

Ref. PILC/2024-25

Aug 21, 2024

BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
MUMBAI – 400 001

Dear Sir/Madam,

**Sub: Annual Report for FY2023-24**

**Ref: PATSPIN INDIA LIMITED**

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby enclose the copy of Annual Report for the Financial Year 2023-24 for your kind perusal.

The Annual Report has also been uploaded in the Company's website at PIL - Annual Report FY 2023-24 and separate emails are being sent today itself i.e August 21, 2024 to Shareholders by our Registrar & Share Transfer Agents (RTA) M/s Integrated Registry Management Services Private Limited in this regard.

Kindly take the same on record.

Thanking you,  
Yours faithfully,  
For **PATSPIN INDIA LIMITED**



Veena Vishwanath Bhandary  
Company Secretary



**PATSPIN INDIA LIMITED**

CIN: L18101KL1991PLC006194

CORPORATE / REGISTERED OFFICE

3<sup>rd</sup> Floor, Palal Towers, MG Road, Ravipuram, Kochi 682016, India

Phone: 91-484-2661900

Email: cs@patspin.com | fin.ho@patspin.com

www.patspin.com

ISO 9001:2005 / 14001:2005 Certified



## Board of Directors

Shri B K Patodia (DIN 00003516)	: Chairman
Shri N K Bafna (DIN 00019372)	: Non-Executive Independent Director
Shri V.N.Balakrishnan (DIN 08820393)	: Non- Executive Independent Director
Shri C.K. Gopalakrishnan Nair (DIN 00521840)	: Non-Executive Independent Director
Smt Kalpana Mahesh Thakker (DIN 08601866)	: Non –Executive Non- Independent Director
Shri Umang Patodia (DIN 00003588)	: Managing Director
Shri T.Ravindran	: General Manager (Finance) & Chief Financial Officer
Ms Veena Vishwanath Bhandary	: Company Secretary

## Bankers &amp; Financial Institution

Central Bank of India  
State Bank of India  
The Karur Vysya Bank Limited

## Auditors (Statutory)

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

## Auditors (Internal)

M/s. Varma & Varma.  
Chartered Accountants  
Ernakulam

## Registrar &amp; Share Transfer Agents

M/s. Integrated Registry Management Services Private Limited  
2nd Floor, Kences Towers, No.1,  
Ramakrishna Street, T Nagar,  
Chennai-600017,  
Tel: 044 28140801-803;  
E-Mail: csdstd@integratedindia.in

## Registered Office

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

## Corporate ID No.(CIN)

L18101KL1991PLC006194

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# PATSPIN INDIA LIMITED

## NOTICE

NOTICE is hereby given that the **THIRTY THIRD (33<sup>RD</sup>)** Annual General Meeting of the Members of **PATSPIN INDIA LIMITED** will be held on **Thursday, 12th September 2024** at **10.00 AM** through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the following business.

### ORDINARY BUSINESS:

- 1) To receive, consider and adopt Audited Financial Statements of the Company for the financial year ended March 31, 2024 together with the Reports of the Board of Directors and Auditors' thereon
- 2) To appoint Smt. Kalpana Mahesh Thakker, Non-Executive Director (DIN: 08601866), who retires by rotation and being eligible, offers herself for re appointment.

### SPECIAL BUSINESS

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

**"RESOLVED THAT** in accordance with the provisions of Sections 196,197,198, 203 and any other applicable provisions of the Companies Act,2013 (the "Act") and the Rules made thereunder read with Schedule V of the Companies Act,2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Shri Umang Patodia (holding DIN: 00003588) as Managing Director of the Company, for a period of five years with effect from 4.8.2024, on the terms and conditions including remuneration as are set out and approved by the Nomination & Remuneration Committee and the Board of Directors. The draft remuneration structure placed before this meeting is specifically sanctioned with liberty to the Board of Directors (hereinafter referred to the "Board" which term shall be deemed to include the Nomination & Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and or remuneration and or agreement, subject to the same not exceeding the limits specified in Schedule V to the Companies Act, 2013 including any statutory re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri. Umang Patodia".

**"RESOLVED FURTHER THAT** pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Act, the remuneration payable to Shri. Umang Patodia by way of salary, perquisites, commission and other allowance shall not in any event exceed 5% of the net profits of the Company in that financial year".

**"RESOLVED FURTHER THAT** in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of Shri. Umang Patodia, the

remuneration, perquisites and other allowances shall be governed by the limits prescribed in Section II of Part II of Schedule V to the Act".

**"RESOLVED FURTHER THAT** Shri Umang Patodia shall not be liable to retire by rotation"

AND

**"FURTHER RESOLVED THAT** the Board and Company Secretary be and are hereby authorized to take all such steps as may be necessary proper 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 an **Ordinary Resolution**.

**"RESOLVED THAT** pursuant to the provisions of Regulations 2(1)(zc), 23(4) and other applicable Regulations, if any, of the Securities and Exchange Board of India (LODR) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time, Section 2(76), Section 188 and other applicable provisions of the Companies Act, 2013 ('Act') read with the Rules framed thereunder [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and other applicable laws / statutory provisions, if any, the Company's Policy on Related Party Transactions as well as subject to such approval(s), consent(s) and/or permission(s), as may be required and based on the recommendation of the Audit Committee, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall be deemed to include the Audit Committee or any other Committee constituted / empowered / to be constituted by the Board from time to time to exercise its powers conferred by this Resolution) to the Material Related Party Transaction(s) / Contract(s)/ Arrangement(s) / Agreement(s) entered into / proposed to be entered into (whether by way of an individual transaction or transactions taken together or a series of transactions or otherwise) between the Company and M/s. GTN Enterprises Limited on such terms and conditions as may be mutually agreed between the Company and the above related party, as mentioned in detail in the Explanatory Statement annexed herewith, provided that such transaction(s) / contract(s) / arrangement(s) / agreement(s) is being carried out at an arm's length pricing basis and in the ordinary course of business.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things, as may be necessary, including but not limited to, finalizing the terms and conditions, methods and modes in respect of executing necessary documents, including contract(s) / arrangement(s) / agreement(s) and other ancillary documents; seeking necessary approvals from the authorities; settling all such issues, questions, difficulties

## NOTICE (Contd...)

or doubts whatsoever that may arise and to take all such decisions from powers herein conferred; and delegate all or any of the powers herein conferred to any Director, Chief Financial Officer, Company Secretary or any other Officer / Authorized Representative of the Company, without being required to seek further consent from the Members and that the Members shall be deemed to have accorded their consent thereto expressly by the authority of this Resolution.

**RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter referred to or contemplated in this Resolution, be and is hereby approved, ratified and confirmed in all respect.”

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

“**RESOLVED THAT** pursuant to the provisions of Regulations 2(1)(zc), 23(4) and other applicable Regulations, if any, of the Securities and Exchange Board of India (LODR) Regulations, 2015 (‘SEBI Listing Regulations’), as amended from time to time, Section 2(76), Section 188 and other applicable provisions of the Companies Act, 2013 (‘Act’) read with the Rules framed thereunder [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and other applicable laws / statutory provisions, if any, the Company’s Policy on Related Party Transactions as well as subject to such approval(s), consent(s) and/ or permission(s), as may be required and based on the recommendation of the Audit Committee, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the ‘Board’, which term shall be deemed to include the Audit Committee or any other Committee constituted / empowered / to be constituted by the Board from time to time to exercise its powers conferred by this Resolution) to the Material Related Party Transaction(s) / Contract(s)/ Arrangement(s) / Agreement(s) entered into / proposed to be entered into (whether by way of an individual transaction or transactions taken together or a series of transactions or otherwise) between the Company and M/s. GTN Textiles Limited on such terms and conditions as may be mutually agreed between the Company and the above related party, as mentioned in detail in the Explanatory Statement annexed herewith, provided that such transaction(s) / contract(s) / arrangement(s) / agreement(s) is being carried out at an arm’s length pricing basis and in the ordinary course of business.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things, as may be necessary, including but not limited to, finalizing the terms and conditions, methods and modes in respect of executing necessary documents, including contract(s) / arrangement(s) /agreement(s) and other ancillary

documents; seeking necessary approvals from the authorities; settling all such issues, questions, difficulties or doubts whatsoever that may arise and to take all such decisions from powers herein conferred; and delegate all or any of the powers herein conferred to any Director, Chief Financial Officer, Company Secretary or any other Officer / Authorized Representative of the Company, without being required to seek further consent from the Members and that the Members shall be deemed to have accorded their consent thereto expressly by the authority of this Resolution.

**RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter referred to or contemplated in this Resolution, be and is hereby approved, ratified and confirmed in all respect.”

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

“**RESOLVED THAT** pursuant to the provisions of Regulations 2(1)(zc), 23(4) and other applicable Regulations, if any, of the Securities and Exchange Board of India (LODR) Regulations, 2015 (‘SEBI Listing Regulations’), as amended from time to time, Section 2(76), Section 188 and other applicable provisions of the Companies Act, 2013 (‘Act’) read with the Rules framed thereunder [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and other applicable laws / statutory provisions, if any, the Company’s Policy on Related Party Transactions as well as subject to such approval(s), consent(s) and/ or permission(s), as may be required and based on the recommendation of the Audit Committee, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the ‘Board’, which term shall be deemed to include the Audit Committee or any other Committee constituted / empowered / to be constituted by the Board from time to time to exercise its powers conferred by this Resolution) to the Material Related Party Transaction(s) / Contract(s)/ Arrangement(s) / Agreement(s) entered into / proposed to be entered into (whether by way of an individual transaction or transactions taken together or a series of transactions or otherwise) between the Company and Smt Prabha Patodia on such terms and conditions as may be mutually agreed between the Company and the above related party, as mentioned in detail in the Explanatory Statement annexed herewith, provided that such transaction(s) / contract(s) / arrangement(s) / agreement(s) is being carried out at an arm’s length pricing basis and in the ordinary course of business.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things, as may be necessary, including but not limited to, finalizing the terms and conditions, methods and modes in respect of

## NOTICE (Contd...)

executing necessary documents, including contract(s) / arrangement(s) /agreement(s) and other ancillary documents; seeking necessary approvals from the authorities; settling all such issues, questions, difficulties or doubts whatsoever that may arise and to take all such decisions from powers herein conferred; and delegate all or any of the powers herein conferred to any Director, Chief Financial Officer, Company Secretary or any other Officer / Authorized Representative of the Company, without being required to seek further consent from the Members and that the Members shall be deemed to have accorded their consent thereto expressly by the authority of this Resolution.

**RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter referred to or contemplated in this Resolution, be and is hereby approved, ratified and confirmed in all respect.”

- 7) 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 of the Companies Act, 2013 and other applicable provisions, if any, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or reenactment thereof, for the time being in force), the consent of the Members of the Company be and is hereby accorded to the ratification of the remuneration of M/s. Hareesh K.N and Associates, Cost Accountants (Firm Reg. No. 101974), appointed as the Cost Auditors by the Board of Directors of the Company (‘the Board’) for the financial year ending 31<sup>st</sup> March, 2025 to conduct cost audits relating to cost records of the Company and that the said Cost Auditors be paid a remuneration of Rs. 55,000 (Rupees Fifty-Five Thousand only) plus applicable taxes.

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors

**Veena Vishwanath Bhandary**

Company Secretary

Membership No. A61968

Place: Kochi

Date : 13.8.2024

### NOTES:-

1. The Ministry of Corporate Affairs, Government of India (“MCA”) vide General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 21/2021, 02/2022, 10/2022 and 09/2023 dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 14, 2021, May 5, 2022, December 28, 2022 and September 25, 2023, respectively, (“MCA Circulars”) has allowed conduct of Annual General Meetings (“AGM”) by Companies

through Video Conferencing/ Other Audio- Visual Means (“VC/ OAVM”) facility up to September 30, 2024, in accordance with the requirements provided in paragraphs 3 and 4 of the MCA General Circular No. 20/2020. The Securities and Exchange Board of India (“SEBI”) also vide its Circular No. SEBI/HO/CFD/ CMD1/ CIR/P/2020/79 dated May 12, 2020, Circular No. SEBI/HO/ CFD/ CMD2/CIR/P/2022/62 dated May 13, 2022, Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 and Circular No. SEBI/HO/CFD/ CFD-PoD-2/P/ CIR/2023/167 dated October 7, 2023 (“SEBI Circulars”) has provided certain relaxations from compliance with certain provisions of the SEBI Listing Regulations. In compliance with these Circulars, provisions of the Act and the SEBI Listing Regulations, the 33<sup>rd</sup> AGM of the Company is being conducted through VC/ OAVM facility, which does not require physical presence of members at a common venue. The deemed venue for the 33<sup>rd</sup> AGM shall be the Registered Office of the Company.

2. In terms of the MCA Circulars, physical attendance of members has been dispensed with and therefore, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by members under Section 105 of the Act will not be available for the 33<sup>rd</sup> AGM. However, pursuant to Section 112 and Section 113 of the Act, representatives of the members may be appointed for the purpose of voting through remote e-Voting, for participation in the 33<sup>rd</sup> AGM through VC/ OAVM facility and e-Voting during the 33<sup>rd</sup> AGM
3. In terms of the MCA Circulars and relevant circulars issued by SEBI, the Notice of the 33<sup>rd</sup> AGM and Annual Report for the financial year ended March 31, 2024 is being sent only through electronic mode to those members whose email addresses are registered with the Company/ Depository Participants (“DPs”) and will also be available on the website of the Company at [www.patspin.com](http://www.patspin.com), on the website of BSE Limited at [www.bseindia.com](http://www.bseindia.com) and also on the website of Central Depository Services Limited (“CDSL”) at [www.evotingindia.com](http://www.evotingindia.com). Since the 33<sup>rd</sup>AGM will be held through VC/ OAVM facility, the Route Map is not annexed in this Notice.
4. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning the business under Item Nos. 3 to 7of the Notice are annexed hereto. The relevant details pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking re-appointment at this AGM are also annexed.
5. 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.

## NOTICE (Contd...)

6. The Register of Members and Share Transfer Books of the Company will remain closed from Friday 6<sup>th</sup> September 2024 to Thursday 12<sup>th</sup> September 2024 (both days inclusive) for the purpose of AGM.
7. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), read with MCA Circulars and SEBI Circular, Company is providing facility of remote e-voting to its Members to cast their vote electronically, through the E-voting services provided by CDSL on all the resolutions set forth in this Notice. The facility of casting votes by a member using remote e-voting system as well as e-voting on the date of the AGM will be provided by CDSL.
8. 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 (IRMSPL) by providing Folio No. and Name of shareholder at 2<sup>nd</sup> Floor, Kences Towers, No.1, Ramakrishna Street, T Nagar, Chennai-600017, Tel: 044 28140801-803; E-Mail: csdstd@integratedindia.in
9. 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.
10. 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 Thursday 5<sup>th</sup> September 2024, through email on cs@patspin.com, quoting their folio number. The same will be replied by the Company suitably.
11. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022, has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed dividend account; exchange of securities certificate; sub-division of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, on the website of the Company's Registrar and Transfer Agents, IRMSPL at csdstd@integratedindia.in
12. It may be noted that any service request can be processed only after the folio is KYC Compliant.
13. 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.
14. 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.
15. Members are requested to notify change in address, if any, immediately to M/s. IRMSPL, quoting their folio numbers.
16. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
17. 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 6<sup>th</sup> September 2024 ('Cut-off Date').
18. 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.
19. The Board of Directors of the Company has appointed Shri MRL Narasimha (Membership No.2851, CRNO 799), Practicing Company Secretary or failing him,

## NOTICE (Contd...)

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.

19. 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](mailto:mrln54@outlook.com) with a copy marked to the Company on [cs@patspin.com](mailto:cs@patspin.com).
20. The results once declared along with the Scrutinizer's Report shall be placed on the Company's website [www.patspin.com](http://www.patspin.com) and on website of CDSL within forty eight hours of conclusion of the AGM and will also be communicated to BSE Limited, where the shares of the Company are listed.

### THE INTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2%

or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

### THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

**Step 1** : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

**Step 2** : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- a) The voting period begins on Monday 9<sup>th</sup> September 2024 at 9:00 AM IST and ends on Wednesday 11<sup>th</sup> September 2024 at 5:00 PM IST. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday 6<sup>th</sup> September 2024 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- b) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- c) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

**Step 1** : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (i) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual

## NOTICE (Contd...)

shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL Depository</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi / Easiest are requested to visit cdsi website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at cdsi website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the</li> </ol>

Type of shareholders	Login Method
	Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with <b>NSDL Depository</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select "Register Online for IDeAS" Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available</li> </ol>

## NOTICE (Contd...)

Type of shareholders	Login Method
	under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (DP)</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 2109911
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at : 022 - 4886 7000 and 022 - 2499 7000

**Step 2 :** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.
- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
  - 2) Click on "Shareholders" module.
  - 3) 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.
  - 4) Next enter the Image Verification as displayed and Click on Login.
  - 5) 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.
  - 6) If you are a first-time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• 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.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	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. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

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

(iii) 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

## NOTICE (Contd...)

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.

- (iv) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (v) Click on the EVSN for the relevant <PATSPIN INDIA LTD> on which you choose to vote.
- (vi) 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.
- (vii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (viii) 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.
- (ix) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (x) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xi) 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.
- (xii) There is also an optional provision to upload BR/ POA if any uploaded, which will be made available to scrutinizer for verification.
- (xiii) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://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](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.

- It is Mandatory that, 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 mandatory 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 and to the Company at the email address viz; [cs@patspin.com](mailto: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..

### INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. 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.
7. 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 **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [cs@patspin.com](mailto:cs@patspin.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [cs@patspin.com](mailto:cs@patspin.com). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

## NOTICE (Contd...)

9. 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.

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 may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

### **PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.**

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 Company/RTA email id.

2. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 2109911.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. 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](mailto:helpdesk.evoting@cdslindia.com) or call toll free no. 1800 2109911.

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

<b>Name of the Director</b>	<b>Smt. Kalpana Mahesh Thakker</b>
DIN	08601866
Age & Date of Birth	62 years, 10.1.1963
Nationality	Indian
Qualification	Graduate
Expertise	Smt. Kalpana Mahesh Thakker (DIN 08601866), aged 62 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.)	Patspin India Limited Purav Trading Limited
Membership / Chairman in other Committees	NIL
Shareholding in the Company	5000 equity shares
Relationship between Directors Inter -se Directors	NIL

By Order of the Board of Directors

**Veena Vishwanath Bhandary**  
Company Secretary  
Membership No. A61968Place: Kochi  
Date : 13.8.2024

## NOTICE (Contd...)

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

#### Item No.3

The present term of office of Shri Umang Patodia as Managing Director will expire on 3<sup>rd</sup> August 2024. Subject to shareholders' approval, the Board of Directors, at their meeting held on 21<sup>st</sup> May, 2024 have reappointed him for a further period of five years from the expiry of his term on the remuneration determined by the Nomination & Remuneration Committee of the Board of Directors.

