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# Annual Report

2014 / 2015



	Board of Directors	Contents
	<p>B K Patodia                      Chairman &amp; Managing Director</p> <p>B L Singhal                      Independent Director</p> <p>Prem Malik                      Independent Director</p> <p>S Sundareshan                      Independent Director</p> <p>Pamela Anna Mathew                      Additional Director (w.e.f. 17.3.2015)</p> <p>Maresh C Thakker                      Non Executive Director</p>	<p>Notice ..... 01</p> <p>Directors' Report ..... 08</p> <p>Report on Corporate Governance..... 23</p> <p>Management Discussion &amp; Analysis..... 32</p> <p>Auditors' Report..... 35</p> <p>Balance Sheet..... 38</p> <p>Statement of Profit &amp; Loss..... 39</p> <p>Cash Flow Statement ..... 40</p> <p>Notes to Financial Statements..... 41</p>
	<p>Vice President (Corporate Affairs)                      E K Balakrishnan</p> <p>&amp; Company Secretary</p> <p>Vice President (Finance)                      A K Warerkar</p> <p>&amp; Chief Financial Officer</p>	
	<p>Bankers &amp; Financial Institution</p> <p>Central Bank of India</p> <p>State Bank of India</p> <p>Export-Import Bank of India</p> <p>State Bank of Travancore</p> <p>Bank of India</p> <p>Axis Bank Limited</p>	
	<p>Auditors                      M/s. M S Jagannathan &amp; Visvanathan,</p> <p>   [Chartered Accountants], Coimbatore</p>	
	<p>Legal Advisors                      M/s. Menon &amp; Pai, Kochi</p>	
	<p>Registered Office                      Door No.VIII/911, Erumathala P O.,</p> <p>   Aluva, Ernakulam 683112</p>	
	<p>Corporate Office                      43, 4th Floor, Mittal Chambers,</p> <p>   228, Nariman Point, Mumbai 400021</p>	
	<p>Corporate ID No. (CIN)                      L18101KL2005PLC018062</p>	

# GTN TEXTILES LIMITED

## NOTICE

NOTICE is hereby given that the TENTH Annual General Meeting of the members of GTN TEXTILES LIMITED will be held at the Puzhayoram Hall, Hotel Periyar, Aluva-683 101 at 12:15 p.m on Friday, the 7th day of August, 2015 to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2015, the Reports of the Directors and the Auditors' thereon.
2. To appoint a Director in place of Shri Mahesh C Thakker (DIN: 01386254), who retires by rotation, and being eligible, offers himself for re-appointment.
3. Ratification of appointment of Statutory Auditors.

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

**"RESOLVED THAT** pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with rules made there under, the appointment of M/s. MS Jagannathan & Visvanathan (Firm Reg. No: 001209S), Chartered Accountants as Auditors of the Company for a term of 3 years i.e. till the conclusion of the 12th Annual General Meeting (AGM), which was subject to ratification at every AGM, be and is hereby ratified to hold the office from the conclusion of this AGM till the conclusion of the 11th AGM of the Company to be held in the year 2016, at such remuneration plus service tax, out of pocket, traveling and living expenses etc. as may be mutually agreed between the Board of Directors of the Company and the Auditors."

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following Resolution as **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. B.K. Patodia (DIN: 00003516) as Chairman & Managing Director of the Company, for a period of five years with effect from 19.12.2015, 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. B.K. 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. B.K. 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. B.K. 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 B.K. Patodia shall not be liable to retire by rotation"

AND

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

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

**"RESOLVED THAT** Smt. Pamela Anna Mathew (DIN: 00742735), who was appointed by the Board of Directors as an Additional Director of the Company w.e.f. 17th March, 2015 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") and in respect of whom, the company has received a notice in writing from a member under Section 160 of the Act proposing her candidature as an Independent Director of the Company pursuant to the provisions of sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereon for the time being in force) read with Schedule IV to the Act, who shall hold office from the date of this Annual General Meeting, till 6th August, 2020 and whose office shall not, henceforth, will liable to determination by retirement of Directors by rotation"

By Order of the Board of Directors

**E. K BALAKRISHNAN**  
Vice President (Corporate Affairs)  
& Company Secretary  
Membership No. ACS7629

Place : Kochi  
Date : 27th May, 2015.

