

29

Annual Report

2019 / 2020



Board of Directors

| | |
|--------------------------|--|
| B K Patodia | Chairman |
| N K Bafna | Independent Director |
| Prem Malik | Independent Director |
| V.N.Balakrishnan | Additional Director (Independent Director Category w.e.f. 31.7.2020) |
| C.K. Gopalakrishnan Nair | Additional Director (Independent Director Category w.e.f. 21.9.2020) |
| Kalpana Mahesh Thakker | Additional Director (Woman Director Category w.e.f.14.11.2019) |
| Umang Patodia | Managing Director |
| S.Sundareshan | Independent Director (up to 28.8.2020) |
| Rajesh Jacob | Nominee of KSIDC, Trivandrum (up to 17.8.2020) |
| T.Ravindran | General Manager (Finance) & Chief Financial Officer |
| Dipu George | Company Secretary (up to 30.6.2020) |

Bankers & Financial Institution

Central Bank of India
 State Bank of India
 Export-Import Bank of India
 IDBI Bank Limited
 The Karur Vysya Bank Limited
 Punjab National Bank (Erstwhile Oriental Bank of Commerce)
 Canara Bank
 Bank of Maharashtra

Auditors M/s.L.U.Krishnan & Co.
 Chartered Accountants
 Chennai

Legal Advisors M/s.Menon & Pai, Kochi

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

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

Corporate ID No.(CIN) L18101KL1991PLC006194

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NOTICE

NOTICE is hereby given that the **TWENTY NINETH (29TH)** Annual General Meeting of the Members of **PATSPIN INDIA LIMITED** will be held on Friday, 30th October, 2020, at 10:00 a.m. through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2020 together with the Reports of the Board of Directors and Auditors’ thereon

SPECIAL BUSINESS

2. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**

“RESOLVED THAT pursuant to Section 203 and other applicable provisions of the Companies Act 2013 and Rules made thereunder including any statutory modification(s) or re-enactment thereof, and Regulation 17(1A) of the SEBI (LODR) (Amendment) Regulations 2018, and based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors and in respect of whom the company has received a notice in writing under Section 160 of the Act from a Member signifying his intention to propose the candidature of Shri. B.K.Patodia (DIN 00003516), who has already attained the age of 75 years to continue as Non Independent Non-Executive Director of the Company, liable to retire by rotation”

“RESOLVED FURTHER THAT the Board of Directors of the Company and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

3. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**

RESOLVED THAT Shri. V.N.Balakrishnan (DIN 08820393) who was appointed by the Board of Directors as an Additional Director of the Company with effect from 31.7.2020 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 under Section 160 of the Act proposing his 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 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors,

and Shri. V.N.Balakrishnan (DIN 08820393), who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 25(8) of the SEBI (LODR) Regulations, 2015 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a first term of five consecutive years commencing from the date of this Annual General Meeting i.e. 30th October 2020 to 29th October 2025.”

“FURTHER RESOLVED THAT pursuant to Regulation 17 (1A) of SEBI (LODR) (Amendment) Regulations, 2018, approval of the members of the company be and is hereby accorded to Shri. V.N.Balakrishnan (DIN 08820393) who has attained the age of 75 (seventy five) years, to continue as an Independent Director effective from the date of this Annual General Meeting i.e. from 30th October 2020 up to 29th October 2025”

“RESOLVED FURTHER THAT the Board of Directors of the Company and / or Company Secretary of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**

“RESOLVED THAT Shri. C.K.Gopalakrishnan Nair (DIN 00521840) who was appointed by the Board of Directors as an Additional Director of the Company with effect from 21.9.2020 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 under Section 160 of the Act proposing his 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 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, and Shri. C.K.Gopalakrishnan Nair (DIN 00521840), who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 25(8) of the SEBI (LODR) Regulations, 2015 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a first term of five consecutive years commencing from the date of this Annual General Meeting i.e. 30th October 2020 to 29th October 2025.”

NOTICE (Contd...)

“RESOLVED FURTHER THAT pursuant to Regulation 17(1A) of the SEBI (LODR) (Amendment) Regulations, 2018 and other applicable provisions, if any of the Companies Act, 2013, as amended from time to time, approval of the members of the Company be and is hereby accorded for continuation of Directorship of Shri C.K Gopalakrishnan Nair (DIN 00521840) as the Independent Director of the Company, who will be above the age of 75 (Seventy Five) years during the year 2022”.

“RESOLVED FURTHER THAT the Board of Directors of the Company and / or Company Secretary of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable 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 Smt. Kalpana Mahesh Thakker (DIN: 08601866) who was appointed as an Additional Director of the Company w.e.f. 14th November 2019 by the Board of Directors and who holds office upto the date of this Annual General Meeting in terms of Section 161 and other applicable provisions of the Companies Act, 2013 (“the Act”) read with Companies (Appointment and Qualification of Directors) Rules, 2014 and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, and being eligible, offer herself for appointment, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member signifying his intention to propose Smt. Kalpana Mahesh Thakker’s candidature for the office of the Director, be and is hereby appointed as a Non-executive, Non Independent Woman Director of the Company, liable to retire by rotation, with effect from the date of this Meeting.”

“RESOLVED FURTHER THAT the Board of Directors of the Company and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

6. To consider and if thought fit, to pass with or without modification(s), the following as an **Ordinary Resolution**
- “RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or amendment(s) or re-enactments thereof for the time being in force), M/s. Hareesh K.N and Associates, Cost Accountants (Firm Reg. No. 101974), who have been appointed as Cost Auditors by the Board of Directors of the Company to conduct the Audit of the Cost records of the Company for the financial year ending on 31st March, 2021, be paid a

remuneration of ₹ 55,000 (Rupees Fifty Five Thousand Only) plus reimbursement of all out of pocket expenses as may be incurred in connection with the audit, be and is hereby ratified.

By Order of the Board of Directors

Place: Kochi
Date :21/09/2020

Umang Patodia
Managing Director
DIN 00003588

NOTES:-

I. General Information:

1. In view of the ongoing COVID-19 pandemic, the MCA has vide its General Circular No. 20/2020 dated May 05, 2020 read with General Circular No. 14/2020 dated April 08, 2020 and General Circular No. 17/2020 dated April 13, 2020 (collectively referred to as ‘MCA Circulars’) permitted the holding of the AGM through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Act, SEBI Listing Regulations and MCA Circulars, the AGM of the Company is being held through VC/OAVM only. In accordance with the MCA Circulars, special business mentioned at Item Nos. 2 to 6 of the Notice are considered as unavoidable in nature by the Board of Directors of the Company.
2. Since this AGM is being held through VC/OAVM, physical attendance of the Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.
3. Attendance of the Members participating in the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
4. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 and Regulation 36 of the SEBI (LODR) Regulations, 2015 in respect of the Special Business at Item No. 2 to 6 of the above Notice is annexed hereto
5. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 23rd October 2020 to Friday, 30th October 2020 (both days inclusive) for the purpose of AGM.
6. In compliance with the MCA Circulars and the Securities and Exchange Board of India (‘SEBI’) Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, Notice of the 29th AGM along with the Annual Report for Financial Year 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / Company’s Registrar and Transfer Agent (RTA) . A copy of this Notice along with the Annual Report for Financial Year 2019-20 is uploaded on the Company’s website www.patspin.com, websites of the Stock Exchanges i.e. The BSE Limited (www.bseindia.com) and The National

NOTICE (Contd...)

Stock Exchange of India Limited (www.nseindia.com) respectively.

7. In case the shareholder holding shares in physical mode has not registered his/her e-mail address with the Company/STA/Depositories, he/she may do so by sending a duly signed request letter to M/s. Integrated Registry Management Services Private Limited by providing Folio No. and Name of shareholder at 2nd Floor, Kences Towers, No.1, Ramakrishna Street, T Nagar, Chennai-600017, Tel: 044 28140801-803; E-Mail: corpserv@integratedindia.in
8. In the case of shares held in demat mode, the shareholder may contact the Depository Participant ('DP') and register the e-mail address in the demat account as per the process followed and advised by the DP.
9. Members seeking any information with regard to Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, Register of Contracts or Arrangements in which directors are interested under Section 189 of the Act, and relevant documents referred to in the accompanying Notice and in the Explanatory Statements are requested to write to the Company on or before Monday 26th October 2020, through email on cs@patspin.com. The same will be replied by the Company suitably.
10. With effect from April 01, 2019, in terms of SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 08, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) are not being processed unless the securities are held in the dematerialized form with the depositories. Therefore, Members holding shares in physical form are requested to dematerialize shares held in physical form at the earliest available opportunity
11. In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the Company or its RTA in the following cases viz. Deletion of name, Transmission of shares and Transposition of shares. Shareholders are requested to furnish copy of PAN card for all the above mentioned transactions.
12. Members are advised to avail the nomination facility in respect of shares held by them pursuant to the provisions of Section 72 of the Act. Members holding shares in physical form desiring to avail this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to IRMSPL. Members holding shares in dematerialized form may contact their respective DP for availing this facility.

II. General Instruction

1. Pursuant to Section 108 of the Act, read with the Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI Listing Regulations, as amended from time to time, the Company is pleased to provide its Members the facility

- of remote e-voting to exercise their right to vote at the 29th AGM. CDSL will be providing facility for voting through remote e-voting, for participation in the AGM through VC/OAVM facility and e-voting during the AGM.
2. The cut-off date for the purpose of determining the Members eligible for participation in remote e-voting (e-voting from a place other than venue of the AGM) and voting at the AGM through e-voting system is Friday 23rd October 2020 ('Cut-off Date').
3. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice, holds shares as on Cut-off Date, may obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com with a copy marked to the Company on cs@patspin.com. However, if the Member is already registered with CDSL for remote e-voting, then he/she/it can use his/her/its existing User ID and password for casting the vote. Only a Member who is entitled to vote shall exercise his/her/its vote through e-voting and any recipient of this Notice who has no voting rights as on Cut-off Date should treat the same as intimation only.
4. Members who need technical assistance relating to attending the AGM through VC/OAVM or e-voting before / during the AGM, may contact Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited at helpdesk.evoting@cdslindia.com
5. The Board of Directors of the Company has appointed Shri MRL Narasimha (Membership No.2851, CPNO 799), Practicing Company Secretary or failing him, Shri. Abhilash N.A, Practicing Company Secretary (Membership No. 22601 CP.No. 4524) as Scrutinizer for conducting the e-voting process in a fair and transparent manner in accordance with the provisions of Rule 22 of the Companies (Management and Administration) Rules, 2014
6. Corporate Members are required to scan and send a certified true copy of the Board Resolution, pursuant to Section 113 of the Act, authorizing their representatives to attend and vote on their behalf at the Meeting. The said Resolution/Authorization shall be sent to the Scrutinizer by e-mail through their registered e-mail address to mrln54@outlook.com with a copy marked to the Company on cs@patspin.com.
7. The results once declared along with the Scrutinizer's Report shall be placed on the Company's website www.patspin.com and on website of CDSL within forty eight hours of conclusion of the AGM and will also be communicated to The BSE Limited and The National Stock Exchange of India Limited, where the shares of the Company are listed.

THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins on Tuesday, 27th October 2020 at 9:00 a.m. and ends on Thursday, 29th October 2020 at 5:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in

NOTICE (Contd...)

dematerialized form, as on the cut-off date of Friday 23rd October 2020 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.
- (iv) Click on "Shareholders" module.
- (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. Shareholders 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.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

| | For Shareholders 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"> ● Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA. |
| 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"> ● 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 (v). |

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.

- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - (xii) Click on the EVSN for the relevant <PATSPIN INDIA LIMITED> on which you choose to vote.
 - (xiii) 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.
 - (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
 - (xv) 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.
 - (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 - (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
 - (xviii) 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.
 - (xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.
- PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**
1. For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to RTA email id corpserv@integratedindia.in
 2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to RTA email id corpserv@integratedindia.in
 3. The RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

NOTICE (Contd...)

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

The VC facility shall be kept open at least 15 minutes before the scheduled time of the AGM and shall not be closed till expiry of 15 minutes after the conclusion of the scheduled time for the AGM.

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast by Monday 26th October 2020 mentioning their name, demat account number/ folio number, email id, mobile number at cs@patspin.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance by Monday 26th October 2020 mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM IS AS UNDER:-

1. **The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.**
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the

same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to 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 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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at his mrlin54@outlook.com and to the Company at the email address at cs@patspin.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, 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 or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

NOTICE (Contd...)**Details of Directors seeking appointment/re-appointment at the forthcoming AGM in pursuance of Regulation 36 of SEBI (LODR) Regulations 2015**

| | | | |
|--|--|--|----------|
| Name of the Director | Shri B.K. Patodia | | |
| DIN | 00003516 | | |
| Age & Date of Birth | 75 years, 1.1.1945 | | |
| Nationality | Indian | | |
| Qualification | B.E. (Birla Institute of Science and Technology, Pilani) | | |
| Expertise | Shri. B.K. Patodia (00003516) is the past Chairman of the Cotton Textiles Export Promotion Council, (Texprocil), Mumbai, the Confederation of Indian Textile Industry(CITI) New Delhi 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. He 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. Shri. B.K. Patodia is a Director on the Boards of several leading Companies and was 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.. | | |
| Date of Appointment in the Company | 20.09.1991 | | |
| Other Directorships (Listed / Public Co.) | GTN Textiles Limited Hind Rectifiers Limited GTN Enterprises Limited India Thermit Corporation Limited | | |
| Membership / Chairman in other Committees | GTN Textiles Limited | 1. Audit Committee | - Member |
| | | 2. Stakeholders Relationship Committee | - Member |
| | GTN Enterprise Limited | Audit Committee | - Member |
| | India Thermit Corporation Limited | 1. Audit Committee | - Member |
| | | 2. Nomination and Remuneration Committee | - Member |
| | | 3. CSR Committee | - Member |
| Shareholding in the Company | 34550 Equity Shares of ₹10 each | | |
| Relationship between Directors Inter -se Directors | Related to Shri. Umang Patodia, Managing Director | | |

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| Name of the Director | Shri V.N.Balakrishnan | | |
| DIN | 08820393 | | |
| Age & Date of Birth | 75 years, 30.10.1945 | | |
| Nationality | Indian | | |
| Qualification | Diploma in Textile Technology Engineering | | |
| Expertise | Shri V.N. Balakrishnan, having more than 5 decades of experience in Textile Industry., a qualified Textile Technology Engineer from Govt. Polytechnic, Cannanore. Worked in Various Textile Companies like M/s Meenakshi Mills, Madurai and M/s RBM Mills, Pune. He was in employment with M/s GTN Textiles Ltd. from year 1974 to year 2013 and retired as Plant in Charge, designated as Vice President (Technical). Thereafter, he Continued as Group Technical Advisor till 31 st December 2016. He was also actively associated with Textile Research Institutions like ATIRA, SITRA, BTRA and also SIMA | | |
| Date of Appointment in the Company | 31.7.2020 | | |
| Other Directorships (Listed / Public Co.) | GTN Textiles Limited | | |
| Membership / Chairman in other Committees | GTN Textiles Limited | 1. Audit Committee | - Member |
| | | 2. Stakeholders Relationship Committee | - Member |
| | | 3.Nomination & Remuneration Committee | - Member |
| Shareholding in the Company | 2900 equity shares | | |
| Relationship between Directors Inter -se Directors | NIL | | |

NOTICE (Contd...)

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|--|---|
| Name of the Director | Shri C.K.Gopalakrishnan Nair |
| DIN | 00521840 |
| Age & Date of Birth | 73 years, 17.1.1947 |
| Nationality | Indian |
| Qualification | Diploma in Textile Technology Engineering, CTex ATI |
| Expertise | Shri. C.K.Gopalakrishnan Nair, aged 73 years, is a Textile Engineer having professional experience over 35 years as Senior positions in Textile Industry and also 10 years in the capacity of Managing Director of public sector companies viz. M/s. Malappuram Co Operative Spinning Mills, M/s. Sitaram Textiles and M/s. Kerala State Textiles Corporation. He was actively associated with Textile Institute, Manchester, IRC Textiles and Kerala Management Association, Palakkad. |
| Date of Appointment in the Company | 21.9.2020 |
| Other Directorships (Listed / Public Co.) | GTN Textiles Limited |
| Membership / Chairman in other Committees | NIL |
| Shareholding in the Company | NIL |
| Relationship between Directors Inter -se Directors | NIL |

| | |
|--|--|
| Name of the Director | Smt. Kalpana Mahesh Thakker |
| DIN | 08601866 |
| Age & Date of Birth | 57 years, 10.1.1963 |
| Nationality | Indian |
| Qualification | Graduate |
| Expertise | Mrs. Kalpana Mahesh Thakker (DIN 08601866), aged 57 years, possessed qualification in Bachelor of Arts. She is the Managing Director of M/s. Purav Trading Limited engaged in procurement of raw cotton both from domestic and overseas markets. In addition to the same, she is partner in M/s. Perfect Cotton Company, M/s Patcot Company, and Standard Cotton Company, Mumbai, leading players in raw cotton market. Her family is in the Business of Raw Cotton Procurement for the last 4 to 5 Decades and have special expertise in Import and Export of Raw Cotton. She is actively involved in her family business for last many years. Presently, she is controlling the whole family business. |
| Date of Appointment in the Company | 14.11.2019 |
| Other Directorships (Listed / Public Co.) | GTN Textiles Limited Purav Trading Limited |
| Membership / Chairman in other Committees | NIL |
| Shareholding in the Company | 85490 equity shares |
| Relationship between Directors Inter -se Directors | NIL |

By Order of the Board of Directors

Place: Kochi
Date :21/09/2020**Umang Patodia**
Managing Director
DIN 00003588

NOTICE (Contd...)

Statement pursuant to Section 102 of the Companies Act, 2013 and Regulation 36 of SEBI (LODR) Regulations, 2018

Item No. 2

Shri. B.K.Patodia was appointed as Non-Executive Non Independent Director at the 28th Annual General meeting held on 20th September 2019 and that he is liable to retire by rotation.

As per Regulation 17 (1A) of SEBI (LODR) (Amendment) Regulations 2018, no listed entity shall appoint a person or continue the directorship of any person as Non-Executive Director who has attained the age of 75 years unless a special resolution is passed to that effect in which case the explanatory statement annexed to the notice of such motion shall indicate the justification for appointing such person. Shri. B.K.Patodia have attained the age of 75 years and his continuation of Non-Executive Director till the expiry of his tenure can only be by passing the special resolution by the shareholders and justification thereof is indicated in the explanatory statement annexed to the Notice for such special resolution. Accordingly, Special Resolution is proposed to take shareholders approval for the continuation of Shri. B.K.Patodia as Non-Executive Director till the expiry of his tenure.

Shri. B.K.Patodia (DIN 00003516) aged 75 years is an Engineering graduate from BITS, Pilani. He is the past Chairman of the Cotton Textiles Export Promotion Council, (Texprocil), Mumbai, the Confederation of Indian Textile Industry(CITI) New Delhi 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. 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. 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.

The Board of Directors of the Company based on the recommendation of Nomination and Remuneration Committee at its meeting held on 21.9.2020 approved the appointment of B.K.Patodia pursuant to provisions of Section 161 of the Companies Act 2013 as well as 17 (1) of SEBI (LODR) Regulations 2015 as amended up to date

The Board of Directors is of the opinion that Shri B.K.Patodia is a person of integrity, possess relevant expertise and vast experience. The guidance in the past is notable and supportive to the Company in dealing with the complex matters. Accordingly, it is felt that his association as Non Executive Director will be beneficial and in the best interest of the company. In line with the provisions of SEBI (LODR) (Amendment) Regulations, 2018, your Directors recommend his continued association until expiry of his present term.

None of the Directors, Key Managerial Personnel and their relatives except Shri. Umang Patodia, Managing Director are in any way, concerned or interested in the said Resolution.

The Board recommends the Special Resolution as mentioned in item no. 2 of this Notice for approval of the members

Item No. 3

The Board of Directors of the Company at the meeting held on 31.7.2020 have appointed Shri V.N. Balakrishnan (08820393) as an Additional Director of the Company to hold office with effect from 31.7.2020 upto the date of the next Annual General Meeting of the Company.

As an Additional Director, Shri V.N. Balakrishnan holds office till the date of the AGM and is eligible for being appointed as an Independent Director. The Company has received necessary declaration(s) from him confirming that he meets the criteria as prescribed under the Companies Act, 2013 (the Act) and SEBI (LODR) Regulations, 2015. Shri V.N. Balakrishnan is not disqualified from being appointed as a Director under provisions of Section 164 of the Companies Act, 2013, nor debarred from holding the office of Director by virtue of any SEBI order or any other such authority and has given his consent to act as a Director of the Company.

Regulation 17(1A) of SEBI (LODR) Regulations, 2015 mandates that no listed entity shall appoint a person or continue the Directorship of any person as a Non-Executive Director who has attained the age of seventy five years unless a Special Resolution is passed to that effect. The Company has received individual notice in writing from Member of the Company under the provisions of Section 160(1) of the Companies Act, 2013 as amended by the Companies (Amendment) Act, 2017, proposing the candidature of Shri V.N. Balakrishnan for the office of Director of the Company for his first term of five years effective from the date of this Annual General Meeting i.e. 30.10.2020.

Shri. V.N.Balakrishnan, aged 75 years, has rich experience in the field of textile technology and has worked over 5 decades in textile industry. He was also actively associated with Textile Research Institutions like ATIRA, SITRA, BTRA and also SIMA. The Board of Directors of the Company, based on recommendation of the Nomination & Remuneration Committee meeting held on 21.9.2020, approved the appointment of Shri V.N. Balakrishnan, as Non-Executive Independent Director of the Company for first term of five years from the date of this Annual General Meeting i.e. 30.10.2020 to 29.9.2025, as mentioned in the Resolutions set out under Item No. 3.

NOTICE (Contd...)

The Board considers that Shri. V.N. Balakrishnan have requisite expertise, versatility, extensive and enriched experience that will be of benefit to the company. In the opinion of the Board, Shri. V.N. Balakrishnan fulfils the conditions for his appointment as an Independent Director as specified in the Act and Listing Regulations and is independent of the management.

Copy of the draft letter of appointment of Shri. V.N. Balakrishnan as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company between 11 a.m. to 1 p.m. on all days except Saturdays, Sundays and public holidays, till the conclusion of the ensuing Annual General Meeting. The same is also available at the Company's website at www.patspin.com.

None of the other Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested in the said Resolution.

The Board recommends the Special Resolution set out at Item No. 3 of the Ballot Notice for approval by the members.

Item No.4

The Board of Directors of the Company at the meeting held on 21.9.2020 have appointed Shri CK Gopalakrishnan Nair (DIN 00521840) as an Additional Director in the capacity of Non Executive Independent Director of the Company to hold office with effect from 21.9.2020 upto the date of the next Annual General Meeting of the Company.

As an Additional Director, Shri C.K.Gopalakrishnan Nair holds office till the date of the AGM and is eligible for being appointed as an Independent Director. The Company has received necessary declaration(s) from him confirming that he meets the criteria as prescribed under the Companies Act, 2013 (the Act) and SEBI (LODR) Regulations, 2015. Shri C.K.Gopalakrishnan Nair is not disqualified from being appointed as a Director under provisions of Section 164 of the Companies Act, 2013, nor debarred from holding the office of director by virtue of any SEBI order or any other such authority and has given his consent to act as a Director of the Company.

Shri. C.K.Gopalakrishnan Nair will be completing 75 years of age during the year 2022. In compliance with Regulation 17(1A) of SEBI (LODR) (Amendment) Regulations, 2018, approval of members by Special Resolution is necessary to continue as Non-Executive Independent Director of the Company after attaining age of 75 years.

The Company has received individual notice in writing from Member of the Company under the provisions of Section 160(1) of the Companies Act, 2013 as amended by the Companies (Amendment) Act, 2017, proposing the candidature of Shri C.K.Gopalakrishnan Nair for the office of Director of the Company for his first term of five years effective from the date of this Annual General Meeting i.e. 30.10.2020.

