

Ref. PILC/13

Date: July 2, 2013

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

The Manager,
Listing Department,
The National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor, Plot No.C/1, G-Block,
Bandra-Kurla Cmplx, Bandra (E),
MUMBAI – 400 051

Dear Sirs,

Sub: Notice Calling an Extra Ordinary General Meeting of Equity Shareholders
of the Company on Tuesday, 30th July, 2013 at Kochi.

Ref: Audited Financial Statement dated 30th May, 2013 informing the status of
the company as Potentially Sick Company.

We wish to inform you that further to our communication dated 30th May, 2013 as
above, the Board of Directors have approved Calling an Extra Ordinary General Meeting
(EGM) on Tuesday, 30th July, 2013 at 10.15 a.m. at Kochi seeking Shareholders
approval for the Report of Board of Directors to the Shareholders of the company
under section 23(1) (b) of the Sick Industrial Companies (Special Provisions) Act, 1985.

Accordingly, please find enclosed copy of EGM Notice for your kind perusal.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,
For **PATSPIN INDIA LIMITED**



Abhilash N A
Company Secretary

Encl:a\

PATSPIN INDIA LIMITED

MARKETING / REGD. OFFICE :

3rd/5th Floor, Palal Towers, M.G. Road, Ravipuram, Kochi-682 016, India
Phones : 91-484-3928300, Fax: 91-484-2370812/3928380
E-mail: cs@patspin.com

CORPORATE OFFICE :

43, Mittal Chambers, 4th Floor, 228, Nariman Point, Mumbai-400 021 India.
Phones: 91-22-2202 1013 / 22028246, Fax: 91-22-2287 4144
E-mail: mumbai@gtntextiles.com
www.gtntextiles.com

ISO 9001 : 2000 Certified



PATSPIN INDIA LIMITED

Registered office : 3rd Floor, Palal Towers, MG Road, Ravipuram, Kochi 682016

NOTICE

Notice is hereby given that an Extra Ordinary General Meeting of the Equity Shareholders of the Company will be held on Tuesday, the 30th July, 2013 at 10:15 A.M. at Bharat Hotel (BTH), Durbar Hall Road, Kochi – 682 016, to transact the following business:

SPECIAL BUSINESS

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

“RESOLVED THAT the Company do hereby consider and approve the Report of the Board of Directors regarding the erosion of the peak net worth of the Company during the immediately preceding four financial years by its accumulated losses as on 31st March, 2013 and the causes for such erosion, as required under Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, and the Board be authorized to send this report to the Board for Industrial and Financial Reconstruction (BIFR).”

“FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and execute such deeds and documents as it may, in their absolute discretion, deemed necessary, desirable or expedient in connection with and / or for the purpose to give effect to the Resolution”

“FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to delegate all or any of its powers herein confirmed by this Resolution to any Director(s) or to any Committee of Directors or to any Officer(s) of the Company to give effect to this Resolution”.

By Order of the Board of Directors
FOR PATSPIN INDIA LIMITED

ABHILASH N.A.
Company Secretary

Place : Kochi
Date : 30.5.2013

Notes

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.**
2. The explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of special business as set out above is attached hereto.
3. Documents referred to in the accompanying notice and the explanatory statement are open for inspection at the registered office of the company during office hours on all working days (Monday to Friday) except holidays between 11.00 AM to 1:00 P.M up to the date of the extra ordinary general meeting and will also be available for inspection at the meeting.
4. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.

EXPLANATORY STATEMENT (Pursuant to Section 173 (2) of the Companies Act, 1956)

As per Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), if the accumulated losses of an industrial company as at the end of any financial year is more than fifty percent of its peak net worth during the immediately preceding four financial years, the Company shall have to report the fact of such erosion to the Board within a period of 60 days from the date of adoption of the audited accounts of the Company. The accumulated losses of your Company as at 31st March, 2013 were Rs. 3906 lacs. This constitutes more than 50% of peak net worth during the four financial years immediately preceding 31st March, 2013. Consequent to this, your Company has been classified as a “Potentially Sick Company” under the said provision.

Accordingly, an extra ordinary general meeting has been convened to consider and approve the enclosed report of the Board of Directors on such erosion and revival measures being taken as per Section 23 of the Act.

None of the Directors is interested or concerned in this resolution.

Your Directors recommend this resolution for approval.

By Order of the Board of Directors
FOR PATSPIN INDIA LIMITED

ABHILASH N.A.
Company Secretary

Place : Kochi
Date : 30.5.2013

**REPORT OF BOARD OF DIRECTORS TO THE SHAREHOLDERS OF THE COMPANY UNDER SECTION 23 (1) (b) OF
THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985**

To the Members,

Patspin India Limited

As required under section 23 (1) (b) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), the following report as to the erosion of more than 50% of its peak net worth of the Company and the causes thereof, is being forwarded to the members of the Company.

As per the audited financial accounts of the Company for the year ended 31st March, 2013, the Company's accumulated losses stood at Rs. 3906 lacs, which is more than 50% of its peak net worth during the preceding four financial years, thereby the Company has been classified as a "Potentially Sick Company".