Nomination & Remuneration Committee constituted by the Board had met on 21.5.2024 and approved and recommended remuneration package of Shri. Umang Patodia, Managing Director for a period of three years, in accordance with Schedule V to the Companies Act, 2013

Pursuant to the provisions of Companies Act 2013, Remuneration payable by companies having no profit or inadequate profit shall pay remuneration to the managerial person not exceeding the limits as under,

Where the Effective Capital (EC) is	Limit of yearly remuneration payable shall not exceed (Rs)
i. Negative or less than Rs. 5 Crore	60 lacs
ii) Rs. 5 crores and above but less than Rs. 100 Crores	84 lacs
iii) Rs. 100 crores and above but less than Rs.250 Crores	120 lacs
iv) Rs. 250 Crores and above	120 lacs+0.01% of EC in excess of Rs. 250 Crores
Provided that the above limits shall be doubled if the resolution passed by the shareholders is a special resolution.	

Provided further that the limits specified under items of Schedule V shall apply, if-

- (i) payment of remuneration is approved by a resolution passed by the Board and, in the case of a company covered under sub-section (1) of section 178 also by the Nomination and Remuneration Committee
- (ii) the company has not committed any default in payment of dues to any bank or public financial institution or non-convertible debenture holders or any other secured creditor, and in case of default, the prior approval of the bank or public financial institution concerned or the non-convertible debenture holders or other secured creditor, as the case may be, shall be obtained by the company before obtaining the approval in the general meeting.]
- (iii) an ordinary resolution or a special resolution, as the case may be, has been passed for payment of remuneration as per item (A) or a special resolution has been passed for payment of remuneration as per item (B), at the general meeting of the company for a period not exceeding three years.
- (iv) A statement along with Notice calling the General meeting with certain information is to be given to the shareholders

The Effective Capital of the Company based on the Audited Accounts for the Year Ended 31.3.2024 is "Negative" Rs (1044.20) Lakhs.

Since effective capital is "Negative", the maximum limit of yearly remuneration payable shall not exceed Rs. 60 lakhs in case of a managerial person.

Shri. Umang Patodia, Managing Director was drawing remuneration in the scale of Rs. 4, 00,000 per month plus usual perquisites and the Nomination and Remuneration Committee recommend to retain the same for the three years' period from 4<sup>th</sup> August, 2024 to 3<sup>rd</sup> August 2027 on the following terms:

#### a) Salary:

Rs.4,00,000/- per month in the Scale Rs.400000–20000–440000 for the three year period from 4<sup>th</sup> August, 2024 to 3<sup>rd</sup> August 2027.

#### b) Commission:

Subject to the overall limits laid down in Sections 197 of the Companies Act, 2013 such percentage of the Net Profit of the Company or such quantum as may be fixed by the Board of Directors for each financial year not exceeding 2% of the Net Profits of the Company, each year, restricted to an overall limit of Rs.60 lacs per annum.

#### c) Perquisites as follows:

- (i) Housing: Rent free accommodation will be provided to the appointee for which actual amount of lease rental paid or payable by the Company or 10% of the salary, whichever is lower, shall be recovered. In case no accommodation is provided by the Company, House Rent Allowance, subject to a ceiling of 60% of the appointee's salary shall be paid. In addition, the appointee shall be allowed Company owned furniture and fixtures, if required.

## NOTICE (Contd...)

- (ii) The expenditure incurred by the appointee on gas, electricity and water shall be reimbursed by the Company.
- (iii) All Medical Expenses incurred by the appointee for self and his family shall be reimbursed.
- (iv) Leave Travel Concession for the appointee and his family will be allowed once in a year as per the Rules of the Company.
- (v) Fees of Clubs: Subject to a maximum of 2 Clubs. This will not include admission and life membership fees.
- (vi) Personal Accident Insurance: As per Rules of the Company.
- (vii) Provision of Car with driver and telephone at the residence for use of Company's business.

### Perquisites not included in Managerial Remuneration

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

### d) **Overall Remuneration:**

The aggregate of salary, commission and perquisites in any financial year shall not exceed the limits prescribed from time to time under Section 197 and other applicable provisions of the Act read with Schedule V to the said Act, as may for the time being in force.

### e) **Minimum Remuneration:**

In case of loss or inadequacy of profits in any financial year during the currency of tenure of his service, the payment of salary, commission and perquisites shall be governed by the limits prescribed under the Section II of Part II of Schedule V to the Act.

Further more, approval of the members in general meeting by way of a special resolution is required to be obtained for payment of minimum remuneration, by way of salary and perquisites and allowances as specified above in the event of absence or inadequacy of profits in any financial year during the tenure of Shri Umang Patodia, Managing Director of the Company.

Shri. B.K. Patodia and Shri. Umang Patodia are related to each other and are deemed to be interested in the resolution mentioned in Item no.3 of the Notice.

None of the other directors and Key Managerial Personnel of the Company or their relatives is in any way concerned or interested, financial or otherwise, in the resolution.

### **Information required to be disclosed in terms of Schedule V to the Companies Act, 2013:-**

#### **I. General Information:**

- i) Nature of the industry:  
Textile Industry – the Company is mainly engaged in manufacture and exports of yarn, both for domestic and international markets.
- ii) Date or expected date of commencement of Commercial Production:  
The Commercial Production has commenced during January, 1994.
- iii) In case of new companies, expected date of commercial activities as per Project approved by financial institutions appearing in the prospectus. - Not applicable.
- iv) Financial Performance:

Particulars	2021-22	2022-23	2023-24
Revenue from Operations	143.56	75.19	49.47
Operating Profit	19.61	(7.76)	1.78
Finance Cost	22.84	10.52	7.54
Profit /(Loss)Before Tax	(13.37)	(18.15)	(6.65)
Profit / (Loss)After Tax	(13.24)	(18.51)	(6.58)
Amount of Equity Dividend Paid	0	0	0
Rate of Dividend Declared (%)	0	0	0

The Company has made some defaults in repayment of its dues and interest. However, the lenders are in the process of restructuring the same. The Company has not accepted any Public Deposits nor issued any debentures.

## NOTICE (Contd...)

v) Foreign Investments or Collaborators, if any:

The Company does not have any foreign investments or collaborators.

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

Vide Item No.3 of the Notice of this Annual General Meeting of the Company; the approval of the members is being sought for fixing the remuneration of Shri. Umang Patodia, Managing Director effective from 4<sup>th</sup> August, 2024 for a period of three years from 04.08.2024 to 03.08.2027. Shri. Umang Patodia is a Citizen of India, 54 years of age. He is a Commerce Graduate and has over two decades of experience in the textile business and has a successful presence in the textile business segment. He is actively involved in the day to day management of the Company. He plays a pivotal role in policy matters as well as strategic planning and has also been instrumental in the project implementation, start up and operations of the Company. He is the past Chairman of CII -Kerala State Council. He is presently Committee Member of CII State and Southern Region, Confederation of Indian Textile Industry, TEXPROCIL and special invitee in Southern India Mills Association. In the year 2000, he was nominated by CITI New Delhi, to the "YOUNG ENTREPRENEURS GROUP" of International Textile Manufacturers' Federation based at Zurich, and in October 2002, the group nominated him as their Vice Chairman. Mr. Umang Patodia, who pioneered the Young Entrepreneurs Group during 2003 within CITI served as its founder Chairman till September 2005. He is also a Member and Networking Chair of Young Presidents Organization (YPO) Kerala Chapter.

Maximum remuneration availed by Managing Director for the last 3 years is as under:

FY	Amount (Rs. In lakhs)
2023-24	54.76
2022-23	56.42
2021-22	56.28

**Pecuniary Relationship:** The Company had not entered into any transaction of material in nature with any of the related parties which were in conflict with the interest of the Company. Further, all transactions with the related parties were in the ordinary course of business and at arm's length.

### III. Other Information:

The Directors Report and the Management Discussion and Analysis forming part of the Annual Report mentioned in detail "other information" as required under Schedule V of the Companies Act, 2013.

Draft Agreement referred in the resolution would be available for inspection by the members at the registered office of the Company during normal business hours on all working days up to the date of the Annual General Meeting.

Shri. Umang Patodia, Managing Director and Shri.B K Patodia, Chairman, are being related to each other are deemed to be interested in the resolution mentioned in Item No.3 of the notice and none of the other Directors of the Company and Key Managerial Personnel or their relatives is in any way concerned or interested, financial or otherwise in the resolution.

The terms and conditions mentioned in item No.3 of the notice may also be taken as an Abstract of the agreement to be made by the Company with Shri Umang Patodia, pursuant to section 190 of the Companies Act, 2013.

Your Directors recommend this Resolution for approval.

### Item No. 4 to 6

Section 188 of the Companies Act, 2013 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended, prescribe certain procedure for approval of related party transactions. Regulation 23 of the SEBI (LODR) Regulations, 2015 has also prescribed seeking of shareholders' approval for related party transactions provided that a transaction with a related party shall be considered material i.e., if the transaction(s) to be entered into individually or taken together with previous transaction during a financial year exceeds Rs. 1000 crore or 10% of the annual turnover of the listed entity as per the last audited financial statement of the listed entity, whichever is lower. Proviso to Section 188 provides that nothing contained in Sub-section (l) of Section 188 applies where transactions are entered into by the company in the ordinary course of conduct of business other than transactions which are not on an arm's length basis.

Annual turnover of Patspin India Limited as per audited financial statements as at 31.3.2024 is Rs. 50 crores. Therefore, the value of the related party transactions was considered material, pursuant to the provisions of Regulation 23 of the SEBI (LODR) Regulations, 2015. Hence the following proposed transactions are for the approval of Shareholders of the Company by passing an ordinary resolution.

## NOTICE (Contd...)

Name of Related party	Relationship	Estimated value of transaction (Rs. In lakhs)	Nature of the transaction (s)	Material Terms of the contract / or agreement
GTN Enterprises Limited	Shri. B.K.Patodia and Shri. Umang Patodia are interested in the related party company.	3000	Sale, Purchase or supply of cotton and cotton yarn / waste	The proposed approval is for a maximum period of 15 months between two Annual General Meetings (AGM), being conclusion of the 33 <sup>rd</sup> AGM to the conclusion of the 34 <sup>th</sup> AGM.
		500	Selling or otherwise disposing off, or buying, property and other assets of any kind	
	Shri. Ankur Patodia, Managing Director is the Son of Mr. B.K.Patodia and Brother of Shri. Umang Patodia of the related party company	2500	Availing or rendering of processing charges or any other transaction of whatever nature	Further, the proposed transaction entered into by the company shall be in the ordinary course of business and at arm's length price.
GTN Textiles Limited	GTN Textiles Limited being the main promoter of Patspin India Limited and Shri. B.K.Patodia is the Chairman and Managing Director besides Shri. Umang Patodia a Non-Executive Director are interested pursuant to Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (LODR), Regulations 2015	1000	Sale, Purchase or supply of cotton and cotton yarn / waste	The proposed approval is for a maximum period of 15 months between two Annual General Meetings (AGM), being conclusion of the 33 <sup>rd</sup> AGM to the conclusion of the 34 <sup>th</sup> AGM.  Further, the proposed transaction entered into by the company shall be in the ordinary course of business and at arm's length price.
		1060	Receipt of unsecured loan	The unsecured loan shall carry an interest @9.00% per annum at arms length basis
Smt Prabha Patodia	Wife of Shri. B.K. Patodia and Mother of Shri. Umang Patodia	10	Rent	The proposed approval is for a maximum period of 15 months between two Annual General Meetings (AGM), being conclusion of 33 <sup>rd</sup> AGM to the conclusion of the 34 <sup>th</sup> AGM.  Further, the proposed transaction entered into by the company shall be in the ordinary course of business and at arm's length price.

The other related information as envisaged under Companies (Meetings of Board and its Powers) Rules, 2014 and amendments thereto, and the Company's Related Party Transaction Policy are furnished hereunder:

Name of the Related Parties	GTN Enterprises Limited
Name of the Director or key managerial personnel who is related, if any	Shri. B.K.Patodia, Chairman Shri. Umang Patodia, Managing Director
Nature of Relationship	<ul style="list-style-type: none"> <li>• Shri. Umang Patodia is the son of Shri. B.K.Patodia</li> <li>• Shri Ankur Patodia is the Managing Director of GTN Enterprises Limited</li> <li>• Shri. Ankur Patodia is the son of Shri. B.K.Patodia and brother of Shri. Umang Patodia</li> </ul>
The nature, material terms, monetary value and particulars of the contract or arrangement	As per table above

## NOTICE (Contd...)

Any other information relevant or important for the members to take a decision on the proposed resolution	Patspin India Limited Lenders have approved and implemented a Resolution Plan pursuant to RBI Circular dated 7th June 2019 and restructured its working capital facilities. There will be requirement to procure / sell the materials from the related party in the normal course of business and at arm's length price
Name of the Related Parties	GTN Textiles Limited
Name of the Director or key managerial personnel who is related, if any	Shri. B.K.Patodia, Chairman Shri. Umang Patodia, Managing Director
Nature of Relationship	<ul style="list-style-type: none"> <li>Shri. B.K.Patodia is the Chairman &amp; managing Director &amp; Shri. Umang Patodia is a Non Executive Director in GTN Textiles Limited</li> <li>Shri. Umang Patodia is the son of Shri. B.K.Patodia</li> </ul>
The nature, material terms, monetary value and particulars of the contract or arrangement	As per table above
Any other information relevant or important for the members to take a decision on the proposed resolution	<ul style="list-style-type: none"> <li>Patspin India Limited Lenders have approved and implemented a Resolution Plan pursuant to RBI Circular dated 7th June 2019 and restructured its working capital facilities. There will be requirement to procure / sell the materials from the related party in the normal course of business and at arms length price.</li> <li>Lenders of GTN Textiles Limited (GTN), main promoter of the company obtained "No Objection Certificate" (NOC) for sale of their land and the Lenders stipulated a condition to meet the short fall in payment of dues of Paspin India Limited as guaranteed by GTN. Accordingly, GTN shall pay Rs. 10.60 crores to Patspin India Limited.</li> <li>The said unsecured loan shall carry an interest of 9 % per annum at arm's length basis</li> </ul>
Name of the Related Parties	Smt Prabha Patodia
Name of the Director or key managerial personnel who is related, if any	Shri. B.K.Patodia, Chairman Shri. Umang Patodia, Managing Director
Nature of Relationship	Smt Prabha Patodia is the Wife of Shri. B.K. Patodia and Mother of Shri. Umang Patodia
The nature, material terms, monetary value and particulars of the contract or arrangement	As per table above
Any other information relevant or important for the members to take a decision on the proposed resolution	The company has hired a portion of house owned by Smt. Prabha Patodia for Managing Director's office cum residential stay in Kochi. The rent paid (2/3 <sup>rd</sup> for Office and 1/3 <sup>rd</sup> for residence is being very low compared to the market value.

The above proposed arrangements / transactions were approved by the Audit Committee at their meeting held on 13.8.2024 and recommended by the Board of Directors at its meeting held on 13.8.2024 to the Shareholders of the Company for their approval.

As per Regulation 23 of the SEBI (LODR) Regulations, 2015, all material related party transactions shall require approval of the shareholders through ordinary resolution and the related parties shall abstain from voting on such resolution whether the entity is a related party to the particular transaction or not. Further, as per Rule 15 of the Companies (Meetings of Board and its Powers) Rules 2014, where any Director is interested in any contract or arrangement with a related party, such Director shall not be present at the meeting during discussion on the subject matter of the resolution relating to such contract or arrangement. Accordingly, all related parties of the Company shall not participate or vote on this resolution.

Directors or their relatives as mentioned as related parties above may be deemed to be interested or concerned in the Resolution.

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

## **NOTICE (Contd...)**

The above proposal is in the interest of the Company and the Board recommends the Ordinary Resolution as set out at Item No. 4 & 6 for approval by the members of the Company.

### **Item No.7**

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 unit at Palakkad for a remuneration of Rs. 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 2024-25

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 31<sup>st</sup> March 2025.

None of the Directors / Key Managerial Personnel/Managers of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in this resolution set out as above.

The Board recommends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the members..

By Order of the Board of Directors

**Veena Vishwanath Bhandary**

Company Secretary

Membership No. A61968

Place: Kochi

Date : 13.8.2024

# PATSPIN INDIA LIMITED

## BOARD'S REPORT

To the Members,

Your Directors' present the 33<sup>rd</sup> (Thirty Third) Board's Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2024.

### 1. FINANCIAL RESULTS

The financial highlights of your Company for the year ended 31st March 2024 are summarized as follows:

(Rs. In Crores)

	FY 2023-24	FY 2022-23
Revenue from Operations	49.47	75.19
EBITDA	1.78	(7.76)
Finance cost	7.54	10.52
Depreciation	3.14	7.15
Profit / (Loss) before Tax, before exceptional items	(8.90)	(25.44)
Exceptional Items:		
- VRS, Ex-gratia and Gratuity to employees on settlement	-	(6.64)
- Profit on sale of Assets / Undertaking	2.25	13.93
Profit / (Loss) before tax	(6.65)	(18.15)
Other Comprehensive Income (net of Tax)	0.07	(0.36)
Total Comprehensive loss for the year	(6.58)	(18.51)

### 2. FINANCIAL PERFORMANCE

Liquidity stress on account of delayed implementation of Restructuring / Resolution Plan (RP) by the Lenders and challenging market conditions of the Indian Textiles Industry, especially for Spinning segment, due to geo-political situation and other external factors continued impacting Company's performance. In view of this, the Company continues to engage in Job work activities even post implementation of Resolution Proposal (RP) which has resulted in recovery of only variable expenses.

Consequently, the Revenue from operations for FY 2023-24 was lower at Rs.49.47 Cr as against Rs.75.19 recorded in the previous year. During the year company has written back certain liabilities of Rs.5.15 Cr which are no longer payable. Taking this into account, EBITDA for the year was higher at Rs.1.78 Cr. as against EBITDA loss of Rs.7.76 Cr in the previous year. Finance Cost for FY 2023-24 was lower at Rs.7.54 Cr as against Rs.10.52 Cr of previous year due to repayment of entire term loans during FY 2022-23 from the sale proceeds of Company's Tamil Nadu Plant as per approved RP by the lenders. Exceptional item of Rs.2.25 Cr in FY 2023-24 represent profit on sale of company's Mumbai Office. At PBT level the loss was lower at Rs.6.65 Cr as against Rs.18.15 Cr of loss incurred in the previous year.