Shri. C.K.Gopalakrishnan Nair, aged 73 years, is a Textile Engineer having professional experience over 35 years as Senior positions in Textile Industry and also 10 years in the capacity of Managing Director of public sector companies viz. M/s. Malappuram Co Operative Spinning Mills, M/s. Sitaram Textiles and M/s. Kerala State Textiles Corporation. He was actively associated with Textile Institute, Manchester, I R C Textiles and Kerala Management Association, Palakkad.

The Board of Directors of the Company, based on recommendation of the Nomination & Remuneration Committee meeting held on 21st September, 2020, approved the appointment of Shri C.K.Gopalakrishnan Nair, as Non-Executive Independent Director of the Company for first term of five years from the date of this Annual General Meeting i.e. 30.10.2020 to 29.10.2025, as mentioned in the Resolutions set out under Item No. 4.

The Board considers that Shri. C.K.Gopalakrishnan Nair have requisite expertise, versatility, extensive and enriched experience that will be of benefit to the company. In the opinion of the Board, Shri. C.K.Gopalakrishnan Nair fulfils the conditions for his appointment as an Independent Director as specified in the Act and Listing Regulations and is independent of the management.

Copy of the draft letter of appointment of Shri. C.K.Gopalakrishnan Nair as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company between 11 a.m. to 1 p.m. on all days except Saturdays, Sundays and public holidays, till the conclusion of the ensuing Annual General Meeting. The same is also available at the Company's website at www.patspin.com.

None of the other Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested in the said Resolution.

The Board recommends the Special Resolution set out at Item No. 4 of the Notice for approval by the members.

Item No. 5

The Board of Directors, at their meeting held on 14th November 2019 had appointed Smt. Kalpana Mahesh Thakker (08601866) as an Additional Director (Non-executive, Non-Independent Woman Director) from the date of that meeting. In terms of Section 161(1) of the Companies Act, 2013 read with Articles of Association of the Company, Smt. Kalpana Mahesh Thakker (08601866) holds office as an Additional Director only up to the date of the forthcoming Annual General Meeting. Smt. Kalpana Mahesh Thakker, being eligible has offered herself for appointment as a Director.

The Board of Directors of the Company based on the recommendation of Nomination and Remuneration Committee at its meeting held on 21.9.2020 approved the appointment of Smt. Kalpana Mahesh Thakker pursuant to provisions of Section

NOTICE (Contd...)

161 of the Companies Act 2013 as well as 17 (1) of SEBI (LODR) Regulations 2015 as amended up to date. The Board considers that Smt. Kalpana Mahesh Thakker have requisite expertise, versatility, extensive and enriched experience that will be of benefit to the company.

None of the other Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the members.

Item No.6

The Board of Directors of the company, on the recommendation of the Audit Committee, approved the appointment of M/s Hareesh K.N & Associates, Cost Accountants as Cost Auditors to conduct the audit of the cost records of the company's textile units at a remuneration of ₹ 55,000 (Rupees fifty five thousand only) plus applicable taxes and reimbursement of travelling and out of pocket expenses incurred by them for the financial year 2020-21

In terms of the provisions of section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Cost Records & Audit) Rules, 2014, the remuneration payable to the cost auditor has to be ratified by the members of the company. Accordingly, consent of the shareholders is sought for passing an Ordinary Resolution as set out at Item No 6 of the notice for ratification of remuneration payable to the Cost Auditors for the financial year ending 31st March 2021.

None of the Directors and / or Key Managerial Personnel of the company and their relatives is concerned or interested, financial or otherwise in the resolution set out at Item No 6

The Board recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the members.

By Order of the Board of Directors

Place: Kochi
Date :21/09/2020

Umang Patodia
Managing Director
DIN 00003588

PATSPIN INDIA LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors present the **TWENTY NINETH (29TH)** Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2020

1. FINANCIAL RESULTS

(₹ in lacs)

| | FY 2019-20 | FY 2018-19 |
|---|-------------------|------------|
| Revenue | 39,540.75 | 55,103.34 |
| EBITDA | 151.25 | 3,651.07 |
| Finance cost | 2,732.99 | 2,923.45 |
| Depreciation | 1,035.35 | 1,032.80 |
| Profit / (Loss) / before Tax | (3,617.09) | (305.18) |
| Tax expense / (Credit) – including Deferred tax | (1099.92) | (69.16) |
| Tax relating to earlier years | (115.40) | ---- |
| Profit / (Loss) after tax | (2401.77) | (236.02) |

2. FINANCIAL PERFORMANCE

During the year under review, performance of Textile Industry in general was impacted due to various adversities. India' s yarn exports during FY 2019-20 were significantly Lower at 0.96 Mn.mt. as against 1.31 Mn.mt in FY 2018-19, reflecting substantial reduction by 26%. Due to lower demand, cotton prices slightly came down, but remained higher than international prices due to MSP. However, the yarn prices sharply decreased due to glut in the market on account of reduction in exports. Lower sale volumes with reduced price realisations severely affected the performance of Spinning industry in FY 2019-20.

The industry, which was already under tremendous pressure during the year 2019-20 on account of slowdown in exports, sagging operating margins, liquidity constraints, further slipped into distress due to impact of Covid-19 pandemic outbreak worldwide since January 2020. This has led to substantial drop in production and dispatches across the world in entire textile value chain, added to the woes of Indian Spinning Industry. The Indian textile and apparel industry have been adversely impacted in the short to medium term due to lockdown and lower consumer spends. The sector is reeling under liquidity and cost pressure as well due to the unprecedented damage caused by COVID-19 pandemic. Therefore, your company's performance may be perused in the aforesaid circumstances to have a balanced view.

As a result of above given background, your company's Income from Operations during the year decreased to ₹ 39,540.75 lacs from ₹ 55,103.34 lacs of the previous year. This was primarily due to substantial reduction in Exports of Yarn. Operating Profit / EBITDA was lower at ₹151.25 lacs as against ₹ 3651.07 lacs of the previous year. Finance Cost was lower at ₹ 2732.99

Lacs as against ₹ 2923.45 Lacs of previous year, and Depreciation was marginally higher at ₹1035.35 Lacs for the year as against ₹1032.80 lacs in the previous year. The Net Loss before tax was higher at ₹3617.09 lacs as against ₹305.18 lacs in the previous year and the Net Loss for the year recorded after Income Tax Credit (including deferred tax) Adjustments was ₹2401.77 Lacs against the net loss after tax of ₹236.02 Lacs in the previous year.

3. IMPACT OF COVID 19 PANDEMIC

Towards the end of the Financial Year 2019-20, the operations of the company were suspended due to the nationwide lockdown imposed by Government to contain the COVID 19 pandemic. The Company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these financial results, to determine the impact on the Company's revenue from operations for foreseeable future and the recoverability and carrying value of certain assets such as property, plant and equipment, investments, inventories and trade receivables. Based on such assessment, management is confident that no indications of impairment of carrying values of property, plant and equipment and investments exist as on the date of approval of these financial statements.

The Company has resumed its manufacturing activities in a gradual manner as per the guideline issued by the Government authorities and have taking steps to strengthen liquidity position and initiating cost restructuring exercises

As the situation is unprecedented the impact of COVID-19 pandemic on the overall economic environment remains uncertain and may be different from what we have estimated as of the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

It may be worth mentioning here that, there have been series of interventions from the governments across the world, and recovery curve post COVID-19, is likely to be based on perceived national priorities and technological strength of each country. However, in the labour intensive textile sector like in India, the recovery would happen sooner than later, with measures like policy support for innovative strategies, leveraging new international partnerships and providing stimulus for adoption of new technology. The important levers of change are likely to be ownership of value chain, technology push, operating flexibility, supply chain resilience and adaptable cost models. Already reports are available about growing demand for cotton yarn, dyed fabrics and home textiles where, the data for the month of July 2020 shows that exports of cotton textiles from India grew by 16.4%, giving hopes of recovery.

DIRECTORS' REPORT (Contd...)

4. RESOLUTION PLAN (RP)

Your Company is currently under stress and the cash flow is not sufficient to meet the repayment needs in the coming years. In view of this, the company has approached its Lenders to restructure its existing outstanding debts under the Prudential Framework for Resolution of Stressed Assets Directions 2019 of RBI vide its circular No. RBI /2018-19/203/DBR No.BP. BC45/21.04.048/2018-19 dated 07.06.2019, and the said proposal is in an advanced stage of sanction.

5. DIVIDEND

In view of the losses for the financial year ended 31st March 2020, the Board of Directors regret their inability to recommend any dividend for the year 2019-20 and accordingly, has not recommended / proposed declaration of any dividend.

6. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report on the operations of the Company, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") is provided in a separate section and forms an integral part of this Report.

7. PUBLIC DEPOSITS

The Company does not have "Deposits" as contemplated under Clause V of the Companies Act 2013. Further, the company has not accepted any such deposits during the year ended 31st March 2020.

8. CORPORATE GOVERNANCE

The Company has taken the requisite steps to comply with the recommendations concerning Corporate Governance.

As per Regulation 34 (3) read with Schedule V of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015, a separate statement on Corporate Governance practices followed by the Company, together with a Certificate from the Practicing Company Secretary confirming compliance, forms an integral part of this Report.

9. DIRECTORS AND KEY MANAGERIAL PERSONS

Shri. B.K.Patodia was appointed as Non Executive Non Independent Director at the 28th Annual General meeting held on 20th September 2019 and that he is liable to retire by rotation.

As per Regulation 17 (1A) of SEBI (LODR) (Amendment) Regulations 2018, no listed entity shall appoint a person or continue the directorship of any person as Non-Executive Director who has attained the age of 75 years unless a special resolution is passed to that effect in which case the explanatory statement annexed to the notice of such motion shall indicate the justification for appointing such person. Shri. B.K.Patodia have attained the age of 75 years and his continuation of Non Executive Director till the expiry of his tenure can only be by passing the special resolution by the

shareholders and justification thereof is indicated in the explanatory statement annexed to the Notice for such special resolution.

Smt. Kalpana Mahesh Thakker (DIN 08601866) has been inducted as an Additional Director effective from 14.11.2019 and hold office only up to the date of forth coming Annual General Meeting of the company. The Board of Directors on the recommendation of the Nomination and Remuneration Committee recommends her appointment at the ensuing AGM. Her appointment is liable to retire by rotation.

Shri V.N. Balakrishnan (DIN 08820393) has been inducted as an Additional Director effective from 31.7.2020 and hold office only up to the date of forth coming 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 Shri V.N. Balakrishnan (DIN 08820393) as a Non Executive Independent Director for a period of 5 years.

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the Members by way of Special Resolution is required for continuation of a Non-Executive and Independent Directors beyond the age of 75 years w.e.f. April 1, 2019. Shri V.N. Balakrishnan, Non Executive Independent Director will be completing 75 years during year 2021. The Board recommends approval by Special Resolution for his continuance in the Board.

Shri CK Gopalakrishnan Nair (DIN 00521840) has been inducted as an Additional Director in the capacity of Independent Director effective from 21.9.2020 and hold office only up to the date of forth coming 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 Shri CK Gopalakrishnan Nair (DIN 00521840) as an Independent Director for a period of 5 years.

Pursuant to Regulation 17(1A) of the SEBI(LODR) (Amendment) Regulations, 20178 and other applicable provisions, if any of the Companies Act, 2013, as amended from time to time, approval of the members of the Company be and is hereby accorded for continuation of Directorship of Shri. C K Gopalakrishnan Nair (DIN:00521840) as the Independent Director of the Company, who will be above the age of 75 (Seventy Five) years during the year 2022.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of the independence as prescribed both under section 149(6) of the Companies Act, 2013 and under Regulation 16 (1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

DIRECTORS' REPORT (Contd...)

In accordance with the provisions of Companies Act 2013, none of the Independent Directors are liable to retire by rotation

The required information of the Directors being appointed, pursuant to the provisions of the Listing Regulations, forms part of the Annual Report.

KSIDC, Trivandrum has withdrawn their Nominee Director on the Board Shri. Rajesh Jacob, with effect from 17.8.2020. The Board records its sincere appreciation for his valuable contribution during his association with the company.

Shri. S.Sundareshan, Non Executive Independent Director, has resigned from the Board due to personal reasons with effect from 28.8.2020. The Board records its sincere appreciation for his valuable contribution during his long association with the company.

Shri. Dipu George, Company Secretary and Compliance Officer have resigned from the said post with effect from 30.6.2020.

There is no change in the composition of the Board of Directors and the Key Managerial Personnel, except as stated above.

10. KEY MANAGERIAL PERSONNEL

Shri Umang Patodia, Managing Director, Shri T.Ravindran, Chief Financial Officer and Shri. Dipu George, Company Secretary and Compliance Officer (up to 30.6.2020) were the Key Managerial Personnel of your Company, in accordance with the provisions of Section 203 of the Companies Act 2013 during the year under review.

11. NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met 4 (four) time during the financial year 2019 – 20. The details of the meetings of the Board of Directors of the Company convened and attended by the Directors during the financial year 2019-20 are given in the Corporate Governance Report which forms part of this Annual Report.

12. MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met once during the Financial Year under review. The Meeting was conducted without the presence of the Non-Independent Directors and members of management.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors acknowledge the responsibility for ensuing compliances with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 in the preparation of annual accounts for the year ended on 31st March, 2020 and state that:

- (i) in the preparation of the Annual Accounts, the applicable Indian Accounting Standards have been followed and there are no material departures from the same;
- (ii) the Directors 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 your company as at 31st March 2020 and of the profit or loss of the company for that period;

- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors 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 are operating effectively; and
- (vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

14. BOARD EVALUATION

Pursuant to the provisions of Companies Act and Listing Regulations, annual evaluation of the Board, the Directors individually as well as working of its constituted committees has been carried out from time to time.

15. FAMILIARISATION PROGRAMME FOR DIRECTORS

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company. This is to provide insights into the Company to enable the Independent Directors to understand its business in depth, to familiarize them with the process, business and functionalities of the Company and to assist them in performing their role as Independent Directors of the Company. The Director is also explained in detail the Compliance required from him under the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and other relevant regulations and affirmation taken with respect to the same.

The Chairman and the Management has also one to one discussion with the Directors to familiarize with the company's operations.

16. AUDITORS

M/s. L.U.Krishnan & Co. (Regn.No.001527S) Chartered Accountants, Chennai were appointed as the Auditors of the Company at the 26th Annual General Meeting (AGM) held on 22nd September, 2017 to hold office till the conclusion of the 31st AGM of the Company for a term of 5 years, subject to ratification of the appointment by the members at every Annual General Meeting. The requirement of seeking ratification of the members for continuance of their appointment has been withdrawn consequent up on the changes made by the Companies (Amendment) Act 2017 with effect from May 07, 2018.

The Statutory Auditors have given a confirmation to

DIRECTORS' REPORT (Contd...)

the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Statutory Auditors.

Reports issued by the Statutory Auditors on the Standalone financial statements for the year ended 31st March 2020 are with unmodified opinion (unqualified).

17. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made there under, the Company has appointed Shri. MRL Narasimha (C.P No. 799), Practicing Company Secretary to undertake the Secretarial Audit of the Company.

Secretarial Audit Report issued by Shri. MRL Narasimha, Practicing Company Secretary in Form MR-3 forms part to this report **Annexure I**. The said report does not contain any observation or qualification requiring explanation or adverse remark

18. COST AUDITORS

Pursuant to Section 148 of the Act read with Rule 14 of the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records of the Company are required to be audited. The Directors, on the recommendation of the Audit Committee, appointed M/s. Hareesh K.N and Associates, Cost Accountants (Firm Reg. No. 101974) Cost Accountants, to audit the cost accounts of the Company for the FY ending 31st March, 2021, on a remuneration as mentioned in the Notice convening the 29th Annual General Meeting for conducting the audit of the cost records maintained by the company.

19. 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 II** and forms part of this report.

20. RELATED PARTY TRANSACTIONS

All transactions entered with related parties were on arm's length basis and in the ordinary course of business. There were no materially significant transactions with the related parties during the financial year and were not in conflict with the interest of the company. Thus, a disclosure in Form AOC -2 in terms of Section 134 of the Companies Act 2013 is not required. All related party transactions are placed before the Audit Committee as also before the Board for approval.

The Board of Directors, as recommended by the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules thereunder and the Listing Regulations. This Policy has been uploaded on the website of the Company.

21. LOANS & INVESTMENTS

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 forming part of this report.

22. RISK MANAGEMENT

The company has laid down a well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitor business risks. The Audit Committee and the Board periodically review the risks and suggest steps to be taken to manage/ mitigate the same through a properly defined framework.

During the year, a risk analysis and assessment was conducted, and no major risks were noticed, which may threaten the existence of the company.

23. VIGIL MECHANISM / WHISTE BLOWER POLICY

The company has a Vigil Mechanism / Whistle Blower Policy to report genuine concerns or grievances. The Vigil Mechanism (Whistle Blower Policy) has been posted on the company's website (www.patspin.com).

24. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per the provisions of Section 135 read with the Section 198 of the Companies Act 2013, the company do not have CSR obligation for the year 2019-20. Accordingly, there has been no meeting of CSR Committee held during the year.

Even though the provisions of Section 135 (5) of Companies Act, 2013 regarding Corporate Social Responsibility are not yet attracted, 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.

25. CREDIT RATING

During the year, CARE has assigned - "CARE D" (Single D) credit rating for the Long Term Facilities and Short Term Facilities of the company.

26. 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 III** forming part of this report

27. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an effective internal control and risk mitigation system designed to effectively control the operations at its Head Office, Plants and Depots. The internal control systems are designed to ensure that the financial and other records are reliable for the preparation of financial statements and for maintaining assets. The Company has well designed Standard

DIRECTORS' REPORT (Contd...)

Operating Procedures. Independent Internal Auditors conduct audit covering a wide range of operational matters and ensure compliance with specified standards. Planned periodic reviews are carried out by Internal Audit. The findings of Internal Audit are reviewed by the top management and by the Audit Committee of the Board of Directors.

Based on the deliberations with Statutory Auditors to ascertain their views on the financial statements including the Financial Reporting System and Compliance to Accounting Policies and Procedures, the Audit Committee was satisfied with the adequacy and effectiveness of the Internal Controls and Systems followed by the company.

28. NOMINATION & REMUNERATION POLICY

The Board of Directors has framed a policy which lays down a framework 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. More details on the same are given in the Corporate Governance Report.

29. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

In accordance with the applicable provisions of Companies Act, 2013 (hereinafter referred to as "the Act") read with Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as the "IEPF Rules"), all unclaimed dividends are required to be transferred by the Company to the IEPF, after completion of seven (7) years. Further, according to IEPF Rules, the shares on which dividend has not been claimed by the shareholders for seven (7) consecutive years or more shall be transferred to the demat account of the IEPF Authority. The details relating to shares on which dividends were unclaimed are provided in the General Shareholders Information section of Corporate Governance report forming part of this Annual Report.

30. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an anti-sexual harassment policy in line with the requirements of the sexual harassment of women at the workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Compliance Committee (ICC) is already been functioned for redressing complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The Company has not received any complaints under this policy during the year ended 31st March, 2020.

31. 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.

32. 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.

33. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

There are no significant and material orders passed by the Regulators or Courts or Tribunals that would impact the going concern status of your Company and its future operations.

34. GENERAL

There was no issue of equity shares with differential rights as to dividend, voting or otherwise: and; There was no issue of shares (including sweat equity shares) to the employees of the company under any scheme.

35. ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Place: Mumbai
Date: 21/09/2020

B K PATODIA
(DIN:00003516)
Chairman

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH,2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members of PATSPIN INDIA LIMITED

(CIN : L18101KL1991PLC006194)

I have conducted a secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **PATSPIN INDIA LIMITED** (here in after called "the Company"). I have conducted the Secretarial Audit in a manner that provided me a reasonable basis for evaluating the Company's corporate conducts/statutory compliances and expressing my opinion there on.

I am issuing this report based on my verification of the books, papers, minutes books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company, during the financial year ended 31st March, 2020 and also after 31st March, 2020 but before the issue of this report and the information provided by the Company, its officers, agents and authorized representatives during my conduct of secretarial audit.

I hereby report that, in my opinion, during the audit period covering the financial year ended on 31st March 2020 (hereinafter referred to as "the year"), the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made here in after. The members are requested to read this report along with my letter of even date annexed to this report as Annexure- A.

1. I have examined the books, papers, minutes books and other records maintained by the Company and the forms and returns filed during the year according to the applicable provisions of:
 - i. The Companies Act, 2013 (the Act), the rules made there under.
 - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.
 - iii. The Depositories Act, 1996 and the regulations and bye-laws framed there under.
 - iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the Companies Act 2013 and dealing with client; and
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
2. I am informed that, during the year the Company was not required to maintain any books, papers, minute books or other records or to file any forms / returns according to the provisions of:
 - i. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - ii. The following Regulations and Guidelines prescribed under the SEBI Act:
 - (a) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October, 2014);
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
3. I am also informed that for the year, there were no other laws specifically applicable to the company, the books, papers, minute books, forms and returns of which were required to be examined by me for the purpose of this report.
4.
 - i) I have also examined compliance with the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.
 - ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, I have observed from the minutes of the previous Annual General Meeting dt 20/09/2019, that the Chairman of the Audit Committee did not attend the said meeting due to his other preoccupation and granted leave of absence.
5. During the period under review, and also considering the compliance related action taken by the Company after 31st March, 2020 but before the issue of this report, the Company has complied with the provisions of the Acts, Rules, Regulations and Agreements mentioned under paragraph 1 above, to the extent applicable. Attention is invited regarding:

Annexure - I (Contd...)

- (a) Para 4 of Report on the Audit of the Standalone Financial Statements regarding Material uncertainties related to going concern.
- (b) Para VIII Annexure – B to Independent Auditor’s Report regarding pending repayment of loans of ₹355.20 Lakhs for 3rd quarter ended 31st December,2019 as on financial year ended 31st March 2020, to banks and Financial Institutions in respect of TUF Loans.
6. I further report that:
- (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. There is no change in the composition of Board of Directors.
- (ii) Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent at least seven days in advance.
- (iii) A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. I am informed that there were no dissenting members’ views on any of the matters during the year that were required to be captured and recorded as part of the minutes.
- There are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines..

Date: 21/09/2020
Place : Coimbatore
UDIN:F002851B000741534

M.R.L.Narasimha
Practising Company Secretary
Membership No:2851
Certificate of Practice:799

Annexure - A to Secretarial Audit Report of even date

To,
The Members,
PATSPIN INDIA LIMITED,
[CIN:L18101KL1991PLC006194],

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March, 2020 is to be read along with this letter.

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also taken into consideration the compliance related action taken by the Company after 31st March, 2020 but before the issue of this report.
4. I have verified the records to see whether the correct facts are reflected in the secretarial records. I also examined the compliance procedures followed by the Company. I believe that the processes and practices I followed provide a reasonable basis for my opinion. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
5. I have obtained the Management’s representation about the compliance of laws, rules and regulations and happening of events, wherever required.
6. My Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: 21/09/2020
Place : Coimbatore
UDIN:f002851B000741534

M.R.L.Narasimha
Practising Company Secretary
Membership No:2851
Certificate of Practice:799
Place, 34-C, 3rdCross, R.L.Nagar
K.K.Pudur, Coimbatore - 641038.