### NOTES:-

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.  
The instrument appointing proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A proxy form is send herewith. Proxy submitted on behalf of the Companies, Societies etc, must be supported by an appropriate resolution / authority, as applicable.
2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto and forms part of the Notice.
3. The Company has already notified Closure of Register of Members and Share Transfer Books thereof from Saturday, 1<sup>st</sup> August 2015, to Friday, 7th August, 2015 (both days inclusive) for the purpose of the Annual General Meeting.
4. Pursuant to Section 205A (5) of the Companies Act, 1956, dividend which remain unpaid/unclaimed for a period of 7 years from the date of transfer of the same to the Company's unpaid dividend account will be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. The following are the details of dividends paid by the Company and respective due dates for claim by the shareholders:

Financial year Ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEPF
31.3.2008	25.7.2008	24.7.2015	23.8.2015

The company has uploaded the information of unclaimed / unpaid dividend in respect of the financial year 2007-08 on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and under "investors" section on the website of the company [www.gtntextiles.com](http://www.gtntextiles.com)"

## NOTICE (Contd...)

Shareholders who have not so far encashed the Dividend Warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company. Also note that no claim shall lie against the said Fund or the Company in respect of any amounts which were unclaimed and unpaid after a period of 7 (Seven) years from the date that they first became due for payment and no payment shall be made in respect of any such claim.

5. Pursuant to Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Security Holders are entitled to make nomination in respect of securities held by them in physical form. Individual Security holder(s) can avail of the facility of nomination. The nominee shall be a person in whom all rights of transfer and / or amount payable in respect of the securities shall vest in the event of the death of the Security holder(s). In the case of joint holding, all joint holders shall together nominate any person as nominee. A minor can be a nominee provided the name and address of the guardian is given in the Nomination form. The facility of nomination is not available to non-individual Shareholders such as Bodies-Corporate, Kartas of Hindu Undivided Families, Partnership Firms, Societies, Trust and holders of Power of Attorney. For further details please contact Company's Secretarial Department. Security holders desirous of making nominations are requested to send their requests in Form No.SH-13 (which will be made available on request) to the Registrar and Share Transfer Agent, M/s. Integrated Enterprises (India) Limited.
6. Disclosure relating to particulars of Cost Auditor as per general Circular No.15/2011 dated 11th April, 2011 for the year ended 31.03.2014.

Name	M/s STR & Associates
Address	37 & 38, Kaveri Nagar, Srirangam, Trichy - 620 006. Ph: 0431 6547726, 2432224 e mail ID's : strengarajan@hotmail.com strassociates@rediffmail.com
Due date for filing Cost Audit Report in XBRL format for F.Y ended 31.03.2014	28.09.2014
Actual date of filing Cost Audit Report in XBRL Format	25.09.2014

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

No. of Complaints of sexual harassment received during the year	—
No. of complaints disposed off during the year	—
No. of cases pending for more than ninety days	—
No. of workshops or awareness programme against sexual harassment carried out	1
Nature of action taken by the employer	—

### REQUEST TO THE MEMBERS:

1. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least 7 (Seven) days in advance, so as to enable the Company to keep the information ready.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.
3. All communications relating to shares including change in their address are to be addressed to the Company's Share Transfer Agent M/s. Integrated Enterprises (India) Ltd., 2nd Floor, Kences Towers,

No.1, Ramakrishna Street, T Nagar, Chennai-600017, Tel: 044 28140801-803; E-Mail: corpseiv@integratedindia.in.

4. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to register/update your e-mail addresses, in respect of shares held in dematerialized form with your respective Depository Participants and in respect of shares held in physical form with above RTA directly to enable Company to send communication / documents via e-mail.
5. Copies of the Annual Report 2015 along with Notice of the 10th AGM, Attendance Slip and Proxy Form, are being sent by electronic mode to all members whose email address are registered with the Company/ Depository Participant (s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.

Members who hold shares in physical forms are requested to dematerialize their holdings for facilitating the transfers of Company's equity shares in all Stock Exchanges connected to the depository system.

### 7. Voting through electronic means

Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and clause 35 B of the Listing Agreement with the Stock Exchanges, the Company is pleased to offer Remote e-voting facility to the members to cast their votes electronically as an alternative to participation at the Annual General Meeting (AGM) to be held on Friday, 7th August, 2015 at 12.15 pm at Puzhayoram Hall, Hotel Periyar, Aluva-683101. Please note that remote e-voting through electronic means is optional. The company is also providing the facility of poll at the meeting by way of ballot. The Company has engaged the services of Central Depository Services India Ltd (CDSL) to provide remote e-voting facilities. The remote e-voting facility is available at the link <https://www.evotingindia.com> :

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

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

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

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

**The-voting rights of the members shall be in proportion to their shares of the paid up equity share capital of the company as on Friday, 31st July, 2015. A person, whose name is recorded in the Register of members or in the Register of beneficial owners maintained by the Depositories as on the cut off date only shall be entitled to avail the facility of remote e-voting as well as voting at the meeting through ballot paper.**