### 3. PROPOSAL TO RESUME OWN MANUFACTURING OPERATIONS

During FY 2023-24, due to geo political situation (Ukraine War, Red Sea issue), higher inflation, slow down of global economy, higher raw material (raw cotton) prices and raising interest rates company continue to operate on Job work / Contract manufacturing where the revenue is sufficient only to meet the variable expenses. In view of this, company could service interest on working capital term loan (WCTL) upto Aug'23 and paid quarterly WCTL installments upto 30.09.2023. The company has requested the Lenders to restructure outstanding debt (WCTL) with moratorium on WCTL Interest and quarterly instalment payment, reduction in the rate of interest and working capital facility of Rs. 25 crores. Lenders advised the company to pay the overdue and regularize the WCTL account to consider restructuring. The Company's Promoters have assured necessary support in this regard.

Major markets (USA & EU) are now showing signs of improvement due to moderate inflation and improved disposable income. Country's cotton yarn exports also improved by 37% during the second half of FY 2023-24 over the same period in the previous year. Further, with the various measures initiated by the Government to revive and give impetus to the Indian Textile Industry, company expect improved business opportunity and planned to resume own manufacturing operations, post restructuring of debt (WCTL) as aforesaid. With the significant reduction in the debt level as well as rationalization of labour cost through VRS measures and reducing cotton prices, own manufacturing operation could generate a cash profit to service the debts. On completion of restructuring process, the Company proposes to resume own manufacturing activities and carry on trading in cotton yarn for better prospects of the Company.

### 4. NCCCPS ISSUED UNDER RESOLUTION PLAN

Your Board in its previous report mentioned about allotment of 0.50% 251000 Non-Cumulative Compulsorily Convertible Preference Shares (NCCCPS) of Rs. 100 each to Lenders and Promoters & its Associates pursuant to approved Resolution Plan in lieu of their existing Redeemable Preference Shares, conversion on 31.3.2030. Subsequent to that company filed application to BSE Limited for their in-principle approval for demating the said shares and application was closed citing non submission of required documents / classification, which the company had challenged before the Hon'ble High Court of Kerala.

Hon'ble High Court of Kerala vide their Order dated 30.1.2024 allowed the Writ Petition directing BSE to consider company's application for In-principle approval and passed order directing BSE Limited to

## BOARD'S REPORT (Contd...)

take up representation of the company and decide the same, after affording them, as also any other person interested, an opportunity of being heard: thus culminating in an appropriate order and necessary action thereon, as expeditiously as is possible.

Pursuant to above, BSE Limited vide its Order dated 2.5.2024 expressed its inability to accord its "In-principle approval" for the issuance and allotment of 0.50% 970000 NCCCPS of Rs 100 each to Promoters and its Associates under Regulation 28(1) of SEBI (LODR) Regulations. However BSE has communicated that they may consider and accord its "In-principle approval" for the issuance and allotment of 0.50% 1081000 NCCCPS of Rs 100 each to the Lenders (Consortium of Banks) provided the company file appropriate application limited to the issuance of allotment of 0.50% 10,81,000 NCCCPS to the Lenders and complies with the applicable requirements.

Your Board, based on legal opinions from learned Advocates, approved a proposal to Appeal the same and accordingly the company has filed an "Appeal" before the Securities Appellate Tribunal (SAT), Mumbai in this regard.

### 5. DIVIDEND

In view of the losses for the financial year ended 31<sup>st</sup> March 2024, the Board of Directors regret their inability to recommend any dividend for the year 2023-24.

### 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 31<sup>st</sup> March 2024.

### 8. CORPORATE GOVERNANCE

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

A separate statement on Corporate Governance together with a certificate from the Practicing Company Secretary of the Company regarding compliance of conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report.

### 9. DIRECTORS

All the Directors have affirmed that they have complied with the Company's Code of Business Conduct & Ethics. In terms of requirements of the Listing Regulations, the Board has identified core skills, expertise and competencies of the Directors in the context of the

Company's businesses, which are detailed in the Report on Corporate Governance.

Further, in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, Independent Directors of the Company have confirmed that they have registered themselves with the databank maintained by the Indian Institute of Corporate Affairs. The Independent Directors who were required to clear the online proficiency self-assessment test have passed the test. In the opinion of the Board, the Independent Directors fulfil the conditions of independence, are independent of the management, possess the requisite integrity, experience, expertise, proficiency and qualifications to the satisfaction of the Board of Directors

During the year under review there is no change in the composition of the Board of Directors and the Key Managerial Personnel.

Pursuant to the requirements of the Companies Act, 2013, Smt. Kalpana Mahesh Thakker (DIN 08601866), retires by rotation at the ensuing Annual General Meeting and, being eligible, offers herself for re-appointment. The Board recommends the appointment / re-appointment of the above Director for approval. The brief details of the Director proposed to be appointed / re-appointed, as required under Regulation 36 of SEBI Listing Regulations, are provided in the Notice of Annual General Meeting.

### 10. KEY MANAGERIAL PERSONNEL

Shri Umang Patodia, Managing Director, Shri T.Ravindran, Chief Financial Officer, and Ms Veena Vishwanath Bhandary, Company Secretary and Compliance Officer 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) times during the financial year 2023-24. The details of the meetings of the Board of Directors of the Company convened and attended by the Directors during the financial year 2023-24 are given in the Corporate Governance Report which forms part of this Annual Report.

### 12. MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on 22<sup>nd</sup> February, 2024, without the presence of Non-Independent Directors and members of the management to review the performance of Non-Independent Directors and the Board of Directors as a whole; review the performance of the Chairman and Managing Director of the Company and to assess the quality, quantity and timeliness of flow of information between the management and the Board of Directors. The performance evaluation of the Independent Directors was carried out by the entire Board.

## BOARD'S REPORT (Contd...)

### 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, 2024 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 2024 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. the Directors 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, the Board has carried out the annual performance evaluation of its own performance, of Committees of the Board and of the Directors individually. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, 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 specified duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company.

### 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 for second term of 5 years at the 31<sup>st</sup> Annual General Meeting (AGM) held on 30<sup>th</sup> September, 2022 to hold office till the conclusion of the 36<sup>th</sup> AGM of the Company to be held in the year 2027. The Auditors' Report for 2023-24 does not contain any qualifications, reservations or adverse remarks.

### 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 31<sup>st</sup> March, 2025, on a remuneration as mentioned in the Notice convening the 33<sup>rd</sup> Annual General Meeting for conducting the audit of the cost records maintained by the company.

### 19. EXTRACT OF ANNUAL RETURN

Pursuant to provisions of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the company for the Financial Year 31<sup>st</sup> March 2024 is uploaded on the website of the company and can be accessed at the [www.patspin.com](http://www.patspin.com)

## BOARD'S REPORT (Contd...)

### 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](http://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 2023-24. 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 2022-23, the company had obtained external credit rating of "RP4" for Lenders to carry out restructuring of the outstanding debts. Since the account is restructured and post restructuring, the account continues to be sub-standard and upgrade will be as per Reserve Bank of India (Prudential framework for Resolution of stressed assets) directions 2019. Hence, no external credit rating was carried out during the year 2023-24.

### 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 II** 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 Depot. 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 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.

## **BOARD'S REPORT (Contd...)**

### **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) has 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, 2024.

### **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, The Karur Vysya Bank Limited 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

**B K PATODIA**

Chairman

(DIN:00003516)

Place: Kochi

Date: 13.8.2024

## Annexure - I

### ANNEXURE TO THE BOARD'S REPORT

#### FORM MR - 3

#### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH 2024

[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 31<sup>st</sup> March 2024 and also after 31<sup>st</sup> March, 2024 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 31<sup>st</sup> March 2024 (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 byelaws framed there under.
  - iv. 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.
  - v. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021

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 (Depositories and Participants) Regulations, 2018
  - (e) The Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015,
  - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021
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 the following Regulations and Guidelines prescribed under the SEBI Act:
    - (a) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 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 (Issue of Capital and Disclosure Requirements) Regulations, 2018
    - (d) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations 2018
  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 with respect to Board Meetings (SS- 1) and General Meetings (SS- 2) issued by The Institute of Company Secretaries of India.
    - ii) The Listing Agreement entered by the company with BSE Limited

## Annexure - I

I further report that the compliance by the company of applicable financial laws, like Direct and Indirect Tax laws, has not been reviewed in this audit since this has been subject to review by Statutory Auditor and other designated professionals.

5. 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 Woman Director and no changes in the composition of the Board of Directors that took place during the period under review in compliance with the provisions of the Act.
- (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.
- (iv) 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.
- (v) There were no instances of
  - (a) Public/ Rights /Debentures/Sweat Equity
  - (b) Buy-back of Securities.
  - (c) Major decision taken by the members pursuant to section 180 of the Companies Act 2013
  - (d) Merger/ Amalgamation/ Reconstruction etc
  - (e) Foreign technical collaborations.

Apart from 3,09,20,000 Equity Shares, the company has also issued 20,51,000 '0.50% Unlisted Non-Cumulative Compulsorily Convertible Preference Shares' (NCCCPS), convertible into equity on 31.03.2030 pursuant to an approved Resolution Plan (RP) formulated under the principles of the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 issued by the Reserve Bank of India vide its Circular No RBI/2018- 19/203/DBR. No.BPBC.45/21.04.048/2018-19 dated 7th June 2019.

As per approved Resolution Plan (RP), these NCCCPS shall be listed upon its conversion on 31.03.2030 for which the Company has sought "in-principle" approval of BSE Ltd. Further to this, the Stock Exchange (BSE Ltd) vide their email dated 3.8.2023 have intimated "Closure" of Application No: 167958 dated 24.1.2023 without any proper reason. In view of the same, Company had filed a Writ Petition with Hon'ble High Court of Kerala. Hon'ble High Court of Kerala vide its order dated 30.1.2024 has directed BSE Ltd to take up the matter and decide the same within six weeks from the date of receipt of copy of order.

BSE Ltd vide its order Ref No LODS/SV/Pref-GEN/203/2024-25 dated May 2, 2024, expressed its inability (i) to accord its "In-principle approval" for the issuance and allotment of 0.50%, 9,70,000 NCCCPS to Promoters and its Associates under Regulation 28(1) of the SEBI LODR Regulations. (ii) however the Exchange may consider according its "In-principle approval" for the issuance and allotment of 0.50%, 10,81,000 NCCCPS to the Lenders (Consortium of Banks) provided the Company file appropriate application limited to the issuance and allotment of 0.50% 10,81,000 NCCCPS to the Lenders and complies with the applicable requirements.

The Company has Appealed against above Order from BSE Ltd before the Hon'ble Securities Appellate Tribunal (SAT) praying to Stay the Operation implementation of the same, pending consideration and final disposal of the said Appeal

Place: Coimbatore  
Date: 13.08.2024  
UDIN: F002851F000960236

**M.R.L.Narasimha**  
Practicing Company Secretary  
Membership No:2851  
CP No:799  
PR NO.1420/2021

## Annexure - I

### 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 31<sup>st</sup> March,2024 is to be read along with this letter.**

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31<sup>st</sup> March,2024 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 are 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 31<sup>st</sup> March 2024 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.

Place: Coimbatore  
Date: 13.08.2024  
UDIN: F002851F000960236

**M.R.L.Narasimha**  
Practicing Company Secretary  
Membership No:2851  
CP No:799  
PR NO.1420/2021

## Annexure - II

### ANNEXURE TO THE BOARD'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. a) A unit Comber 13 and B unit Comber 107 fan motor removed and connected directly to plant, (75 units saved per day) b) Optimization of BR and Card WRS suction based on the Raw material trash%, saved 125 units / day. c) c) Fog installed in autoconer towards improving the humidity, plants units saved 35 units/day.
ii) The steps taken by the company for utilizing alternate sources of energy	
(iii) The capital investments on energy conservation equipments	

#### (B) Technology absorption:

a) The efforts made towards technology absorption :	a) RF CDS conversion in 5 LR6'S Ring Frame in A unit for consistent yarn quality. b) Uniclean connected in a unit Blow Room line for better yarn quality and improving the realization. c) Rotatory drum converted to stationary chamber to eliminate drum chocking & Reduce Compressor CFM – changed in 2 RFs. d) Installed roving end opener machine and the generation of roving waste has been reduced from 0.38% to 0.16%.
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)
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	NIL
d) the expenditure incurred on Research and : Development.	NIL
The Foreign Exchange earned inflow in terms of actual during the year - NIL The Foreign Exchange outgo during the year in terms of actual outflows .NIL	

For and on behalf of the Board of Directors

**B K PATODIA**  
Chairman  
(DIN:00003516)

Place: Kochi  
Date: 13.8.2024

# PATSPIN INDIA LIMITED

## CORPORATE GOVERNANCE REPORT FOR THE YEAR 2023-24

### 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 6 Directors, both Executive and Non- Executive and Shri. B.K.Patodia is the Non-Executive Promoter Chairman. The day to day operations of the company is 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, 2024 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 31.3.2024 are as follows:

Category	Name of Directors
Promoter / Managing Director	Shri. Umang Patodia
Promoter / Non-Executive Director	Shri. B.K. Patodia
Non-Executive /Non- Independent Woman Director	Smt. Kalpana Mahesh Thakker
Non- Executive Independent Directors	Shri. N.K. Bafna Shri. V N Balakrishnan Shri. C K Gopalakrishnan Nair

#### 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 equity shares held as on 31.3.2024	No. of NCCCPs held as on 31.3.2024*	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	75000	2	Present	5	2	None	Related to Shri.Umang Patodia
Shri.N K Bafna	00019372	Nil	Nil	4	Present	3	4	1	None
Shri V N Balakrishnan	08820393	2900	Nil	4	Present	1	2	None	None
Shri C K Gopalakrishnan Nair	00521840	Nil	Nil	4	Present	1	2	None	None
Smt. Kalpana Mahesh Thakker	08601866	5000	Nil	4	Present	2	None	None	None
Shri.Umang Patodia*	00003588	11,000	25000	4	Present	4	0	None	Related to Shri.B K Patodia

\*Pursuant to an approved Resolution Plan(RP) under RBI Circular dated 7.6.2019 for restructuring of debts, the Board of Directors have allotted 0.50% 20,51,000 Non-Cumulative Compulsorily Convertible Redeemable Preference Shares(NCCCPs) of Rs. 100 each to Lenders as well as Promoters & its Associates In lieu of Non-Convertible Redeemable Preference Shares(NCRPS) issued under CDR Scheme.

## 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
2	Shri. N.K.Bafna	Prime Urban Development India Ltd	Independent Non-Executive Director
		GTN Textiles Limited	Independent Non-Executive Director
3	Shri V N Balakrishnan	GTN Textiles Limited	Independent Non-Executive Director
4	Shri C K Gopalakrishnan Nair	GTN Textiles Limited	Independent Non-Executive Director
5	Smt. Kalpana Mahesh Thakker	GTN Textiles Limited	Non-Independent Non-Executive Woman Director
6	Shri Umang Patodia	GTN Textiles Limited	Promoter / Non-Executive Director

### 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 were within the time limits prescribed by Regulatory Authorities.

The details of the Board Meetings are as under:

SI No.	Date	Board Strength	No of Directors Present
1	29 May 2023	6	6
2	14 August 2023	6	6
3	9 November 2023	6	5
4	14 February 2024	6	5

All Board Meetings and Committee Meetings in FY 2023-2024 were held through Video Conferencing.

### 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](http://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:

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 V N Balakrishnan	Shri C K Gopalakrishnan Nair	Smt. Kalpana M Thakker	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) 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 held on 22.2.2024, 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.

### k) 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, 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.

## REPORT ON CORPORATE GOVERNANCE (Contd...)

### l) 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](http://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.

A. The role of the audit committee shall include the following

- (1) 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;
- (2) Recommendation for terms of appointment and remuneration of Auditors of the Company
- (3) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors
- (4) 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;
- (5) Reviewing, with the management the quarterly financial statements before submission to Board for approval;
- (6) 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.
- (7) Review and monitor Statutory Auditor's independence and performance and effectiveness of audit process;
- (8) Approval or any subsequent modification of transactions with related parties;
- (9) Scrutiny of Inter-Corporate Loans and Investments;
- (10) Valuation of undertakings or assets of the company, wherever it is necessary;
- (11) Evaluation of Internal Financial Controls and Risk Management Systems;
- (12) 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;
- (13) 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;
- (14) Discussion with internal auditors of any significant findings and follow up thereon
- (15) 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;
- (16) 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
- (17) 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;

## REPORT ON CORPORATE GOVERNANCE (Contd..)

- (18) Review the functioning of the whistle blower mechanism;
- (19) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- (21) To review the utilization of loans and / or advances from / investment by the holding company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower, if any
- (22) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc on the listed entity and its shareholders:

**B. The Audit Committee shall also review the following information**

1. Management Discussion and Analysis of financial condition and results of operations;
2. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
3. Internal Audit Reports relating to internal control weaknesses and;
4. the appointment, removal and terms of remuneration of the Chief Internal Auditor
5. Statement of deviations:
  - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1)
  - 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, BCom, FCA and a Law Graduate and Senior Partner of M/s Lodha & Co. Chartered Accountants, Mumbai 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, 2024 are as under::

Sl. No.	Name of the Member	Category of Director	No. of meetings held	No. of meetings Attended
1	Shri.N.K Bafna	Chairman & Non-Executive Independent Director	4	4
2	Shri V N Balakrishnan	Non-Executive Independent Director	4	4
3	Shri C K Gopalakrishnan Nair	Non-Executive Independent Director	4	4
4	Shri. Umang Patodia	Managing Director	4	4

The Audit Committee met Four (4) times during the financial year 2023-24 and the gap between two meetings did not exceed 120 days. The dates on which Audit Committee Meetings held were: 29th May 2023, 14th August 2023, 9th November 2023 and 14th February, 2024. 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, Internal Auditors as well as other Board Members also attended 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.

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 Ms Veena Vishwanath Bhandary, Company Secretary is the Compliance Officer of the Company. The Code is displayed on the Company's website viz. [www.patspin.com](http://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 behaviour, 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](http://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. During the year under review, the Committee met on 14th August 2023.

The Committee comprises of Independent Directors, viz. Shri. N.K. Bafna as Chairman, Shri. V N Balakrishnan and Shri. C K Gopalakrishnan Nair as members.