Causes of erosion of more than 50% peak net worth.

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

Raw Cotton, an agriculture product, is the key raw material used for the manufacture of cotton yarn. Almost 65 per cent of area under cotton cultivation is rain-fed and hence is dependent on vagaries of monsoon. Adequate availability of raw cotton at right prices is crucial for the Company.

The Textile Industry, especially spinning sector, has plunged into a heavy crisis during FY 2011-12 due to lopsided Government policies in respect of exports of cotton and cotton yarn, economic crisis in Eurozone and consequent demand recession. The main reasons were as follows:

- Global cotton shortage during 2010-11 resulted in an unprecedented increase in global and domestic cotton prices
- Premature announcement by the Government of India of cotton exports of 55 lacs bales within 45 days of the cotton season.
- Suspension of cotton yarn export during Jan-Mar 2011 resulted in huge piling up of yarn stock of over 500 million kgs.
- With the lifting of the ban in April, 2011, a sudden rush to liquidate the stocks at any price from the high priced inventory.
- Ban on exports resulted in international and domestic prices crashing from April, 2011 and by June, 2011, the cotton prices touching Rs. 32000 per candy from a peak of Rs. 65000 per candy.
- Sale of yarn at much lesser prices produced out of high cost raw material.
- Severe power crises in southern grid – worst hit is Tamil Nadu where the Company's plant with substantial capacity is located.
- High degree of volatility in forex market.

Due to the above, the Company had incurred a net loss of Rs. 36.21 crores for FY 2011-12.

Further, the performance of the Company for FY 2012-13 was adversely affected mainly on account of the following reasons:

1. Severe power cuts in Tamilnadu and the availability of grid power is hardly sufficient for operating 30% capacity and to operate the plant at full capacity, the Company is obliged to buy from trading platforms at substantially higher prices. The impact of higher power cost of at our Ponneri plant in Tamil Nadu, itself for FY 2012-13 was Rs. 8.32 crores.
2. The workmen at Kanjikode Plant in Kerala has gone for an illegal and unjustified strike from 23rd August, 2012, which continued for the entire financial year of more than 7 months period. This has resulted in total loss of production in this unit and consequent adverse financial impact.

Steps taken for revival

1. To tide over the long term working capital needs on account of the above, the Company has approached CDR-EG, Mumbai for a debt restructuring proposal under the CDR system during September, 2012. The CDR-EG, Mumbai has approved the same and accordingly, the lenders have sanctioned additional long term working capital loan of Rs. 22.16 crores besides restructuring of majority of the term loans sanctioned by them.
2. The strike has been withdrawn consequent to a conciliation settlement arrived at between the Trade Unions and the Management at the meeting called by the Labour Commissioner at Trivandrum on 17.05.2013 in the presence of Hon'ble Minister for Labour and the Plant has reopened on 18.05.2013 and working in full swing.
3. With overall improvement in demand for the textile products both in international and domestic markets and relentless efforts put in by the Company, we are confident of achieving better results in the current financial year.

On behalf of the Board of Directors
FOR PATSPIN INDIA LIMITED

UMANG PATODIA
MANAGING DIRECTOR

Place : Kochi
Date : 30.5.2013



PATSPIN INDIA LIMITED

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

Proxy

EXTRA ORDINARY GENERAL MEETING

Folio No./Client ID No. :

No. of Shares :

I / We of in the District of being Member(s) of the above named Company, hereby appoint of or failing him of or failing him in the District of as my / our proxy to attend and vote for me / us on my / our behalf at the **EXTRA ORDINARY GENERAL MEETING** of the Company to be held at Bharat Hotel (BTH), Durbar Hall Road, Kochi – 682 016 on Tuesday, 30th July, 2013 at 10.15 a.m or at any adjournment thereof.

Signed this day of, 2013.

Please affix
Re.1/-
Revenue
Stamp

Note: The Proxy form duly completed should be deposited at the Registered Office of the Company at Kochi, not later than 48 hours before the time for holding the aforesaid meeting.



PATSPIN INDIA LIMITED

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

Attendance Slip

EXTRA ORDINARY GENERAL MEETING

Folio No./Client ID No. :

No. of Shares :

Full Name of the Member attending :
(In BLOCK letters)

Full Name of the first joint-holder :
(To be filled in if first named joint-holder does not attend the meeting)

Full Name of Proxy :
(To be filled in by the Proxy attending instead of the Member)

I, hereby record my presence at the **EXTRA ORDINARY GENERAL MEETING** of the Company to be held at Bharat Hotel (BTH), Durbar Hall Road, Kochi – 682 016 on Tuesday, 30th July, 2013 at 10.15 a.m or at any adjournment thereof.

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Member's / Proxy's Signature

Note : Members / Joint Members / Proxies are requested to bring the attendance slip with them duly completed when they come to the meeting and handover them at the gate, affixing signature(s) on them. Duplicate slips will not be issued at the entrance of the Auditorium.

BOOK - POST

If undelivered, please return to:



PATSPIN INDIA LIMITED
3rd Floor, Palal Towers,
M.G. Road, Ravipuram, Kochi 682 016.