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

## NOTICE (Contd...)

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

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

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

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for GTN TEXTILES LIMITED on which you choose to vote.
- (xii) On the-voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the

option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the-voting done by you by clicking on "Click here to print" option on the-voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
  - a) They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk. [evoting@cdslindia.com](mailto:evoting@cdslindia.com).
  - b) After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - c) The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - d) They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
    - In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
    - The Company has appointed Shri MRL Narasimha (Membership No.2851, CPNO 799), Practicing Company Secretary as the Scrutinizer to scrutinize the remote e-voting process in fair and transparent manner.
    - The Scrutinizer shall, immediately after the conclusion of the-voting at the AGM, first count the votes casted at the meeting, thereafter unblock the votes casted through remote e-voting in the presence of at least two witnesses not in the employment in the company and make not later than three days of conclusion of the meeting a consolidated Scrutinizers Report of the Total votes cast in favour or against, if any, to the Chairman or person authorized by him in writing who shall counter sign the same. The chairman or the person authorized by him shall declare the result of the-voting forthwith.
    - The results declared alongwith the Scrutinizers Report shall be placed on the Company's website [www.gtn textiles.com](http://www.gtn textiles.com) and on the website of CDSL immediately after the result have been declared by the chairman. The company shall simultaneously communicate the result to BSE Limited and National Stock Exchange of India Limited, who shall be place the same in their website [www.gtn textiles.com](http://www.gtn textiles.com)

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

Name of Director	Shri Mahesh C Thakker	Smt. Pamela Anna Mathew
Date of Birth	7.9.1964	24.2.1950
DIN	01386254	00742735
Date of appointment	31.10.2013	17.3.2015
Qualifications	Graduate	Double Post Graduate in Economics & Business Administration
Expertise in specific functional area	Shri Mahesh C Thakker is aged 50 years, and is the Managing Director of M/s. Purav Trading Limited. He is also partner in M/s. Perfect Cotton Company, Mumbai and M/s. Patcot & Company, Mumbai. These Company / firms are mainly engaged in raw cotton procurement. He is having more than 25 years of experience in raw cotton procurement line.	Smt. Pamela Anna Mathew, aged about 65 years, is a twin Post Graduate in Economics & Business Administration, having 41 years of professional managerial experience, presently Managing Director of O/E/N India Limited, market leader in the country in the field of Electro Mechanical components for the Electronics Industry.  Smt. Pamela Anna Mathew was the Past President of Cochin Chamber of Commerce, Kerala Management Association and Electronic Components Industries Association. She is closely associated with Kerala State Productivity Council and Confederation of Indian Industry. She was the Chairperson of CII, Kerala Council during the year 2002-03. She had received CII Award for the best Chairperson at National level for outstanding contributions to the industry, Management Leadership Award- 2011 of KMA for Managerial Excellence and Outstanding Entrepreneurship Award - 2011 by Kerala State Industrial Development Corporation Ltd.
Shareholding in the Company.	9475 Equity Shares of Rs 10 each	None

**Details of other Directorship:-**

Name of Director	Name of the Company	Position held	Committee type	Membership status	Shareholdings
<b>Smt. Pamela Anna Mathew</b>	Patspin India Limited	Additional Director	None	None	None
	O E N India Limited	Managing Director	None	None	48.04%
	Muthoot Finance Limited	Additional Director	None	None	None
	INKEL-KSIDC Projects Limited	Director	None	None	None
	INKEL Limited	Director	None	None	None
	Geomaths Stocks and Shares Trading private Limited	Additional Director	None	None	None
<b>Shri Mahesh C Thakker</b>	Purav Trading Ltd	Managing Director	None	None	7600 Equity Shares

By Order of the Board of Directors

**E K BALAKRISHNAN**  
Vice President (Corporate Affairs)  
& Company Secretary  
Membership No. ACS7629

Place : Kochi  
Date: 27.5.2015

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

### ITEM No.4:

The present term of office of Shri B.K. Patodia as Chairman & Managing Director will expire on 18th December, 2015. Subject to shareholders' approval, the Board of Directors, at their meeting held on 27.5.2015 have reappointed him for a further period of five years from the expiry date 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 27.5.2015 and approved and recommended remuneration package of Shri. B.K. Patodia, Managing Director for a period of three years, in accordance with Schedule V to the Companies Act, 2013

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

A.	
(1)	(2)
Where the Effective Capital (EC) is	Limit of yearly remuneration payable shall not exceed (Rs.)
i. Negative or less than Rs. 5 Crore	30 lacs
ii) Rs. 5 crores and above but less than Rs. 100 Crores	42 lacs
iii) Rs. 100 crores and above but less than Rs.250 Crores	60 lacs
iv) Rs. 250 Crores and above	60 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.	
B.	
In case of managerial person who was not a security holder holding securities of the Company of nominal value of rupees five lacs or more or an employee or a director of the Company or not related to any director or promoter at any time during the two years prior to his appointment as a managerial person, — 2.5% of the current relevant profit.	
Provided that if the resolution passed by the shareholders is a special resolution, this limits shall be doubled.	