Role of Committee shall, inter-alia include the following:

- (1) 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;
- (1A) For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and also on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as Independent Director shall have the capabilities referred identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - a. use the services of an external agencies, if required;
  - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c. consider the time commitments of the candidates
- (2) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (3) devising a policy on diversity of board of directors;
- (4) 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.
- (5) 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.
- (6) 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.

## REPORT ON CORPORATE GOVERNANCE (Contd...)

The Committee also met on 21st May 2024 and re-appointed Shri. Umang Patodia as Managing Director for period of 5 years from 4.8.2024 to 3.8.2029 approved his remuneration package for period of 3 years from 4.8.2024 to 3.8.2027 in accordance with Section 197 & 198 read with schedule V of the Companies Act 2013. The remuneration structure approved by the Nomination and Remuneration Committee as well as the Board of Directors is as follow:

**a) Salary:**

Rs.4,00,000/- per month in the Scale Rs.400000–20000–440000 for the three year period from 4th August, 2024 to 3rd August 2027.

**b) Commission:**

Subject to the overall limits laid down in Sections 197 of the Companies Act, 2013 such percentage of the Net Profit of the Company or such quantum as may be fixed by the Board of Directors for each financial year not exceeding 2% of the Net Profits of the Company, each year, restricted to an overall limit of Rs.60 lacs per annum.

**c) Perquisites as follows:**

- (i) Housing: Rent free accommodation will be provided to the appointee for which actual amount of lease rental paid or payable by the Company or 10% of the salary, whichever is lower, shall be recovered. In case no accommodation is provided by the Company, House Rent Allowance, subject to a ceiling of 60% of the appointee's salary shall be paid. In addition, the appointee shall be allowed Company owned furniture and fixtures, if required.
- (ii) The expenditure incurred by the appointee on gas, electricity and water shall be reimbursed by the Company.
- (iii) All Medical Expenses incurred by the appointee for self and his family shall be reimbursed.
- (iv) Leave Travel Concession for the appointee and his family will be allowed once in a year as per the Rules of the Company.
- (v) Fees of Clubs: Subject to a maximum of 2 Clubs. This will not include admission and life membership fees.
- (vi) Personal Accident Insurance: As per Rules of the Company.
- (vii) Provision of Car with driver and telephone at the residence for use of Company's business.

Perquisites not included in Managerial Remuneration

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

**d) Overall Remuneration:**

The aggregate of salary, commission and perquisites in any financial year shall not exceed the limits prescribed from time to time under Section 197 and other applicable provisions of the Act read with Schedule V to the said Act, as may for the time being in force.

**e) Minimum Remuneration:**

In case of loss or inadequacy of profits in any financial year during the currency of tenure of his service, the payment of salary, commission and perquisites shall be governed by the limits prescribed under the Section II of Part II of Schedule V to the Act.

The Committee also evaluated performance of the entire Board as per Regulation 19 of the SEBI (LODR), Regulations 2015.

### Remuneration to the Managing Director

The aggregate of salary and perquisites paid for the year ended 31st March, 2024 to the Managing Director is as follows:-

Shri.Umang Patodia :Rs. 56.40 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.

### 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:

## REPORT ON CORPORATE GOVERNANCE (Contd...)

The details of payment of sitting fee are as follows

Meeting	Amount (in Rs)
Board	7500
Committee	5000

The Fee paid for the year ended 31st March 2024 to the Non-Executive Directors is as follows

Name of the Non-Executive Directors	Sitting fee (in Rs.)
Shri.B K Patodia	15,000
Shri.N K Bafna	65,000
Shri V N Balakrishnan	65,000
Shri C K Gopalakrishnan Nair	65,000
Smt Kalpana M Thakker	30,000
<b>Total</b>	<b>2,40,000</b>

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 endeavours 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 role of the committee shall inter-alia include the following

- (1) 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.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) 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.
- (4) 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. V N Balakrishnan, Shri. C K Gopalakrishnan Nair and Shri. Umang Patodia as members

During the year, one meeting of the Stakeholders Relationship Committee was held as under

SI No	Date	Committee Strength	No. of Directors present
1	22.02.2024	4	3

Ms Veena Vishwanath Bhandary, Company Secretary is the Secretary to the Committee

The details of correspondences / grievances received and redressed during the financial year 2023-24 through the Registrar M/s. Integrated Registry Management Service Pvt. Ltd. are as under

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

## REPORT ON CORPORATE GOVERNANCE (Contd...)

Pursuant to clause 40(9) of the SEBI (LODR), Regulations 2015, a certificate on a 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 2023-24. Accordingly, there has been no meeting of CSR Committee held during the year under review

### Senior Management

Senior Management includes Managing Director, Chief Executive, Chief Financial Officer, Company Secretary and Heads of Department viz; Finance & Accounts, Production, Human Resources, Information & Technology, Marketing & Logistics and Corporate Affairs.

There is no change since the close of the previous financial year.

## 6. Disclosures:

### Basis of Related Party Transactions:

All transaction entered into by the Company with related parties, during the financial year 2023 – 24, were in ordinary course of business and on arm's length basis. The Company has formulated a framework for Related Party Transactions as displayed on the Company's website www.patspin.com 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 2022-23, the company had obtained external credit rating of "RP4" for Lenders to carry out restructuring of the outstanding debts. Since the account is restructured and post restructuring, the account continues to be sub-standard and upgrade will be as per Reserve Bank of India (Prudential framework for Resolution of stressed assets) directions 2019. Hence, no external credit rating was carried out during the year 2023-24.

### 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 has been submitted to the Stock Exchanges within the prescribed time limit.

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 along with 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

## REPORT ON CORPORATE GOVERNANCE (Contd...)

India/ Ministry of Corporate Affairs or any such statutory authority has been annexed to this Report.

### **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](http://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](http://www.patspin.com)
- ii. The Annual Report of the Company for the financial year 2023-24 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 (MCA) 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, SEBI (LODR) Regulations 2015 and other applicable Regulations issued by SEBI.

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 BSE Ltd 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.

## REPORT ON CORPORATE GOVERNANCE (Contd...)

### 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
2022-23	-do-	29-09-2023	Friday	10.00AM	1. Re-appointment of Shri B K Patodia (DIN : 00003516), who has attained the age of 75 years to continue as Non Independent Non-Executive Director of the Company, liable to retire by rotation
2021-22	-do-	30-09-2022	Friday	10.00AM	1. Increase in Authorized Share Capital of the Company 1. Remuneration to Shri Umang Patodia, Managing Director(DIN:00003588) for his balance tenure from 1.6.2022 to 3.8.2024 2. Conversion of Working Capital facilities to Working Capital Term Loan(WCTL) 3. Issuance of 10.81 Lakhs 0.50% Non-Cumulative Compulsorily Convertible Preference Shares (NCCCPS) of Rs. 100 each in lieu of existing 10.81 lakhs 0.01% Non-Cumulative Redeemable Preference shares of Rs. 100 each aggregating Rs.10.81 crores issued to Lenders 4. Issuance of 9.70 lakhs 0.50% Non-Cumulative Compulsorily Convertible Preference Shares (NCCCPS) of Rs. 100 in lieu of existing 9.70 lakhs Non cumulative Redeemable Preference shares of Rs. 100 each aggregating Rs. 9.70 crores issued to Promoters & Its Associates 5. Issuance of 10 lakhs 0.50% Non-Cumulative Compulsorily Convertible Preference Shares (NCCCPS) of Rs. 100 each aggregating Rs. 10 crores against money brought in by the Promoters and its Associates pursuant to an approved Resolution Plan(RP)
2020-21	-do-	29-09-2021	Wednesday	10.00AM	1. Re-appointment of Shri B K Patodia (DIN : 00003516), who has attained the age of 75 years to continue as Non Independent Non-Executive Director of the Company, liable to retire by rotation 1. Approval for sale of Company's Ponneri Unit 2. Approval for extension of redemption period of 3,50,000 (Three Lakhs Fifty Thousand) 5% Non-Cumulative Redeemable Preference Shares of Rs. 100 each aggregating Rs. 3,50,00,000 (Rupees Three Crores and Fifty Lakhs Only) for a further period of five years up to 29.07.2026.

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? – No

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

## REPORT ON CORPORATE GOVERNANCE (Contd...)

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](http://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.

#### e) Total fees for all services paid by the listed entity to the statutory auditor

Total Fees paid to Statutory Auditors is Rs. 4.01 Lakhs (including fee for certification)

#### f) Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries

The listed entity has no material subsidiaries.

### 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	Thursday 12th September 2024 at 10.00AM
b.	Venue	The Company is conducting meeting through VC/ OAVM pursuant to the MCA Circular dated 13th January 2021 and as such there is no requirement to have a venue for the AGM
c.	Book closure date	6 <sup>th</sup> September 2024 to 12 <sup>th</sup> September 2024
	Financial calendar (tentative):	
	Annual General Meeting	12 <sup>th</sup> September 2024
	Results for quarter ended 30th June, 2024	13th August 2024
	Results for quarter ending 30th Sept.,2024	On or before 14th November, 2024
	Results for quarter ending 31st Dec., 2024	On or before 14th February, 2024
	Results for Year ending 31st March, 2025	On or before 30th May, 2025

## REPORT ON CORPORATE GOVERNANCE (Contd...)

### II. Listing:

a.	Listing of Equity Shares on Stock Exchanges at	BSE Limited (BSE)
b.	Listing Fee	Annual Listing fee for the year 2024-25 have been duly paid to the Stock Exchange within the prescribed time limits.
	Stock Code: Scrip Code No.: BSE Ltd	514326
	Demat ISIN Nos. in NSDL and CDSL for Equity Shares	INE790C01014

### III. Stock market data:

Month	BSE	
	High	Low
April 2023	15.38	8.85
May	15.24	10.50
June	12.95	11.00
July	12.90	10.81
August	11.99	10.21
September	12.90	10.70
October	16.49	10.70
November	14.15	11.67
December	12.91	11.55
January 2024	12.74	10.81
February	15.30	11.06
March	14.61	10.55

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 2nd Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar, Chennai -600 017 Tel: 044 28140801-803 E-Mail : csdstd@integratedindia.in
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V.	Share Transfer Process	<p>This will inter alia, bring the following benefits</p> <ul style="list-style-type: none"> <li>• It shall curb fraud and manipulation risk in physical transfer of securities by unscrupulous entities</li> <li>• Transfer of securities only in demat form will lead to ease convenience and safety of transactions for investors</li> </ul> <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>
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## REPORT ON CORPORATE GOVERNANCE (Contd...)

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

#### (a) Shareholding pattern as on 31st March 2024:

SL. No.	Category	No of shares (Issued Equity)	%
01)	Promoters & Associates	20096918	65.00
02)	Indian Financial Institutions, Banks, Mutual Funds	4700	0.02
03)	Foreign Institutional Investors / NRIs	584666	1.89
04)	Others	10233716	33.10
	Total:	<b>30920000</b>	<b>100.00</b>

#### (b) Distribution of Shareholding as on 31.03.2024:

SI No	No.of Shares Held	No.of Shareholders	% of Shareholder	No.of Shares	% of Shareholding
1	Upto 100	8105	57.79	645084	2.09
2	101 - 500	3966	28.28	1119066	3.62
3	501 - 600	132	0.94	76841	0.25
4	601 - 700	106	0.76	72499	0.23
5	701 - 800	108	0.77	84119	0.27
6	801 - 900	74	0.53	65595	0.21
7	901 - 1000	453	3.23	451471	1.46
8	1001 - 2000	433	3.09	686114	2.22
9	2001 - 5000	387	2.76	1359468	4.40
10	5001 - 10000	145	1.03	1109143	3.59
11	10001 - 20000	69	0.49	967127	3.13
12	20001 - 30000	14	0.10	352401	1.14
13	30001 - 40000	14	0.10	486499	1.57
14	40001 - 50000	2	0.01	83958	0.27
15	50001 - 100000	5	0.04	310620	1.00
16	ABOVE 100000	13	0.09	23049995	74.55
		<b>14026</b>	<b>100.00</b>	<b>30920000</b>	<b>100.00</b>

#### Outstanding GDRs / ADRs / Warrants or any Convertible instruments

Pursuant to an approved Resolution Plan (RP) under RBI Circular dated 7.6.2019 for restructuring of debts, the Board of Directors have allotted 0.50% 20,51,000 Non-Cumulative Compulsorily Convertible Redeemable Preference Shares (NCCCPs) of Rs. 100 each to Lenders as well as Promoters & its Associates In lieu of Non-Convertible Redeemable Preference Shares (NCRPS) issued under CDR Scheme. As per terms of RP, these shares shall be converted into Equity on 31.3.2030. The Company has sought "in-principle" approval of BSE Ltd, and detailed note is given in Board's Report.

#### Communication sent to Physical Shareholders in compliance with SEBI Guidelines

The Company in terms of circular issued by SEBI time to time with respect to Updation of PAN and Bank details, mandating transfer of securities only in electronic form effective from 1st April, 2019, has communicated to the shareholders through notice of Annual General Meeting. Further, SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16th March, 2023, in supersession of earlier Circular(s) issued on the subject, has prescribed common and simplified norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC (contact details, bank details and specimen signature), and nomination details. In compliance of the aforesaid circular, the Company vide its letter dated 21st April, 2023 has informed all the shareholders of the Company holding equity shares in physical mode to furnish their PAN, KYC, Nomination Details etc., to the Registrars and Share Transfer Agent of the Company ie M/s Integrated Registry Management Service Private Ltd, 2nd Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar, Chennai 600 017 Tel: 044 28140801-803

#### 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

## REPORT ON CORPORATE GOVERNANCE (Contd..)

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 FY 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, 414582 equity shares of the face value of Rs 10 each for 2672 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

### Nodal Officer

Company Secretary is the Nodal Officer for the purpose of co-ordination with the IEPF Authority to ensure processing and verification of claim of the shareholders in a time bound manner.

### VII. Dematerialization of shares and Liquidity:

97.09% of equity shares of the company have been dematerialized (NSDL 83.38 % and CDSL 13.71 %) as on 31st March, 2024. 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 is actively traded in BSE Limited (BSE).

### VIII. Plant Locations

Plant Locations	1. Patodia Nagar, 5/345, Para Road, Kanjikode East P.O, Palakkad, Kerala – 678 621.
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### 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, 2nd Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar, Chennai 600 017 Tel: 044 28140801-803 E-Mail : csdstd@integratedindia.in
		(b)	For Shares held on Demat form: - To the Depository Participants
(ii)	Any query on Annual Report		Secretarial Department PATSPIN INDIA LIMITED 3rd 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.

**XI. Details with respect to Demat Suspense Account/Unclaimed Suspense Account as per Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

Particulars	DEMAT Shareholders		Physical Shareholders	
	No of Shareholders	No. of equity shares	No of Shareholders	No. of equity Shares
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on April 1, 2023	NIL	NIL	NIL	NIL
Number of shareholders who approached the Company for transfer of shares from suspense accounts during the year	-	-	-	-
Number of shareholders to whom shares were transferred from the suspense account during the year	-	-	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2024	NIL	NIL	NIL	NIL

**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 31<sup>st</sup> March 2024.

For **Patspin India Limited**

**Umang Patodia**  
Managing Director  
(DIN00003588)

Place: Kochi  
Date: 13.8.2024

## REPORT ON CORPORATE GOVERNANCE (Contd...)

### 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 2024 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 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**

**Umang Patodia**  
Managing Director  
(DIN00003588)

**Ravindran T**  
Chief Financial Officer

Place: Kochi  
Date: 13.8.2024

## REPORT ON CORPORATE GOVERNANCE (Contd...)

### 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 31<sup>st</sup> March, 2024

Place: Coimbatore

Date: 21.5.2024

**MRL Narasimha**

Practicing Company Secretary

MNo 2851 CP No:799

PR NO.1420/2021

UDIN: F002851F00411259

### Certificate on Corporate Governance for the year ended 31.3.2024

To,

The Members of Patspin India Limited.

Dear Sir,I have examined the compliance conditions of corporate governance by M/s. Patspin India Limited ("the Company") for the financial year ended 31<sup>st</sup> March 2024 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.

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: 21.5.2024

**MRL Narasimha**

Practicing Company Secretary

MNo 2851 CP No:799

PR NO.1420/2021

UDIN: F002851F00410885

# PATSPIN INDIA LIMITED

## MANAGEMENT DISCUSSION & ANALYSIS

### Economic Review

#### Global Economy and Outlook :

Global economy during CY 2023 witnessed remarkable resilience in the face of continuing economic adversities like geopolitical challenges, disrupting supply chain, demand slowdown and fluctuations in commodity prices led to inflationary pressures in both advanced and emerging markets. Additionally, the global economy witnessed significant increase in interest rate. All these posed challenge to the global growth. However, greater than expected Government spending, robust household consumption, and a notable expansion on the supply side the economic challenges were mitigated. The global outlook is expected to be stable or improve in CY 2024 and the global inflation is also receding to a greater extent. With no end to the geo-political crises in the near future, consumers are getting used to the prevailing situation which is reflected in rising international demand. However, downside risk to this outlook predominate with the geo-political situation like rising conflict in the Middle East which could lead to surging energy prices, financial stress from elevated real interest rates, persistent inflation, weaker than expected growth in China and Europe. These factors collectively contribute to uncertain and challenging global economic outlook.

#### Indian Economy:

Amidst challenging global economic scenario, India continued to be the fastest growing major economy surged to 4<sup>th</sup> place in global ranking and established its position as a major economic power house. India exhibited strong resilience in FY 2023-24, primarily driven by government push for infrastructure, digitalization, ease of doing business, inclusive growth and improved quality of fiscal spending.

The capital expenditure push particularly on roads and railroads has favoured in maintaining the economic growth rate. The manufacturing sector grew by 9.9% in FY 2024 owing to the favourable demand conditions in the economy. In FY 2024, India's GDP touched 7.6% with Current Account Deficit (CAD) at 1.9% of GDP. With the improvement of business accessibility, the general investment climate is growing more favourable. According to World Bank estimates, the Indian economy is expected to grow at 7.5% in FY'25 mainly led by activity in services and industry, rapid increase in investment and government consumption. Financial conditions in India have remained accommodative amidst global challenges.