Annexure - II

FORM NO. MGT.9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31/03/2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]]

I. REGISTRATION AND OTHER DETAILS:

| | |
|--|------------------------------|
| Company Identification Number (CIN) | L18101KL1991PLC006194 |
| Registration Date | 20/09/1991 |
| Name of the Company | PATSPIN INDIA LIMITED |
| Category / Sub-Category of the Company | PUBLIC, HAVING SHARE CAPITAL |

| | |
|---|--|
| Address of the Registered office and contact details: | |
| NAME | PATSPIN INDIA LIMITED |
| Address | 3 RD FLOOR, PALAL TOWERS, MG ROAD, RAVIPURAM ERNAKULAM |
| Town / City | ERNAKULAM |
| State | KERALA |
| Pin Code: | 682016 |
| Country Name : | INDIA |
| Country Code | 91 |

| | |
|------------------------|-----|
| Whether listed company | YES |
|------------------------|-----|

| | |
|---|---|
| Name, Address and Contact details of Registrar and Transfer Agent, if any | |
| Registrar & Transfer Agents (RTA):- | M/s Integrated Registry Management Service Private Ltd |
| Address | 2 nd floor, Kences Towers, No.1, Ramakrishna Street, T. Nagar |
| Town / City | Chennai |
| State | Tamil Nadu |
| Pin Code: | 600017 |
| Telephone (With STD Area Code Number) | 044-28140801 044-28140803 |
| Fax Number : | 044-28142479 |
| Email Address | corpse@integratedindia.in |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| SN | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|----|--|----------------------------------|------------------------------------|
| 1 | COTTAN YARN SPINNING | 13111 | 100 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

(No. of Companies for which information is being filled)

GTN TEXTILES LIMITED - NIL

Annexure - II (Contd...)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year[As on 1st April -2019] | | | | No. of Shares held at the end of the year[As on 31-March-2020] | | | | % Change during the year |
|---|--|-------------|-----------------|---------------|--|-------------|-----------------|---------------|--------------------------|
| | Particulars | Demat | Physical | Total | % of Total | Demat | Physical | Total | |
| A. Shareholding Of Promoter And Promoter Group | | | | | | | | | |
| (1)Indian | | | | | | | | | |
| Individual/Hindu Undivided Family | 80350 | 0 | 80350 | 0.260 | 80350 | 0 | 80350 | 0.260 | 0 |
| Central Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bodies Corporate | 20016568 | 0 | 20016568 | 64.740 | 20016568 | 0 | 20016568 | 64.740 | 0 |
| Financial Institutions/Banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Any other(specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL A(1) | 20096918 | 0 | 20096918 | 65.000 | 20096918 | 0 | 20096918 | 65.000 | 0.000 |
| (2)Foreign | | | | | | | | | |
| Individual(Non resident/foreign) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bodies corporate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Qualified Foreign Investor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Any other(specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL A(2) | 0 | 0 | 0 | 0.000 | 0 | 0 | 0 | 0.000 | 0.00 |
| Total Shareholding of promoter and Promoter Group(A)=A(1) + A(2) | 20096918 | 0 | 20096918 | 65.000 | 20096918 | 0 | 20096918 | 65.000 | 0.000 |
| B.Public Shareholding | | | | | | | | | |
| (1)Institutions | | | | | | | | | |
| Mutual funds/UTI | 0 | 2600 | 2600 | 0.010 | 0 | 600 | 600 | 0.000 | 0 |
| Financial Institutions/Banks | 0 | 4700 | 4700 | 0.020 | 0 | 4700 | 4700 | 0.020 | 0 |
| Central Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State Government(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Foreign Institutional Investors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Foreign Venture Capital Investors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Qualified Foreign Investor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Any other(specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL B(1) | 0 | 7300 | 7300 | 0.020 | 0 | 5300 | 5300 | 0.020 | 0.000 |
| (2)Non-Institutions | | | | | | | | | |
| Bodies Corporate(Indian/foreign/Overseas) | 295037 | 15201 | 310238 | 1.000 | 185207 | 10201 | 195408 | 0.630 | -0.37 |
| Individuals(Resident/NRI/Foreign National) | 0 | 0 | 0 | 0.000 | 0 | 0 | 0 | 0.000 | 0.000 |
| Individual shareholders holding Nominal share Capital upto ₹1 Lakh | 4904517 | 1281975 | 6186492 | 20.010 | 5047236 | 876388 | 5923624 | 19.160 | -0.85 |
| Individual shareholders holding Nominal share Capital above ₹1 Lakh | 3895545 | 0 | 3895545 | 12.600 | 4053455 | 0 | 4053455 | 13.110 | 0.51 |
| Any other(specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| Clearing Member | 96530 | 0 | 96530 | 0.310 | 3806 | 0 | 3806 | 0.010 | -0.3 |
| IEPF | 0 | 0 | 0 | 0 | 414782 | 0 | 414782 | 1.340 | 0.000 |

Annexure - II (Contd...)

| Category of Shareholders | No. of Shares held at the beginning of the year[As on 1st April -2019] | | | | No. of Shares held at the end of the year[As on 31-March-2020] | | | | % Change during the year |
|---|--|----------------|-----------------|----------------|--|---------------|-----------------|----------------|--------------------------|
| | Demat | Physical | Total | % of Total | Demat | Physical | Total | % of Total | |
| NRI | 149123 | 114038 | 263161 | 0.850 | 143962 | 78104 | 222066 | 0.720 | -0.133 |
| LLP | 3541 | 0 | 3541 | 0.010 | 3541 | 0 | 3541 | 0.010 | 0.000 |
| Foreign Portfolio Investor Corporate 2 | 59175 | 0 | 59175 | 0.190 | 0 | 0 | 0 | 0 | 0 |
| OCB | 0 | 1100 | 1100 | 0.000 | 0 | 1100 | 1100 | 0.000 | 0.000 |
| SUB TOTAL B(2) | 9403468 | 1412314 | 10815782 | 34.980 | 9851989 | 965793 | 10817782 | 34990 | 143 |
| Total Public Share Holding (B)=B(1)+B(2) | 9403468 | 1419614 | 10823082 | 35.000 | 9851989 | 971093 | 10823082 | 35.000 | 0.000 |
| GRAND TOTAL (A)+(B)+(C) | 29500386 | 1419614 | 30920000 | 100.000 | 29948907 | 971093 | 30920000 | 100.000 | |

ii. Shareholding of Promoter-

| SN | Share holder's Name | Shareholding at the beginning of the year [As on 1st April -2019] | | | Shareholding at the end of the year [As on 31-March-2020] | | | % change in share holding during the year |
|----|-------------------------------------|---|----------------------------------|---|---|----------------------------------|---|---|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1 | GTN Textiles Ltd | 14287068 | 46.21 | 23.57 | 14287068 | 46.21 | 23.57 | 0.00 |
| 2 | K.S.I.D.C.Ltd | 2490000 | 8.05 | Nil | 2490000 | 8.05 | Nil | 0.00 |
| 3 | B.K Patodia | 34550 | 0.11 | Nil | 34550 | 0.11 | Nil | 0.00 |
| 4 | Umang Patodia | 11000 | 0.04 | Nil | 11000 | 0.04 | Nil | 0.00 |
| 5 | M/s Beekayee Credit P Ltd | 1366900 | 4.42 | Nil | 1366900 | 4.42 | Nil | 0.00 |
| 6 | Mala Patodia | 500 | 0.00 | Nil | 500 | 0 | Nil | 0.00 |
| 7 | Prabha Patodia | 32800 | 0.11 | Nil | 32800 | 0.11 | Nil | 0.00 |
| 8 | B.K Patodia HUF | 200 | 0.00 | Nil | 200 | 0 | Nil | 0.00 |
| 9 | Patodia Exports & Investments P Ltd | 1487700 | 4.81 | Nil | 1487700 | 4.81 | Nil | 0.00 |
| 10 | Ankur Patodia | 400 | 0.00 | Nil | 400 | 0 | Nil | 0.00 |
| 11 | Umang Finance P Ltd | 384900 | 1.25 | Nil | 384900 | 1.25 | Nil | 0.00 |
| 12 | Prabha Patodia | 900 | 0.00 | Nil | 900 | 0 | Nil | 0.00 |
| | TOTAL | 20096918 | 65.00 | 23.57 | 20096918 | 65.00 | 23.57 | 0.00 |

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| SN | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 20096918 | 65.00 | 20096918 | 65.00 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | No changes during the year | | | |
| | At the end of the year | | | 20096918 | 65.00 |

Annexure - II (Contd...)

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GD₹ and AD₹):

| SN | Name of the shareholders | Particulars | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|----|---------------------------|------------------------------|---|------------------------------|---|------------------------------|
| | | | No. Of shares | % of total shares of the Co. | No. of shares | % of total shares of the Co. |
| 1 | SUBRAMANIAN P | At the beginning of the year | 1300390 | 4.206 | 0 | 0 |
| | | Changes during the year | Sold 1300390 on 8.11.2019 | -4.206 | 0 | 0 |
| | | At the end of the year | | | 0 | 0 |
| 2 | SANGEETHA S | At the beginning of the year | 0 | 0 | 0 | 0 |
| | | Changes during the year | Buy 1300390 on 8.11.2019 | 4.206 | 1300390 | 4.206 |
| | | At the end of the year | | | 130039 | 4.20 |
| 3. | GRACE R DEORA | At the beginning of the year | 616756 | 1.995 | 616756 | 1.995 |
| | | Changes during the year | | No Changes | | |
| | | At the end of the year | | | 616756 | 1.995 |
| 4. | PRASHANT HANMANT APSHINGE | At the beginning of the year | 150000 | 0.485 | 150000 | 0.485 |
| | | Changes during the year | | No Changes | | |
| | | At the end of the year | | | 150000 | 0.485 |
| 5. | NARINDER BAJAJ | At the beginning of the year | 105000 | 0.340 | 105000 | 0.340 |
| | | Changes during the year | | No Changes | | |
| | | At the end of the year | | | 105000 | 0.340 |
| 6. | SHEKHAR R ATHALYE | At the beginning of the year | 101075 | 0.327 | 101075 | 0.327 |
| | | Changes during the year | | No Changes | | |
| | | At the end of the year | | | 101075 | 0.327 |
| 7. | POLISETTY GNANADEV | At the beginning of the year | 99840 | 0.323 | 99840 | 0.323 |
| | | Changes during the year | | No changes | | |
| | | At the end of the year | | | 99840 | 0.323 |
| 8. | RAJALAKSHMI S | At the beginning of the year | 98053 | 0.317 | 98053 | 0.317 |
| | | Changes during the year | | No Changes | | |
| | | At the end of the year | | | 98053 | 0.317 |
| 9 | PATERASP R DUBASH | At the beginning of the year | 70128 | 0.227 | 70128 | 0.227 |
| | | Changes during the year | | No changes | | |
| | | At the end of the year | | | 70128 | 0.227 |
| 10 | SETHUPARVATHY | At the beginning of the year | 61154 | 0.198 | 61154 | 0.198 |
| | | Changes during the year | | No changes | | |
| | | At the end of the year | | | 61154 | 0.198 |
| 11 | NEIL VASUDEVA | At the beginning of the year | 49665 | 0.161 | | |
| | | Changes during the year | Sold 4484 shares on 6.3.2020 | -0.015 | 45181 | 0.146 |
| | | At the end of the year | | | 45181 | 0.146 |

v) Shareholding of Directors and Key Managerial Personnel:

| SN | NAME OF THE KMP/ DIRECTORS | PARTICULARS | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|----------------------------|------------------------------|---|------------------------------|---|------------------------------|
| | | | No. of shares | % of total shares of the Co. | No. of shares | % of total shares of the Co. |
| 1 | BINOD KUMAR PATODIA | At the beginning of the year | 34550 | 0.11 | 34550 | 0.11 |
| | | Changes during the year | | No changes | | |
| | | At the end of the year | | | 34550 | 0.11 |
| 2. | UMANG PATODIA | At the beginning of the year | 11000 | 0.03 | 11000 | 0.03 |
| | | Changes during the year | | No changes | | |
| | | At the end of the year | | | 11000 | 0.03 |
| 3 | N K BAFNA NK | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | | Changes during the year | | | | |
| | | At the end of the year | 0 | | 0 | 0.00 |

Annexure - II (Contd...)

| SN | NAME OF THE KMP/ DIRECTORS | PARTICULARS | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|-------------------------------|------------------------------|--|------------------------------------|--|------------------------------------|
| | | | No. of shares | % of total shares of the Co. | No. of shares | % of total shares of the Co. |
| 4 | PREM SARDARI LAL MALIK | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | | Changes during the year | | | | |
| | | At the end of the year | 0 | | 0 | 0.00 |
| 5 | SUNDARESHAN STHANUNATHAN | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | | Changes during the year | | | | |
| | | At the end of the year | | | 0 | 0.00 |
| | | Changes during the year | | | | No changes |
| 6 | RAJENDRA KISHORE MARIWALA | At the beginning of the year | 21300 | 0.068 | 21300 | 0.068 |
| | | Changes during the year | | | | No changes |
| | | At the end of the year | | | 21300 | 0.068 |
| 7 | PAMELA ANNA MATHEW | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | | Changes during the year | | | | |
| 8 | KALPANA M THAKKER | At the beginning of the year | 42078 | 0.136 | 42078 | 0.136 |
| | | Changes during the year | 43412 | 0.140 | 85490 | 0.276 |
| | | At the end of the year | 0 | | 85490 | 0.276 |
| 9 | RAJESH JACOB | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | | Changes during the year | | | | |
| | | At the end of the year | 0 | | 0 | 0.00 |
| 10 | T. RAVINDRAN | At the beginning of the year | 100 | 0.001 | 100 | 0.001 |
| | | Changes during the year | | | | No changes |
| | | At the end of the year | | | 400 | 0.001 |
| 11 | DIPU GEORGE | At the beginning of the year | 10 | 0.00 | 10 | 0.00 |
| | | Changes during the year | | | | No changes |
| | | At the end of the year | | | 10 | 0.00 |

V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in Lacs)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|-------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 15860.70 | 200.00 | - | 16060.70 |
| ii) Interest due but not paid | 205.30 | - | - | 205.30 |
| iii) Interest accrued but not due | - | 1.22 | - | 1.22 |
| Total (i+ii+iii) | 16066.00 | 201.22 | - | 16267.22 |
| Change in Indebtedness during the financial year | | | | |
| * Addition | - | 350.00 | - | 350.00 |
| * Reduction | 3775.07 | - | - | 3775.07 |
| Net Change | (3775.07) | 350.00 | - | (3425.07) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 12085.63 | 550.00 | - | 12635.63 |
| ii) Interest due but not paid | 261.53 | - | - | 261.53 |
| iii) Interest accrued but not due | - | 9.58 | - | 9.58 |
| Total (i+ii+iii) | 12347.16 | 559.58 | - | 12906.74 |

Annexure - II (Contd...)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

| SN. | Particulars of Remuneration | UMANG PATODIA (Managing Director) | Whole Time Director | Manger | Total Amount |
|-----|---|-----------------------------------|---------------------|--------|----------------|
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 4800000 | -- | | 4800000 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 485104 | -- | -- | 485104 |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | -- | -- | -- | -- |
| 2 | Stock Option | -- | -- | -- | -- |
| 3 | Sweat Equity | -- | -- | -- | -- |
| 4 | Commission - as % of profit - others, specify... | -- | -- | -- | -- |
| 5 | Others, please specify | -- | -- | -- | -- |
| | Total (A) | 5285104 | -- | -- | 5285104 |
| | Ceiling as per the Act | 12000000 | -- | -- | 12000000 |

B. Remuneration to other directors

(Amount in Rs.)

| SN | Particulars of Remuneration | Name of Directors | | | | | Total Amount |
|----|---|--------------------|---------------------|--------------------------|-------------------------|---------------------------|---------------|
| 1 | Independent Directors | N K Bafna | Prem Malik | S.Sundareshan | Rajen K Mariwala | Pamela Anna Mathew | |
| | Fee for attending board/ committee meetings | 80000 | 57500 | 62500 | 0 | 0 | 200000 |
| | Commission | | | | | | |
| | Others, please specify | | | | | | |
| | Total (1) | | | | | | |
| 2 | Other Non-Executive Directors | B.K Patodia | Rajesh Jacob | Kalpana M Thakker | | | |
| | Fee for attending board/ committee meetings | 35000 | 7500 | 7500 | | | 50000 |
| | Commission | | | | | | |
| | Others, please specify | | | | | | |
| | Total (2) | | | | | | |
| | Total (B) = (1 +2) | | | | | | |
| | Total Managerial | | | | | | 260000 |
| | Remuneration | | | | | | 250000 |
| | Overall Ceiling as per the Act | | | | | | |

Annexure - II (Contd...)

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (Amount in Rs.)

| SN | Particulars of Remuneration | Key Managerial Personnel | | |
|----|---|--------------------------|-------------------|----------------|
| | | Dipu George (CS) | T.Ravindran (CFO) | Total |
| 1 | Gross salary | 599460 | 1838028 | 2437488 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | | | |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | | | |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | | | |
| 2 | Stock Option | | | |
| 3 | Sweat Equity | | | |
| 4 | Commission | | | |
| | - as % of profit | | | |
| | Others specify... | | | |
| 5 | Others, please specify | | | |
| | Total | 599460 | 1838028 | 2437488 |

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFNCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | NONE | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | NONE | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | NONE | | |
| Punishment | | | | | |
| Compounding | | | | | |

For and on behalf of the Board of Directors

B K PATODIA

Chairman
(DIN:00003516)

Place: Mumbai
Date: 21/09/2020

ANNEXURE TO THE DIRECTOR'S REPORT

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

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo etc. required to be disclosed under Section 134 of the Companies Act 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

(A) Conservation of energy-

- | | |
|---|---|
| (i) The step taken or impact on conservation of energy | Topmost priority for energy conservation is given at all levels and continually working on reducing the energy consumption through improved operational and maintenance practices. |
| (ii) The steps taken by the company for utilizing alternate sources of energy | |
| (iii) The capital investments on energy conservation equipments | <ul style="list-style-type: none"> (a) 750 Nos of florescent lamps used for lighting in the production department, replaced with 18W LED lamp. (b) 14 Nos of 150W sodium vapor lamps replaced with 40W energy efficient LED lamp. (c) 3 times rewind motors (15Kw - 1 No & 4 Kw - 1 No) replaced with energy efficient motor. (d) Multi fan suction system of compact spinning replaced with central duct system (CDS) in one RF. |

(B) Technology absorption:

- | | |
|--|--|
| a) The efforts made towards technology absorption | : <ul style="list-style-type: none"> (a) Short stretch conversion (Spinning geometry change) done in 2 ring frames in order to bring reduction in spinning breaks and consequent increase in productivity and improvement in quality of fine counts. (b) Lift conversion is done from 170mm to 160mm in one ring frame along with light weight ring tubes to increase productivity & conserve energy. (c) In 3 ring frames, 36mm rings are replaced with 34mm rings in order to improve the productivity. (d) 5 ring frames 38mm rings were replaced with 36mm old used rings to improve the productivity. (e) Fog spray system is provided in all waste compact collection units to sustain & improve moisture content, thereby reducing invisible loss. (f) In Unit 3, temporary HMHDPE partition provided to control shop floor temperature in winter season by eliminating 12KW heaters. (g) Auto leveler is converted from analog DC drives to digital AC drive in 1 RSB machine to achieve consistent sliver quality. |
| b) the benefits derived like product improvement, cost reduction, product development or import substitution | : Indigenous technology alone is used and research and development are carried out by separate Textile Research Association for textile units situated in Southern Region (SITRA) |

Annexure - lii (Contd...)

- c) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)
- a) the details of technology imported
- b) the year of import;
- c) whether the technology been fully absorbed
- d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof
- d) the expenditure incurred on Research and Development. : NIL
- The Foreign Exchange earned inflow in terms of actual during the year - ₹18388.01Lakhs
The Foreign Exchange outgo during the year in terms of actual outflows - ₹ 8305.83Lakhs

For and on behalf of the Board of Directors

B K PATODIA

Chairman
(DIN:00003516)

Place: Mumbai
Date: 21/09/2020

PATSPIN INDIA LIMITED

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2019-20

1. Company's Philosophy on Code of Corporate Governance

Your company is committed to the adoption of and adherence to the best corporate governance practices at all times. The Corporate Governance guidelines are in compliance with the requirements of schedule V of SEBI (LODR), Regulations, 2015 (Listing Regulations). 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 Composition of the Board of Directors of the Company is presently governed by the provisions of Companies Act 2013, the Articles of Association of the Company and the SEBI (LODR) Regulations, 2015. The Board is comprised of 7 Directors, both Executive and Non- Executive and Shri. B.K.Patodia is the Non-Executive Promoter Chairman. The day today operations of the company are managed by Shri. Umang Patodia, Managing Director under the overall guidance of the Board of Directors. None of the Directors on the Board holds directorships in more than ten public companies. None of the Independent Directors serves as an independent director on more than seven listed entities. None of the person on the Board serving as Managing Director / Whole Time Director is serving as an Independent Director on the Board of more than 3 listed entities. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2020 have been made by the Directors. Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

a) The Composition of the Board and category of Directors as on 31.3.2020 are as follows:

| Category | Name of Directors |
|--|---|
| Promoter / Managing Director | Shri. Umang Patodia |
| Promoter / Non-Executive Directors | Shri. B.K. Patodia Shri. Rajesh Jacob (Nominee of KSIDC, Trivandrum) |
| Non-Executive /Non- Independent Woman Director | Smt. Kalpana Mahesh Thakker (w.e.f. 14.11.2019) |
| Non- Executive Independent Directors | Shri. N.K. Bafna Shri. Prem Malik Shri. S.Sundareshan |

b) 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 at | | 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 | Present | 8 | 4 | None | Related to Shri.Umang Patodia |
| Shri.N K Bafna | 00019372 | Nil | 4 | Leave sought | 2 | 2 | 1 | None |
| Shri. Prem Malik | 00023051 | Nil | 3 | Leave sought | 9 | 5 | 2 | None |
| Shri. S. Sundareshan | 01675195 | Nil | 3 | Leave sought | 6 | 6 | None | None |
| Shri Rajen K Mariwala (upto18-9-2019) | 00007246 | 21,300 | Nil | Leave sought | 7 | None | None | None |
| Smt.Pamela Anna Mathew (upto 7-8-2019) | 00742735 | Nil | Nil | Leave sought | 6 | None | None | None |
| Shri Rajesh Jacob | 06443594 | Nil | 1 | Leave sought | 5 | None | None | None |
| Smt. Kalpana Mahesh Thakker (w.e.f 14.11.2019) | 08601866 | 85490 | 1 | N/A | 2 | None | None | None |
| Shri.Umang Patodia | 00003588 | 11,000 | 4 | Present | 3 | None | None | Related to Shri.B K Patodia |

REPORT ON CORPORATE GOVERNANCE (Contd...)

Notes:

- i) In accordance with Regulation 26 (b) of the SEBI (LODR) Regulations 2015, Membership / Chairmanship of only the Audit Committees and Stakeholders Relationship Committees of all Public Limited Companies has been considered
- ii) 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 Regulation 26 (1) of SEBI (LODR) Regulations 2015.

c) The details of Directorship in other listed entities and category of Directorship

| SN | Name of the Director | Name of listed entity | Category of Directorship |
|----|----------------------|-----------------------------------|---------------------------------------|
| 1. | Shri. B.K.Patodia | GTN Textiles Limited | Promoter / Executive Director |
| | | Hind Rectifiers Limited | Independent Non-Executive Director |
| 2. | Shri. N.K.Bafna | Prime Urban Development India Ltd | Independent Non-Executive Director |
| 3 | Shri. Prem Malik | GTN Textiles Limited | Independent Non-Executive Director |
| | | Indo Count Industries Ltd | Independent Non-Executive Director |
| | | Lahoti Overseas Limited | Independent Non-Executive Director |
| 4 | Shri. S.Sundareshan | GTN Textiles Limited | Independent Non-Executive Director |
| | | Tide Water Oil Co. India Limited | Independent Non-Executive Director |
| 5 | Shri. Rajesh Jacob | Eastern Treads Limited | Nominee Director of KSIDC. Trivandrum |

d) 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 two consecutive Meetings did not exceed 120 days.

The details of the Board Meetings are as under:

| Sl No. | Date | Board Strength | No. of Directors present |
|--------|--------------------------------|----------------|--------------------------|
| 1) | 21 st May, 2019 | 8 | 4 |
| 2) | 7 th August 2019 | 7 | 5 |
| 3) | 14 th November 2019 | 7 | 4 |
| 4) | 13 th February 2020 | 7 | 7 |

e) Disclosure of Relationships between Directors inter-se

Please refer 2 (b) of the Report

f) No. of shares and convertible instruments held by Non-Executive Directors

Please refer 2 (b) of the Report

g) Weblink where details of Familiarization program imparted to independent Directors disclosed

An appropriate induction program for new Directors and ongoing familiarization with respect to the business / working of the company for all directors is a major contributor for meaningful board level deliberations and sound business decisions.