Provided that the limits specified under this section 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 made any default in repayment of any of its debts (including public deposits) or debentures or interest

payable thereon for a continuous period of thirty days in the preceding financial year before the date of appointment of such managerial person;

- (iii) a special resolution has been passed at the general meeting of the Company for payment of remuneration for a period not exceeding three years; and
- (iv) a statement along with notice calling the General Meeting referred to in Clause(iii) is given to the shareholders containing certain information as specified in the said Schedule.

Shri. B.K. Patodia was drawing a monthly salary of Rs.3,00,000/- in the scale of Rs. 3,00,000 – Rs. 10000 – Rs. 3,20,000 effective from 1<sup>st</sup> June, 2014 plus usual perquisites. Under his able leadership, the Company has recorded significant growth. Therefore, the Nomination & Remuneration Committee unanimously recommended to retain the remuneration of Rs.300000/- per month in the scale Rs.300000-Rs 10000-Rs 320000 plus usual perquisites to Shri. B.K.Patodia, Managing Director for a period of three years from 1-6-2015 to 31-5-2018, as set out below:

#### a) Salary:

Rs.3,00,000/- per month in the Scale Rs. 3,00,000 – Rs 10,000 – Rs. 3,20,000 effective from 1st June, 2015 for a period of three years up to 31st May, 2018.

#### 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.42 lacs per annum.

#### c) Perquisites as follows:

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

## STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (Contd...)

(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

- 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
- gratuity payable at a rate not exceeding half a months salary for each completed year of service; and
- 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 B.K. Patodia, Managing Director of the Company.

Shri. B.K. Patodia is deemed to be interested in the resolution mentioned in Item no.4 of the Notice.

None of the other directors and Key Managerial Personnel of the Company or their relatives are 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:

- Nature of the industry:  
Textile Industry – the Company is mainly engaged in manufacture and exports of yarn, both for domestic and international markets.
- Date or expected date of commencement of Commercial Production:  
The Commercial Production has commenced at its Aluva plant in 1964.
- 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:

(Rs. in lacs)			
Particulars	2012-13	2013-14	2014-15
Revenue from Operations	20939	28612	18598
Other income	35	62	73
Operating Profit	1202	2294	1099
Finance Cost	1072	1291	1089
PBDT	130	1003	10
Profit /(Loss)Before Tax	(498)	392	(447)
Profit / (Loss)After Tax	(356)	197	(306)
Amount of Equity Dividend Paid	NIL	NIL	NIL
Rate of Dividend Declared (%)	NIL	NIL	NIL

The Effective Capital of the Company based on the Audited Accounts for the Year Ended 31.3.2015 is Rs 27.72 Crores.

The Company has not made any default in the repayments of its dues (including Public Deposits) or interest payments thereon. The Company has not issued any debentures.

### v) Export Performance and Net foreign Exchange contributions:

(Rs. in Lacs)	
Financial Year	Export Turnover
2012-13	10823
2013-14	17919
2014-15	9370

The Company does not have any Foreign Exchange Collaboration.

### vi) Foreign Investments or Collaborators, if any:

The Company does not have any foreign investments or collaborators.

## II. Information about the appointee: Shri.B.K. Patodia

Vide Item No.4 of the Notice of this Annual General Meeting of the Company; the approval of the members is being sought for fixing the remuneration of Shri. B.K. Patodia, Managing Director effective from 1st June,2015 for a period of three years from 01.06.2015 to 31.5.2018. Shri. B.K. Patodia is a Citizen of India, 70 years of age, holds the Engineering Degree from Birla Institute of Science and Technology, Pilani, is the past Chairman of the Cotton Textiles Export Promotion Council, (Texprocil), Mumbai. He is also the past Chairman of the Indian Cotton Mills' Federation, (now known as Confederation of Indian Textile Industry) and Southern India Mills' Association, Coimbatore. He has also served as President of Cochin Chamber of Commerce and Industry, Cochin and Employers' Federation of Southern India, Chennai.