#### Indian Textile sector:

The Indian Textile Industry has been a key contributor to the country's economy with:

- 7% of the manufacturing production
- 2.3% of the GDP attributed to the sector
- 4% world share of US\$ 840 billion global textile and apparel market,
- 13% to the export earnings of India and
- Employs more than 21% (45 Mn) of total employment (both skilled and unskilled)

The Indian Textiles Industry, which has been grappling with low demand for almost a year, is now feeling optimistic as the market begins to recover. Once the main reasons for this new found optimism is the decrease in inventory levels across the entire value chain. Additionally, China has recently purchase 6,000 tons of cotton yarn, boosting confidence in the market. The domestic market has also witnessed an improvement in demand, particularly as cotton prices stabilised. Cotton prices have remained stable at around Rs. 55,000-55,500 a candy and there has been good cotton supply in the market.

The top five export markets for the Indian Textiles sector are USA, Bangladesh, China, Sri Lanka and the UAE. The US accounts for over 25 per cent of India's total cotton yarn, fabrics/made-ups and handlooms exports, followed by Bangladesh (16 per cent), China (6.6 per cent), Sri Lanka (4.4 per cent) and UAE (2.35 per cent). In 2023-24, the outbound shipments also entered new geographies like Anguilla, British Overseas Territory in the Eastern Caribbean, Serbia, Georgia, Sweden, Cyprus, Azerbaijan and Iran. The other new market explored by domestic exporters from the sector include Zambia, Cote D'Ivoire, Sierra Leone, and Russia. Brazil and Vietnam are promising markets where these shipments can be potted. On average, India's exports of these products worth USD one billion every month.

Some of the most important textile production locations in India are Gujrat, Maharashtra, Tamil Nadu, Punjab, Uttar Pradesh, and West Bengal. The domestic market faced several headwinds during the recent years including fluctuation of cotton prices. Even the festive season did not bring enough market demand and at the same time increasing imports of fabrics from Bangladesh at lower production cost also put pressure in the domestic market. Although India is the largest exporter of the textiles and apparel in the global market, the contribution of the industry in trade declaimed in FY 2024. However, the export statistics indicate that cotton yarn, fabrics and handloom products experienced an increase of 6.71% in their exports.

#### Cotton

India is the biggest producer of cotton, accounting for 22% of the total cotton production in the world. More than 11.7 Million hectares of cotton in India are grown, compared to 31.2 million hectares worldwide, taking up 37% of the total world area under cotton cultivation. The Indian cotton industry provides a livelihood to about 60 million people.

## MANAGEMENT DISCUSSION & ANALYSIS (Contd...)

In terms of exports, India is the third highest exporter of raw cotton globally, accounting for about 10.20% of the total global exports. India exported cotton to more than 159 nations worldwide in 2021-22. Between April 2021 and February 2022, India's top cotton importers were Bangladesh, China and Vietnam. The three countries together accounted for 60% of all exports from India. Gujarat accounts for 35% of all cotton produced in India, followed by Maharashtra with 21% of the country's total production. Nearly two-thirds of India's cotton production comes from the States of Maharashtra, Gujarat, Andhra Pradesh and Telangana, which are collectively referred to as the "**Cotton Basket of India**".

The cotton production in India for the cotton season 2022-23 (October to September) was 319 lakh bales (170 kgs) compared to 307lakh bales produced in the previous cotton season, representing a 4% increase. However, due to sluggish market demand for cotton yarn, the cotton price remained range-bound between Rs. 57,000 to Rs. 62,000 per candy. Despite some price correction in cotton, the fall in yarn prices was much sharper, leading to a wider disparity that affected the margins of yarn spinners across India.

### Present scenario

The Government of India consistently made efforts to support the growth of this industry. Some of the Key initiatives undertaken by the Government of India are –

- (a) PM Mega Integrated Textile Region and Apparel Parks Scheme (PM MITRA Scheme) to build and develop textiles infrastructure
- (b) Production Linked Incentive Scheme for Textiles (PLI Scheme)
- (c) Kasturi Cotton Bharat – branding traceability and certification exercise
- (d) National Technical Textile Mission (NTTM)
- (e) Higher budget allocation in FY 2024-25 for Ministry of Textile at Rs. 4392.85 crores, 27.60% increase showing commitment of Government support
- (f) Removal of Import duty on Extra Long Staple (ELS) Cotton
- (g) Indian government is working on signing the Free Trade Agreement (FTA) with many countries, with UAE and Australia FTAs having been signed. For the UK, Canada and Europe, the negotiations are going on. If India becomes successful in getting 15% of the market share in the countries mentioned above, then our exports in the textiles sector will rise by US\$15-20 billion.

Despite the aforementioned growth initiatives, we acknowledge the existences of certain market challenges including volatility in cotton prices and the availability of high quality cotton crops. We also anticipate headwinds in downstream segments, such as home textiles, while demand from the apparels and innerwear segment continues to recover. The domestic and export textile markets may remain moderate for some more time. Furthermore, we anticipate that changes in trade policies and fluctuations in foreign exchange rates may impact the prices of imported cotton.

### Company's outlook

Due to liquidity stress on account of delayed implementation of Restructuring / Resolution Plan (RP) by the Lenders and challenging market conditions for the Indian Textiles Industry, especially for Spinning segment, due to geo political situation and other external factors continued to impact Company's performance. In view of this, the Company continues to engage in Job work / Contract manufacturing during the financial year 2023-24.

Major markets (USA & EU) are now showing signs of improvement due to moderate inflation and improved disposable income. Country's cotton yarn exports also improved by 37% during the second half of FY 2023- 24 over the same period in the previous year. Further, with the various measures initiated by the Government to revive and give impetus to the Indian Textile Industry, company expect improved business opportunity and planned to resume own manufacturing operations, post restructuring of debt (WCTL) as aforesaid. With the significant reduction in the debt level as well as rationalization of labour cost through VRS measures and reducing cotton prices, own manufacturing operation could generate a cash profit to service the debts. On completion of restructuring process, the Company proposes to resume own manufacturing activities and carry on trading in cotton yarn for better prospects of the Company.

### 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 speciality products like Better Cotton Initiative (BCI), Supima yarns and Giza yarns have also proved to be beneficial.

## MANAGEMENT DISCUSSION & ANALYSIS (Contd...)

- 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.

### DETAILS OF SIGNIFICANT CHANGES

As required the details of changes of 25% or more as compared to the immediately previous financial year in key financial ratios along with details of reasons therefore are as under:

SN.	Particulars	Current Year 31.3.2024	Previous year 31.3.2023
1.	Debtors Turnover ratio	52.04	14.94
2.	Inventory Turnover Ratio	5.18	6.22
3.	Debt Equity Ratio	-4.71	-4.44
4.	Net Profit Margin (%)	-13.45	-24.14
5.	Return on Net Worth (%)	-7.52	-18.58

### Reasons of variance

The company is operating now with plant in Kanjikode Palakkad, Kerala and due to aforesaid reasons company continue contract manufacturing / job work in the FY 2023-24. Hence it has impacted its performance and the key operating ratios.

### 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 31<sup>st</sup> March, 2024, the Company has about 584 employees in its 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 Financial Statements

#### Opinion

1. We have audited the accompanying financial statements of Patspin India Limited (the "Company"), which comprise the balance sheet as at 31 March 2024, 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 material accounting policies and other explanatory information. (Hereinafter referred to as "financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us the aforesaid financial statements for the year ended 31 March 2024 give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act and other accounting principles generally accepted in India, of the state of affairs of the company as at 31 March 2024, and its profit and other comprehensive income, 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 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 on the Financial Statements.

#### Matters relating to Going Concern:

4. For the year ended 31 March 2024 Company has incurred a total comprehensive loss of Rs 657.62 lakhs and cash loss of Rs 351.04 lakhs and net worth is eroded as on that date and Company's accounts with Lenders were classified as sub-standard as of 31 March 2021 due to irregularity in debt servicing and the Company's future cash flows may be uncertain. This situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However as per the information and explanations provided by the Company in Note No 37 of financial statements for the year ended 31 March 2024, and the discussion held with management the Company's Resolution Proposal was approved by the Lenders and implemented in September, 2022. The Company had repaid entire outstanding term loans and converted the outstanding working capital loan into working capital term loan as per the Resolution/Restructuring Proposal approved. Company is continuing its operations from the remaining plant in Kanjikode, Palakkad, Kerala with substantially reduced debt levels and reduced labour cost to make the operations viable going forward.

In view of such positivity, 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 the matter described below to be the key audit matter to be communicated in our report.

##### Key Audit Matter: Revenue recognition

Revenue is one of the key profit drivers and is therefore susceptible to misstatement. There is a risk that revenue is recognized on sale of goods around the year and without substantial transfer of control and is not in accordance with Ind AS-115 "Revenue from Contracts with Customers"

##### Auditor's Response:

In addressing this key audit matter, we performed the following audit procedures:

- (i) Obtained an understanding of the company's revenue recognition policies and evaluated their compliance with applicable accounting standards.
- (ii) Tested the design and operating effectiveness of relevant controls over the revenue recognition process, the determination of performance obligations and transaction prices.
- (iii) Verified the revenue is recognised after substantial transfer of control.
- (iv) Evaluated the adequacy of the company's disclosures related to revenue recognition in the notes to the financial statements.

## **INDEPENDENT AUDITOR'S REPORT (Contd...)**

### **Information Other than the 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 Board of Director's report, but does not include the financial statements and our auditor's report thereon. The Board of director's report is expected to be made available to us after the date of auditor's report.
7. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
8. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

### **Responsibilities of the Management and Those charged with Governance for the Financial Statements:**

9. 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 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 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.
10. 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.
11. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

12. 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.
13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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

## INDEPENDENT AUDITOR'S REPORT (Contd...)

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.
- 14. Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
- 15. 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.
- 16. 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.
- 17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

### Report on Other Legal and Regulatory Requirements:

- 18. As required by the Companies (Auditor's Report) Order, 2020 ("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 - A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 19. 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 Flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid 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 31 March 2024 taken on record by the board of directors, none of the directors are disqualified as on 31 March 2024 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
  - g) 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, according to the information and explanations given to us and based on our examination of the records of the company, the remuneration paid by the Company to its directors during the year is 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 financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

## INDEPENDENT AUDITOR'S REPORT (Contd...)

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.  
(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The Company did not declare or pay any dividend during the year.
- vi. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended 31 March 2024, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with.

**For L. U. Krishnan & Co.**

Chartered Accountants

Firm's Registration No: 001527S

**P. K. Manoj**

Partner

Membership No. 207550

UDIN: 24207550BKANOG5280

Place: Kochi

Date: 21 May 2024

## INDEPENDENT AUDITOR'S REPORT (Contd...)

### Annexure - A to the Independent Auditor's Report

#### (Referred to in paragraph 18 under 'Report on Other Legal and Regulatory Requirements' section of our report)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) In respect of the Company's property, plant and equipment and intangible assets:
  - (a) A. The Company has maintained proper records showing full particulars including quantitative details and situation of property plant and equipment.
  - B. The Company does not have any intangible assets.
  - (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 (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
  - (d) The Company has not revalued any of its property, plant and equipment (including right of use asset) and intangible assets during the year.
  - (e) No proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. The company is not holding any benami property.
- (ii) a) During the year, inventories have been physically verified by the Management at reasonable intervals of time and there were no discrepancies found during such verification.
- b) Company does not have any working capital facilities from banks or financial institutions. As there is no working capital facilities the quarterly returns or statements were not required to be filed.
- (iii) In respect of investments in, or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to any company, firm, LLP, or other parties;  
The Company has not made investments in, or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to any company, firm, LLP, or other parties during the year, and hence reporting under clause 3(iii)(a) to (f) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.
- (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 amounts and records have been made and maintained. However, we have not made any detailed examination of the records.
- (vii) (a) 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 31 March 2024 for a period of more than six months from date they become payable.

## INDEPENDENT AUDITOR'S REPORT (Contd...)

- (b) 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 /litigation except for the below:

Name of the Statute	Nature of Dues	Amount (Rs. in Lakhs)	Amount Deposited against Litigation (Rs in Lakhs)	Period for which the amount Relates	Forum where Dispute is pending
Central Excise Act, 1944	Excise Duty	72.99	7.31	August, 2014 to May, 2016	AC Central Excise, Pollachi
TANGEDCO	Electricity tax on Maximum demand charges	74.67	Nil	January, 2016 to October, 2022	Honorable Supreme Court
TANGEDCO	Deemed demand benefit available for use of self-generated Thermal Power received through captive arrangement.	308.42	Nil	April, 2015 to October, 2022	Honorable High Court Chennai
Service Tax	Service tax payable on reverse charge method on ocean freight.	29.22	Nil	April to June 2017	Asst Commissioner of GST & Cent Ex Audit, Coimbatore
CGST Act 2017 and TNGST Act 2017	GST on canteen service	6.44	0.64	April 2017 to March 2019	Additional Commissioner of GST & Cent Ex Audit, Coimbatore Audit Circle II

- (viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3 (viii) of the Order is not applicable.
- (ix) (a) In our opinion, during the year, the Company has defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to lender during the year.

Nature of borrowing including debt securities	Name of lender	Amount not paid on due date (Rs in Lakhs)	Whether principal or Interest	No. of days delay or unpaid
Working capital term loan	Central Bank of India	194.15	Principal	From December 2023 onwards
		244.29	Interest	From August 2023 onwards
	State Bank of India	122.15	Principal	From December 2023 onwards
		140.45	Interest	From August 2023 onwards
	Karur Vysya Bank	17.10	Principal	From December 2023 onwards
		18.76	Interest	From August 2023 onwards

- (b) The Company has not been declared a wilful defaulter by any bank or financial institution or any other lender.
- (c) The Company has not taken any term loan during the year.
- (d) On examination of the financial statements of the Company, Company has not raised any funds on short term basis which has been used for long-term purposes hence reporting under clause 3(ix)(d) of the Order is not applicable.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associates hence reporting on clause 3(ix)(e) of the Order is not applicable.
- (f) The Company has not raised any loans on the pledge of securities held in its subsidiaries, associate companies during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.
- (x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting of the purpose for which amount raised under clause 3 (ix) (a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or

## INDEPENDENT AUDITOR'S REPORT (Contd...)

- convertible debentures (fully or partly or optionally) and hence, reporting under paragraph (x)(b) of the Order is not applicable to the Company.
- (xi) (a) According to the information and explanations given to us, during the year Company has not noticed any fraud by the Company or on the Company.
- (b) No reportable fraud has been committed by the Company hence Form ADT-4 has not been filed by the auditors as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) During the year Company has not received any whistle-blower complaints to be considered by the auditors.
- (xii) Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) All transactions entered by the Company with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been properly disclosed in the financial statements as required by the applicable Indian accounting standards.
- (xiv) In respect of internal audit system
- (a) Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the Internal Audit Reports of the Company issued by the Internal auditors for the period under audit
- (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) Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) (a), & (b) of the Order is not applicable and Company is not a Core Investment Company and there is no core investment company within the group. Accordingly, paragraph 3(xvi) (c) & (d) of the Order is not applicable.
- (xvii) The Company has incurred cash losses of Rs 351.04 lakhs and Rs.1,099.74 lakhs during the financial year and immediately preceding financial year respectively covered by our audit.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year. Accordingly, clause 3(xviii) of the order is not applicable.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, as reported in the "Matters relating to Going Concern" paragraph we report that the Company has incurred a total comprehensive loss of Rs. 657.62 lakhs and cash loss of Rs. 351.04 lakhs during the year ended 31 March 2024 and net worth is eroded as on that date and Company's accounts with Lenders were classified as sub-standard with effect from 31 March 2021 due to irregularity in debt servicing and Company's future cash flows are uncertain. This situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However as per the information and explanations provided by the Company in Note No 37 of financial statement for the year ended 31 March 2024, all the lender banks and financial institutions have approved and implemented Restructuring/ resolution proposal in the meeting held on 28.09.2022. Management expects with reduced level of debts and reduction expected in labour cost on account of VRS offered to certain high-cost permeant workers operations from the remaining plant in Kanjikode, Kerala will be viable.
- (xx) The provisions of section 135 of the Companies Act, 2013 which deals Corporate Social Responsibility (CSR) is not applicable. Accordingly, reporting under Paragraph 3(xx)(a) & (b) of the order is not applicable for the year.
- (xxi) The reporting under clause 3(xx) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

**For L. U. Krishnan & Co.**

Chartered Accountants

Firm's Registration No: 001527S

**P. K. Manoj**

Partner

Place: Kochi

Date: 21 May 2024

Membership No.207550

UDIN: 24207550BKANOG5280

## **INDEPENDENT AUDITOR'S REPORT (Contd...)**

### **Annexure - B to the Independent Auditors' Report**

#### **(Referred to in paragraph 19 (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 31 March, 2024 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...)