The Company has adopted a structured programme for orientation of independent directors at the time of their joining so as to familiarize them with the company's operation, business, industry and environment in which it functions and the regulatory environment applicable to it. The company updates the Board members on a continuing basis on any significant changes therein and provides them an insight to their expected roles and the responsibilities so as to be in a position to take well informed and timely decision and contribute significantly to the company.

The Company through its Managing Director / Senior Managerial Personnel makes presentations regularly to the Board, Audit Committee or such other Committees, as may be required, covering, inter-alia, business environmental, business strategies, operations review, quarterly and annual results, budgets, review of internal audit report and action taken, statutory compliance, etc.

Policy on Familiarization programme imparted is available on our website www.patspin.com

h) Matrix / Table containing skills expertise and competencies of the Board of Directors

The Board members are from diversified areas having the required knowledge i.e. Competency, Skills and Experience to effectively discharge their responsibilities. The range of experience of the Board members include in the areas of Spinning Industry, Marketing, Finance, Taxation, Legal and Administration as well as procurement of raw materials.

REPORT ON CORPORATE GOVERNANCE (Contd...)

The broad policies are framed by the Board of Directors. All strategic decisions are taken by the Board after due deliberations between the Board members which consists of Managing Director, Non-Executive Director and Independent Directors.

The Company has identified and broadly categorized its Core Skills, Expertise and Competencies as mentioned hereunder:

Matrix / Table of Core Skills, Expertise and Competencies of Board of Directors as whole:

| Particulars | Detailed list of core skills, expertise and competencies | Name of Directors who have skills, expertise and competence | | | | | | |
|--------------|--|---|-----------------|------------------|---------------------|------------------------|--------------------|---------------------|
| | | Shri. B.K.Patodia | Shri. N.K.Bafna | Shri. Prem Malik | Shri. S.Sundareshan | Smt. Kalpana M Thakker | Shri. Rajesh Jacob | Shri. Umang Patodia |
| Core Skills | Strategic policy formulation and Advising | ✓ | ✓ | ✓ | ✓ | | | ✓ |
| | Regulatory framework knowledge | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ |
| | Financial performance | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Advising on Risk mitigation and Compliance requirements | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Expertise | Knowledge of Spinning Industry | ✓ | | ✓ | | ✓ | | ✓ |
| | Commercial acumen | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ |
| | Procurement of right quality of raw cotton at competitive prices | ✓ | | | | ✓ | | ✓ |
| Competencies | Strategic Leadership | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ |
| | Execution of policies framed by the Board | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Identifying the growth areas for expanding the business | ✓ | ✓ | ✓ | ✓ | | | ✓ |
| | Advising on Business Risks & environment | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ |

i) Confirmation of Board regarding Independent Directors

Board of Directors confirms that the Independent Directors fulfil the conditions specified in the SEBI (LODR) Regulations, 2015 as amended from time to time and are Independent of the Management.

- j) Smt. Pamela Anna Mathew, Independent Woman Director have resigned effective from 7.8.2019 due to her other pre-occupations. She had confirmed that there is no other material reason for her resignation other than those provided.

k) Separate meeting of Independent Directors

Schedule IV of the Companies Act, 2013, Listing Regulations and Secretarial Standard - 1 on Meetings of the Board of Directors mandates that the Independent Directors of the Company hold at least one meeting in a year, without the attendance of Non – Independent Directors.

The meeting of Independent Directors was held on 14.3.2020, inter alia, discussed and reviewed performance of Non-Independent Directors, the Board as a whole, Chairman of the Company and assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to formal meetings, frequent interactions outside the Board Meetings also take place between the Chairman and Independent Directors

REPORT ON CORPORATE GOVERNANCE (Contd...)

l) Evaluation of the Board's Performance

Pursuant to the provisions of the Act and Regulation 17 of the Listing Regulations, the Board has carried out the annual evaluation of its own performance, its Committees and Directors individually. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A consolidated summary of the ratings given by each Director was then prepared. The report of performance evaluation was then discussed and noted by the Board. The Directors expressed their satisfaction with the evaluation process.

The performance evaluation of the Chairman and Managing Director and Non-Independent Directors was carried out by the Independent Directors. The Independent Directors reviewed key transactions (including related party transactions), quality & timeliness of flow of information, recommended measures for corporate governance etc.

m) Code of Conduct

The Company has adopted Code of Business Conduct & Ethics ("the Code") which is applicable to the Board of Directors and all Employees of the Company. The Board of Directors and the members of Senior Management Team of the Company are required to affirm semi-annual Compliance of this Code. A declaration signed by the Managing Director of the Company to this effect is placed at the end of this report. The Code requires Directors and Employees to act honestly, fairly, ethically, and with integrity, conduct themselves in professional, courteous and respectful manner. The Code is displayed on the Company's website www.patspin.com

3. Audit Committee

The Audit Committee has been constituted by the Board in compliance with the requirements of Section 177 of the Act and Regulation 18 of the SEBI (LODR) Regulations, 2015.

The terms of reference of the Audit Committee, inter-alia is as follows:

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii) Recommendation for terms of appointment and remuneration of Auditors of the Company
- (iii) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors
- (iv) Review with the management and statutory auditors of the annual financial statements thereon before submission to the Board with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any Related Party Transactions;
 - g. Modified opinion(s) in the draft Audit Report;
- (v) Reviewing, with the management the quarterly financial statements before submission to Board for approval;
- (vi) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue/rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice / and the report to be submitted by monitoring agency with regard to utilisation of proceeds of a public or rights issue, and making appropriate recommendation to company's Board.
- (vii) Review and monitor Statutory Auditor's independence and performance and effectiveness of audit process;
- (viii) Approval or any subsequent modification of transactions with related parties;
- (ix) Scrutiny of Inter-Corporate Loans and Investments;
- (x) Valuation of undertakings or assets of the company, wherever it is necessary;
- (xi) Evaluation of Internal Financial Controls and Risk Management Systems;
- (xii) Review with the Management, Statutory Auditors and the Internal Auditors about the nature and scope of audits and of the adequacy of internal control systems;
- (xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- (xiv) Discussion with internal auditors of any significant findings and follow up thereon

REPORT ON CORPORATE GOVERNANCE (Contd...)

- (xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (xvi) Discussion with statutory auditors before the audit commences, about the nature of scope of audit as well as cost audit discussion to ascertain any area of concern
- (xvii) To look into the reasons for any substantial defaults in payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividend) and creditors, if any;
- (xviii) Review the functioning of the whistle blower mechanism;
- (xix) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- (xx) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- (xxi) To review the utilization of loans and / or advances from / investment by the holding company in the subsidiary exceeding ₹ 100 crores or 10% of the asset size of the subsidiary, whichever is lower, if any
- (xxii) Review of the following information:
 - (i) Management Discussion and Analysis of financial condition and results of operations;
 - (ii) Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by Management;
 - (iii) management letters / letters of internal control weaknesses issued by the Statutory Auditors;
 - (iv) Internal Audit Reports relating to internal control weaknesses;
 - (v) the appointment, removal and terms of remuneration of the Chief Internal Auditor
 - (vi) Statement of deviations:
 - o quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1)
 - o annual statement of funds utilized for purposes other than those stated in the offer document/prospectus in terms of Regulation 32(7), if applicable

Internal Audit

The Company has adequate internal control and Internal Audit System commensurate with its size and nature of its business. The Internal Audit Plan is approved by the Audit Committee and the Internal Auditors directly present their report to the Audit Committee for their consideration.

Composition and Attendance during the year

All members of the Committee are financially literate, with Shri. N.K.Bafna, as Chairman of the Committee, having the relevant accounting and financial management expertise.

The composition of the Audit Committee and the details of the meetings attended by its members during the financial year ended 31st March, 2020 are as under:

| Sl. No. | Name of the Member | Category of Director | No. of meetings held | No. of meetings attended |
|---------|---------------------|---|----------------------|--------------------------|
| 1) | Shri.N.KBafna | Chairman & Non-Executive Independent Director | 4 | 4 |
| 2) | Shri.Prem Malik | Non-Executive Independent Director | 4 | 3 |
| 3) | Shri.S.Sundareshan | Non-Executive Independent Director | 4 | 3 |
| 4) | Shri. Umang Patodia | Managing Director | 4 | 4 |

The Audit Committee met Four (4) times during the financial year 2019-20 and the gap between two meetings did not exceed 120 days. The dates on which Audit Committee Meetings held were: 21st May 2019, 7th August 2019, 14th November 2019 and 13th February, 2020. Required quorum was present at the above meetings.

The Audit Committee meetings are usually attended by the Managing Director, Director (Finance), CFO, Head of Finance and the respective departmental heads, wherever required. The Company Secretary acts as the Secretary of the Audit Committee. The Statutory Auditors and Internal Auditors also attend the Audit Committee meetings by invitation.

All the recommendations of the Audit Committee have been accepted by the Board of Directors.

During the year, the Audit Committee reviewed key audit findings covering Operational, Financial and Compliance areas, Risk Mitigation Plan covering key risks affecting the Company which were presented to the Committee.

The Chairman of the Audit Committee briefed the Board members on the significant discussions which took place at Audit Committee Meetings.

REPORT ON CORPORATE GOVERNANCE (Contd...)

Internal Audit and Control:

M/s Varma & Varma, Chartered Accountants, Kochi, Internal Auditors carried out Internal Audit of the Company except Company's Ponneri Unit. M/s. V.C.Tirupathi, Chartered Accountant, Coimbatore carried out Internal Audit for Ponneri Unit.

Internal Audit Plan and their remuneration are being approved by the Audit Committee. The reports and findings of the Internal Auditors and the Internal Control Systems are periodically reviewed by the Audit Committee.

Prevention of Insider Trading:

The Company has adopted an 'Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Designated Persons ("the Code") in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time ("the PIT Regulations"). The Code is applicable to Promoters, Member of Promoter's Group, all Directors and such Designated Persons who are expected to have access to unpublished price sensitive information relating to the Company. The code lays down guidelines which included procedures to be followed and disclosures to be made while dealing with the shares of the Company.

The Audit Committee monitors implementation and compliance of the Company's Code of Conduct and Shri. Dipu George, Company Secretary is the Compliance Officer of the Company. The Code is displayed on the Company's website viz. www.patspin.com

Vigil Mechanism:

Pursuant to Section 177(9) and (10) of the Act, and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company have been denied access to the Audit Committee. The Whistle Blower Policy is displayed on the Company's website viz. www.patspin.com.

4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been constituted by the Board in compliance with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations.

The Committee comprises of Three Independent Directors, viz. Shri. N.K. Bafna as Chairman, Shri. Prem Malik and Shri. S. Sundareshan as members.

The broad terms of reference of the Committee include;

- formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- formulation of criteria for evaluation of performance of independent directors and the board of directors;
- devising a policy on diversity of board of directors;
- identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- recommend to the board, all remuneration, in whatever form, payable to senior management

The remuneration policy is in consonance with the existing industry practice and also with the provisions of Companies Act.

The Committee also met on 7th August 2019 to approve and recommend to the Board reappointment of Shri. N.K.Bafna (DIN 00019372), Shri. Prem Malik (DIN 00023051) and Shri. S.Sundareshan (DIN 01675195) as Independent Directors for a term of 5 years with effect from 18.9.2019. The Committee also approved remuneration to the Managing Director for a period of 3 years pursuant to provisions of Schedule V of the Companies Act 2013.

Remuneration to the Managing Director

The aggregate of salary and perquisites paid for the year ended 31st March, 2020 to the Managing Director is as follows:-

Shri.Umang Patodia :₹ 52.85 lacs

Besides this, the Managing Director was also entitled to Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent not taxable and Gratuity as per the Rules of the Company.

REPORT ON CORPORATE GOVERNANCE (Contd...)

Remuneration to Non-Executive Directors:

No Remuneration is paid to Non-Executive Directors except sitting fee for attending the meeting of the Board and Committees thereof:

The details of payment of sitting fee are as follows

| Meeting | Amount (in ₹) |
|-----------|---------------|
| Board | 7500 |
| Committee | 5000 |

The Fee paid for the year ended 31st March 2020 to the Non-Executive Directors is as follows

| Name of the Non-Executive Directors | Sitting fee (₹) |
|--|-----------------|
| Shri.B K Patodia | 35000 |
| Shri.N K Bafna | 80000 |
| Shri Prem Malik | 57500 |
| Shri. S. Sundareshan | 62500 |
| Smt. Kalpana Mahesh Thakker | 7500 |
| Shri. Rajesh Jacob (Nominee Director of KSIDC) | 7500 |
| Total | 250000 |

There were no other pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company. The Company has not granted any stock option to any of its Directors.

Remuneration Policy

The remuneration policy of your company is a comprehensive policy which is competitive, in consonance with the industry practices and rewards good performance of the employees of the company. The policy ensures equality, fairness and consistency in rewarding the employees on the basis of performance against set objectives

The company endeavors to attract, retain develop and motivate a high-performance work force. The company follows a mix of fixed and variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process.

5. Stakeholders Relationship Committee

Pursuant to provisions of Section 178(5) of the Act read with Regulation 20 of the Listing Regulations, Stakeholders Relationship Committee of the Board of Directors has been constituted.

The terms of reference of the Stakeholders Relationship Committee is as under:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company

The Composition of the Committee comprises of Shri N. K. Bafna as Chairman, Shri Prem Malik, Shri. S.Sundareshan and Shri. Umang Patodia as members

During the year, three meetings of the Stakeholders Relationship Committee were held as under:

| SN | Date | Committee Strength | No. of Directors present |
|----|---------------------------------|--------------------|--------------------------|
| 1) | 21 st May 2019 | 4 | 3 |
| 2) | 7 th August, 2019 | 4 | 4 |
| 3) | 13 th February, 2020 | 4 | 3 |

REPORT ON CORPORATE GOVERNANCE (Contd...)

Shri. Dipu George, Company Secretary is the Secretary to the Committee

The details of correspondences / grievances received and redressed during the financial year 2019-20 through the Registrar M/s. Integrated Registry Management Service Pvt. Ltd. are as under:

| Sl. | Particulars | No. of Complaints |
|-----|--|-------------------|
| 1. | Investor Correspondence / Complaints pending at the beginning of the year | Nil |
| 2. | Investor Correspondence / Complaints received during the year | 2 |
| 3. | Investor Correspondence / Complaints disposed during the year | 2 |
| 4. | Investor correspondence / complaints remaining unresolved at the end of the year | Nil |

Pursuant to clause 40(9) of the SEBI (LODR), Regulations 2015, a certificate on a half yearly basis confirming due compliances of share transfer formalities by the company from Practicing Company Secretary has been submitted to the Stock Exchanges within the stipulated time.

Corporate Social Responsibility (CSR)

As per the provisions of Section 135 read with the Section 198 of the Companies Act 2013, the company do not have CSR obligation for the year 2019-20. Accordingly, there has been no meeting of CSR Committee held during the year under review.

6. Disclosures:

Basis of Related Party Transactions:

All transaction entered into by the Company with related parties, during the financial year 2019 – 20, were in ordinary course of business and on arm's length basis. The Company has formulated a framework for Related Party Transactions which is followed for identifying, entering into and monitoring related party transactions. The deviations, if any, to the said process have been brought to the attention of Audit Committee suitably. The Audit Committee reviews at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval granted. The company has obtained Shareholders approval by way of special resolution to enter into Related Party Transactions.

Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Act. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements

Board Disclosures - Risk Management:

The Company has laid down procedures to inform the Board of Directors about the risk assessment and minimization procedures. The Audit Committee and the Board of Directors review these procedures, periodically

Details of preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of the Listing Regulations

The Company has not raised funds through preferential allotment or Qualified Institutional Placement during the year under review.

Credit Rating

During the year CARE Ratings (CARE) has given credit rating of CARE -D (Single D) for Long Term Bank Facilities and short term bank facilities.

Annual Secretarial Compliance

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated 8th February 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial compliance audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder. The said Secretarial Compliance report is in addition to the Secretarial Audit Report by Practicing Company Secretary under Form MR – 3 and is required to be submitted to Stock Exchanges within 60 days of the end of the financial year.

The Company has engaged Shri. MRL Narasimha, Practicing Company Secretary, Coimbatore as Secretarial Auditor of the company for providing the above Certificate.

The Company is publishing the said Secretarial Compliance Report, on voluntary basis and the same has been annexed alongwith the Board's Report forming part of this Annual Report.

Certificate from Practicing Company Secretary

Certificate as required under Part C of Schedule V of Listing Regulations, received from Shri. MRL Narasimha, Practicing Company Secretary, Coimbatore, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory has annexed to this Report.

REPORT ON CORPORATE GOVERNANCE (Contd...)

Management Discussion and Analysis Report.

The Management Discussion and Analysis Report have been included separately in the Annual Report to the shareholders.

Shareholders

- (i) The quarterly results approved by the Audit Committee / Board of Directors are put on the Company's website www.patspin.com under "investor info" section
- (ii) The Company has also sent Annual Report through email to those shareholders who have registered their email ids with Depository Participants.

Reconciliation of Share Capital Audit

A qualified Practicing Company Secretary has carried out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical forms and the total number of dematerialized shares held with NSDL and CDSL.

Means of Communication

- (i) The quarterly, Half-yearly and Annual results of the Company's financial results are published in two newspapers viz. BUSINESS STANDARD [National Daily] and DEEPIKA (Regional Newspaper) and displayed on company's website www.patspin.com
- (ii) The Annual Report of the Company for the financial year 2019-20 is being emailed to the members whose email addresses are available in the depositories as per Section 136 of the Companies Act 2013 and Regulation 36 of SEBI (LODR), Regulations 2015. For other members, who have not registered their e-mail addresses, are requested to register their email id at the earliest and ask for the soft copy of the annual report in accordance with General Circular No. 20/2020 dated 5th May 2020 issued by Ministry of Corporate Affairs (MA) and the Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020 issued by SEBI, Company is not printing copies of the Annual Report.

- (iii) The annual report is available on the company's website

The Company has complied with all the requirements of the Stock Exchange(s) and SEBI on matters relating to Capital Markets. There were no penalties imposed or strictures passed against the Company by SEBI, Stock Exchange(s) on which the shares of the Company are listed or any statutory authority in this regard, during the last 3 (three) years

In accordance with the provisions of Regulation 26 (6) of the Listing Regulations, the Key Managerial Personnel, Director(s), Promoter(s) and Employees including Senior Management Personnel of the Company have affirmed that they have not entered into any agreement for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

7. MD and CFO Certification

The Managing Director and CFO of the Company give quarterly / annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI (LODR) Regulations, 2015.

8. Compliance on Corporate Governance:

The quarterly compliance report has been submitted to the Stock Exchanges at BSE & NSE in the requisite format duly signed by the compliance officer. Pursuant to Regulation 27 of SEBI (LODR) Regulations, 2015. Practicing Company Secretary's certificate in compliance on conditions of Corporate Governance is published elsewhere in the Annual Report.

9. General Body Meetings:

- A. Location, date and time of the Annual General Meetings held during the preceding 3 years and special resolution passed:

| Year | Location | Date | Day | Time | Special Resolution passed in previous AGM |
|---------|--|------------|--------|---------|---|
| 2016-17 | Aangan Hall, Bharat Hotel, Kochi-682 016 | 22.09.2017 | Friday | 9:30 am | Fixation of remuneration to Shri. Umang Patodia, Managing Director for his balance tenure |
| 2017-18 | -do- | 26.09.2018 | Friday | 9:30 am | No |

REPORT ON CORPORATE GOVERNANCE (Contd...)

| Year | Location | Date | Day | Time | Special Resolution passed in previous AGM |
|---------|----------|------------|--------|---------|--|
| 2018-19 | -do- | 20.09.2019 | Friday | 9:30 am | 1. Reappointment of Shri. N.K.Bafna (DIN 00019372), Shri. Prem Malik (DIN 00023051), Shri. S.Sundareshan (DIN 01675195) as Independent Directors of the Company 2. Appointment of Shri. Umang Patodia as Managing Director for a period of 5 years as well as fixation of remuneration for a period of 3 years pursuant to Schedule V of the Companies Act 2013 |

B. Extra-Ordinary General Meeting of the shareholders was held during the year - No

C. Whether Special Resolutions were put through postal ballot, last year? – Yes

D. Are votes proposed to be conducted through postal ballot, this year? – No

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

10. Compliance in respect of Adoption of non- mandatory requirements:

a) The Board

The Non-Executive Chairman of the Company has been provided with a Chairman's Office at the Registered Office of the Company

b) Shareholder Rights

The Company's quarterly and half yearly results are published in the Newspaper and also uploaded on its website www.patspin.com. Therefore, no individual communication is sent to shareholders on the quarterly and half yearly financial results. However, if requested, the Company provides the same to them individually.

c) Audit Qualifications

During the year under review, there is no audit qualification on the Company's financial statements. The Company continues to adopt best practices to ensure regime of unmodified audit opinion.

d) Reporting of internal Auditor

The Internal Auditor participates in the meetings of the Audit Committee of the Board of Directors and presents his internal audit observations to the Committee.

Disclosure relating to Sexual Harassment of Women at Workplace (Prevention, Prohibition and (Redressal) Act, 2013

The Company is committed to ensuring that all employees work in an environment that not only promotes diversity and equality but also mutual trust, equal opportunity and respect for human rights. The Company's Policy on prevention of Sexual Harassment is in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder which is aimed at providing every woman at the workplace a safe, secure and dignified work environment. During the year under review, the company has not received any complaint in this regard.