Mr. Patodia is the past Chairman of the Joint Cotton Committee of International Textile Manufacturers Federation (ITMF), Zurich. He is a member of the Advisory Board on the

## STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (Contd...)

Committee of Management of ITMF. He is also a member of the Spinners Committee of ITMF.

Mr. Patodia has been nominated by Ministry of Consumer Affairs, Food and Public Distribution as a member of the National Advisory Committee to advise the Central Government and Forward Markets Commission regarding Commodity Futures Markets.

Mr. Patodia is a Director on the Boards of several leading Companies and is also a Member of several Government Committees including the Cotton Advisory Board and Cotton Yarn Advisory Board appointed by the Ministry of Textiles, Government of India. He was also actively involved in the Sub-Group on Cotton to formulate National Fibre Policy of the Ministry of Textiles.

During the financial year 2014-2015, he was paid the following remuneration:

(Rs. in lacs)				
Salary	Commission	Perquisites	P.F./Gratuity/ Superannuation	Total
36.74	Nil	1.98	6.25	44.97

**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 arms 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.

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.

Since Shri. B.K. Patodia attained 70 years, his appointment is to be approved by the Shareholders by way of a Special Resolution.

The terms and conditions mentioned in item No.4 of the notice may also be taken as an Abstract of the agreement to be made by the Company with Shri B.K.Patodia, pursuant to section 190 of the Companies Act, 2013.

Your Directors recommend this Resolution for approval.

### ITEM NO. 5:

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

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

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

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

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

None of the Directors and Key Managerial Personnel or their relatives except Smt. Pamela Anna Mathew is concerned or interested, financial or otherwise, in the resolution set out at item No.5.

By Order of the Board of Directors

**E K BALAKRISHNAN**  
Vice President (Corporate Affairs)  
& Company Secretary  
Membership No. ACS7629

Place : Kochi  
Date: 27.5.2015

# GTN TEXTILES LIMITED

## DIRECTORS' REPORT

### To the Members,

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

### FINANCIAL RESULTS

(Rs in lacs)

PARTICULARS	Year Ended	
	31.03.2015	31.03.2014
<b>REVENUE</b>		
Income from operations	18598	28612
Other income	73	62
Changes in Inventories	758	(143)
Total	19429	28531
<b>EXPENSES</b>		
a) Cost of materials	12655	19793
b) Employee benefits expense	2580	2443
c) Other expenses	3095	4001
Total	18330	26237
<b>OPERATING PROFIT</b>	1099	2294
Finance Costs	1089	1290
<b>PROFIT/(LOSS) BEFORE DEPRECIATION, AMORTISATION &amp; TAX EXPENSES</b>	10	1004
Depreciation and Amortisation Expenses	457	611
<b>PROFIT/(LOSS) BEFORE TAX</b>	(447)	393
Tax Expenses		
a) Current Tax (MAT)	—	78
b) MAT credit entitlement	—	(78)
c) Deferred Taxation	141	197
<b>PROFIT/(LOSS) AFTER TAX</b>	(306)	196

### DIVIDEND

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

### PERFORMANCE REVIEW

The Indian Textile Industry performed reasonably well during the fiscal year 2013-14 and continued the trend in the first two quarters of 2014-15 also. But, from the 3rd quarter of 2014-15, the industry went into tailspin due to a number of factors. One of the major causes was crash in the raw material prices globally by almost 50% and the Indian cotton prices were no exception. Spinning Mills, specially Export Oriented Mills like ours, who are obliged to carry several months requirement of raw cotton for quality reasons incurred substantial value losses on such inventories. The other important factor was significant changes in Chinese procurement policies and substantial reduction in Chinese import of cotton yarn. Consequently, yarn prices also fell significantly leading to lack of parity between cotton and cotton yarn prices. The cotton yarn exports from India into China also dropped by nearly 23%. These factors had a bearish effect on both demand and sales realization resulting in the mills carrying large unsold inventories and incurring losses. Moreover, the situation in respect of fine and superfine yarns which are our company's main product lines continues to suffer from both lack of demand and sales realization which is below the cost of production. Salaries & Wages continued to rise

during the year besides hike in power cost, thereby rendering the cost of manufacturing prohibitive.

Your company's total revenues sharply came down to Rs.186.71 crores from Rs.286.74 crores in the previous year due to substantial reduction in exports of outsourced yarns for reasons mentioned above. The operating profit came down to Rs.10.99 crores from Rs.22.94 crores in the previous year. After meeting finance cost of Rs.10.89 crores, the profit before depreciation, amortization and tax expenses was at Rs.10 lacs only and net loss after provision of depreciation and deferred taxation at Rs.3.06 crores.