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### 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 31 March 2024, 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: : 24207550BKANOG5280

Place: Kochi

Date: 21 May 2024

# PATSPIN INDIA LIMITED

## BALANCE SHEET

Particulars	Note No.	As at 31.03.2024 (₹ in lacs)	As at 31.03.2023 (₹ in lacs)
<b>I. ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Property, Plant and Equipment	3	6,455.86	6,859.27
(b) Capital Work in Progress	4	-	4.90
(c) Financial Assets			
(i) Investments	5	0.31	0.31
(ii) Others	6	305.82	278.05
(d) Deferred Tax Assets (net)	7	1,236.59	1,236.59
<b>Sub-Total</b>		<u>7,998.58</u>	<u>8,379.12</u>
<b>2 Current Assets</b>			
(a) Inventories	8	8.54	339.26
(b) Financial Assets			
(i) Trade Receivables	9	5.60	184.50
(ii) Cash and Cash equivalents	10	21.24	86.14
(iii) Bank balances other than (ii) above	11	3.34	114.06
(iv) Other Financial Assets	12	16.64	8.32
(c) Other Current Tax Assets	13	236.19	434.68
(d) Other Current Assets	14	550.13	223.99
<b>Sub-Total</b>		<u>841.68</u>	<u>1,390.95</u>
<b>TOTAL ASSETS</b>		<u><u>8,840.26</u></u>	<u><u>9,770.07</u></u>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	15	3,092.00	3,092.00
(b) Instruments entirely equity in nature	16	2,051.00	2,051.00
(c) Other Equity	17	(7,528.68)	(6,871.06)
<b>TOTAL EQUITY</b>		<u>(2,385.68)</u>	<u>(1,728.06)</u>
<b>Liabilities</b>			
<b>1 Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	18	5,334.70	6,001.20
(b) Other Non-Current Liabilities	19	367.64	329.27
<b>Sub-Total</b>		<u>5,702.34</u>	<u>6,330.47</u>
<b>2 Current Liabilities</b>			
(a) Financial Liabilities	20		
(i) Borrowings		2,000.20	1,666.80
(ii) Trade Payables			
ii(a) total outstanding dues of micro and small enterprises		161.15	80.48
ii(b) total outstanding dues of creditors other than micro and small enterprises.		1,485.24	1,835.38
(iii) Other Financial Liabilities		530.93	565.79
(b) Other Current Liabilities	21	1,293.76	961.31
(c) Provisions	22	52.32	57.90
<b>Sub-Total</b>		<u>5,523.60</u>	<u>5,167.66</u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<u><u>8,840.26</u></u>	<u><u>9,770.07</u></u>

Significant accounting policies

1 & 2

The accompanying Notes 1 to 42 form an integral part of the financial statements

As per our report of even date attached

For and on behalf of the Board of Directors

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

**B. K. PATODIA**  
Chairman  
DIN No. 00003516  
Place : Mumbai  
Date : 21.05.2024

**UMANG PATODIA**  
Managing Director  
DIN No. 00003588  
Place : Kochi  
Date : 21.05.2024

**P. K. MANOJ**  
Partner  
(M. No. 207550)  
Place : Kochi  
Date : 21.05.2024

**T. RAVINDRAN**  
General Manager (Finance)  
& Chief Finance Officer  
Place : Kochi  
Date : 21.05.2024

**VEENA VISHWANATH BHANDARY**  
Company Secretary  
Place : Kochi  
Date : 21.05.2024

# PATSPIN INDIA LIMITED

## STATEMENT OF PROFIT AND LOSS

	Note No.	Year ended <b>31.03.2024</b> (₹ in lacs)	Year ended 31.03.2023 (₹ in lacs)
<b>REVENUE:</b>			
Revenue From Operations	23	4,384.24	7,487.43
Other income	24	562.58	31.43
<b>Total Income</b>		<b>4,946.82</b>	7,518.86
<b>EXPENSES:</b>			
Cost of materials consumed	25	523.77	2,127.51
Purchases of Stock-in-Trade		(1.64)	0.47
Changes in inventories of finished goods, stock in progress and waste	26	85.11	502.26
Employee benefits expense	27	1,735.97	2,220.90
Finance costs	28	753.85	1,052.37
Depreciation and amortization expense		314.08	715.44
Other expenses	29a	2,425.22	3,443.85
<b>Total Expenses</b>		<b>5,836.36</b>	10,062.80
<b>Profit/(Loss) before exceptional items and tax</b>		<b>(889.54)</b>	(2,543.94)
<b>Exceptional items</b>			
VRS, Exgratia and Gratuity to Employees on settlement	29b	-	(664.17)
Profit on Sale of Building / Undertaking		224.41	1,392.93
<b>Profit/(Loss) before tax</b>		<b>(665.13)</b>	(1,815.18)
<b>Tax expense:</b>			
Current tax		-	-
<b>Profit (Loss) for the year (A)</b>		<b>(665.13)</b>	(1,815.18)
Other Comprehensive income (Net of Tax)			
Items that will not be reclassified subsequently to Statement of Profit or Loss			
Re-measurement of defined benefit Obligation		7.51	(35.82)
<b>Other Comprehensive income for the Year (B)</b>		<b>7.51</b>	(35.82)
<b>Total comprehensive income/(loss) for the year (A) + (B)</b>		<b>(657.62)</b>	(1,851.00)
<b>EARNINGS PER EQUITY SHARES (Face value of Rs. 10 each)</b>			
Basic and Diluted (in Rs.)	30	(2.15)	(5.94)
Diluted EPS (in Rs.)		(2.02)	(5.57)
Significant accounting policies	1&2		
The accompanying Notes 1 to 42 form an integral part of the financial statements			

As per our report of even date attached

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

**P. K. MANOJ**  
Partner  
(M. No. 207550)  
Place : Kochi  
Date : 21.05.2024

For and on behalf of the Board of Directors

**B. K. PATODIA**  
Chairman  
DIN No. 00003516  
Place : Mumbai  
Date : 21.05.2024

**T. RAVINDRAN**  
General Manager (Finance)  
& Chief Finance Officer  
Place : Kochi  
Date : 21.05.2024

**UMANG PATODIA**  
Managing Director  
DIN No. 00003588  
Place : Kochi  
Date : 21.05.2024

**VEENA VISHWANATH BHANDARY**  
Company Secretary  
Place : Kochi  
Date : 21.05.2024

# PATSPIN INDIA LIMITED

## CASH FLOW STATEMENT

	2023-24 (₹ In Lacs)	2022-23 (₹ In Lacs)
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit / (Loss) before Tax & exceptional items	(889.54)	(2,543.94)
Adjustments for:		
Depreciation and Amortization expense	314.08	715.44
(Profit)/Loss on disposal of tangible assets (net)	(211.44)	-
(Gain)/Loss on other comprehensive income (net)	7.51	(35.82)
Interest Expenses	753.85	894.55
Interest Income	(11.77)	(15.50)
<b>Operating profit before working capital changes</b>	<b>(37.31)</b>	<b>(985.27)</b>
Changes in Working Capital:		
Increase / (Decrease) in trade payables	(269.48)	(360.39)
Increase / (Decrease) in other financial liabilities	-	86.69
Increase / (Decrease) in other current liabilities	332.45	239.34
Increase / (Decrease) in provisions	(5.58)	(31.30)
(Increase) / Decrease in inventories	330.72	451.68
(Increase) / Decrease in trade receivables	178.90	637.28
(Increase) / Decrease in margin money and deposit accounts	110.71	(99.35)
(Increase) / Decrease in other financial assets	(8.32)	4.69
(Increase) / Decrease in other current assets	(326.14)	145.35
<b>Cash Generated from Operations</b>	<b>305.95</b>	<b>88.70</b>
(Taxes Paid) / Refunds - Net	198.49	(198.45)
<b>Net cash generated from operations before exceptional items</b>	<b>504.44</b>	<b>(109.74)</b>
Exceptional items	224.41	728.76
<b>Net cash generated from operating activities</b>	<b>(A) 728.85</b>	<b>619.01</b>
<b>B Cash flow from Investing Activities:</b>		
Purchase of property, plant and equipment/intangible assets	(3.73)	(17.94)
Proceeds from Sale of property, plant and equipment/intangible assets	309.41	9,191.50
Interest received	11.77	15.50
Sale/ (Purchase) of non-current investments	-	8.92
(Increase) / Decrease in other financial Assets	(27.77)	102.97
Increase / (Decrease) in other non current liabilities	38.38	(122.60)
<b>Net cash generated / (used) from/in investing activities</b>	<b>(B) 328.06</b>	<b>9,178.35</b>
<b>C Cash flow from financing activities:</b>		
Proceeds / (Repayment) of short term borrowings	-	(95.40)
Proceeds / (Repayment) of Long Term borrowings	(333.10)	(6,630.72)
Receipt/ (Repayment) of Corporate Deposits	-	(100.00)
Interest paid (Net of reversal)	(788.71)	(2,896.36)
<b>Net cash generated / (used) from/in financing activities</b>	<b>(C) (1,121.81)</b>	<b>(9,722.48)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(A+B+C) (64.90)</b>	<b>74.89</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>86.14</b>	<b>11.25</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>21.24</b>	<b>86.14</b>

**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 42 form an integral part of the financial statements

As per our report of even date attached

For and on behalf of the Board of Directors

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

**B. K. PATODIA**  
Chairman  
DIN No. 00003516  
Place : Mumbai  
Date : 21.05.2024

**UMANG PATODIA**  
Managing Director  
DIN No. 00003588  
Place : Kochi  
Date : 21.05.2024

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

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

**VEENA VISHWANATH BHANDARY**  
Company Secretary

Place : Kochi  
Date : 21.05.2024

Place : Kochi  
Date : 21.05.2024

Place : Kochi  
Date : 21.05.2024

# PATSPIN INDIA LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2024

### A. Equity Share Capital

All Amounts ₹ in Lac

#### (1) Current Reporting Period- As at March 31, 2024

Balance at the beginning of the current reporting period	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year
3092.00	-	3092.00

#### (2) Previous Reporting Period- As at March 31, 2023

Balance at the beginning of the current reporting period	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year
3092.00	-	3092.00

### B. Other Equity

#### (1) Current Reporting Period- As at March 31, 2024

Balance at the beginning of the current reporting period	Reserves and Surplus			Debt Instruments through Other Comprehensive Income	Revaluation Surplus	Other items of Other Comprehensive Income (specify nature)	Total
	Capital Reserve	Securities Premium	Retained Earnings				
1,000.00	468.28	-	(11,273.93)	-	3,057.96	(123.38)	(6,871.07)
Total Comprehensive Income for the current year	-	-	(665.13)	-	-	7.51	(657.62)
Balance at the end of the current reporting period	1,000.00	468.28	(11,939.05)	-	3,057.96	(115.87)	(7,528.66)

# PATSPIN INDIA LIMITED

## (2) Previous Reporting Period- As at March 31, 2023

	Reserves and Surplus			Debt Instruments through Other Comprehensive Income	Revaluation Surplus	Other items of Other Comprehensive Income (specify nature)		Total
	Capital Reserve	Securities Premium	Retained Earnings			Re-measurement of Employee Benefit		
Balance at the beginning of the current reporting period	1,000.00	468.28	(11,062.80)	139.14	4,479.17	(87.56)		(5,063.77)
Restated balance at the beginning of the current reporting period	-	-	(118.88)	-	-	-		(118.88)
Fresh issue of NCCCPs - Refer Note 18 (i) a	-	-	-	-	-	-		
Total Comprehensive Income for the current year	-	-	(1,815.18)	-	-	(35.82)		(1,851.00)
Revaluation reserve of Companies Ponneri, TN units transferred to Retained earnings on sale during the year ref. Note 3 and 36	-	-	1,421.21	-	(1,421.21)	-		-
Openig balance of Equity portion of NCRPS transfered to Retained earnings	-	-	162.58	-	-	-		162.58
Openig balance of Debt Instruments through Other Comprehensive Income transfered to Retained earnings	-	-	139.14	(139.14)	-	-		-
Balance at the end of the current reporting period	1,000.00	468.28	(11,273.93)	-	3,057.96	(123.38)		(6,871.06)

The accompanying Notes 1 to 42 form an integral part of the financial statements

As per our report of even date attached

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

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

Place : Kochi  
Date : 21.05.2024

For and on behalf of the Board of Directors

**B. K. PATODIA**  
Chairman  
DIN No. 00003516  
Place :Mumbai  
Date : 21.05.2024

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

Place : Kochi  
Date : 21.05.2024

**UMANG PATODIA**  
Managing Director  
DIN No. 00003588  
Place : Kochi  
Date : 21.05.2024

**VEENA VISHWANATH BHANDARY**  
Company Secretary

Place : Kochi  
Date : 21.05.2024

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

### Significant Accounting Policies and notes forming part of the Financial statements for the Year ended 31st March 2024

#### 1 Corporate Information:

Patspin India Limited ('the company') is a Public Limited company incorporated and domiciled in India. The Registered office of the Company is at 3rd Floor, Palal Towers, Ravipuram, MG Road, Kochi -682 016 Kerala State, India. The company was incorporated under the Indian Companies Act 1956 and its equity shares are listed on the Bombay Stock Exchange Ltd (BSE) in India. The company is engaged in manufacture and Export of cotton yarn. The company was registered as "Medium Enterprises - Manufacturing" on 5th May 2021 in Udaym portal of Ministry of MSME and obtained MSME registration certificate under the Provisions of MSMED Act 2006.

#### 2 Significant Accounting Policies

##### 2.1 Basis of preparation and Measurement of financial statements:

Statement of Standalone Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified by Ministry of Corporate affairs pursuant to section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation and disclosures requirement of Division II of revised Schedule III of the Companies Act 2013, (Ind AS Compliant Schedule III), as applicable to standalone financial statement. Accordingly, the Company has prepared these Standalone Financial Statements which comprise the Balance Sheet as at 31 March, 2024, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as "Standalone Financial Statements" or "financial statements"). These financial statements were authorised for issue by the Board of Directors in the meeting held on 22 May, 2024.

##### 2.2 Rounding of amount

These 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 lakh unless otherwise stated.

##### 2.3 Historical Cost convention

The financial statements have been prepared under the historical cost convention, as 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, disclosure of contingent liabilities on the date of financial statements and the 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 those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

##### 2.5 Current and non-Current Assets and Liabilities

All assets and liabilities have been classified as current or noncurrent as per the company's normal operating cycle (not exceeding 12 months) 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 Amendments to the existing Accounting Standards issued effective from 01.04.2023 onwards

The amendment to Ind AS 1 on 'presenting of financial statements' stipulates that the entity shall disclose material accounting policy information rather than significant accounting policies. Accounting policy information is considered material when accounting policy is related to a material transaction, event, or condition and involves either a change in accounting policy or one or more permissible accounting policy choices or accounting policy development in the absence of specific standard, or significant judgement or assumptions involved in applying such policy, or complexity

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (Contd.)

of accounting requiring one or more application of Ind AS.

Accordingly, the company has revised its accounting policy disclosures by specifically providing only material accounting policy ensuring no obscuring information. The above amendments are no financial effect on company.

### 2.7 Property, Plant and Equipment:

All items of property, plant and equipment (excepting Freehold Land) 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.

The Carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

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 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 end of the reporting period.

### 2.8 Depreciation:

Depreciation is 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 and depreciation is calculated on the carrying amount, which is the cost of an asset less its residual value.

### 2.9 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.

### 2.10 Amortization:

Intangible assets are amortized based on their estimated useful lives.

### 2.11 Investments

Investment in Government securities are "Carried at amortised cost"

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (Contd.)

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

### 2.12 Inventories

Inventories are stated at lower of cost and net realisable value. The cost includes cost of purchase, freight, taxes and duties and is net of input credit where are applicable, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost of Raw material, stores & spares is considered at "weighted average" cost basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs of necessary to make the sale. Adequate provision is made for obsolete, Non-moving and Slow-moving items.

### 2.13 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 statement of 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 authorities, 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.

A gain or loss on an financial assets that is subsequently measured at amortised cost is recognized in the statement of profit and 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 statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through statement of profit and loss are

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (Contd.)

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 Other Comprehensive Income (OCI). These gains/losses are subsequently transferred to Statement of profit and loss account. 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 and 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.

## 2.14 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.

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.

## 2.15 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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (Contd.)

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.

### 2.16 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 rate method.

### 2.17 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.

### 2.18 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.

### 2.19 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

### 2.20 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (Contd.)

- 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 statement of profit and 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.

### 2.21 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.

### 2.22 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.

### 2.23 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.

### 2.24 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.

### 2.25 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 2024 (Contd.)

### 3 Property, Plant and Equipment

(₹ in Lacs)

Gross cost / deemed cost	Freehold-Land	Buildings	Plant and Equipment	Furniture & Fixtures	Office Equipments	Vehicles	Total
<b>Balance as at 31 st March 2022</b>	<b>4,697.42</b>	<b>4,985.51</b>	<b>29,698.51</b>	<b>169.55</b>	<b>143.97</b>	<b>72.07</b>	<b>39,767.03</b>
Additions	-	-	17.94	-	-	-	17.94
Disposal of Carrying cost of Ponneri, TN Plant sold during the year Refer Note below	147.21	2,175.92	16,531.39	89.84		0.43	18,944.79
Propotinate Revaluation reserve on TN Plant sold during the year.	(1,421.21)	-					(1,421.21)
<b>Balance as at 31 st March 2023</b>	<b>3,129.00</b>	<b>2,809.59</b>	<b>13,185.06</b>	<b>79.71</b>	<b>143.97</b>	<b>71.64</b>	<b>19,418.97</b>
Additions	-	-	3.73	-	-	-	3.73
Disposal /Discarded /adjustments		108.93	34.46				143.39
<b>Balance as at 31st March 2024</b>	<b>3,129.00</b>	<b>2,700.66</b>	<b>13,154.33</b>	<b>79.71</b>	<b>143.97</b>	<b>71.64</b>	<b>19,279.31</b>
<b>Accumulated depreciation</b>							
Balance as at 31st March 2022		2692.14	19957.38	163.30	138.26	68.44	23,019.52
Depreciation cost of Ponneri, TN Plant sold during the year		839.78	10,249.38	84.93		0.41	11,174.50
Deprecaition expense		103.91	609.89	0.15	0.67	0.06	714.68
<b>Balance as at 31 st March 2023</b>		<b>1,956.27</b>	<b>10,316.97</b>	<b>79.44</b>	<b>138.93</b>	<b>68.09</b>	<b>12,559.69</b>
Disposal /adjustments		30.35	19.98				50.33
Deprecaition expense		15.95	298.02	0.00	0.11	-	314.08
<b>Balance as at 31st March 2024</b>	<b>-</b>	<b>1,941.87</b>	<b>10,595.01</b>	<b>79.44</b>	<b>139.04</b>	<b>68.09</b>	<b>12,823.45</b>
<b>Net Book Value</b>							
<b>As at 31st March 2023</b>	<b>3,129.00</b>	<b>853.32</b>	<b>2,868.10</b>	<b>0.26</b>	<b>5.04</b>	<b>3.55</b>	<b>6,859.27</b>
<b>As at 31st March 2024</b>	<b>3,129.00</b>	<b>758.79</b>	<b>2,559.33</b>	<b>0.26</b>	<b>4.93</b>	<b>3.55</b>	<b>6,455.86</b>

Note: The Company has opted to continue with net carrying values of all Property, plant and equipment as at the transition to Ind AS on 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 Freehold 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 of revaluation of freehold land during past 5 years are given below:

# Title deeds of Freehold land amounting to Rs 1568.42 lakhs (including revaluation reserve of Rs 1421.21 lakhs) of Company's Ponneri, Tamilnadu plant along with its other assets were transferred to M/s. Sri Shanmugavel Mills Pvt. Ltd pursuant to approved resolution / restructuring proposal, on slump sale basis during the year.

Class of Asset - Freehold Land	Amount Rs. in Lakhs
Carrying value as at 1st April, 2019	4955.84
Revaluation surplus recognised in Other Equity as at 31st March 2019	4737.59
Additions	0.64
Disposal /adjustments	-
Carrying value as at 31st March, 2020	4955.84
Revaluation surplus recognised in Other Equity as at 31st March 2020	4737.59
Additions	-
Disposal /adjustments	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (Contd.)