11. General Shareholder information

I. Annual General Meeting:

| | | |
|----|--|--|
| a) | Date and Time | 30 th October, 2020 at 10.00 AM |
| b) | Venue | : The Company is conducting meeting through VC/OAVM pursuant to the MCA Circular dated 5 th May 2020 and as such there is no requirement to have a venue for the AGM. |
| c) | Book closure date | : 23 rd October 2020 to 30 th October 2020 |
| d) | Financial calendar (tentative): | |
| | Annual General Meeting | : 30 th October 2020 |
| | Results for quarter ended 30th June, 2020 | : 15 th September, 2020 |
| | Results for quarter ending 30th Sept.,2020 | : On or before 14 th November, 2020 |
| | Results for quarter ending 31st Dec., 2020 | : On or before 14 th February, 2021 |
| | Results for Year ending 31st March, 2021 | : On or before 30th May, 2021 |

II. Listing:

| | | | |
|-----|---|---|--|
| a) | Listing of Equity Shares on Stock Exchanges at | : | BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) |
| b) | Listing Fee | : | Annual Listing fee for the year 2020-21 have been duly paid to the said Stock Exchanges. |
| i) | Stock Code: Scrip Code No.: Bombay Stock Exchange | : | 514326 |
| | Trading symbol: National Stock Exchange | : | PATSPINLTD |
| ii) | Demat ISIN Nos. in NSDL and CDSL for Equity Shares | : | INE790C01014 |

III. Stock market data:

| Month | BSE | | NSE | |
|--------------|-------|------|-------|------|
| | High | Low | High | Low |
| April 2019 | 11.90 | 9.31 | 11.95 | 9.20 |
| May | 11.80 | 7.57 | 11.85 | 8.05 |
| June | 10.50 | 7.67 | 10.05 | 7.55 |
| July | 10.15 | 6.15 | 10.05 | 6.10 |
| August | 7.70 | 5.15 | 7.60 | 5.20 |
| September | 7.65 | 5.64 | 7.80 | 5.50 |
| October | 6.70 | 4.50 | 6.45 | 4.70 |
| November | 6.80 | 5.02 | 7.20 | 5.05 |
| December | 7.30 | 4.75 | 7.65 | 4.70 |
| January 2020 | 6.10 | 5.24 | 5.90 | 4.10 |
| February | 5.24 | 4.74 | 5.55 | 2.90 |
| March | 4.51 | 3.90 | 2.95 | 2.15 |

| | | |
|--|---|---|
| IV. Registrar and Transfer Agents (Share Transfer and communication regarding Share Certificates, Dividends and change of Address) | : | M/s Integrated Registry Management Service Private Ltd 2 nd Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar, Chennai -600 017 Tel: 044 28140801-803 E-Mail : corpser@integratedindia.in |
|--|---|---|

| | |
|---------------------------|---|
| V. Share Transfer Process | <p>Effective April1, 2019, SEBI has amended Regulation 40 of the Listing Regulations, which deals with transfer or transmission or transposition of securities. According to this amendment, the requests for effecting the transfer of listed securities shall not be processed unless the securities are held in dematerialized form with a Depository.</p> <p>This will interalia, bring the following benefits:</p> <ul style="list-style-type: none">• It shall curb fraud and manipulation risk in physical transfer of securities by unscrupulous entities• Transfer of securities only in demat form will lead to ease convenience and safety of transactions for investors <p>The Company has stopped accepting any transfer requests for securities held in physical form with effect from the said date. During the year, the Company accepted those transfer requests pertaining to securities held in physical form which were lodged for transfer before April 1, 2019 and were returned due to discrepancies</p> <p>Transfers of equity shares in electronic form are affected through the depositories with no involvement of the company.</p> <p>In view of the aforesaid amendment and in order to eliminate the risks associated with the physical holding of shares, members who are holding shares in physical form are hereby requested to dematerialize their holdings.</p> |
|---------------------------|---|

VI. Shareholding pattern and distribution on Shareholding of the Company: –

(a) Shareholding pattern as on 31st March 2020:

| SL. No. | Category | No of shares (Issued Equity) | % |
|---------|--|------------------------------|---------------|
| 01) | Promoters & Associates | 20096918 | 65.00 |
| 02) | Indian Financial Institutions, Banks, Mutual Funds | 5300 | 0.02 |
| 03) | Foreign Institutional Investors / NRIs | 223166 | 0.72 |
| 04) | Others | 10594616 | 34.26 |
| | Total: | 30920000 | 100.00 |

(b) Distribution of Shareholding as on 31.03.2020:

| No. of shares held | No. of shareholders | % of shareholder | No. of shares (Issued Equity) | % of shareholding |
|--------------------|---------------------|------------------|-------------------------------|-------------------|
| Upto 100 | 8132 | 54.75 | 701614 | 2.27 |
| 101–500 | 4435 | 29.86 | 1267774 | 4.10 |
| 501–1000 | 1079 | 7.27 | 927802 | 3.00 |
| 1001–10000 | 1110 | 7.47 | 3338553 | 10.80 |
| 10001–100000 | 85 | 0.57 | 1958686 | 6.34 |
| Above 100000 | 11 | 0.08 | 22725571 | 73.49 |
| Total: | 14852 | 100 | 30920000 | 100 |

Share Transfer to Investor Education and Protection Fund Account (IEPF) where the dividend is unpaid or unclaimed for seven or more consecutive years.

In terms of Section 124(6) of the Act read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time) (IEPF Rules) shares on which dividend has not been paid or claimed by a shareholder for a period of seven consecutive years or more shall be credited to the Investor Education and Protection Fund (IEPF) within a period of thirty days of such shares becoming due to be so transferred. Upon transfer of such shares, all benefits (like bonus, dividend etc.), if any, accruing on such shares shall also be credited to such IEPF and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. Shares which are transferred to IEPF can be claimed back by the shareholders from Investors Education and Protection Fund Authority (IEPFA) by following the procedure prescribed under the aforesaid rules.

The company last declared dividend in 2006-07, thereafter no dividend was declared. The Company had sent letters to all the concerned Members and also published notice in newspaper three months before the due date asking them to claim their dividend amount to avoid transfer of the said unclaimed dividend and respective shares to IEPF.

Accordingly, 414782 equity shares of the face value of ₹ 10 each for 2674 folios in respect of which dividend was not encased for seven consecutive years were transmitted to Investor Education and Protection Fund (IEPF) Authority on 9th December 2019. The above-mentioned shares were transmitted pursuant to requirement under section 124 of the Companies Act, 2013 read with Rule 6 of Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time

VII. Dematerialization of shares and Liquidity:

96.86 % of equity shares of the company have been dematerialized (NSDL 86.18% and CDSL 10.68%) as on 31st March,2020. The company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited whereby shareholders have an option to dematerialize their shares with either of the depositories

Liquidity of shares:

The shares of the Company are actively traded in BSE Limited (BSE) and on The National Stock Exchange of India Limited (NSE).

| | | | |
|-----------------------|---|--|--|
| VIII. Plant Locations | : | (1) Patodia Nagar, 5/345, Para road, Kanjikode East P.O, Palakkad, Kerala – 678 621. | (2) S.F No.190 and 191, Tirupur Road, Ponneri, Udumalpet, Tamil Nadu |
|-----------------------|---|--|--|

IX. Address for correspondence: -

| | | |
|------|---|---|
| i) | Investor Correspondence: - | |
| | For transmission / transposition / dematerialization of shares, payment of dividend on shares and any other query relating to the shares of the Company | a) For shares held in Physical Form: - M/s Integrated Registry Management Service Private Ltd, 2 nd Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar, Chennai 600 017 Tel: 044 28140801-803 E-Mail : corpserv@integratedindia.in |
| | | b) For share held on Demat form: - To the Depository Participants. |
| (ii) | Any query on Annual Report | Secretarial Department PATSPIN INDIA LIMITED 5 th Floor, Palal Towers, M G Road, Ravipuram, Ernakulam, Kochi – 682 016 E-Mail: cs@patspin.com |

X. Compliance Certificate from the Practicing Company Secretary

The Practicing Company Secretary have certified that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (LODR) Regulations, 2015 and the same is annexed to this Report..

DECLARATIONS

Compliance with the Code of Business Conduct and Ethics

As provided under Regulation 26(3) of SEBI (LODR) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with Patspin India Limited Code of Business Conducts and Ethics for the year ended 31st March 2020

For **Patspin India Limited**

Umang Patodia
Managing Director
(DIN00003588)

Place: Kochi
Date:21/09/2020

CEO/ CFO CERTIFICATION

We the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of PATSPIN INDIA LIMITED (the Company) to the best of our knowledge and belief certify that;

- a. We have reviewed financial statements and the cash flow statement for the year ended 31st March 2020 and that to the best of our knowledge and belief, we state that:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might's be misleading;
 - ii. these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. We further state that to the best of our knowledge and belief, no transactions entered in to by the Company during the year, which are fraudulent, illegal, or violation of the Company's Code of Conduct.
- c. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting of the company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit committee
 - i. significant changes, if any, in internal control over financial reporting during the year;
 - ii. significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control systems over financial reporting.

For **Patspin India Limited**

UmangPatodia
Managing Director
(DIN00003588)

Ravindran T
Chief Financial Officer

Place: Kochi

Date: 21/09/2020

CERTIFICATE

Based on my verification of books, papers, forms and returns filed and other records maintained by Patspin India Limited ("The Company"), and also the information provided by its officers, agents and authorized representatives during the conduct of secretarial audit of the Company, I hereby certify that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities Exchange Board of India, Ministry of Corporate Affairs or any such authority as on 31st March, 2020.

Place: Coimbatore

Date: 21/09/2020

UDIN: F002851B000741481

MRL Narasimha
Practicing Company Secretary
MNo 2851 CP No:799

Certificate on Corporate Governance for the year ended 31.3.2020

To,
The Members of Patspin India Limited.
I have examined the compliance conditions of corporate governance by M/s. Patspin India Limited ("the Company") for the financial year ended 31st March 2020 as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to a review of the procedures and implementations thereof adopted by the company for ensuring compliance with the conditions of corporate governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the company.

In my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the directors and management, I certify that the company has complied with the conditions of corporate governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, I have observed from the minutes of previous annual general meeting dated 20/09/2019, that the chairman of the Audit Committee did not attend the said meeting due to his other pre-occupation and granted leave of absence.

I further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Coimbatore
Date: 21/09/2020
UDIN:F002851B000741589

MRL Narasimha
Practicing Company Secretary
MNo 2851 CP No:799

PATSPIN INDIA LIMITED

MANAGEMENT DISCUSSION & ANALYSIS

Global Textile Industry

It was earlier estimated that the global textile and clothing trade would touch USD 1205 billion by 2025 from USD 801 billion in 2018. However, the Covid pandemic which started sometime in the beginning of 2020, has upset all the economies of the world, with many of them expected to report negative growth in near term, like USA at -5.9% and Europe at -9.1%. As per recent estimates, India as well is expected to show negative growth during coming year. Under the circumstances, global trade in textile and clothing during 2019-20 is estimated at **USD 797** billion, requiring reassessment of its future growth prospects.

During the five year period from 2014-15 to 2018-19, India's exports of textile and Apparel stagnated at around USD 37 Billion, and during the year 2019-20, exports declined to **USD 34.2** billion, due to adverse impact of pandemic beginning January 2020. Over the years, China has substantially gained market share in global trade, which stands at around 35%. Even countries like Bangladesh and Vietnam which had less than 1% share have increased the same to around 5%, and are now at the same level as India.

The worldwide production of cotton during 2019-20 is estimated at 25.9 million kgs and consumption at 24.9 million kgs. India was the highest producer of cotton with 6.2 million kgs, while China and USA at second and third position, having produced 5.8 and 4.3 million kgs. On consumption side, China consumed 8.1 million kgs, almost one third of world consumption, while India 5 million kgs. India has around 40% of the total cotton area in the world under cultivation, and is also the largest producer of cotton having around 25% share with around 6 million tons of cotton being produced. However, in spite of world's largest area under cotton cultivation, the yield per hectare is only at 495 kilograms, which is one of the lowest in the world. India must make efforts to increase the yield per hectare to at least world average of 750 kilograms per hectare, when China is able to achieve a yield of 1720 kgs.

INDIAN TEXTILE INDUSTRY

Earlier study undertaken had indicated that the overall market for Indian Textiles and Clothing Industry will touch USD 225 billion by 2024, with CAGR of 14.2%. However with the setback received due to Covid pandemic from the very beginning of year 2020, the data needs to be looked in to with more caution. With regard to export sector, the industry showed negative growth by 8.5% as compared to previous year, registering lower exports of USD 33.7 billion during 2019-20. The de-growth in Cotton Yarn segment was amongst the highest, at 29%, where exports fell from USD 3.89 billion to USD 2.76 billion. Fabrics/made-ups and Garments maintained their exports in the year at around USD 5.9 billion and 8.6 billion respectively, in comparison with previous year. Some of the reasons for decline in country's export performance were, higher cotton prices in India compared to international market and increasing competition from Vietnam and Pakistan.

The data relating to Spinning capacity, Cotton yarn production and cotton yarn exports for last Six years is given below :-

Year Spindles (Millions)// Production (Million Kg)// Exports (Million Kg)// Exports

(USD Million)

| Year | Spindles (Millions) | Production (Million Kg) | Exports (Million Kg) | Exports (USD Million) |
|---------|---------------------|-------------------------|----------------------|-----------------------|
| 2014-15 | 49.44 | 4055 | 1243 | 3902 |
| 2015-16 | 50.14 | 4138 | 1292 | 3559 |
| 2016-17 | 51.18 | 4055 | 1140 | 3285 |
| 2017-18 | 52.42 | 4064 | 1080 | 3367 |
| 2018-19 | 52.47 | 4208 | 1230 | 3805 |
| 2019-20 | NA | 3332* | 936 | 2699 |

• Apr-Jan

For increasing employment in textile sector as well as productivity and quality, the Ministry of Textiles introduced Textile Upgradation Fund Scheme (TUFS) in April 1999. The said Scheme underwent many changes on different occasions with introduction of Modified TUFS, Restructured TUFS, Revised Restructured TUFS and finally Amended TUFS, covering different segments. The total investment attracted in the entire industry amounted to ₹324.5 thousand crores and subsidy reimbursement towards interest and capital subsidy amounted to ₹26.5 thousand crores, with employment generated to the tune of 47.65 lakhs as reported last. The spinning and composite segments of the textile sector are major beneficiaries under the Scheme. The package announced by the Government during 2016-17 in favour of garmenting and made-up sector was increased to ₹7148 thousand crores from ₹6000 thousand crores, was available up to March, 2019

ADVANCING BEYOND COVID-19

The COVID-19 pandemic has rapidly developed in to a global crisis, and has adversely affected the Indian textiles and clothing sector as also many other sectors of the Indian Economy. The contagion has transformed into an unprecedented challenge with very severe socio-economic and health consequences not only for India but for countries around the world. The crisis has also strained global relations, disrupted supply chains and has created a trust deficit. All estimates indicate

MANAGEMENT DISCUSSION & ANALYSIS (Contd...)

that the scale of the economic damage caused by the COVID-19 pandemic will be far greater than that caused by the 2008 global financial crisis.

In the aftermath, there is bound to be a paradigm shift in the patterns of socio-economic structures, global cooperation and supply chain management. This crisis also presents an opportunity, even though the impact and imperatives of emerging out of this pandemic are expected to shape a new World order. The current pandemic is global but the solutions to the challenge need to be local. The important levers of change are likely to be ownership of value chain, technology push, operating flexibility, supply chain resilience and adaptable cost models. India, which has a labour intensive textile sector, the road to recovery would be through measures like policy support for innovative strategies, leveraging new international partnerships and providing stimulus for adoption of new technology.

Recent reports of India's remarkable achievement in production of PPE SUITS, where our country achieved self-sufficiency in 90 days is a testimony to the entrepreneurial skills and spirit and the ability to rise to the occasion and live up to the demands of time. Already reports are available about growing demand for cotton yarn, dyed fabrics and home textiles and data for the month of July 2020, which also shows that the exports of cotton textiles grew by around 16.4%, (inclusive of Raw Cotton). As the world recovers from the impact of the worst health crisis after the Spanish Flu which took place a hundred years ago, we need to push the past behind us and look ahead with renewed resilience and resurgence.

RAW COTTON SCENARIO IN INDIA

The 2019-20 Cotton season commenced with opening stock of 32 Lakh bales. Cotton Crop during the season is estimated at 354 Lakh bales, as against 312 lakh bales during previous season. Total cotton consumption of the country is estimated at 250 lakh bales, far lower than 311 lakh bales during previous season. Cotton imports and exports are estimated at 16 lakh bales and 50 lakh bales respectively. With this, season ending stocks are estimated to be very high, at 103 lakh bales. Such unexpected stock results are due to adverse impact on Cotton consumption of the mills due to Covid pandemic, which was further aggravated by shortage of labour during this challenging period.

In the above described scenario, the cotton prices did come down by around 10% or so during the year. However, due to substantial reduction in Cotton Yarn prices, as reflected in steep fall of around 29% in yarn exports, realisations fell sharply, leading to had much higher impact. This negated the advantage of falling cotton prices, and as such, the performance of spinning industry was adversely affected during the year.

BUSINESS OVERVIEW, INDUSTRY DEVELOPMENTS, OPPORTUNITIES AND THREATS

The Company is engaged in business of manufacture and export of high-quality combed cotton yarns. The yarn is manufactured from the world's best sources of long and extra-long staple cotton like American Supima, Egyptian Giza, contamination free Australian and American cottons and superior Indian cotton like Shankar-6 and DCH-32. The company manufactures yarns of various counts ranging from NE 20's to NE 100s. Permutations and combinations in spinning and finishing process results in yarns of varied qualities for specific end users. The company was amongst the first in India to manufacture compact yarn using the breakthrough technology of compact spinning, and also uses state-of-art machineries across its plants. The Company has 2 plants at Palakkad in Kerala and Ponneri in Tamil Nadu having a capacity of 1,14,000 spindles, consisting of 70,752 Compact Spinning and 43,248 Ring Spinning, and also capacity for value added products i.e. Twisting, Gassing and Soft winding.

The promoters have 5 decades of experience in spinning industry with its first unit in Kerala in 1966. The company derives its strength from rich experience of promoters in marketing of cotton yarns in international market for over 4 decades. The company has built up an excellent customer base over the years by supplying consistent quality and timely deliveries of yarns. With flexibility to produce varied counts of cotton yarns, carded, combed, single and twisted, multi fold and gassed, the company is able to retain its customers

For Spinning industry, raw material is cotton, which is a seasonal product, the cultivation of which is mainly rain-fed and as such dependent on vagaries of monsoon. Adequate availability of raw cotton at right price is crucial for the company. However, as import of cotton is freely allowed, and since the company is exporting a part of its production, the risk of cotton availability as well as exchange rate fluctuation is partly mitigated.

The Government had announced Amended Textile Up-gradation Fund Scheme (ATUFS) for giving required thrust to post spinning segment. However, spinning segment has been kept out of TUF Schemes which is a matter of concern for units which were set up in early 2000. The capacity of units which need upgradation, modernization and or replacement is estimated at 15-20 Million spindles, requiring immediate financial assistance. Also, TUF S has pending undisbursed subsidies which need to be cleared as early as possible, where backlog is estimated at around ₹ 9,000 crores under various TUF Schemes. In order to enhance cotton yarn exports from India, the govt should attempt to sign Free Trade Agreements (FTAs) or Preferential Trade Agreements (PTAs) with large global markets to provide a level playing field to the industry. Further, the Govt should consider extending RoSCTL benefit to the spinning industry as well.

MANAGEMENT DISCUSSION & ANALYSIS (Contd...)

RISK AND CONCERNS

- a. Raw Cotton, an agricultural product, is the key raw material used for the manufacture of cotton yarn. Almost 65 percent of area under cotton cultivation is rain-fed and hence is dependent on vagaries of monsoon, which this year has shown uncertain signs so far. Adequate availability of raw cotton at right prices is crucial for the Company. Any disruption in the supply and/or violent changes in the cost structure would affect the profitability of the Company.
- b. Your Company follows an efficient inventory management system and a well-crafted strategy of procuring raw materials through a mix of spot and long-term contracts. The company's conscious efforts on maintaining a judicious mix of markets for its sales and thrust on specialty products like Better Cotton Initiative (BCI), Supima yarns and Giza yarns have also proved to be beneficial.
- c. Volatility in foreign currency exchange rates vis-a-vis Indian Rupee is another area of concern since a sizable production of cotton yarn is exported by your company. The Company has in place various Management Information Systems, which enable the management to take decisions on exposures relating to exports and imports. The Company continues to strengthen these systems to minimize the risk involved due to adverse movement of exchange rates.
- d. Your Company has a system of assessing the risks on an ongoing basis. This includes an effective internal control and management reporting system. Further, the framework also captures the existing practices to manage commodity price risk, interest risk, and foreign exchange risk etc. An important aspect of this framework is to promote a balanced approach that considers risk and return.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that all transactions are authorized, recorded and reported correctly. The internal control is supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Please refer to Directors' Report on performance review.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

The Company recognizes the importance and contribution of its human resources for its growth and development and is committed to the development of its people. The Company has been adopting methods and practices for Human Resources Development. With utmost respect to human values, the Company continues to develop its human resources, through a variety of services by providing appropriate training, motivation techniques and employee welfare activities.

Industrial relations were cordial and satisfactory.

As on 31st March, 2020, the Company has about **1488** employees in its various offices and factory.

CAUTIONARY STATEMENT

Statements made in this report describing the Company's projections, estimates, expectations or predictions may be 'forward looking predictions' within the meaning of applicable securities laws and regulations. Actual result may differ from such estimates, projections, etc. whether expressed or implied. Factors which would make a significant difference to the Company's operations include availability of quality raw cotton, market prices in the domestic and overseas markets, changes in Government regulations and tax laws, economic conditions affecting demand / supplies and other environmental factors over which the Company does not have any control.

INDEPENDENT AUDITOR'S REPORT

To the Members of Patspin India Ltd.

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying financial statements of **Patspin India Limited** (the "**Company**"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information. (Hereinafter referred to as "**Standalone financial statements**").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements for the year ended 31st March, 2020 give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31st March, 2020, and loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to Going Concern

4. The financial statement indicates that the company has eroded its net worth. This condition indicates that the company may find it difficult to continue as a going concern. Pursuant to that, the company has approached the consortium of bankers with a resolution plan for restructuring of its debts and we have been informed by management that it has been accepted by the consortium and now in the process of sanction.
Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there is no matter to be communicated as a key audit matter in our report.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

6. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. The above information is not available to us as on the date of our report.

Management's Responsibility for the Standalone Financial Statements:

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Standalone) specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring

INDEPENDENT AUDITOR'S REPORT (Contd...)

the accuracy and completeness of accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements:

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - (i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - (ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - (iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - (v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. On account of the COVID 19 related lockdown restrictions, Management was not able to perform the year end physical verification of inventories in aggregating to ₹2590.15 lakhs at certain locations. Consequently, We have performed alternative audit procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence – Specific consideration to selective items" which includes physical verification done by the management during the

INDEPENDENT AUDITOR'S REPORT (Contd...)

year and their supporting documents relating to purchases, construction and sales and have obtained sufficient audit evidence to issue our unmodified opinion on these standalone financial statements.

Report on Other Legal and Regulatory Requirements:

16. As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss (Including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- e) On the basis of written representations received from the directors as on 31st March 2020 taken on record by the board of directors, none of the directors are disqualified as on 31st March, 2020 from being appointed as directors in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financials controls with reference to financial statements.
- g) In our opinion, according to the information and explanations given to us and based on our examination of the records of the company, the Company has paid/provided for managerial remuneration for the year ended on March 31, 2020 has paid/provided by the Company to its directors in accordance with the provisions of the section 197 of the Act read with Schedule V to the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

17. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act, 2013, we give in "**Annexure - B**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable..

For L. U. Krishnan & Co.

Chartered Accountants
Firm's Registration No: 001527S

P. K. Manoj

Partner

Membership No.207550
UDIN: 20207550AAAABQ2901

Place: Chennai

Date: 31/07/2020

INDEPENDENT AUDITOR'S REPORT (Contd...)

Annexure - A to the Independent Auditors' Report

(Referred to in paragraph 16 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **Patspin India Limited** ("the Company") as at 31st March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended and as at on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements.

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that,

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements.

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

INDEPENDENT AUDITOR'S REPORT (Contd...)

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance

Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For L. U. Krishnan & Co.

Chartered Accountants

Firm's Registration No: 001527S

P. K. Manoj

Partner

Membership No.207550

UDIN: 20207550AAAABQ2901

Place: Chennai

Date: 31/07/2020

INDEPENDENT AUDITOR'S REPORT (Contd...)

Annexure - B to the Independent Auditors' Report

(Referred to in paragraph 17 under 'Report on Other Legal and Regulatory Requirements' section of our report)

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Standalone financial statements for the year ended 31 March, 2020 we report that:

- (i) Property Plant and Equipment
- (a) The company has maintained proper records showing full particulars including quantitative details and situation of property Plant and Equipment.
- (b) The Property, Plant & Equipment have been physically verified by the Management at reasonable intervals in accordance with regular programme of verification. According to the information and explanations given to us, no material discrepancies were found on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) During the year, Inventories has been physically verified by the Management and there were no discrepancies found during such verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to any company, firm, Limited Liability Partnership or other parties listed in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, clauses from (iii) (a) to (iii) (c) of paragraph 3 of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with provisions of section 185 and 186 of the Act, with respect to loans, investments, guarantees and security.
- (v) According to the information and explanations given to us, the Company has not accepted deposits and does not have any unclaimed deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of the clause 3 (v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the company pursuant to rules prescribed by the Government of India for maintenance of cost records under sub-section (1) of section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made any detailed examination of the records.
- (vii) According to the information and explanations given to us and according to the records as produced and examined by us, in our opinion, the Company is regular in depositing with appropriate authorities the undisputed statutory dues including income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess and other material statutory dues applicable to it and there are no arrears of outstanding statutory dues as at 31st March, 2020 for a period of more than six months from date they become payable.
- a) According to the information and explanations given to us, there were no dues in respect of income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess and other material statutory dues which have not been deposited on account of dispute except for the below:

| Name of the Statute | Nature of Dues | Amount (₹ in Lakhs) | Period for which the amount Relates | Forum where Dispute is pending |
|--------------------------|---|---------------------|-------------------------------------|--------------------------------------|
| Central Excise Act, 1944 | Excise Duty | 72.99 | August, 2014 to May, 2016 | AC Central Excise, Pollachi. |
| CST Act, 1956 | Differential VAT on Interstate billings with local delivery at job work premises of customer as per the instruction of the customer | 146.45 | April, 2009 to March, 2012 | DC (Appeals), Pollachi. |
| TANGEDCO | Electricity tax on Maximum demand charges | 52.09 | January, 2016 to March, 2020 | TANGEDCO. |
| TANGEDCO | Deemed demand benefit available for use of self-generated Power. | 249.91 | April, 2015 to March, 2020 | TANGEDCO. |
| KVAT Act, 2005 | Liability for payment of tax on variation in purchase figures between KVATIS - Check post data and books | 4.95 | April, 2011 to March, 2012 | DC Appeal, State Tax Dept, Palakkad. |

- (viii) According to the information and explanations given by the management, we are of the opinion that the Company has pending repayment of ₹355.20 Lakhs for 3rd quarter ended 31st December, 2019 as on financial year ended 31st March, 2020 to Banks and Financial institution in respect of TUF Loans.