As regards performance of Aluva Unit in the current year, your Directors regret to inform that it continues to incur substantial losses. As already informed, ever rising high cost of salaries and wages as compared to industry norms has resulted in an unviable and untenable situation. To ensure survival of this unit, it is imperative that these costs are brought down to be at par with the industry.

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

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

### DIRECTORS' RESPONSIBILITY STATEMENT

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

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

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, in accordance with the provisions of the Companies Act, 2013 and Company's Articles of Association, Shri Mahesh C Thakker retires by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for reappointment.

## DIRECTORS' REPORT (Contd...)

The Board recommends the same for your approval.

Smt. Pamela Anna Mathew has been inducted as an Additional Director effective from 17.03.2015 and hold office only up to the date of forthcoming Annual General Meeting of the company. Based on the recommendation of Nomination and Remuneration Committee, the Board recommends and seeks shareholders approval for appointment of Smt. Pamela Anna Mathew as an Independent Director for a period of 5 years.

Pursuant to the provisions of Section 203 of the Act, the appointment of Shri. B.K Patodia, Chairman and Managing Director, Shri. A.K. Warerkar Chief Financial Officer and Shri. E.K Balakrishnan, Company Secretary were formalized by the Board at its meeting held on 15.5.2014 as the Key Managerial Personnel of the Company.

### AUDITORS AND SECRETARIAL AUDIT

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules framed thereunder, M/s. M S Jagannathan & Visvanathan, Chartered Accountants, Coimbatore, were appointed as Statutory Auditors of the Company from the conclusion of the 9th Annual General Meeting (AGM) of the Company held on 19th September, 2014 till the conclusion of the 12th Annual General Meeting to be held in the year 2017, subject to ratification of their appointment at every AGM

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

There are no disqualification, reservations or adverse remarks or disclaimers in the Auditors and Secretarial Auditors Report

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

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

### CORPORATE SOCIAL RESPONSIBILITY

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

### BOARD EVALUATION

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

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

### 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. The Director is also explained in detail the Compliance required from him under the Companies Act, 2013, Clause 49 of the Listing Agreement and other relevant regulations and affirmation taken with respect to the same.

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

### NUMBER OF MEETINGS OF THE BOARD

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

### INDEPENDENT DIRECTORS DECLARATION

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

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY

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

### VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

### RISK MANAGEMENT

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

## **DIRECTORS' REPORT (Contd...)**

### **NOMINATION & REMUNERATION POLICY**

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

### **RELATED PARTY TRANSACTIONS**

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

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

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

### **DEPOSIT FROM PUBLIC**

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

### **EXTRACT OF ANNUAL RETURN**

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

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

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

### **PERSONNEL & INDUSTRIAL RELATIONS**

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

### **ACKNOWLEDGEMENT**

Your Directors place on record their gratitude to Central Bank of India, State Bank of India, Export-Import Bank of India, State Bank of Travancore, Bank of India and Axis 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

Place : Kochi,  
Date : 27.5.2015

**B.K PATODIA**  
Chairman

## ANNEXURE- I

### FORM NO. MR-3

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

**The Members of**

**M/s. GTN Textiles Limited**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by GTN Textiles Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the GTN TEXTILES LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by GTN Textiles Limited for the financial year ended on 31.03.2015 according to the provisions of:

- a) The Companies Act, 2013 (the Act) and the rules made thereunder;
- b) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- c) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- d) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

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, 1992;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the Company during audit period)
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during audit period)
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during audit period) and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the period) .

Based on the information and explanation given by the Company there are no laws as may be specifically applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

- Secretarial Standards issued by The Institute of Company Secretaries of India. (Not yet notified during Audit period)
- The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Ltd.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

#### **I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during

## **ANNEXURE- I (Contd...)**

the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period the company has passed following specific Resolution "Increase in borrowing limits under Sec.180(1) (c) of the Companies Act, 2013"

Place : Kochi

Date : 27.5.2015

**M.R.L.NARASIMHA**

Company Secretary in Practice

Membership No.2851

C P No.:799

### **TO, THE MEMBERS OF GTN TEXTILES LIMITED**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and book of account of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provision of corporate and other applicable laws, rules and regulations, standard is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The 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 : Kochi

Date : 27.5.2015

**M.R.L.NARASIMHA**

Company Secretary in Practice

Membership No.2851

C P No.:799

## ANNEXURE- II

### ANNEXURE TO THE DIRECTORS' 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
- ii) The steps taken by the company for utilizing alternate sources of energy
- (iii) The capital investments on energy conservation equipments

Energy conservation continues to receive priority attention at all levels. All efforts are made to conserve and optimize use of energy with continuous monitoring, improvement in maintenance and distribution system and through improved operational techniques

Additional investments and proposals, if any being implemented for reduction of conservation of energy.