Decrease on Revaluation of Assets	258.42
Carrying value as at 31st March, 2021	4697.42
Revaluation surplus recognised in Other Equity as at 31st March 2021	4479.17
Additions	-
Disposal /adjustments	-
Carrying value as at 31st March, 2022	4697.42
Revaluation surplus recognised in Other Equity as at 31st March 2022	4479.17
Disposal /adjustments (Refer Note #)	147.21
Revaluation surplus on Disposal /adjustments (Refer Note #)	1421.21
Carrying value as at 31st March 2023	3129
Revaluation surplus recognised in Other Equity as at 31st March 2023	3057.96
Additions	-
Disposal /adjustments	-
Carrying value as at 31st March, 2024	3129
Revaluation surplus recognised in Other Equity as at 31st March 2024	3057.96

	As at <b>31.03.2024</b> (₹ in lacs)	As at 31.03.2023 (₹ in lacs)
<b>4 Capital Work In Progress</b>		
Plant and Equipment	-	4.90
	-	4.90
<b>Financial Assets</b>		
<b>5 Non-Current Investment</b>		
<b>Unquoted Equity instruments - Non-Trade carried at cost</b>		
<b>Government Securities - Non-Trade (unquoted)</b>	-	-
National Savings Certificates (Lodged with statutory authorities)	0.31	0.31
	<b>0.31</b>	0.31
<b>6 Other Financial Assets</b>		
Eelectricity Deposits	250.93	220.03
Other Security Deposits	54.89	58.02
	<b>305.82</b>	278.05
<b>7 DEFERRED TAX ASSET (Net)</b>		
<b>a Deferred Tax Asset</b>		
Unabsorbed Depreciation & Business Loss	3,620.35	3,620.35
Others	248.92	248.92
	<b>3,869.27</b>	3,869.27
<b>b Deferred Tax Liability</b>		
Related to Property, Plant and Equipment	2,929.43	2,929.43
Related to Borrowing Cost	141.45	141.45
	<b>3,070.88</b>	3,070.88
<b>c Minimum Alternate Tax Credit entitlement</b>	<b>438.20</b>	438.20
<b>Net Deferred Tax Asset (a-b+c)</b>	<b>1,236.59</b>	1,236.59

\* Refer Note 33

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (Contd.)

	As at 31.03.2024 (₹ in lacs)	As at 31.03.2023 (₹ in lacs)
<b>8 Inventories</b>		
Stores, Spares and Packing Materials	8.54	12.25
Raw Materials	-	241.91
Goods-in-Process	-	56.65
Finished Goods	-	28.28
Waste Stock	-	0.17
	<u>8.54</u>	<u>339.26</u>
<b>9 Trade Receivables</b>		
Unsecured, considered good	5.60	184.50
	<u>5.60</u>	<u>184.50</u>

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	5.60	-	-	-	-	5.60
(ii) Undisputed Trade Receivables – which have significant increase in credit risk						
(iii) Undisputed Trade Receivables – credit impaired						
(iv) Disputed Trade Receivables – considered good						
(v) Disputed Trade Receivables – which have significant increase in credit risk						-
(vi) Disputed Trade Receivables – credit impaired						

	As at 31.03.2024 (₹ in lacs)	As at 31.03.2023 (₹ in lacs)
<b>10 Cash and Cash equivalents</b>		
Cash on Hand	0.35	0.85
Balances with Banks in Current Accounts	20.89	85.29
	<u>21.24</u>	<u>86.14</u>
<b>11 Bank Balances other than 12 above</b>		
Margin Money Deposit Accounts (with original maturity less than 12 months of the reporting date)	-	13.46
Deposit Accounts under lien (with original maturity less than 12 months of the reporting date)	3.34	100.60
	<u>3.34</u>	<u>114.06</u>
<b>12 Other Financial Assets</b>		
Interest accrued on Deposits	16.64	8.32
	<u>16.64</u>	<u>8.32</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (Contd.)

	As at 31.03.2024 (₹ in lacs)	As at 31.03.2023 (₹ in lacs)
<b>13 Other Current Tax Assets (Net)</b>		
Income Tax (Net)	236.19	434.68
	<u>236.19</u>	<u>434.68</u>
<b>14 Other Current Assets</b>		
Prepaid Expenses	59.38	25.79
Balances with Statutory Authorities	104.28	146.33
Other Advances	386.47	51.87
	<u>550.13</u>	<u>223.99</u>
<b>15 Equity Share Capital</b>		
<b>(a) Authorised:</b>		
400,00,000 Equity shares (Previous year 400,00,000 ) of Rs.10 each	4,000.00	4,000.00
<b>(b) Issued, Subscribed and fully paid up shares</b>		
309,20,000 Equity shares (Previous year 309,20,000 ) of Rs.10 each	3,092.00	3,092.00
	<u>3,092.00</u>	<u>3,092.00</u>

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

Particulars	As at 31.03.2024		As at 31.03.2023	
	No of Shares	Amount ₹ in lakhs	No of Shares	Amount ₹ in lakhs
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

### ii Rights, preferences and restrictions attached to Equity shares

The company has only one class of equity shares having a par value of Rs. 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 31.03.2024		As at 31.03.2023	
	No of Shares	% of holding in the Class	No of Shares	% of holding in the Class
GTN Textiles Limited (Promoter/Associate )	14,287,068	46.21%	14,287,068	46.21%

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

Name of share Holder		As at 31.03.2024		As at 31.03.2023	
		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%	1,42,87,068	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

vi There are nil number of shares (Previous year Nil) reserved for issue under option and contracts or commitments for the sale of shares or disinvestment.

vii There are no issue of shares allotted as fully paid up shares pursuant to contract(s) without payment being received in cash or buy back or bonus shares in the preceding five years.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (Contd.)

- viii During the year ended 31.03.2024 and in the previous year, no securities convertible into Equity/Preferential shares.
- ix During the year ended 31.03.2024 and in the previous year, there are no calls unpaid including calls unpaid by Directors and officers as on balance sheet date.
- x Shares held by promoters at the end of the year

Promoter name	No. of Shares	% of Total Shares	% Change during the year
<b>Promoter:</b>			
Binod Kumar Patodia HUF	200	-	Nil
Ankur Patodia	400	-	Nil
Binod Kumar Patodia	34,550	0.11	Nil
Mala Patodia	500	-	Nil
Prabha Patodia	33,700	0.11	Nil
Umang Patodia	11,000	0.04	Nil
<b>Promoter Group:</b>			
KSIDC Limited	24,90,000	8.05	Nil
GTN Textiles Limited	1,42,87,068	46.21	Nil
Umang Finance Private Limited	3,84,900	1.24	Nil
Beekaypee Credit Private Limited	13,66,900	4.42	Nil
Patodia Exports & Investments Private Limited	14,87,700	4.81	Nil
<b>Total</b>	<b>2,00,96,918</b>	<b>64.99</b>	

As at  
**31.03.2024**  
(₹ in lacs)

As at  
31.03.2023  
(₹ in lacs)

### 16 Instruments entirely equity in nature

#### Preference Share Capital

0.50% Non Cumulative Compulsorily convertible Redeemable Preference shares **2,051.00** 2,051.00

\* 20,51,000, 0.50 % Non Cumulative Compulsorily Convertible preference shares of Rs 100 each were issued to Lenders, Promoters and their associates pursuant to an approved Resolution Plan as per RBI Circular dated 07.06.2019. The issue details are as follows.

Series	No of Shares	Date of Issue	Date of Redumtion	Earlier Redumtion
VIII	2051000	14.11.2022	31.03.2030	

Note: During the previous year, Company's Bankers have approved and implemented Resolution Plan (RP) as per the Provisions of Prudential Framework for Resolution of Stressed Assets RBI Circular dated 07.06.2019 . As per the said approved RP Terms existing entire 20,51,000 Non-Cumulative Redeemable Preference Shares (NCRPS) of Rs 100 each was substituted with fresh issue of 20,51,000 nos. 0.5% Non-Cumulative Compulsorily Convertible Preference Shares (NCCCPS) of Rs 100 each. The said NCCCPS shall carry a dividend coupon rate of 0.50% p.a. till conversion and will be converted in to equity shares on 31.03.2030 as per the SEBI guideline prevalent on the date of conversion.

Details of shareholders holding more than 5% of preference shares in the Company 0.50% Non Cumulative Compulsorily Convertible preference shares of Rs 100 each issued as per the RP

	As at 31.03.2024		As at 31.03.2023	
	No of Shares	% of holding in the Class	No of Shares	% of holding in the Class
Central Bank of India	199000	9.70%	199000	9.70%
State Bank of India	299000	14.58%	299000	14.58%
Punjab National Bank (erstwhile Oriental Bank of Commerce)	153000	7.46%	153000	7.46%
Karur Vysya Bank	82000	4.00%	82000	4.00%

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (Contd.)

Bank of Maharashtra	112000	5.46%	112000	5.46%
Export Import Bank of India	121000	5.90%	121000	5.90%
Canara Bank	115000	5.61%	115000	5.61%
Smt Deepa Bagla	870000	42.42%	870000	42.42%
Shri B.K.Patodia	75000	3.66%	75000	3.66%
Shri Umang Patodia	25000	1.22%	25000	1.22%

### Other Equity

	As at 31.03.2024 (₹ in lacs)	As at 31.03.2023 (₹ in lacs)
<b>(i) Reserve &amp; Surplus</b>		
<b>(a) Capital Redemption Reserve</b>		
Balance as at the beginning and the end of the year	1,000.00	1,000.00
<b>(b) Securities Premium</b>		
Balance as at the beginning and the end of the year	468.28	468.28
<b>(c) Surplus/(Deficit) in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	(11,273.92)	(10,761.07)
Less: Profit/(Loss) for the year from the Statement of Profit and Loss	(665.13)	(1,815.18)
Revaluation reserve on land of Company's Ponneri, TN unit transferred to Retained earnings on sale during the year	-	1,421.21
Impact on remeasurement of Cost of Borrowings - NCRPS	-	(118.88)
	<u>(11,939.05)</u>	<u>(11,273.92)</u>
<b>(ii) Revaluation surplus</b>		
Surplus on Revaluation of land (Refer Note No 3)	3,057.96	3,057.96
<b>(iii) Other comprehensive income:</b>		
Impact on remeasurement of Employee Benefit	(115.87)	(123.38)
<b>Balance as at the end of the Year</b>	<u>(7,528.68)</u>	<u>(4,820.06)</u>

## 18 Non current liabilities

### Financial liabilities

	As at 31.03.2024 (₹ in lacs)		As at 31.03.2023 (₹ in lacs)	
	Non Current	Current	Non Current	Current
<b>Working Capital Term Loan</b>				
(i) From Banks	5,334.70	1,000.20	6,001.20	666.80
<b>Total a+b</b>	<u>5,334.70</u>	<u>1,000.20</u>	6,001.20	666.80

### i Working Capital Term Loan are secured by :

Working Capital Term loan of Rs 6668.00 lacs sanctioned by banks pursuant to an approved Resolution Plan as per RBI Circular dated 07.06.2019. secured by first pari passu charge on the Block assets (Land and Building, Plant & Machinery of Company's kanjicode plant, palakkad, kerala, and pledge of 51% of shares held by promoter (GTN Textiles Limited being 7286405 shares) in favour of the Term Loan Lenders and also guaranteed by chairman of the Company Shri. BK Patodia and Managing Director of the Company Shri. Umang Patodia.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (Contd.)

### 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

	Outstanding as on 31.03.2024 - ₹ in lakhs	Repayments - ₹ in Lakhs					
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
From Banks	6,334.90	333.40	666.80	1,333.60	1,333.60	1,333.60	1,333.60
Rate of Interest	Current effective average rate is 10.01% p.a.						

Repayment of WCTL in 24 quarterly installments. First installment due on 30.06.2023 and last installment due on 31.03.2029.

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

	Amount Due as on 31.03.2024	Amount paid subsequently	Date of payment	Balance payable
Principal	333.40	-	-	333.40
Interest	403.50	-	-	403.50

	As at 31.03.2024 (₹ in lacs)	As at 31.03.2023 (₹ in lacs)
<b>19 Other Non Current Liabilities</b>		
Provision for Employee benefits (Gratuity)	367.64	329.27
	<u>367.64</u>	<u>329.27</u>

### Current Liabilities

### 20 Financial Liabilities

#### (i) Borrowings

##### Secured Loans

Term Loans :

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

(i) From Banks

1,000.20      666.80

##### Unsecured Loans

Corporate Deposits (Interest rate at 8.25% p.a.)

400.00      400.00

Loan from Directors/relatives-Interest Free

600.00      600.00

2,000.20      1,666.80

#### (ii) Trade Payables

Due to Micro, Small and Medium Enterprises (MSME's)

161.15      80.48

Due to Others

1,485.24      1,835.38

1,646.39      1,915.86

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	151.20	9.92	0.03	-	161.15
(ii) Others	552.77	732.55	69.14	130.78	1,485.24
(iii) Disputed dues – MSME					
(iv) Disputed dues - Others					

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (Contd.)

### Details of dues to Micro and Small Enterprises and defined under the Micro, Small and Medium Enterprises Act, 2006

	As at <b>31.03.2024</b> (₹ in lacs)	As at 31.03.2023 (₹ in lacs)
The principal amount due thereon remaining unpaid as on the Balance sheet date	<b>161.15</b>	80.48
Interest due thereon remaining unpaid	<b>Provided for Rs 803568/-</b>	Provided for Rs 327303/-
Interest paid along with the amount of the payment during the year	<b>Nil</b>	Nil
Interest due and payable but without adding the interest specified in the above-mentioned act.	<b>Nil</b>	Nil
Interest accrued and remaining unpaid at the end of the year.	<b>Nil</b>	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.	<b>Nil</b>	Nil

- \* The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at reporting date has been made in the financial statements based on information received and available with the Company and has been relied upon by the auditors.

Further, as per the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro Small and Medium Enterprises Development Act, 2006 ("the MSMED Act") is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

### (iii) Other Financial Liabilities

Interest due on borrowings	<b>530.93</b>	565.79
	<b><u>530.93</u></b>	<u>565.79</u>

### 21 Other Current Liabilities

Advances from customers	<b>353.22</b>	0.58
Expenses Payable	<b>897.72</b>	871.52
Statutory and Other dues payable	<b>42.82</b>	89.21
	<b><u>1,293.76</u></b>	<u>961.31</u>

### 22 Provisions

Provision for employee benefits	<b>52.32</b>	57.90
	<b><u>52.32</u></b>	<u>57.90</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (Contd.)

	Year ended 31.03.2024 (₹ in lacs)	Year ended 31.03.2023 (₹ in lacs)
<b>23 REVENUE FROM OPERATIONS</b>		
<b>(A) Sale of Products</b>		
<b>Finished Goods :</b>		
Local	497.62	2970.34
<b>Waste Sales</b>		
Local	404.06	544.73
<b>Net Sales</b>	901.68	3515.07
<b>(B) Other Operating Revenues</b>		
Job Work Charges	3,482.56	3972.36
<b>Total (A) + (B)</b>	4384.24	7487.43
<b>24 OTHER INCOME</b>		
Interest Income	11.77	15.50
Agricultural Income	0.10	0.47
Interest on Income Tax refund	13.84	-
Sale of Scrap	15.10	15.46
Lease Rent	7.10	-
Excess provision reversed	514.67	-
<b>Total</b>	562.58	31.43
<b>25 COST OF MATERIALS CONSUMED</b>		
<b>(a) Raw Materials Consumed</b>		
Opening Inventory	241.91	178.21
Add:Purchases during the Year	167.31	2048.61
Less:Sale of Cotton	0.04	0.00
Less: Closing Stock	0.00	241.91
<b>Total (a)</b>	409.18	1984.91
<b>(b) Packing Material Consumed</b>		
Opening Inventory	5.02	11.84
Add:Purchases during the Year	113.04	135.78
Less: Closing Stock	3.47	5.02
<b>Total (b)</b>	114.59	142.60
<b>Total (a) + (b)</b>	523.77	2127.51
<b>26 CHANGES IN INVENTORY OF FINISHED GOODS, GOODS IN PROCESS AND WASTE</b>		
<b>(a) Stock at the beginning of the year:</b>		
Finished Goods	28.29	382.13
Goods-in-process	56.64	194.92
Waste	0.18	10.32
<b>Total</b>	85.11	587.37
<b>(b) Less : Stock at the end of the Quarter:</b>		
Finished Goods	-	28.29
Goods-in-process	-	56.64
Waste	-	0.18
<b>Total (a) + (b)</b>	-	85.11
<b>(Increase)/Decrease in Stocks (a-b)</b>	85.11	502.26

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (Contd.)

	Year ended 31.03.2024 (₹ in lacs)	Year ended 31.03.2023 (₹ in lacs)
<b>27 EMPLOYEES BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	1,499.12	2023.50
Contribution to Provident and Other Funds	120.72	20.69
Welfare Expenses	116.13	176.71
<b>Total</b>	<b>1,735.97</b>	<b>2,220.90</b>
<b>28 FINANCE COSTS</b>		
Interest Expenses	753.85	894.55
Other Borrowing Costs	-	72.13
Interest -Cost on Fair Valuation of Preference Shares	-	85.69
<b>Total</b>	<b>753.85</b>	<b>1052.37</b>
<b>29a OTHER EXPENSES</b>		
Power and Fuel	1,748.93	2275.33
Repairs to Building	2.73	7.35
Repairs to Machinery	157.25	282.32
Stores and Spares consumed	69.44	73.00
Processing Charges	61.99	116.66
Rent	11.58	32.62
Insurance	124.96	128.62
Rates and Taxes	23.50	47.84
Commission and Brokerage	0.82	2.61
Bad debts written off	8.88	43.01
Freight, Forwarding and Other selling expenses	9.44	23.86
Payment to Auditors		
Audit Fee	3.00	3.00
Certification Charges	0.73	0.70
Loss / (Profit) on sale of PPE	12.97	-
Directors Sitting Fee	2.40	2.83
Net loss /(gain) on foreign currency transaction and translation	0.91	8.46
Miscellaneous Expenses	185.69	395.64
<b>Total</b>	<b>2,425.22</b>	<b>3443.85</b>

### **29b PROFIT ON SALE OF OFFICE BUILDING / UNDERTAKING**

Company has sold its office building in Mumabi for a sale consideration of Rs 303 lac and the profit on sale was Rs 224 lakh. The Sale proceeds were used for repayment of Bank debts.

Persuant to the approval obtained from Shareholders and Lenders, during previous year the Company has sold its Ponneri, TamilNadu undertakings on Slump sale basis on 28.10.2022 for a Net Sale consideration of Rs. 10500 Lakh and the Profit on sale of undertaking was Rs. 1393 lakh. The sale proceeds were utilised for repayment of Banks debt, VRS to high cost permanent workmen, statutory and other dues

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (Contd.)