INDEPENDENT AUDITOR'S REPORT (Contd...)

- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of the section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For L. U. Krishnan & Co.

Chartered Accountants
Firm's Registration No: 001527S

P. K. Manoj

Partner

Membership No.207550
UDIN: 20207550AAAABQ2901

Place: Chennai

Date: 31/07/2020

PATSPIN INDIA LIMITED

BALANCE SHEET

| Particulars | Note No. | As at 31.03.2020 (₹ in lacs) | As at 31.03.2019 (₹ in lacs) |
|---|-------------|------------------------------------|------------------------------------|
| I. ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Property, Plant and Equipment | 3 | 19,040.16 | 20,014.74 |
| (b) Intangible Assets | 4 | 0.76 | 0.76 |
| (c) Capital Work in Progress | 5 | 4.90 | 8.16 |
| (d) Financial Assets | | | |
| (i) Investments | 6 | 17.76 | 17.76 |
| (ii) Others | 7 | 51.74 | 51.15 |
| (e) Deferred Tax Assets (net) | 8 | 1,275.31 | 74.19 |
| (f) Other Non-Current tax assets | 9 | 50.43 | 181.49 |
| Sub-Total | | <u>20,441.06</u> | <u>20,348.25</u> |
| 2 Current assets | | | |
| (a) Inventories | 10 | 2,590.15 | 6,593.93 |
| (b) Financial Assets | | | |
| (i) Trade Receivables | 11 | 2,452.35 | 5,791.20 |
| (ii) Cash and Cash equivalents | 12 | 100.66 | 258.94 |
| (iii) Bank balances other than (ii) above | 13 | 552.47 | 805.40 |
| (iv) Other financial assets | 14 | 18.03 | 19.74 |
| (c) Other Current Assets | 15 | 887.80 | 984.61 |
| Sub-Total | | <u>6,601.46</u> | <u>14,453.82</u> |
| TOTAL | | <u>27,042.52</u> | <u>34,802.07</u> |
| II. EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 16 | 3,092.00 | 3,092.00 |
| (b) Other Equity | 17 | 265.28 | 2,733.50 |
| Sub-Total | | <u>3,357.28</u> | <u>5,825.50</u> |
| Liabilities | | | |
| 1 Non current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 18 | 5,761.99 | 6,886.28 |
| (b) Other non current liabilities | 19 | 317.63 | 245.41 |
| Sub-Total | | <u>6,079.62</u> | <u>7,131.69</u> |
| 2 Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 20 | 9,071.27 | 11,196.50 |
| (ii) Trade payables | 20 | 7,920.85 | 10,188.51 |
| (iii) Other financial liabilities | 20 | 395.19 | 205.30 |
| (b) Other current liabilities | 21 | 118.58 | 162.50 |
| (c) Provisions | 22 | 99.73 | 92.07 |
| Sub-Total | | <u>17,605.62</u> | <u>21,844.88</u> |
| TOTAL | | <u>27,042.52</u> | <u>34,802.07</u> |
| Significant accounting policies | 1 & 2 | | |
| The accompanying Notes 1 to 41 are an integral part of the financial statements | | | |

As per our report of even date attached

For and on behalf of the Board

For **L.U. KRISHNAN & Co.**
Chartered Accountants
(ICAI FRN 001527S)

B. K. PATODIA
Chairman
DIN No. 00003516

UMANG PATODIA
Managing Director
DIN No. 00003588

P. K. MANOJ
Partner
(M. No. 207550)

T. RAVINDRAN
General Manager (Finance)
& Chief Finance Officer

Place : Chennai
Date : 31.07.2020

Place : Mumbai
Date : 31.07.2020

Place : Kochi
Date : 31.07.2020

PATSPIN INDIA LIMITED

STATEMENT OF PROFIT AND LOSS

| | Note No. | Year ended 31.03.2020 (₹ in lacs) | Year ended 31.03.2019 (₹ in lacs) |
|--|-------------|--|---|
| REVENUE: | | | |
| Revenue From Operations | 23 | 39,304.83 | 54,851.10 |
| Other income | 24 | 235.92 | 252.24 |
| Total Revenue | | 39,540.75 | 55,103.34 |
| EXPENSES: | | | |
| Cost of materials consumed | 25 | 23,577.78 | 33,780.84 |
| Purchases of Stock-in-Trade | | 3,407.64 | 6,299.01 |
| Changes in inventories of finished goods, work in progress and waste | 26 | 2,352.30 | (354.96) |
| Employee benefits expense | 27 | 3,439.18 | 3,577.09 |
| Finance costs | 28 | 2,732.99 | 2,923.45 |
| Depreciation and amortization expense | | 1,035.35 | 1,032.80 |
| Other expenses | 29 | 6,612.60 | 8,134.49 |
| Total Expenses | | 43,157.84 | 55,392.72 |
| Profit/(Loss) before exceptional items and tax | | (3,617.09) | (289.38) |
| Exceptional items | 30 | - | (15.80) |
| Profit/(Loss) before tax | | (3,617.09) | (305.18) |
| Tax expense: | | | |
| Tax relating to earlier Years | | (115.40) | - |
| Deferred tax charge / (Credit) | | (1,099.92) | (69.16) |
| Profit (Loss) for the year (A) | | (2,401.77) | (236.02) |
| Other Comprehensive income (Net of Tax) | | | |
| Items that will not be reclassified to Statement of Profit or loss | | | |
| (a) Re-measurement of defined benefit Obligation | | (17.04) | (2.01) |
| (b) MTM of forward contract | | (85.37) | 35.16 |
| (c) Impact on Sale of Land | | - | (182.10) |
| Total Other Comprehensive income for the Year (B) | | (102.41) | (148.95) |
| Total comprehensive income/(loss) for the year (A)+(B) | | (2,504.18) | (384.97) |
| EARNINGS PER EQUITY SHARES (Face value of ₹ 10 each) | 31 | | |
| Basic and Diluted (in ₹) | | (7.88) | (0.87) |
| Significant accounting policies | 1&2 | | |

The accompanying Notes 1 to 41 are an integral part of the financial statements

As per our report of even date attached

For and on behalf of the Board

For **L.U. KRISHNAN & Co.**

Chartered Accountants
(ICAI FRN 001527S)

B. K. PATODIA

Chairman
DIN No. 00003516

UMANG PATODIA

Managing Director
DIN No. 00003588

P. K. MANOJ

Partner
(M. No. 207550)

T. RAVINDRAN

General Manager (Finance)
& Chief Finance Officer

Place : Chennai
Date : 31.07.2020

Place : Mumbai
Date : 31.07.2020

Place : Kochi
Date : 31.07.2020

PATSPIN INDIA LIMITED

CASH FLOW STATEMENT

| | 2019-20 (₹ In Lacs) | 2018-19 (₹ In Lacs) |
|---|------------------------|------------------------|
| A. Cash Flow from Operating Activities: | | |
| Net Profit / (loss) before Tax exceptional items | (3,617.08) | (289.38) |
| Adjustments for: | | |
| Depreciation and Amortization expense | 1,035.35 | 1,032.80 |
| (Profit)/Loss on disposal of tangible assets (net) | (2.90) | (13.80) |
| Unrealised Foreign Currency (Gain)/Loss | 108.99 | (27.49) |
| (Gain)/Loss on other comprehensive income (net) | 102.40 | 148.95 |
| Finance Costs | 2,125.45 | 2,350.06 |
| Interest Income | (202.07) | (226.48) |
| Operating profit before working capital changes | <u>(449.86)</u> | <u>2,974.66</u> |
| Changes in Working Capital: | | |
| Increase / (Decrease) in short term borrowings | (1,666.60) | (1,163.76) |
| Increase / (Decrease) in trade payables | (2,410.59) | 2,110.36 |
| Increase / (Decrease) in other financial liabilities | 189.89 | (7.28) |
| Increase / (Decrease) in other current liabilities | (43.93) | (70.13) |
| Increase / (Decrease) in provisions | 7.65 | (9.97) |
| (Increase) / Decrease in inventories | 4,003.78 | 1,119.61 |
| (Increase) / Decrease in trade receivables | 3,338.26 | (1,437.99) |
| (Increase) / Decrease in margin money and deposit accounts | 252.93 | (125.51) |
| (Increase) / Decrease in other financial assets | 1.71 | 0.51 |
| (Increase) / Decrease in other current assets | 96.81 | (54.19) |
| Cash generated from operations | <u>3,320.05</u> | <u>3,336.31</u> |
| (Taxes paid)/Refunds -Net | 246.46 | 434.42 |
| Net cash generated from operations before exceptional items | <u>3,566.51</u> | <u>3,770.73</u> |
| Exceptional items | - | (15.80) |
| Tax relating to earlier Years | (115.40) | - |
| Net cash generated from operating activities (A) | <u>3,451.11</u> | <u>3,754.93</u> |
| B Cash flow from Investing Activities: | | |
| Purchase of property, plant and equipment/intangible assets | (62.52) | (292.72) |
| Sale of property, plant and equipment/intangible assets | 7.10 | 270.71 |
| Interest received | 202.07 | 226.48 |
| Sale/ (Purchase) of non-current investments | - | 53.62 |
| (Increase) /Decrease in other financial Assets | (0.59) | (0.15) |
| Increase /(Decrease) in other non current liabilities | 72.22 | 22.12 |
| Net cash generated / (used) from/in investing activities (B) | <u>218.28</u> | <u>280.06</u> |
| C Cash flow from financing activities: | | |
| Repayment of Long Term borrowings | (2,107.81) | (2,128.19) |
| Proceeds/Repayment from/of Finance Lease Obligations (Net) | (0.65) | (1.81) |
| Receipt/ (Repayment)of Corporate Deposits | 350.00 | (10.00) |
| Loan from Directors/relatives- Interest Free | - | 600.00 |
| Interest paid | (2,069.21) | (2,333.69) |
| Net cash generated / (used) from/in financing activities (C) | <u>(3,827.67)</u> | <u>(3,873.69)</u> |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | <u>(158.28)</u> | <u>161.30</u> |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 258.94 | 97.64 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 100.66 | 258.94 |

Note:

The above cash flow statement has been prepared by using the indirect method as per the Indian Accounting Standard (Ind AS 7)- Statement of Cash Flows.

The accompanying Notes 1 to 41 are an integral part of the financial statements

As per our report of even date attached

For and on behalf of the Board

For **L.U. KRISHNAN & Co.**
Chartered Accountants
(ICAI FRN 001527S)

B. K. PATODIA
Chairman
DIN No. 00003516

UMANG PATODIA
Managing Director
DIN No. 00003588

P. K. MANOJ
Partner
(M. No. 207550)

T. RAVINDRAN
General Manager (Finance)
& Chief Finance Officer

Place : Chennai
Date : 31.07.2020

Place : Mumbai
Date : 31.07.2020

Place : Kochi
Date : 31.07.2020

PATSPIN INDIA LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

₹ in Lacs

| Particulars | Equity Share Capital | Other Equity | | | | | | Total | Total equity attributable to equity share holders of the Company | |
|---|----------------------|-----------------|----------------------------|-------------------|---------------------|--|------------------------------------|----------------|--|-----------------------------------|
| | | Capital Reserve | Securities premium reserve | Retained Earnings | Revaluation Surplus | Debt instrument through other comprehensive income | Re-measurement of Employee Benefit | | | Impact on MTM of Forward Contract |
| Balance as at 31.03.2018 | 3,092.00 | 1,000.00 | 468.28 | (3,497.49) | 5,126.19 | 39.99 | (46.53) | (16.34) | 3,074.10 | 6,166.10 |
| Other Comprehensive income for the year | | | | (182.10) | | 44.37 | (2.01) | 35.16 | (104.58) | (104.58) |
| Profit/(loss) for the Period ended 31.03.2019 | | | | (236.02) | | | | | (236.02) | (236.02) |
| Reduction due to sale of Land | | | | 206.50 | (206.50) | | | | - | - |
| Balance at the 31.03.2019 | 3092.00 | 1,000.00 | 468.28 | (3,527.01) | 4,737.59 | 84.36 | (48.54) | 18.82 | 2733.50 | 5,825.50 |
| Other Comprehensive income for the year | | | | - | - | 54.78 | (17.04) | (104.19) | (66.45) | (66.45) |
| Profit/(loss) for the Period ended 31.3.2020 | | | | (2,401.77) | - | - | | - | (2,401.77) | (2,401.77) |
| Reduction due to sale of Land | | | | - | - | | | | - | - |
| Balance at the 31.03.2020 | 3092.00 | 1,000.00 | 468.28 | (5,928.78) | 4,737.59 | 139.14 | (65.58) | (85.37) | 265.28 | 3,357.28 |

Significant accounting policies - Note No 1 & 2

The accompanying Notes 1 to 41 are integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board

P. K. MANOJ
Partner
(M. No. 207550)
Place : Chennai
Date : 31.07.2020

B. K. PATODIA
Chairman
DIN No. 00003516

UMANG PATODIA
Managing Director
DIN No. 00003588

T. RAVINDRAN
General Manager (Finance)
& Chief Finance Officer
Place : Kochi
Date : 31.07.2020

T. RAVINDRAN
General Manager (Finance)
& Chief Finance Officer
Place : Kochi
Date : 31.07.2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Significant Accounting Policies and notes forming part of the Financial statements as at and for the year ended 31st March 2020

1 Corporate Information:

Patspin India Limited ('the company') is a Public Limited company incorporated and domiciled in India, and has its registered office at 3rd Floor, Palal Towers, Ravipuram, MG Road, Kochi -682016 Kerala State, India. The company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The company is engaged primarily in the business of manufacture and sale of Fine and super fine combed cotton yarn.

2 Significant Accounting Policies

2.1 Basis of preparation of financial statements:

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act 2013 read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 and the companies (Indian Accounting Standards) Amendment Rules, 2016, and other relevant provisions of the Act.

2.2 Rounding of amount

These standalone financial statements are presented in Indian Rupees, which is also the company's functional currency. All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, of the Companies Act 2013, unless otherwise stated.

2.3 Historical Cost convention

The financial statements have been prepared under the historical cost convention, on the basis of a going concern and on accrual basis except for the following items –

- a. Certain Financial Assets and Liabilities (including derivative instruments) – are measured at Fair value
- b. Defined benefit employee plan - Plan assets measured at fair value

2.4 Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses of the reporting period. The recognition, measurement, classification or disclosure of an item or information in the financial statements is made relying on these estimates.

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of the future events) that the Company believes to be reasonable under the existing circumstances. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively.

2.5 Classification of Assets and Liabilities

All assets and liabilities have been classified as current or noncurrent as per the company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisations in cash and cash equivalents, the company has ascertained its operating cycle as 12 (twelve) months for the purpose of current and non-current classification of assets and liabilities.

2.6 Property, Plant and Equipment:

All items of property, plant and equipment are stated at cost net of accumulated depreciation and impairment, if any. The cost comprises its purchase price and any cost directly attributable to bringing the Property, Plant and Equipment to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in the statement of profit or loss. Property, plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Losses arising from the retirement of and gains or losses arising from disposal of Property, plant and equipment are recognised in the statement of profit and Loss.

The cost of property, plant and equipment which are not ready for their intended use before such date, are disclosed as capital work-in-progress.

The Company assesses at each Balance Sheet date whether there is any indication that any property, plant and equipment may be impaired, if any such indication exists, the carrying value of such property, plant and equipment is reduced to recoverable amount and the impairment loss is charged to statement of profit and Loss. If at the Balance

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed, and the asset is restated to that extent.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1st April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment except Free hold Land for which the company had adopted revaluation model pursuant to the para 29 & 31 of Ind AS 16 and recognised revalued cost as its deemed cost as at 1st April 2016.

Revaluation of freehold land would be carried at sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the the end of the reporting period.

2.7 Depreciation:

Depreciation has been provided on straight line method based on useful life of Assets as prescribed in Schedule II to the Companies Act, 2013.

Depreciation is provided pro-rata from the date of capitalisation. Depreciation is calculated on the carrying amount, which is the cost of an asset less its residual value.

2.8 Intangible Assets

Intangible assets are carried at cost, net of accumulated amortization and impairment losses, if any. Cost of an intangible asset comprises of purchase price and attributable expenditure on making the asset ready for its intended use.

The company assesses at each Balance sheet date whether there is any indication that any intangible asset may be impaired, if any such indication exists, the carrying value of such intangible asset is reduced to recoverable amount and the impairment loss is charged to statement of profit and Loss. If at the Balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed, and the asset is restated to that extent.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its Intangible Assets recognized as at 1st April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of Intangible Assets.

2.9 Amortization:

Intangible assets are amortized based on their estimated useful lives.

2.10 Investments

Investment in Government securities are "Carried at amortised cost"

Investments in unquoted equity shares are recognised at Cost .As these shares were purchased as per the contract and on termination these shares will be bought back at cost.

2.11 Inventories

Inventories are stated at lower of cost and net realisable value. Goods in process is stated at cost. The cost includes cost of purchase, freight taxes and duties and is net of input credit where applicable, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Raw Material is stated at "weighted average" cost method and for finished goods "Specific identification" cost method.

2.12 Financial Assets / Liability Policy:

a. Financial Assets

Classification and Measurement

All the financial assets are initially measured at fair value. Transactions costs that are directly attributable to the acquisition of financial asset (other than financial assets carried at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset.

Subsequent measurement

Subsequent measurement of financial assets depends on the classification i.e financial assets carried at amortised cost or fair value (either through other comprehensive income or through profit and loss). Such classification is determined on the basis of Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company's financial assets primarily consists of cash and cash equivalents, trade receivables, balance with statutory authority, loans and advances and security deposits etc which are classified as financial assets carried at amortised cost.

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

A gain or loss on a financial asset that is subsequently measured at amortised cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is recognized using the effective interest rate method.

Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. For trade receivables, the company provides for lifetime expected credit losses recognized from initial recognition of the receivables.

De-recognition of financial assets

A financial asset is de-recognised only when the Company has transferred the rights to receive cash flows from the financial asset or Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

b. Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction cost.

The Company's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss :

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risks are recognized in OCI. These gains/losses are subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the term of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount is recognized in the statement of profit or loss.

Derivative financial instruments:

Derivative financial instruments such as future contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Statement of Profit and Loss in the period when they arise.

2.13 Fair Value Measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:"

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above."

2.14 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Sale of Goods

Revenue from sale of goods are recognised on transfer of significant risk and rewards of ownership to the buyer which generally coincides with shipment. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rendering of Services :

Service revenues are recognised when services are rendered, and when the outcome of the transaction can be estimated reliably.

Dividend, Interest income, Claims:

Dividend income from investments is recognised when the Company's right to receive dividend is established provided it is probable that the economic benefits associated with the dividend will flow to the Company as also the amount of dividend income can be measured reliably.

Interest income from a financial asset is recognised on a time basis, by reference to the principal outstanding using the effective interest method provided it is probable that the economic benefits associated with the interest will flow to the Company and the amount of interest can be measured reliably.

Insurance and other Claim are accounted for when no significant uncertainties are attached to their eventual receipt.

2.15 Borrowings:

Borrowings are initially recognised at net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in the Statement of Profit and loss over the period of borrowings using the effective interest method.

2.16 Borrowing cost

Borrowing costs attributable to acquisition and construction of qualifying assets are capitalised as a part of the cost of such asset upto the date when such asset is ready for its intended use. All other Borrowing costs are charged to Statement of Profit and Loss in the year in which they are incurred.

2.17 Short-term Employee Benefits

Short Term employee benefits including accrued liability for Leave Encashment (other than termination benefits) which are payable within 12 (twelve) months after the end of the period in which the employees render service are paid/ provided during the year, as per the Rules of the Company.

Defined Contribution Plans:

Company's contributions paid/payable during the year to Provident and Family Pension Funds, and Employees State Insurance are recognized in the Statement of Profit and Loss.

Defined Benefit Plans:

The Employees' Gratuity Fund Scheme covered by the Group Gratuity cum-Life Assurance Policy of LIC of India is a Defined Benefit Plan. The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method which recognizes each period of service as giving rise to additional amount of employees benefit entitlement and measures each unit separately to build up the final obligation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

2.18 Foreign currency Transactions

Initial recognition:

Transactions in Foreign Currencies entered into by the Company are accounted at the exchange rate prevailing on the date of the transaction.

Measurement:

Foreign Currency monetary items of the Company outstanding at the balance sheet date are restated at year end exchange rates.

Non-monetary items carried at historical cost are translated using the exchange rates at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on transaction of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Treatment of exchange difference

Exchange differences arising on settlement/restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expenses in the Statement of Profit and Loss

2.19 Taxation

- a Current tax is made on the basis of estimated taxable income for the year or computed in accordance with the Income-Tax Act, 1961 and recognized in the statement of Profit and Loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.
- b Deferred tax on account of timing differences, between taxable income and accounting income is recognized using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets are recognized to the extent there is reasonable certainty that these would be realized in future
- c Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.20 Provisions and Contingent Liabilities:

Provisions: Provisions are recognized when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities:

Contingent liabilities is a possible obligation in the normal course of business arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.

The Company does not recognise a contingent liability but disclose its existence in the financial statements.

2.21 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / loss before extraordinary items and tax for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments. Cash flows from operating, investing and financing activities of the Company are segregated.

2.22 Cash and Cash equivalents Policy:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.23 Earnings per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.24 Exceptional Items:

When an item of income or expense within profit or loss from ordinary is of such size, nature or incidence that their disclosure is relevant to explain the performance of the company for the year, the nature and amount of such items is disclosed as exceptional items.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

3 Property, Plant and equipment

(₹ in Lacs)

| Gross cost / deemed cost | Freehold-Land | Buildings | Plant and Equipment | Furniture | Office Equipment | Vehicles | Total |
|---------------------------------------|-----------------|-----------------|---------------------|---------------|------------------|--------------|------------------|
| Balance as at 31st March 2018 | 5,380.00 | 4,993.45 | 29,411.72 | 169.55 | 142.72 | 72.07 | 40,169.51 |
| Additions | - | 9.24 | 283.48 | - | - | - | 292.72 |
| Disposal /Discarded /adjustments | 424.80 | 42.68 | 25.31 | - | - | - | 492.79 |
| Revaluation of Assets | - | - | - | - | - | - | - |
| Balance as at 31st March 2019 | 4,955.20 | 4,960.01 | 29,669.89 | 169.55 | 142.72 | 72.07 | 39,969.44 |
| Additions | 0.64 | 25.50 | 35.18 | - | 1.20 | - | 62.52 |
| Disposal /Discarded /adjustments | - | - | 7.10 | - | - | - | 7.10 |
| Revaluation of Assets | - | - | - | - | - | - | - |
| Balance as at 31 st March 2020 | 4,955.84 | 4,985.51 | 29,697.97 | 169.55 | 143.92 | 72.07 | 40,024.86 |
| Accumulated depreciation | | | | | | | |
| Balance as at 31st March 2018 | - | 2209.61 | 16425.64 | 141.73 | 136.92 | 61.78 | 18,975.68 |
| Disposal /adjustments | - | 32.33 | 21.45 | | | | 53.78 |
| Deprecation expense | - | 128.91 | 889.88 | 9.29 | 0.18 | 4.54 | 1,032.80 |
| Balance as at 31st March 2019 | - | 2,306.19 | 17,294.07 | 151.02 | 137.10 | 66.32 | 19,954.70 |
| Disposal /adjustments | - | - | 5.35 | | | | 5.35 |
| Deprecation expense | - | 128.43 | 896.26 | 8.62 | 0.54 | 1.50 | 1,035.35 |
| Balance as at 31 st March 2020 | - | 2,434.62 | 18,184.98 | 159.64 | 137.64 | 67.82 | 20,984.70 |
| Net Book Value | | | | | | | |
| As at 31st March 2019 | 4,955.20 | 2,653.82 | 12,375.82 | 18.53 | 5.62 | 5.75 | 20,014.74 |
| As at 31st March 2020 | 4,955.84 | 2,550.89 | 11,512.99 | 9.91 | 6.28 | 4.25 | 19,040.16 |

Note:

The Company has opted to continue with net carrying values of all Property, plant and equipment as at 1st April 2016 as per previous GAAP and use that as the Deemed cost, except Freehold Land.