##### B. Technology absorption:

- a) The efforts made towards technology absorption
- b) the benefits derived like product improvement, cost reduction, product development or import substitution
- c) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)
  - a) the details of technology imported
  - b) the year of import;
  - c) whether the technology been fully absorbed
  - d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof
- d) the expenditure incurred on Research and Development.

Updation of Technology is a continuous process, absorption implemented and adapted by the company for innovation. Efforts are continuously made to develop new products required in the Textile / Spinning Industry.

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)

In many areas appropriate technology updation has been done and some are as under

Chinese circular bale plucker	Graf Wire	Graf Unicomb
May, 2013	July, 2012	August, 2014
Yes	Yes	Yes

: NIL

The Foreign Exchange earned in terms of actual inflow during the year Rs. 9370.24 Lakhs

The Foreign Exchange outgo during the year in terms of actual outflows Rs. 5676.79 Lakhs

(The Foreign Exchange outgo and Foreign Exchange earned by the company during the year are detailed in Note No. 36, 37 & 39 of Other notes to the Financial Statements

**ANNEXURE- III****FORM NO.AOC-2**

(Pursuant to Clause (h) of Sub-section(3) of the Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub Section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

**1. Details of contracts or arrangements or transaction not on arms length basis**

- |  |     |
|--|-----|
| a) Name (s) of the related party and nature of relationship                                | Nil |
| b) Nature of contracts / arrangements/transactions   | Nil |
| c) Duration of the contracts/arrangements/transactions                                     | Nil |
| d) Salient terms of the contracts or arrangements/transactions including the value, if any | Nil |
| e) Justification for entering into such contracts or arrangements or transactions          | Nil |
| f) Date(s) of approval by the board  | Nil |
| g) Amount paid as advances, if any   | Nil |

**2. Details of material contracts or arrangement or transactions at arm's length basis**

S. No	Particulars	Details				
a	Name of the related party	PATSPIN INDIA LTD	GTN ENTERPRISES LTD	PRABHA PATODIA	MALA PATODIA	SWATI PATODIA
	Nature of relationship	Associate	Shri. B.K. Patodia, Managing Director is interested	Relative of Shri. B.K. Patodia, Managing Director	Relative of Shri. B.K. Patodia, Managing Director	Relative of Shri. B.K. Patodia, Managing Director
b	Nature of contract/ arrangements/ transaction	a) Sale, purchase, supply of cotton yarn and other related materials b) Sell, dispose off or buying properties, plant and machineries and other equipments c) Leasing or hiring properties / assets of any kind d) Availing or rendering of processing charges or any other services of whatever nature	a) Sale, purchase, supply of cotton yarn and other related materials b) Sell, dispose off or buying properties, plant and machineries and other equipments c) Leasing or hiring properties / assets of any kind d) Availing or rendering of processing charges or any other services of whatever nature	Rent payment	Rent payment	Rent payment
c	Duration of the contract/arrangement/ transaction	5 Years from 19.9.2014	5 Years from 19.9.2014	5 Years from 19.9.2014	5 Years from 19.9.2014	5 Years from 19.9.2014
d	Salient terms of the contracts or arrangements/ transactions including the value, if any	At Competitive rate and at arm's length basis	At Competitive rate and at arm's length basis	Agreement	Agreement	Agreement
e	Date of approval by the Board	30.07.2014	30.07.2014	30.07.2014	30.07.2014	30.07.2014
f	Date of shareholders approval	19.9.2014	19.9.2014	19.9.2014	19.9.2014	19.9.2014
g	Amount incurred during the year (Rs. In Lacs)	Rs. 2156.57	Rs. 3380.24	Rs. 1.80	Rs. 0.90	Rs. 0.90

For and on behalf of the Board  
**B.K. PATODIA**  
 Chairman

**ANNEXURE- IV**

**FORM NO. MGT.9**  
**EXTRACT OF ANNUAL RETURN**  
**FINANCIAL YEAR ENDED ON 31/03/2015**

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

**I. REGISTRATION AND OTHER DETAILS:****i CIN:-L18101KL2005PLC018062****ii Registration Date: 28/03/2005****iii. Name of the Company: GTN TEXTILES LIMITED****iv. Category / Sub-Category of the Company: PUBLIC, HAVING SHARE CAPITAL****V. Address of the Registered office and contact details:**

