.001527S) Chartered Accountants, Chennai, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014. The Audit Committee has considered the qualifications and experience of the proposed auditors and has recommended their appointment. The Board of Directors has also considered and recommends the passing of the Ordinary Resolution appointing M/s. L.U. Krishnan & Co. (Regn.No.001527S) Chartered Accountants, Chennai as statutory auditors in place of the retiring Auditor M/s MS Jagannathan & Visvanathan (Firm Reg. No: 001209S)

None of the Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at Item No. 3 of the notice.

#### Item No. 4

Shri. Umang Patodia, appointed as a Managing Director of the company for a period of 5 years with effect from 04.08.2014 to 03.08.2019. His remuneration had also fixed by the Nomination and Remuneration committee/ Board for a period of 3 years from 1.6.2014 to 31.5.2017.

Nomination and Remuneration committee constituted by the Board had met on 25.05.2017 and approved and recommended remuneration package of Shri. Umang Patodia, Managing Director for his balance tenure from 1.6.2017 to 3.8.2019 in accordance with Schedule V to the Companies Act, 2013

In terms of Section II Part II of the Schedule V of the Companies Act, 2013, where in any financial year, during the currency of the tenure of the managerial person, a company has no profit or its profits are inadequate, it may pay remuneration to a managerial person without Central Government approval not exceeding the higher of the following two limits (A and B):

A	Where the effective capital is	Yearly limit do not exceed (₹ in lakhs)
i.	Negative or less than 5 crores	60.00
ii.	5 crores and above but less than 100 crores	84.00
iii.	100 crores and above but less than 250 crores	120.00
iv.	250 crores and above	120 lakhs plus 0.01% of the effective capital in excess of ₹ 250 crores
The above limits shall be doubled if the resolution passed by the shareholders is a Special Resolution		
B.	In the case of managerial person who was not a security holder holding securities of the company of nominal value of rupees five lacks or more or an employee or a director of the company or not related to any director or promoter at any time during the two years prior to his appointment as a managerial person- 2.5% of the current relevant profit.  The above limits shall be doubled if the resolution passed by the shareholders is a Special Resolution.	

Provided further that the above limits shall apply if;

- Payment of remuneration is approved by a resolution passed by the Nomination & Remuneration Committee and the Board of Directors;
- 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;



## NOTICE (Contd.)

- 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 Schedule V.

Shri. Umang Patodia was drawing a monthly salary of ₹ 4,00,000 in the scale of ₹ 4,00,000 – ₹ 20,000 – ₹ 4,40,000 plus usual perquisites effective from 1<sup>st</sup> June, 2014 for a period of 3 years i.e. up to 30.5.2017. Under his able leadership, the company has recorded significant growth. Therefore, the Nomination and Remuneration Committee as well as Board of Directors unanimously recommended to maintain the existing remuneration of ₹ 4,00,000 – ₹ 20,000 – ₹ 4,40,000 plus usual perquisites to Shri. Umang Patodia, Managing Director for his balance tenure from 1.6.2017 to 3.8.2019, as set out below:

**a) Salary:**

₹ 4,00,000/- per month in the scale ₹ 4,00,000- ₹ 20,000- ₹ 440000 effective form 1.6.2017 to 3.8.2019.

**b) Commission:**

Subject to the overall limits laid down in Sections 197 of the Companies Act, 2013, such percentage of the Net Profits 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 60 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. Provision of Car with driver and telephone at the residence for use of Company's business.

**Perquisites not included in Managerial Remuneration**

- a. contribution to Provident Fund, Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961
- b. gratuity payable at a rate not exceeding half a month salary for each completed year of service; and
- c. encashment of leave at the end of the tenure

**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 197, and other applicable provisions of the Act read with Schedule V 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 V to the Act.

Furthermore, 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 allowance 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, Chairman and Shri. Umang Patodia, Managing Director are deemed to be interested in the resolution mentioned in Item No.4 of the Notice.

None of the other Directors of the Company or their relatives are in any way concerned or interested, financial or otherwise, in the resolution.

## NOTICE (Contd.)

### Information require to be disclosed in terms of Schedule V of the Companies Act, 2013

#### General information:

##### i. Nature of industry:

Textiles 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 October 1994

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

Not Applicable

##### iv. Financial performance:

Particulars	2014-15	2015-16	2016-17
Revenue from Operations	55442	49630	53154
Other income	118	123	98
Operating Profit	3504	4953	5486
Finance Costs	3083	3677	3476
PBDT	421	1276	2010
Profit /(Loss) Before Tax	(822)	57	821
Profit/(Loss) After Tax	(648)	78	1001
Amount of Equity Dividend Paid	—	—	—
Rate of Dividend Declared (%)	—	—	—

The effective capital of the company based on the Audited Accounts for the year ended 31<sup>st</sup> March, 2017 is ₹13955.50 lacs.

The company has not made any default in the repayment on its dues (including public deposits) or interest payments thereon. The company has not issued any debentures.

##### v) Export performance and net foreign exchange contribution:

Financial Year	Export Turnover
2014-15	31590
2015-16	31383
2016-17	27639

##### vi) Foreign investments or Collaboration, if any:

The company does not have any Foreign Exchange Collaboration

## II. Information about the appointee: Shri.Umang Patodia

Vide Item No. 4 of the notice of this Annual General Meeting of the Company the approval of the members is being sought for fixation of the remuneration of Shri. Umang Patodia, Managing Director effective from 1.6.2017 for his balance tenure up to 3.8.2019. Shri. Umang Patodia Patodia, aged 48 years is a citizen of India. He is a Commerce Graduate and has over two decades of experience in the textiles business and has a successful presence in the textiles 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 members of CII State and Southern Region, Confederation of India Textile Industry, TEXPROCIL and special invitee in Southern India Mills Association. In the year 2000, he was nominated by CITI New Delhi, to the "YOUNG ENTREPRENEURS GROUPS" of international Textiles Manufacturers Federation based at Zurich, and in October 2002, the group nominated him as their Vice Chairman. Shri. Umang Patodia, who pioneered the Young Entrepreneurs Group during 2003 within CITI served as its founder Chairman till September 2005.

The company's operations are managed by Shri. Umang Patodia as well as implementation of all policy matters under the guidance of the Board of Directors. Shri Umang Patodia is holding the position of Managing Director of Patspin India Limited since 1991.