As per the provisions of Para 29 to 31 of the Ind As 16, the company has adopted Revaluation model for Free hold Land and has determined its fair value on the transition date of 1st April 2016 on the basis of valuation report of Chartered Engineer. The details are given below:

| Class of Asset - Freehold Land | ₹ in Lacs |
|--|-----------|
| Carried value as at 31st March, 2018 | 5,380.00 |
| Revaluation surplus recognised in Other Equity as at 31st March 2018 | 5,126.19 |
| Additions | - |
| Disposal /adjustments | 424.80 |
| Carried value as at 31st March, 2019 | 4,955.20 |
| Revaluation surplus recognised in Other Equity as at 31st March 2019 | 4,737.59 |
| Additions | 0.64 |
| Disposal /adjustments | - |
| Carried value as at 31st March, 2020 | 4,955.84 |
| Revaluation surplus recognised in Other Equity as at 31st March 2020 | 4,737.59 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

| | As at 31.03.2020 (₹ in lacs) | As at 31.03.2019 (₹ in lacs) |
|--|------------------------------------|------------------------------------|
| 4 Intangible assets | | |
| Gross Cost / Deemed Cost | | |
| As at the beging of the year | 234.08 | 234.08 |
| Additions during the year | - | - |
| Discarded/Disposal during the year | - | - |
| Balance as at the end of the Year | <u>234.08</u> | <u>234.08</u> |
| Accumulated depreciation | | |
| As at the beging of the Year | 233.32 | 233.32 |
| Amortisation for the year | - | - |
| Disposal/adjustment | - | - |
| Balance as at the end of the Year | <u>233.32</u> | <u>233.32</u> |
| Net Book Value | <u><u>0.76</u></u> | <u><u>0.76</u></u> |
| 5 Capital Work in progress | | |
| Plant and Equipment | <u>4.90</u> | <u>8.16</u> |
| | <u><u>4.90</u></u> | <u><u>8.16</u></u> |
| Financial Assets | | |
| 6 Non - Current Investments | | |
| Unquoted Equity instruments - Non-Trade | | |
| 1,51,700 Equity Shares (Previous year 1,51,700) of ₹10 each in OPG Power Generation (P) Ltd | 17.45 | 17.45 |
| Government Securities - Non-Trade (unquoted) | | |
| National Savings Certificates (Lodged with statutory authorities) | - | - |
| | <u>0.31</u> | <u>0.31</u> |
| | <u><u>17.76</u></u> | <u><u>17.76</u></u> |
| 7 Other Financial Assets | | |
| Security Deposits | <u>51.74</u> | <u>51.15</u> |
| | <u><u>51.74</u></u> | <u><u>51.15</u></u> |
| 8 Deferred Tax Asset (Net) | | |
| a Deferred Tax Asset | | |
| Unabsorbed Depreciation & Business loss | 3,620.35 | 2663.44 |
| Others | <u>287.64</u> | <u>197.23</u> |
| | <u><u>3,907.99</u></u> | <u><u>2860.67</u></u> |
| b Deferred Tax Liability | | |
| Related to Propety plant and Equipment | 2,929.43 | 3028.46 |
| Related to Borrowing Cost | <u>141.45</u> | <u>196.22</u> |
| | <u><u>3,070.88</u></u> | <u><u>3224.68</u></u> |
| c Minimum Alternate Tax Credit entitlement | <u>438.20</u> | <u>438.20</u> |
| Net Deferred Tax Asset (a - b + c) | <u><u>1,275.31</u></u> | <u><u>74.19</u></u> |
| 9 Other non-current tax assets | | |
| Unsecured ,considered good Income Tax (Net) | <u>50.43</u> | <u>181.49</u> |
| | <u><u>50.43</u></u> | <u><u>181.49</u></u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

| | As at 31.03.2020 (₹ in lacs) | As at 31.03.2019 (₹ in lacs) |
|---|------------------------------------|------------------------------------|
| 10 INVENTORIES | | |
| Stores, Spares and Packing Materials | 47.58 | 48.02 |
| Raw Materials | 1127.35 | 2,778.39 |
| Goods-in-Process | 202.84 | 495.49 |
| Finished Goods | 1183.38 | 3,254.51 |
| Waste Stock | 29.00 | 17.52 |
| | 2,590.15 | 6,593.93 |
| 11 Trade Receivables | | |
| Unsecured, considered Doubtful | 45.74 | 50.83 |
| Less: Provision for Doubtful debts | 45.74 | 50.83 |
| | - | - |
| Unsecured, considered good | 2,452.35 | 5,791.20 |
| | 2,452.35 | 5,791.20 |
| 12 Cash and Cash equivalents | | |
| Cash on Hand | 4.90 | 3.39 |
| Balances with Banks in Current Accounts | 95.76 | 255.55 |
| | 100.66 | 258.94 |
| 13 Bank balances other than 12 above | | |
| Margin Money Deposit Accounts | 549.18 | 802.67 |
| Deposit Accounts under lien | 3.29 | 2.73 |
| | 552.47 | 805.40 |
| 14 Other Financial Assets | | |
| Interest accrued on Deposits | 18.03 | 19.74 |
| | 18.03 | 19.74 |
| 15 Other Current Assets | | |
| Security Deposits | 193.07 | 144.57 |
| Prepaid Expenses | 102.91 | 93.65 |
| Balances with Statutory Authorities | 343.90 | 390.95 |
| Other Advances | 72.97 | 103.18 |
| Export Incentives | 174.95 | 252.26 |
| | 887.80 | 984.61 |
| 16 Equity Share Capital | | |
| (a) Authorised: | | |
| 400,00,000 Equity shares (Previous year 400,00,000) of ₹10 each | 4,000.00 | 4,000.00 |
| (b) Issued, Subscribed and fully paid up shares | | |
| 309,20,000 Equity shares (Previous year 309,20,000) of ₹10 each | 3,092.00 | 3,092.00 |
| | 3,092.00 | 3,092.00 |

i Reconciliation of number of Equity shares and amount outstanding at the beginning and end of the year

| Particulars | As at 31.03.2020 | | As at 31.03.2019 | |
|-------------------------------|------------------|---------------|------------------|---------------|
| | No. of shares | Amount ₹ lacs | No. of shares | Amount ₹ lacs |
| At the beginning of the Year | 3,09,20,000 | 3,092.00 | 3,09,20,000 | 3,092.00 |
| Shares issued during the Year | Nil | Nil | Nil | Nil |
| At the end of the Year | 3,09,20,000 | 3,092.00 | 3,09,20,000 | 3,092.00 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

ii Rights, preferences and restrictions attached to Equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion of their shareholding.

iii Shares held by holding/Ultimate holding company/or their subsidiaries/associates

| | As at 31.03.2020 | | As at 31.03.2019 | |
|---|------------------|---------------------------|------------------|---------------------------|
| | No. of shares | % of holding in the Class | No. of shares | % of holding in the Class |
| GTN Textiles Limited (Promoter/Associate) | 1,42,87,068 | 46.21% | 1,42,87,068 | 46.21% |

iv Details of shareholders holding more than 5% of shares in the Company

| Name of share Holder | | As at 31.03.2020 | | As at 31.03.2019 | |
|----------------------|---|------------------|---------------------------|------------------|---------------------------|
| | | No. of shares | % of holding in the Class | No. of shares | % of holding in the Class |
| i | GTN Textiles Limited (Promoter /Associate) | 1,42,87,068 | 46.21% | 1,42,8,7068 | 46.21% |
| ii | KSIDC Ltd (Promoter) | 24,90,000 | 8.05% | 24,90,000 | 8.05% |

v There was no issue of shares allotted as fully paid up shares pursuant to contract(s) without payment being received in cash or buyback or Bonus shares in the preceding five years

| | As at 31.03.2020 (₹ in lacs) | As at 31.03.2019 (₹ in lacs) |
|--|------------------------------------|------------------------------------|
|--|------------------------------------|------------------------------------|

17 Other Equity

(i) Reserve & Surplus

(a) Capital Redemption Reserve

Balance as at the beginning and the end of the year 1,000.00 1,000.00

The Capital Redemption Reserves were created out of profits up on redemption of redeemable preference shares of ₹100 each on 31st March 2000 - ₹500 lacs ,31st March 2001- ₹250 lacs and on 31st March 2002 - ₹250 lacs

(b) Securities Premium Reserve

Balance as at the beginning and the end of the year 468.28 468.28

The security premium reserve represents premium on allotment of 77,30,000 Equity shares of ₹10 each on 24th April 1997 issued at a premium of ₹7/Share (net of preliminary expenses and Share issue expenses)

(c) Surplus/(Deficit) in the Statement of Profit and Loss

| | | |
|--|-------------------|-------------------|
| Balance as at the beginning of the year | (3,733.51) | (3,497.49) |
| Less: Profit/(Loss) for the year from the Statement of Profit and Loss | (2,401.77) | (236.02) |
| | <u>(6,135.28)</u> | <u>(3,733.51)</u> |

(ii) Revaluation surplus

Surplus on Revaluation of land (Ind AS Conversion) 4,737.59 4,737.59

(iii) Other comprehensive income:

| | | |
|---|---------------|-----------------|
| Impact on remeasurement of Employee Benefit | (65.58) | (48.54) |
| Impact on MTM of derivatives (Forward Contracts) | (85.37) | 18.82 |
| Impact on remeasurement of Cost of Borrowings -Pref Share Capital | 139.14 | 84.36 |
| Impact on Sale of Land | 206.50 | 206.50 |
| Balance as at the end of the Year | <u>265.28</u> | <u>2,733.50</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

| | | |
|--|-------------|-------------|
| | As at | As at |
| | 31.03.2020 | 31.03.2019 |
| | (₹ in lacs) | (₹ in lacs) |

Non current liabilities

18 Financial liabilities

(i) Borrowings

a Unsecured Loans

| | | |
|--|----------|----------|
| Preference Shares (carried at amortised cost, unless otherwise stated) | 593.87 | 540.07 |
| 7,00,000 5% Non Cumulative Redeemable preference shares (Previous year 7,00,000) of ₹100 each | | |
| 13,51,000 0.01% Non Cumulative Redeemable preference shares (Previous year 13,51,000) of ₹100 each issued to lenders /promoters and their associates as per the CDR Package (Refer Note No.38) | 1,003.76 | 882.01 |
| | 1,597.63 | 1,422.08 |

i Reconciliation of number of Preference shares and amount outstanding at the beginning and end of the year

a 5% Non Cumulative Redeemable Preference Shares of ₹ 100 each

| Particulars | As at 31.03.2020 | | As at 31.03.2019 | |
|-------------------------------|------------------|---------------|------------------|---------------|
| | No. of shares | Amount ₹ lacs | No. of shares | Amount ₹ lacs |
| At the beginning of the Year | 7,00,000 | 700.00 | 7,00,000 | 700.00 |
| Shares issued during the Year | Nil | Nil | Nil | Nil |
| At the end of the Year | 7,00,000 | 700.00 | 7,00,000 | 700.00 |

b 0.01% Non Cumulative Redeemable Preference Shares of ₹ 100 each

| Particulars | As at 31.03.2020 | | As at 31.03.2019 | |
|-------------------------------|------------------|---------------|------------------|---------------|
| | No. of shares | Amount ₹ lacs | No. of shares | Amount ₹ lacs |
| At the beginning of the Year | 13,51,000 | 1,351.00 | 13,51,000 | 1,351.00 |
| Shares issued during the Year | Nil | Nil | Nil | Nil |
| At the end of the Year | 13,51,000 | 1,351.00 | 13,51,000 | 1,351.00 |

ii Rights, preferences and restrictions attached to Preference shares

a 700000, 5% Non Cumulative preference shares of ₹100 each were issued to promoters and their associates. The issue details are as follows.

| Series | No of Shares | Date of Issue | Date of Redemption | Earlier Redemption |
|--------|--------------|---------------|--------------------|--------------------|
| I | 350000 | 31.07.2009 | 30.07.2021 | 30.07.2014 |
| II | 100000 | 08.02.2010 | 07.02.2022 | 07.02.2015 |
| III | 100000 | 31.05.2010 | 30.05.2022 | 30.05.2015 |
| IV | 150000 | 13.07.2010 | 12.07.2022 | 12.07.2015 |

b 1081000, 0.01 % Non Cumulative preference shares of ₹100 each were issued to Lenders as per the CDR Package. The issue details are as follows.

| Series | No of Shares | Date of Issue | Date of Redemption | Earlier Redemption |
|--------|--------------|---------------|--------------------|--------------------|
| V | 1081000 | 29.01.2013 | 31.03.2022 | NA |

c 2,70,000, 0.01 % Non Cumulative preference shares of ₹100 each were issued to Promoters and their associates as per the CDR Package. The issue details are as follows.

| Series | No of Shares | Date of Issue | Date of Redemption | Earlier Redemption |
|--------|--------------|---------------|--------------------|--------------------|
| VI | 135000 | 30.07.2013 | 29.07.2023 | NA |
| VII | 135000 | 13.02.2014 | 12.02.2024 | NA |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

iii Details of shareholders holding more than 5% of preference shares in the Company

a 5% Non Cumulative Redeemable Preference Shares of ₹ 100 each

| | | As at 31.03.2020 | | As at 31.03.2019 | |
|----|------------------|------------------|---------------------------|------------------|---------------------------|
| | | No. of shares | % of holding in the Class | No. of shares | % of holding in the Class |
| i | Smt Deepa Bagla | 600000 | 85.71% | 600000 | 85.71% |
| ii | Shri B.K.Patodia | 75000 | 10.71% | 75000 | 10.71% |

b 0.01% Non Cumulative Redeemable Preference Shares of ₹ 100 each issued as per the CDR Package

| | | As at 31.03.2020 | | As at 31.03.2019 | |
|------|-----------------------------|------------------|---------------------------|------------------|---------------------------|
| | | No. of shares | % of holding in the Class | No. of shares | % of holding in the Class |
| i | Central Bank of India | 199000 | 14.73% | 199000 | 14.73% |
| ii | State Bank of India | 299000 | 22.13% | 299000 | 22.13% |
| iii | Oriental Bank of Commerce | 153000 | 11.32% | 153000 | 11.32% |
| iv | Karur Vysya Bank | 82000 | 6.07% | 82000 | 6.07% |
| v | Bank of Maharashtra | 112000 | 8.29% | 112000 | 8.29% |
| vi | Export Import Bank of India | 121000 | 8.96% | 121000 | 8.96% |
| vii | Canara Bank | 115000 | 8.51% | 115000 | 8.51% |
| viii | Smt Deepa Bagla | 270000 | 19.99% | 270000 | 19.99% |

Preference shares being Non-Cumulative and redeemable, i.e. there is contractual obligation to deliver cash at the time of redemption, accordingly these have been classified as financial liability as per Ind AS 32 "Financial Instruments: Presentation". Fair value of the liability component is the Present value of redeemable principal amount using the borrowing cost applicable to the Company. Subsequently, the financial liability is carried at amortised cost and Interest expenses has been recognised using the effective interest method on the amortised cost.

| | As at | | As at | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 31.03.2020 | | 31.03.2019 | |
| | (₹ in lacs) | | (₹ in lacs) | |
| | Non Current | Current | Non Current | Current |
| b Secured Loans | | | | |
| Term Loans : | | | | |
| (i) From a Financial Institution | 370.75 | 236.37 | 502.58 | 329.53 |
| (ii) From Banks | 3,793.61 | 2,142.79 | 4,961.62 | 2,857.61 |
| Finance Lease obligations : | | | | |
| From Banks | - | - | - | 0.65 |
| | <u>4,164.36</u> | <u>2,379.16</u> | <u>5,464.20</u> | <u>3,187.79</u> |
| Total a+b | <u>5,761.99</u> | <u>2,379.16</u> | <u>6,886.28</u> | <u>3,187.79</u> |

i Term Loan are secured by :

(i) Term loans from banks and financial institution, excluding corporate term loan from a bank of ₹ 1500 lacs (Outstanding as on 31.03.2020 ₹370.74 lacs, Previous year ₹558.74 lacs) (security for which is explained in Para 1(ii) below) and Term Loan from a financial institution of ₹2000 lacs (Outstanding as on 31.03.2020 ₹607.13 lacs, Previous Year 832.10 lacs) (security for which is explained in Para 1(iii) below) , are secured by first charge by way of equitable mortgage on all the immovable assets of the company, both present and future, and by way of hypothecation on all moveable assets (excluding vehicle purchased on Finance lease basis) of the company, and further secured by second charge on current assets of the company, subject to prior charges in favour of banks for working capital ranking pari passu, inter se (as mentioned in Note No 5 , Para (i) and (ii)), and further secured by personal guarantee of two Directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

- (ii) Corporate term loan from a bank of ₹ 1500 lacs mentioned in para 1 (i) above is secured by way of hypothecation of moveable assets (excluding vehicle purchased on Finance lease basis) of the company, both present and future, has been secured by second charge by way of equitable mortgage on the immovable assets of the company, both present and future, and further secured by personal guarantee of two directors of the Company
- (iii) Term Loan from a financial institution of ₹2000 lacs is secured by first charge by way of equitable mortgage on all the immovable assets of the company, both present and future, and by way of hypothecation on all moveable assets (excluding vehicle purchased on Finance lease basis) of the company, and further secured by second charge on current assets of the company, subject to prior charges in favour of banks for working capital ranking pari passu, inter se (as mentioned in Note No 5, Para (i) and (ii) below), and further secured by Corporate Guarantee from GTN Textiles Limited (₹300 lacs) and GTN Enterprises Limited (₹1700 lacs).
- (iv) Finance lease obligations are relating to vehicles and are secured by hypothecation of respective vehicles .

ii Re-payment terms of Term Loan/Rate of Interest :

The year wise break up of Term loan repayment and the interest rate applicable for the respective years is as follows

| | 2019-20 Outstanding as on 31.03.2020 | 2020-21 | 2021-22 | 2022-23 |
|-----------------------------|--|----------|----------|----------|
| From Banks | 925.64 | 1,217.15 | 2,576.45 | 1,217.15 |
| From Financial Institutions | 104.57 | 131.81 | 238.95 | 131.81 |
| Rate of Interest | 14.00% | 14.00% | 14.00% | 14.00% |

Period and amount of delay as on the balance sheet date in repayment of borrowings and interest

| | Amount Due as on 31.03.2020 | Amount paid subsequently | Date of payment | Balance payable |
|-----------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Principal | | | | |
| From Banks | 925.64 | - | - | 925.64 |
| From Financial Institutions | 104.57 | - | - | 104.57 |
| Interest | | | | |
| From Banks | 254.31 | - | - | 254.31 |
| From Financial Institutions | 7.22 | - | - | 7.22 |
| Others | 9.58 | 1.85 | May-20 | 7.73 |
| | | | As at 31.03.2020 | As at 31.03.2019 |
| | | | (₹ in lacs) | (₹ in lacs) |

19 Other non current liabilities

| | | |
|---------------------------------|---------------|---------------|
| Provision for Employee benefits | 317.63 | 245.41 |
| | <u>317.63</u> | <u>245.41</u> |

Current liabilities

20 Financial liabilities

(i) Borrowings

Secured Loans

Term Loans :

Current maturities of long-term debt (Refer Note No 18 (b))

| | | |
|----------------------------------|----------|----------|
| (i) From a Financial Institution | 236.38 | 329.53 |
| (ii) From Banks | 2,142.79 | 2,857.61 |

Finance Lease obligations :

| | | |
|--|----------|----------|
| Current maturities of Finance lease obligations (Refer Note No 18 (b)) | - | 0.65 |
| Working Capital Loans from Banks | 5,542.11 | 7,208.71 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

| | As at 31.03.2020 (₹ in lacs) | As at 31.03.2019 (₹ in lacs) |
|--|------------------------------------|------------------------------------|
| Unsecured Loans | | |
| Corporate Deposits | 550.00 | 200.00 |
| Loan from Directors/relatives -Interest Free | 600.00 | 600.00 |
| | <u>9,071.27</u> | <u>11,196.50</u> |
| <p>i) Working Capital loans from banks are secured by first charge by way of hypothecation on current assets of the company and further secured by way of second charge over the immovable assets of the company both present and future and further secured by personal guarantee of two directors of the Company.</p> <p>ii) Non-fund based limits sanctioned by the bankers are secured by extension of first charge on the current assets of the Company and further secured by second charge on the immovable properties of the company and personal guarantee of two directors of the company; Total amount outstanding at the end of the year is ₹4213.00 lacs (Previous year ₹5429.00 lacs).</p> | | |
| (ii) Trade payables | | |
| Due to Micro,Small and Medium Enterprises (MSME's) | 11.93 | 2.40 |
| Due to Others | 7,908.92 | 10,186.11 |
| | <u>7,920.85</u> | <u>10,188.51</u> |

DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AND DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES ACT, 2006

| | | |
|---|-------------------------|------------------------|
| The principal amount due thereon remaining unpaid as on the Balance sheet date | 11.93 | 2.40 |
| Interest due thereon remaining unpaid | Provided for ₹5586/- | Provided for ₹399/- |
| Interest paid along with the amount of the payment during the year | Nil | Nil |
| Interest due and payable but without adding the interest specified in the above-mentioned act. | Nil | Nil |
| Interest accrued and remaining unpaid at the end of the year. | Nil | Nil |
| Amount of interest remaining due and payable in subsequent years, and such interest actually paid to and deductible expenditure under section 23 of the said act. | Nil | Nil |

(iii) Other financial liabilities

| | | |
|--|---------------|---------------|
| Interest accrued but not due on borrowings | - | 1.22 |
| Interest due on borrowings | 271.11 | 204.08 |
| Impact on MTM of derivatives (Forward Contracts) | 124.08 | - |
| | <u>395.19</u> | <u>205.30</u> |

21 Other current liabilities

| | | |
|----------------------------------|---------------|---------------|
| Advances from customers | 66.80 | 122.63 |
| Statutory and Other dues payable | 51.78 | 39.87 |
| | <u>118.58</u> | <u>162.50</u> |