### 30 EARNING PER SHARE

	Year Ended 31.03.2024	Year Ended 31.03.2023
Net profit /(Loss) as per statement of profit and loss	(665.13)	(1815.18)
Less: Dividend on Preference Shares -Notional	0.21	21.93
Net profit available to Equity Share holders	(665.33)	(1837.11)
Weighted average no of Equity Shares (Face value of Rs.10 each)	30920000	30920000
Weighted average no of 0.50% Non Cumulative Compulsorily Convertible Redeemable preference shares of Rs 100 each	2051000	2051000
Baisc Earning Per Share Rs.	(2.15)	(5.94)
Diluted Earning Per Share Rs.	(2.02)	(5.57)

### 31 Employee Benefits Plan

#### Gratuity:

In accordance with the applicable laws, the Company provides for Grauity, 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 continues 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 Gratuity fund of 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 2023-24 (₹ in lacs)	Gratuity Plan 2022-23 (₹ in lacs)
<b>Change in Defined Benefit Obligation (DBO) during the year</b>			
1	Present value of DBO at the beginning of the year	549.00	661.79
2	Current Service cost	22.47	23.10
3	Interest cost	40.71	47.95
4	Actuarial (gain)/loss arising from changes in experience assumptions	9.01	(5.49)
5	Actuarial loss arising from changes in experience adjustments	(17.02)	40.90
6	Benefits paid	(20.27)	(219.25)
<b>Present value of DBO at the end of the year</b>		<b>583.90</b>	549.00
<b>Change in fair value of plan assets during the year</b>			
1	Fair value of plan assets at the beginning of the year	219.74	209.93
2	Interest income	16.30	15.20
3	Employer contributions	1.00	3.30
4	Benefits paid	(20.27)	(8.28)
5	Remeasurements - return on plan assets (excluding interst income)	(0.51)	(0.41)
<b>Present value of DBO at the end of the year</b>		<b>216.26</b>	219.74

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (Contd.)

		<b>Gratuity Plan 2023-24 (₹ in lacs)</b>	Gratuity Plan 2022-23 (₹ in lacs)
<b>Amounts recognised in the Balance Sheet</b>			
1	Present value of DBO at the end of the year	<b>583.90</b>	549.00
2	Fair value of plan assets at the end of the year	<b>216.26</b>	219.74
<b>Funded status of the plans - (Assets)/Liability</b>		<b>367.64</b>	329.26
<b>(Assets) and Liability recognised in the Balance sheet - Non current</b>		<b>367.64</b>	329.26
<b>Components of employer expense</b>			
1	Current service cost	<b>22.47</b>	23.10
2	Interest income on net defined benefit obligation	<b>24.42</b>	32.74
<b>Expense recognised in Statement of Profit and Loss</b>		<b>46.89</b>	55.84
<b>Remeasurements on the net defined benefit obligation</b>			
	Return on plan assets(excluding interest income)	<b>0.51</b>	0.41
	Actuarial loss arising from changes in financial assumptions	<b>9.01</b>	(5.49)
	Actuarial loss arising from changes in experience adjustments	<b>(17.02)</b>	40.90
<b>Remeasurements recognised in other comprehensive income</b>		<b>(7.50)</b>	35.82
<b>Total defined benefit cost recognised</b>		<b>39.39</b>	91.66
<b>Nature and extent of investment details of the plan assets</b>			
	State and Central Securities	-	-
	Bonds	-	-
	Special Deposits	-	-
	Insurar Managed funds	<b>100%</b>	100%

	<b>Gratuity Plan</b>	
	<b>As at 31.03.2024</b>	<b>As at 31.03.2023</b>
<b>Assumptions</b>		
Discount rate	<b>7.15%</b>	7.40%
Expected rate of salary increase	<b>2.00%</b>	2.00%
<b>Sensitivity analysis - DBO at the end of the year (in lakhs)</b>		
Discount rate + 100 basis points	<b>548.55</b>	513.88
Discount rate - 100 basis points	<b>622.89</b>	587.89
Salary Growth rate + 1%	<b>624.55</b>	589.65
Salary Growth rate - 1%	<b>546.51</b>	511.77
Attrition rate +50%	<b>589.86</b>	555.63
Attrition rate -50%	<b>577.62</b>	542.01
<b>Weighted average duration of DBO</b>	<b>6 Years</b>	7 Years
<b>Expected cash flows (in lacs)</b>		

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (Contd.)

	Gratuity Plan	
	As at 31.03.2024	As at 31.03.2023
<b>1. Expected employer contribution in the next year</b>	<b>390.15</b>	351.24

### 2. Expected benefit payments

Year 1	<b>47.80</b>	53.94
Year 2 to year 5	<b>264.97</b>	234.12
Year 6 to year 10	<b>416.12</b>	385.00
Beyond 10 years	<b>251.59</b>	297.41

- 32** 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.
- 33** Deferred Tax assets for the current financial year was not recognised. Post restructuring of companies debts under approved resolution proposal by the lenders, Management is hopeful that there would be sufficient taxable profit in the ensuing years against which the unused tax losses and unused tax credits can be utilised/to allow the benefit of part or all of that deferred tax assets to be utilised. In view of this the Deferred tax Assets as at 31.03.2020 is continue to be recognised in the Books.
- 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 RELATED PARTY DISCLOSURES

#### Related Party Disclosures pursuant to Ind AS 24

##### (a) Names of Related parties and nature of relationships

##### i Substantial Shareholder (46.21%)

GTN Textiles Limited

##### ii Companies where Key Management Personnel has significant influence

- 1 GTN Enterprises Limited
- 2 Patodia Exports and Investments (P) Ltd

##### iii Key Management Personnel:

- 1 Shri Umang Patodia - Managing Director
- 2 Shri T.Ravindran - Chief Financial Officer
- 3 Ms.Veena Vishwanath Bhandary - Deputy Company Secretary

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

- 1 Patcot & Co

##### 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

##### (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*	
	2023-24 ₹ in lacs	2022-23 ₹ in lacs	2023-24 ₹ in lacs	2022-23 ₹ in lacs
Sales, Service and other income	<b>1,169.11</b>	820.58		
Purchase of Goods and Services	<b>81.34</b>	338.12		
Purchase of fixed assets	<b>0.30</b>			
Remuneration paid			<b>54.76</b>	56.42
Sitting Fees			<b>0.15</b>	0.30
Interest Paid			<b>33.09</b>	33.00

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (Contd.)

Nature of Transactions / Balances	Associates		Other Related parties*	
	2023-24 ₹ in lacs	2022-23 ₹ in lacs	2023-24 ₹ in lacs	2022-23 ₹ in lacs
Rent Paid	2.55		9.00	9.00
Rent Received	7.64			
Balances as at year end:				
Amount Receivable	-	3.07		
Amount Payable	580.94	316.76	177.47	177.47

\*Includes relatives of key Management personnel

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

	Transactions	
	2023-24 Rs in lacs	2022-23 Rs in lacs
<b>(i) Sale of goods</b>		
<b>a) Cotton</b>		
i) GTN Enterprises LTD	63.94	-
<b>b) Cotton Yarn</b>		
i) GTN Enterprises LTD	117.87	105.14
<b>c) Store Items</b>		
i) GTN Enterprises LTD	3.04	2.71
<b>d) Sale of Waste</b>		
GTN Enterprises LTD	5.75	-
<b>e) Sale Machinery</b>		
i) GTN Enterprises LTD	0.30	-
<b>(ii) Purchase of goods</b>		
<b>a) Cotton</b>		
i) GTN Enterprises LTD	-	210.85
<b>b) Cotton Yarn</b>		
i) GTN Enterprises LTD	0.52	-
<b>c) Store Items</b>		
i) GTN Textiles LTD	0.20	0.78
ii) GTN Enterprises LTD	1.86	1.70
<b>d) Packing Materials</b>		
i) GTN Textiles LTD	-	0.64
<b>e) Purchase of Waste</b>		
GTN Enterprises LTD	-	6.10
<b>(iv) Rendering of services</b>		
<b>a) Rent</b>		
GTN Enterprises LTD	7.64	0.54
<b>b) Processing Charges</b>		
i) GTN Textiles LTD	-	0.14
ii) GTN Enterprises LTD	978.52	712.05
<b>(v) Receiving of services</b>		
<b>a) Rent</b>		

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (Contd.)

GTN Enterprises LTD	2.55	-
Other related parties	9.00	9.00
<b>b) Processing Charges</b>		
i) GTN Enterprises LTD	78.76	118.05
<b>(vi) Remuneration paid</b>		
Other related parties	54.76	56.42
<b>(vii) Sitting Fees</b>		
Other related parties	0.15	0.30
<b>(viii) Interest Paid</b>		
Other related parties	33.09	33.00

### 36 CONTINGENT LIABILITY AND COMMITMENTS:

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

- Excise duty : Rs. 72.99 lacs (Previous year Rs. 72.99 lacs). Deposits against litigation Rs 7.31 lacs
- TANGEDCO has been charging electricity tax @ 5% on Demand Charges through their bills. This was challenged by a consumer in Hon'ble Supreme Court and Hon'ble SC has accepted the appeal on records. Liability towards the same Rs 74.67 lacs (Previous year Rs 74.67 lacs). Deposits against litigation Rs Nil lacs
- 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 Rs 308.42 lacs .(Previous year Rs 308.42 lacs). Deposits against litigation Rs Nil lacs
- Asst Commissioner of GST & Cent Ex Audit , Coimbatore Audit Circle II has raised additional demand on Ocean Freight based on Bills of Entry filed. Liability towards the same is Rs 29.22 lacs. (Previous year Rs 29.22 lacs). Deposits against litigation Rs Nil lacs
- GST on Canteen Service : Rs 6.44 lacs (Previous year Rs 6.44 lac). Deposits against litigation Rs 0.64 lacs

### 37 Liquidity stress on account of delayed implementation of Restructuring / Resolution Plan (RP) by the Lenders and challenging market conditions for the Indian Textiles Industry, especially for Spinning segment, due to geo political situation and other external factors continued to impact Company's performance. In view of this, the Company continues to engage in Job work activities even post implementation of Resolution Proposal resulting in recovery of only variable expenses.

Major markets (USA & EU) are now showing signs of improvement due to moderate inflation and improved disposable income. Country's cotton yarn exports also improved by 37% during the second half of FY 2023-24 over the same period in the previous year. Further, with the various measures initiated by the government to revive the Indian Textile Industry, company envisage improved business opportunity from second half of FY 2024-25 onwards. The company expect to restart its own manufacturing operations from the second of FY 2024-25 and with the significant reduction in the debt level as well as rationalization of labour cost through VRS measures, and reducing cotton prices it could generate cash inflows to service the debts.

For the aforesaid reason, the company had already requested its lenders to consider deep restructuring of its working capital term loan by extending moratorium for debt servicing, reduction of rate of interest etc, which is pending with lenders. In view of the genuine grounds of request, the management is hopeful for a positive response from the lenders.

### 38 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 encompass 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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (Contd.)

- 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.

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	77.34%	43.83%
Revenue from Top Five Customers	100.00%	71.71%

\* During FY 2023-24 & 2022-23 Company was operating under Contract manufacturing due to Paucity of Working capital and Liquidity stress pending approval of Restructuring proposal from company bankers. Revenue from Top Customers were of conversion charges on contract manufacturing arrangement.

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 2024	Due within 12 months from Balance sheet Date	Due beyond 12 months of Balance Sheet Date
Borrowings	7,334.90	2,000.20	5,334.70
Trade payables	1,646.39	1,646.39	-
Other Financial Liabilities	530.93	530.93	-
Other Current Liabilities	1,293.76	1,293.76	-

### 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 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 Rs. 6334.90 lacs out of the total debt of Rs. 11225.95 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 Rs. 31.67 Lacs on annual basis.

### Foreign Currency Risk

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (Contd.)

The company is not exposed to the foreign currency risk from transactions & translation.

Since company was operating on contract manufacturing during FY 2023-24 and FY 2022-23 there were no foreign currency exposure either on Exports of Yarn or on Imports of Raw materials.

### 39 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.

The details of capital employed is given below:

Particulars	As at 31.03.2024	As at 31.03.2023
	(₹ in lacs)	(₹ in lacs)
Total equity	<b>(2,385.68)</b>	(1,728.06)
Net Debt	<b>7,313.66</b>	7,581.86
Total Capital Employed (Borrowings and Equity)	<b>4,927.98</b>	5,853.80
(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.		

### 40 Ratios:

	2023-24		2022-23		% Variance	Reason for Variance
a Current Assets	<b>841.68</b>		1390.95			
b Current Liabilities	<b>5523.60</b>		5167.67			
<b>Current Ratio (a/b) (Times)</b>		0.15		0.27	(43.39%)	
c Total Debt	<b>7,334.90</b>		7,668.00			
d Shareholders Equity.	<b>(2,385.68)</b>		(1,728.06)			
<b>Debt-Equity Ratio (c/d) (Times) (Where total debt refers to sum of Current and Non Current Borrowings)</b>		(3.07)		(4.44)	30.71%	
e Profit/(Loss) before tax	<b>(665.13)</b>		(1,815.18)			
f Finance Cost	<b>753.85</b>		1,052.37			
g Depreciation and Amortization expense	<b>314.08</b>		715.44			
h Earnings available for debt service	<b>402.80</b>		(47.37)			
i Current Borrowings	<b>2,000.20</b>		1,666.80			
j Interest due on borrowings	<b>530.93</b>		565.80			
k Total Debt service (i+j)	<b>2,531.13</b>		2,232.60			
<b>Debt Service Coverage Ratio (h/k)</b>		0.16		(0.02)		
l Profit/(Loss) after tax	<b>(665.13)</b>		(1,815.18)			
m Average Shareholders Equity	<b>(2,056.87)</b>		(1,768.62)			
<b>Return on Equity Ratio (l/m)</b>		0.32		1.03		
n Sales	<b>901.68</b>		3,515.07			
o Average Inventory	<b>173.90</b>		565.10			
<b>Inventory turnover Ratio(n/o)</b>		5.18		6.22		
p Revenue from operation	<b>4,946.82</b>		7,518.86			
q Average Trade Receivable	<b>95.05</b>		503.14			
<b>Trade Receivable turnover Ratio (p/q)</b>		52.04		14.94		

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (Contd.)

	2023-24	2022-23	% Variance	Reason for Variance
r Total Purchases	278.67	2,184.85		
s Average Trade Payables	1,781.13	2,096.05		
<b>Trade payable turnover Ratio (r/s)</b>		0.16	1.04	
t Revenue from operation	4,384.24	7,487.43		
u Current assets	841.68	1,390.95		
v Current liabilities	5,523.60	5,167.67		
w Net Working capital	(4,681.92)	(3,776.72)		
<b>Net Capital turnover ratio (t/x)</b>		(0.94)	(1.98)	
x Profit/(Loss) after tax	(665.13)	(1,815.18)		
y Total Income	4,946.82	7,518.86		
<b>Net Profit Ratio (y/z)</b>		-13.45%	-24.14%	
z Profit/(Loss) before tax	(665.13)	(1,815.18)		
aa Finance Cost	753.85	1,052.37		
ab Earning before Interest and Tax (z+aa)	88.72	(762.81)		
ac Tangible Networth	(2,385.68)	(1,728.06)		
ad Total Debt	11,225.95	11,498.13		
ae Deferred Tax liability	-	-		
af Capital employed (ac+ad-ae)	8,840.27	9,770.07		
<b>Return on Capital employed (z/af)</b>		-7.52%	-18.58%	
ag <b>Return on Investment</b>			-	
ah Profit/(Loss) after tax	(665.13)	(1,815.18)		
ai Total Non Current assets	7,998.59	8,379.12		
aj Total Current Asset - Current liability	(4,681.92)	(3,776.72)		
ak Total Investment	3,316.66	4,602.40		
al Return on Investment (ah/ak)		(0.20)	(0.39)	

### 41 Other Statutory Information

- a) All title deeds of Immovable Property are held in the name of the Company and the Company does not have any immovable property without Title in its name.
- b) The Company has not availed any Working capital facilities from Banks or Financial institution and hence filing of quarterly statements not applicable.
- c) Disclosure on PPE & Intangible Assets
  - (1) There is no restriction on the title of Property, Plant and Equipment and Property, which was mortgaged to Lenders for the credit facilities sanctioned to Company.
  - (2) Company has not constructed any item in Property, Plant & equipment.
  - (3) Company has no contractual commitments for the acquisition of Property, Plant & Equipment.
  - (4) Company has no Impairment loss during the year for Property, Plant & Equipment.
  - (5) Company has not revalued any items of Property, Plant & Equipments during the Year
  - (6) Carrying amount of Property, Plant & Equipment are not retired from active use and not held for disposal.
  - (7) The existence and carrying amounts of intangible assets whose title is not restricted and the carrying amounts of intangible assets are not pledged as security for liabilities.
- d) Company does not hold any benami property and no proceeding were initiated or pending against the company under the Benami Transaction (Prohibition) Act 1988 and rules thereon.
- e) The Company is not a declared as wilful defaulter by any bank or financial institution or other lenders.
- f) The Company has not entered into any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- g) The Company does not have any charges or satisfaction of charges which is yet to be registerd with ROC beyond the statutory period.
- h) The Company has complied with the number of layers prescribed under clause(87) of section 2 of the Act read with Companies ( Restriction on number of Layers) Rules, 2017.

- i) Utilisation of Borrowed funds and share Premium:
  - A. The Company has not advanced or loaned to or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity (ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall
    - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
    - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
  - B. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding that the Company shall
    - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
    - (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- j) There were no transactions relating to previously unrecorded income that have been surrendered and disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- k) Company shall not be required to comply with Corporate Social Responsibility (CSR) as provisions of section 135 of the Companies Act, 2013 due to its losses.
- l) The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

**42 Previous year's figures have been regrouped/reclassified wherever necessary to conform the current year's presentation.**

Signature to Note 1 to 42

As per our report of even date attached

For and on behalf of the Board of Directors

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

**B. K. PATODIA**  
Chairman  
DIN No. 00003516  
Place : Mumbai  
Date : 21.05.2024

**UMANG PATODIA**  
Managing Director  
DIN No. 00003588  
Place : Kochi  
Date : 21.05.2024

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

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

**VEENA VISHWANATH BHANDARY**  
Company Secretary

Place : Kochi  
Date : 21.05.2024

Place : Kochi  
Date : 21.05.2024

Place : Kochi  
Date : 21.05.2024



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

An ISO 9001:2015 / 14001:2015 Certified Company  
[www.patspin.com](http://www.patspin.com)