22 Provisions

| | | |
|---------------------------------|--------------|--------------|
| Provision for Employee benefits | 99.73 | 92.07 |
| | <u>99.73</u> | <u>92.07</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

| | Year ended 31.03.2020 (₹ in lacs) | Year ended 31.03.2019 (₹ in lacs) |
|--|---|---|
| 23 REVENUE FROM OPERATIONS | | |
| (A) Sale of Products (Net of Taxes) | | |
| Finished Goods : | | |
| Exports | 14,950.06 | 23,105.27 |
| Local | 17,400.04 | 20,896.57 |
| Traded Goods | | |
| Exports | 3,614.57 | 6,861.92 |
| Waste Sales | | |
| Exports | - | 125.55 |
| Local | 2,543.10 | 2,953.45 |
| Net Sales | 38,507.77 | 53,942.76 |
| (B) Other Operating Revenues | | |
| Export Incentives | 312.68 | 546.82 |
| Job Work Charges | 484.38 | 361.52 |
| | 797.06 | 908.34 |
| Total (A) + (B) | 39,304.83 | 54,851.10 |
| 24 OTHER INCOME | | |
| Interest Income | 62.01 | 62.71 |
| Agricultural Income | 0.30 | 0.41 |
| Interest on Income Tax refund | 140.06 | 163.77 |
| Sale of Scrap | 15.70 | 25.35 |
| Insurance Claim | 17.85 | - |
| Total | 235.92 | 252.24 |
| 25 COST OF MATERIALS CONSUMED | | |
| (A) Raw materials Consumed | | |
| Opening Inventory | 2,778.39 | 4,243.93 |
| Add:Purchases during the Year | 24,851.71 | 34,692.63 |
| Less:Sale of Cotton | 3,446.80 | 3,033.34 |
| Less: Closing Stock | 1,127.35 | 2,778.39 |
| Total (a) | 23,055.95 | 33,124.83 |
| (B) Packing Material Consumed | | |
| Opening Inventory | 27.50 | 25.87 |
| Add:Purchases during the Year | 519.52 | 657.64 |
| Less: Closing Stock | 25.19 | 27.50 |
| Total (b) | 521.83 | 656.01 |
| Total (a) + (b) | 23,577.78 | 33,780.84 |
| 26 CHANGES IN INVENTORY OF FINISHED GOODS, GOODS IN PROCESS AND WASTE | | |
| (A) Stock at the beginning of the year: | | |
| Finished goods | 3,254.51 | 2,913.66 |
| Goods-in-process | 495.49 | 460.92 |
| Waste | 17.52 | 37.98 |
| Total | 3,767.52 | 3,412.56 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

| | Year ended 31.03.2020 (₹ in lacs) | Year ended 31.03.2019 (₹ in lacs) |
|--|---|---|
| (B) Less : Stock at the end of the year: | | |
| Finished Goods | 1,183.38 | 3,254.51 |
| Goods-in-process | 202.84 | 495.49 |
| Waste | 29.00 | 17.52 |
| Total (a) + (b) | 1,415.22 | 3,767.52 |
| (Increase)/Decrease in Stocks (a-b) | 2,352.30 | (354.96) |
| 27 EMPLOYEES BENEFITS EXPENSE | | |
| Salaries, Wages and Bonus | 2,900.90 | 3,017.08 |
| Contribution to Provident and Other Funds | 208.02 | 214.84 |
| Welfare Expenses | 330.26 | 345.17 |
| Total | 3,439.18 | 3,577.09 |
| 28 FINANCE COSTS | | |
| Interest Expenses | 2,125.45 | 2,350.06 |
| Other Borrowing Costs* | 432.00 | 417.65 |
| Interest -Cost on Fair Valuation of Preference Shares | 175.54 | 155.74 |
| Total | 2,732.99 | 2,923.45 |
| 29 OTHER EXPENSES | | |
| Power and Fuel | 3,931.03 | 4,351.24 |
| Repairs to Building | 10.76 | 11.62 |
| Repairs to Machinery | 414.24 | 498.10 |
| Stores and Spares | 107.50 | 143.86 |
| Processing Charges | 431.87 | 800.11 |
| Rent | 22.96 | 19.57 |
| Insurance | 116.63 | 81.91 |
| Rates and Taxes | 40.37 | 63.71 |
| Commission and Brokerage | 254.94 | 367.90 |
| Freight, Forwarding and Other expenses | 602.38 | 914.01 |
| Payment to Statutory Auditors | | |
| Audit Fee | 2.00 | 2.00 |
| Payment to Others | | |
| Tax Audit Fee | 0.75 | 0.75 |
| Certification Charges | 0.38 | 0.25 |
| Out of Pocket Expenses | 1.64 | 1.61 |
| Directors Sitting Fee | 2.43 | 2.53 |
| (Gain)/Loss on disposal of Fixed Assets (Net) | (2.90) | (13.80) |
| Provision for Doubtful Debts | 37.11 | 12.79 |
| Net loss /(gain) on foreign currency transaction and translation | 123.43 | 291.88 |
| Miscellaneous Expenses | 515.08 | 584.45 |
| Total | 6,612.60 | 8,134.49 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

30 Exceptional items shown in Statement of profit and loss represents:

| | Year ended 31.03.2020 (₹ in lacs) | Year ended 31.03.2019 (₹ in lacs) |
|----------------------------------|---|---|
| VRS Compensation paid to workmen | - | 15.80 |
| | <u>-</u> | <u>15.80</u> |

31 EARNING PER SHARE

| | | |
|--|-------------|-------------|
| Net profit /(Loss) attributable to equity shareholders as per statement of profit and loss | (2401.76) | (236.02) |
| Less: Dividend on Preference Shares -Notional | 35.14 | 35.14 |
| Net profit available to Equity Share holders | (2,436.90) | (271.16) |
| Weighted average no of Equity Shares (Face value of ₹10 each) | 3,09,20,000 | 3,09,20,000 |
| Basic and diluted Earning Per Share ₹ | (7.88) | (0.87) |

32 Employee Benefits Plan

Gratuity:

In accordance with the applicable laws, the Company provides for Gratuity, a defined benefit retirement plan ("The Gratuity Plan") covering eligible employees. The Gratuity plan provides for a lump sum payment to vested employees on retirement (subject to the completion of 5 years of continuous employment), death, incapacitisation or termination of the employment are based on last drawn salary and tenure of employment.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date and the Company makes annual contribution to the Gratuity Fund administered by Life Insurance Corporation of India, which is basically a year-on-year cash accumulation plan. Though company has not fully funded to LIC, adequate provision has been made in the Books of accounts. As part of the scheme the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity settlements during the year subject to sufficiency of funds under the policy.

| | Gratuity Plan 2019-20 (₹ in lacs) | Gratuity Plan 2018-19 (₹ in lacs) |
|--|---|---|
| Change in Defined Benefit Obligation (DBO) during the year | | |
| 1 Present value of DBO at the beginning of the year | 511.41 | 483.45 |
| 2 Current Service cost | 30.06 | 30.75 |
| 3 Interest cost | 39.46 | 37.68 |
| 4 Actuarial (gain)/loss arising from changes in experience assumptions | 44.07 | (45.76) |
| 5 Actuarial loss arising from changes in experience adjustments | (19.31) | 47.81 |
| 6 Benefits paid | (31.68) | (42.52) |
| Present value of DBO at the end of the year | 574.01 | 511.41 |
| Change in fair value of plan assets during the year | | |
| 1 Fair value of plan assets at the beginning of the year | 266.00 | 260.16 |
| 2 Interest income | 20.29 | 20.10 |
| 3 Employer contributions | 1.76 | 29.14 |
| 4 Benefits paid | (31.68) | (42.52) |
| 5 Return on plan assets (excluding interest income) | - | (0.88) |
| Present value of DBO at the end of the year | 256.37 | 266.00 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

| | | Gratuity Plan 2019-20 (₹ in lacs) | Gratuity Plan 2018-19 (₹ in lacs) |
|---|---|---|---|
| Amounts recognised in the Balance Sheet | | | |
| 1 | Present value of DBO at the end of the year | 574.01 | 511.41 |
| 2 | Fair value of plan assets at the end of the year | 256.36 | 266.00 |
| Funded status of the plans - (Assets)/Liability | | 317.63 | 245.41 |
| (Assets) and Liability recognised in the Balance sheet | | 317.63 | 245.41 |
| Components of employer expense | | | |
| 1 | Current service cost | 30.06 | 30.75 |
| 2 | Interest income on net defined benefit obligation | 19.17 | 17.58 |
| Expense recognised in Statement of Profit and Loss | | 49.23 | 48.33 |
| Remeasurements on the net defined benefit obligation | | | |
| | Return on plan assets(excluding interest income) | - | 0.88 |
| | Actuarial loss arising from changes in financial assumptions | 44.07 | (45.76) |
| | Actuarial loss arising from changes in experience adjustments | (19.31) | 47.81 |
| Remeasurements recognised in other comprehensive income | | 24.76 | 2.93 |
| Total defined benefit cost recognised | | 73.99 | 51.26 |
| Nature and extent of investment details of the plan assets | | | |
| | State and Central Securities | - | - |
| | Bonds | - | - |
| | Special Deposits | - | - |
| | Insurar Managed funds | 100% | 100% |

| | Gratuity Plan | |
|---|-------------------------|-------------------------|
| | As at 31.03.2020 | As at 31.03.2019 |
| Assumptions | | |
| Discount rate | 6.75% | 7.70% |
| Expected rate of salary increase | 2.00% | 2.00% |
| Sensitivity analysis - DBO at the end of the year (in lakhs) | | |
| Discount rate + 100 basis points | 526.56 | 468.82 |
| Discount rate - 100 basis points | 627.82 | 559.88 |
| Salary Growth rate + 1% | 629.91 | 562.24 |
| Salary Growth rate - 1% | 524.04 | 466.18 |
| Attrition rate +50% | 585.58 | 525.39 |
| Attrition rate -50% | 561.51 | 496.34 |
| Weighted average duration of DBO | 9years | 9years |
| Expected cash flows(in lakhs) | | |
| 1. Expected employer contribution in the next year | 350.04 | 276.45 |
| 2. Expected benefit payments | | |
| Year 1 | 34.91 | 39.18 |
| Year 2 to year 5 | 120.02 | 125.72 |
| Year 6 to year 10 | 391.80 | 296.80 |
| Beyond 10 years | 588.38 | 684.56 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

33 The accounts of certain Trade Receivables ,Trade payables, Loans and advances and Banks are subject to formal confirmations /reconciliations and consequent adjustments ,if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation/adjustments.

34 In term of Ind AS-108 Operating Segments, the company operates materially only in one business segment viz., Textile industry and have its production facilities and all other assets located within India.

35 Finance Lease assets, loan repayable and future payments disclosure.

| Particulars | Total minimum payments outstanding (₹ In Lacs) | Future interest on outstanding (₹ In Lacs) | Present Value of minimum payments (₹ In Lacs) |
|-----------------------------------|--|--|---|
| 1. Due Within one year | - | - | - |
| | (0.66) | (0.01) | (0.65) |
| 2. Between one year to five years | - | - | - |
| | - | - | - |
| Total | - | - | - |
| | (0.66) | (0.01) | (0.65) |

* Figures in brackets represent previous year's figures.

36 RELATED PARTY DISCLOSURES

Related Party Disclosures pursuant to Ind AS 24

(a) Names of Related parties and nature of relationships

i Associate:

GTN Textiles Limited

ii Companies under joint control as per para 9(b)vi of Ind AS

GTN Enterprises Limited

iii Key Management Personnel:

Shri Umang Patodia -Managing Director

Shri T.Ravindran -CFO

iv Enterprises/Entities having " Common Key Management Personnel ":

1 Perfect Cotton Co.

2 Patcot & Co

3 Standard Cotton Corporation

4 Patodia Exports and Investments (P) Ltd

v Relative of Key Managerial Personnel :

1 Shri Binod Kumar Patodia - Father of Shri Umang Patodia

2 Smt Prabha Patodia - Mother of Shri Umang Patodia

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

- (b) During the year following transactions were carried out with related parties in the ordinary course of business and at arms length:

| Nature of Transactions / Balances | Associates | | Other Related Parties* | |
|-----------------------------------|----------------------|----------------------|------------------------|----------------------|
| | 2019-20 ₹ in lacs | 2018-19 ₹ in lacs | 2019-20 ₹ in lacs | 2018-19 ₹ in lacs |
| Sales, Service and other income | 3,607.60 | 3,573.77 | | |
| Purchase of Goods and Services | 3,736.42 | 2,374.32 | - | 1,374.92 |
| Purchase of fixed assets | | | | |
| Remuneration paid | | | 61.02 | 58.17 |
| Sitting Fees | | | 0.35 | 0.30 |
| Interest Paid | | | 8.59 | |
| Balances as at year end: | | | 9.00 | |
| Amount Receivable | 577.94 | 1,848.14 | | |
| Amount Payable | 420.57 | - | 217.52 | 337.52 |
| Guarantee Received | 2,000.00 | 2,000.00 | | |
| Guarantee Provided for | | | | |

* Includes relatives of key Management personnel.

- (c) Disclosure in respect of transactions with related parties during the year

| | Transactions | |
|----------------------------------|----------------------|----------------------|
| | 2019-20 ₹ in lacs | 2018-19 ₹ in lacs |
| (i) Sale of goods | | |
| a) Cotton | | |
| i) GTN Textiles LTD | 1,613.11 | 1,518.98 |
| ii) GTN Enterprises LTD | 1,086.32 | 989.38 |
| b) Cotton Yarn | | |
| i) GTN Textiles LTD | 340.66 | 368.83 |
| ii) GTN Enterprises LTD | 294.40 | 419.86 |
| c) Store Items | | |
| i) GTN Textiles LTD | 0.10 | - |
| ii) GTN Enterprises LTD | - | - |
| d) Sale of Waste | | |
| GTN Enterprises LTD | - | - |
| e) Packing Materials | | |
| i) GTN Textiles LTD | 0.91 | 0.01 |
| ii) GTN Enterprises LTD | - | 3.04 |
| e) Machinery | | |
| i) GTN Enterprises LTD | - | 3.30 |
| (ii) Purchase of goods | | |
| a) Cotton | | |
| i) GTN Textiles LTD | 763.39 | 701.05 |
| ii) GTN Enterprises LTD | 1,823.78 | 349.23 |
| iii) Standard Cotton Corporation | - | |
| iv) Patcot & Co. | - | 1,262.96 |
| v) Perfect Cotton Co | - | 108.96 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

| | Transactions | |
|------------------------------------|----------------------|----------------------|
| | 2019-20 ₹ in lacs | 2018-19 ₹ in lacs |
| b) Cotton Yarn | | |
| i) GTN Textiles LTD | 960.75 | 925.37 |
| ii) GTN Enterprises LTD | 103.93 | 230.23 |
| c) Store Items | | |
| i) GTN Textiles LTD | 0.92 | 2.77 |
| ii) GTN Enterprises LTD | 0.49 | 1.22 |
| d) Packing Materials | | |
| i) GTN Textiles LTD | 0.54 | - |
| ii) GTN Enterprises LTD | - | 4.26 |
| e) Waste | | |
| i) GTN Textiles LTD | - | - |
| (iii) Rendering of services | | |
| a) Rent | | |
| GTN Enterprises LTD | 1.08 | 1.08 |
| b) Processing Charges | | |
| i) GTN Textiles LTD | 214.13 | 183.43 |
| ii) GTN Enterprises LTD | 56.89 | 85.86 |
| (iv) Receiving of services | | |
| a) Rent | | |
| GTN Textiles LTD | - | 0.88 |
| Other related parties | 9.00 | 3.00 |
| b) Processing Charges | | |
| i) GTN Enterprises LTD | 82.63 | 159.32 |
| (v) Remuneration paid | | |
| Other related parties | 61.02 | 58.17 |
| (vi) Sitting Fees | | |
| Other related parties | 0.35 | 0.30 |
| (vii) Interest Paid | | |
| Other related parties | 8.59 | - |

37 CONTINGENT LIABILITY AND COMMITMENTS:

A COMMITMENTS

- 1 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Nil (Previous year ₹Nil).

B CONTINGENT LIABILITY

1 Disputed amounts of Taxes and duties and other claims not acknowledged as debts :

- a) Excise duty : ₹ 72.99 lacs (Previous year ₹ 72.99 lacs)
- b) Sales Tax (VAT) : ₹146.45 lacs (Previous year ₹146.45 lacs)
- c) TANGEDCO has been charging electricity tax @ 5% on Demand Charges through their bills. This was challenged by a consumer in Supreme Court and SC has accepted the appeal on records. Liability towards the same ₹52.09 lacs (Previous year ₹39.72 lacs)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

- d) TANGEDCO has denied deemed demand benefit available for use of self generated thermal power received through group captive arrangement. This was challenged in Hon'ble Chennai High Court and the Hon'ble High court has given injunction with a condition to TANGEDCO to Charge only 50% till the matter is decided. Liability towards the same was ₹249.91 lacs .(Previous year ₹189.72 lacs)
- e)Asst Commissioner of State Tax, State GST Department, Special Circle, Palakkad has completed the VAT assessment for the year 2011 -12 confirming liability for payment of tax on variation in purchase figures between KVATIS -Check post data and books. Liability towards the same was ₹4.95 lacs .(Previous year ₹Nil lacs)

38 The Company was sanctioned a Debt Restructuring Package under Corporate Debt Restructuring (CDR) Scheme on 12.10.2012 effective from 01.04.2012 for the loans availed from Banks/Financial Institutions, which was approved by CDR-EG and all the lenders.

The restructuring inter-alia envisages:

- Deferment / Rescheduling in payment of principal
- Refixation of interest rates on term loans
- Sanction of additional long term working capital term loan of ₹22.16 crores
- In lieu of sacrifice by the lenders, Preference Shares of ₹10.81 crores were allotted on 29.01.2013 to the banks/ financial institutions. The amount represents difference between the net present value (NPV) of the future cash flows towards repayment of principal and interest thereon as per the revised term and those payable as per the original terms.
- The Promoters to bring in contribution of ₹2.70 crores by way of Preference Shares. The said amount was brought into two phases of ₹1.35 Crores each on 7th November, 2012 and 28th November ,2013 respectively in line with CDR Scheme.
- GTN Textiles Limited (GTN), the main Promoter to pledge 72,86,405 Equity Shares of ₹10 each (51% of the shareholding in Patspin India Limited) in favour of Central Bank of India, the Monitoring Institution. GTN has since pledged the shares on 14.05.2013.
- The CDR lenders, with the approval of CDR EG, shall have the right to recompense the reliefs/ sacrifices/waivers extended by respective CDR lenders as per CDR guidelines

39 FINANCIAL RISKS MANAGEMENT

In the course of business, amongst others, the Company is exposed to several financial risks such as Credit Risk, Liquidity Risk, Interest Rate Risk, Exchange Risk and Commodity Price Risk. These risks may be caused by the internal and external factors resulting into impairment of the assets of the Company causing adverse influence on the achievement of Company's strategies, operational and financial objectives, earning capacity and financial position.

The Company has formulated an appropriate policy and established a risk management framework which encompasses the following process.

- identify the major financial risks which may cause financial losses to the company
- assess the probability of occurrence and severity of financial losses
- mitigate and control them by formulation of appropriate policies, strategies, structures, systems and procedures
- Monitor and review periodically the adherence, adequacy and efficacy of the financial risk management system.

The Company enterprise risk management system is monitored and reviewed at all levels of management, Internal Auditors, Audit Committee and the Board of Directors from time to time.

Credit Risk

Credit Risk refers to the risks that arise on default by the counterparty on its contractual obligation resulting into financial loss to the company. The company may carry this Risk on Trade and other receivables, liquid assets and some of the non current financial assets.

In case of Trade receivables, the company has framed appropriate policy for extending credits period & limit to each customer based on their profile, financial position etc. The collections of trade dues are strictly monitored . In case of Export customers, even credit guarantee insurance is also obtained wherever required.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

Company's exposure to Credit Risk is also influenced by the concentration of risk from top five customers. The details in respect of the % of sales generated from the top customer and top five customers are given hereunder.

| Particulars | Current Year | Previous Year |
|---------------------------------|--------------|---------------|
| Revenue from Top Customer | 6.15% | 8.54% |
| Revenue from Top Five Customers | 26.99% | 30.16% |

The credit risk on cash & cash equivalent, investment in fixed deposits, liquid funds and deposits are insignificant as counterparties are banks with high credit ratings assigned by the rating agencies of international repute.

Liquidity Risk

Liquidity Risk arises when the company is unable to meet its short term financial obligations.

The company maintains liquidity in the system so as to meet its financial liabilities .

Contractual maturities of financial liabilities are given as under:

Amount (₹ in lacs)

| Particulars | As at 31st March 2020 | Due within 12 months from Balance sheet Date | Due beyond 12 months of Balance Sheet Date |
|-----------------------------|-----------------------|--|--|
| Borrowings | 14,833.27 | 9,071.27 | 5,761.99 |
| Trade payables | 7,920.85 | 7,920.85 | - |
| Other Financial Liabilities | 395.19 | 395.19 | - |

Interest Rate Risk

Generally market linked financial instruments are subject to interest rate risk. The company does not have any market linked financial instruments both on the asset side as well liability side. Hence there is no interest rate risk linked to market rates.

However the interest rate in respect of major portion of borrowings by the Company from the banks and others are linked with the MCLR / Base Prime lending rate of the respective lender. Any fluctuation in the same either on higher side or lower side will result into financial loss or gain to the company.

The amount which is subjected to the change in the interest rate is of ₹ 5542.11 lacs out of the total debt of ₹ 14833.27 Lacs

Based on the Structure of the debt as at year end, a half percentage point increase in the interest rate would cause an additional expense in the net financing cost of ₹ 27.71 Lacs on annual basis.

Foreign Currency Risk

The company is exposed to the foreign currency risk from transactions & translation. Transactional exposures are arising from the transactions entered in foreign currency. Management keeps a close watch of the maturity of the financial assets in foreign currency and payment obligations of the financial liabilities.

Particulars of unhedged Foreign Currency exposures as at 31 st March 2020 are as given below:

| Particulars | As at 31.03.2020 | | | | As at 31.03.2019 | | |
|------------------|------------------|----------------|------------------|--------------------|------------------|------------------|--------------------|
| | Currency | Amount in lacs | Exchange Rate Rs | Amount (₹ in lacs) | Amount in lacs | Exchange Rate Rs | Amount (₹ in lacs) |
| Accounts Payable | USD | 13.61 | 75.69 | 1030.14 | 24.46 | 69.12 | 1690.68 |

Based on one percentage point variations in the exchange rate, the profit before tax for the year based on the un headed foreign currency transaction entered during the period will be effected by ₹ 10.30 Lacs

40 Capital risk management

The Company's objectives when managing capital are to :

- ◆ create value for its shareholders and other stake holders, and
- ◆ maintain an optimal capital structure to reduce the cost of capital through a fair mix of equity with combination of short term/long term debt as may be appropriate.

The Company sets the amount of capital required on the basis of annual business and long-term operating plans which includes capital and other strategic investments. The Company's intention is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

The details of capital employed is given below:

| Particulars | As at 31.03.2020 | As at 31.03.2019 |
|---|------------------|------------------|
| | ₹ lacs | ₹ lacs |
| Total equity | 3,357.28 | 5,825.50 |
| Net Debt | 14,732.61 | 17,823.84 |
| Total Capital Employed (Borrowings and Equity) | 18,089.89 | 23,649.34 |
| (i) Net debt represents total borrowings (non-current & current) as reduced by cash and cash equivalents. | | |
| (ii) Equity comprises of all components including other comprehensive income. | | |

41 Estimation of uncertainty relating to COVID-19 pandemic

Towards the end of the Financial Year 2019-20, the operations of the company were stopped due to the nationwide lockdown imposed by Government to contain the COVID 19 pandemic. The Company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these financial results, to determine the impact on the Company's revenue from operations for foreseeable future and the recoverability and carrying value of certain assets such as property, plant and equipment, investments, inventories and trade receivables. Based on such assessment, management is confident that no indications of impairment of carrying values of property, plant and equipment and investments exist as on the date of approval of these financial statements. The impact of COVID-19 pandemic on the overall economic environment remains uncertain and may be different from what we have estimated as of the date of approval of these standalone financial statements and the Company will continue to closely monitor any material changes to future economic conditions

Signature to Note 1 to 41

As per our report of even date attached

For and on behalf of the Board

For **L.U. KRISHNAN & Co.**

Chartered Accountants
(ICAI FRN 001527S)

B. K. PATODIA

Chairman
DIN No. 00003516

UMANG PATODIA

Managing Director
DIN No. 00003588

P. K. MANOJ

Partner
(M. No. 207550)

T. RAVINDRAN

General Manager (Finance)
& Chief Finance Officer

Place : Chennai
Date : 31.07.2020

Place : Mumbai
Date : 31.07.2020

Place : Kochi
Date : 31.07.2020



Registered Office: 3rd Floor, Palal Towers, Ravipuram, M.G. Road, Kochi 682 016
Corporate Office: 43, Mittal Chambers, 4th Floor., 228, Nariman Point, Mumbai 400 021

An ISO 9001:2015 / 14001:2015 Certified Company
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