NAME AND REGISTERED OFFICE ADDRESS OF COMPANY:	
Name	Gtn Textiles limited
Address	Door no.VIII/911, Erumathala Po, Aluva, Kochi, Ernakulam
Town / City	Ernakulam
State	Kerala
Pin Code:	683112
Country Name :	India
Country Code	91

**vi) Whether listed company : YES****vii) Name, Address and Contact details of Registrar and Transfer Agent, if any**

Registrar & Transfer Agents ( RTA ):-	M/s Integrated Enterprise(India) Limited
Address	2nd floor, Kences Towers, No.1, Ramakrishna Street, T. Nagar
Town / City	Chennai
State	Tamil Nadu
Pin Code:	600017
Telephone (With STD Area Code Number)	044-28140801 044-28140803
Fax Number :	044-28142479
Email Address	corpserv@integratedindia.in

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY** (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

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

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES [No. of Companies for which information is being filled]**

Patspin India Limited is the associate company of GTN Textiles Limited. Details of Patspin India Limited is as follows:-

Address : 3rd floor, Palal Towers  
M G Road, Ravipuram,  
Kochi-682016

CIN : L18101KL1991PLC006194

Applicable Section : 2(6) of the Companies Act, 2013

## ANNEXURE- IV (Contd...)

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

#### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01 April —2014]				No. of Shares held at the end of the year [As on 31—March—2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	5022089	NIL	5022089	43.14	5022089	NIL	5022089	43.14	0.00
b) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
c) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
d) Bodies Corp.	2228349		2228349	19.15	2228349		2228349	19.15	0.00
e) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
f) Any other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
<b>Total shareholding of Promoter (A)</b>	7250438	NIL	7250438	62.29	7250438	NIL	7250438	62.29	0.00
<b>Sub total (A) (1)</b>	7250438	NIL	7250438	62.29	7250438	NIL	7250438	62.29	0.00
<b>(2) Foreign</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
a) NRIs – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
b) Other – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
e) Any other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
<b>Sub total (A) (2)</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
<b>B. Public Shareholding</b>									
1. Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
a) Mutual Funds	300	1386	1686	0.01	300	1386	1686	0.01	0.00
b) Banks / FI	NIL	42	42	NIL	NIL	42	42	NIL	0.00
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
f) Insurance Companies	87277	100	87377	0.75	87277	100	87377	0.75	0.00
g) FIs	NIL	2000	2000	0.02	NIL	2000	2000	0.02	0.00
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
i) Others (specify)	800	NIL	800	0.01	800	NIL	800	0.01	0.00
<b>Sub—total (B)(1):—</b>	88377	3528	91905	0.79	88377	3528	91905	0.79	0.00
<b>2. Non—Institutions</b>									
a) Bodies Corp.	366375	12101	378476	3.25	301362	12101	313463	2.69	(0.56)
i) Indian	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
b) Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	2471267	493479	2964746	25.47	2331499	487755	2819254	24.22	(1.25)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	897741	17700	915441	7.86	1102629	17700	1120329	9.62	1.76

## ANNEXURE- IV (Contd...)

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01 April —2014]				No. of Shares held at the end of the year [As on 31—March—2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
Non Resident Indians	12288		12288	0.11	6833		6833	0.06	(0.05)
Clearing Members	27184		27184	0.23	38256		38256	0.33	0.10
<b>Sub—total (B)(2):—</b>	<b>3774855</b>	<b>523280</b>	<b>4298135</b>	<b>36.92</b>	<b>3868956</b>	<b>521084</b>	<b>4390040</b>	<b>37.71</b>	<b>0.79</b>
Total Public Shareholding (B)=(B)(1) + (B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	0.00
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>11113670</b>	<b>526808</b>	<b>11640478</b>	<b>100.</b>	<b>11119394</b>	<b>521084</b>	<b>11640478</b>	<b>100.00</b>	<b>0.00</b>

### ii) Shareholding of Promoter-

S. No.	Share holder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Binod Kumar Patodia	1192868	10.25	NIL	1192868	10.25	NIL	NIL
2	Umang Patodia	280686	2.41	NIL	280686	2.41	NIL	NIL
3	Ankur Patodia	7500	0.06	NIL	7500	0.06	NIL	NIL
4	Prabha Patodia	384960	3.31	NIL	384960	3.31	NIL	NIL
5	Mala Patodia	10000	0.09	NIL	10000	0.09	NIL	NIL
6	Swati Patodia	10000	0.09	NIL	10000	0.09	NIL	NIL
7	Binod Kumar Patodia HUF	1158880	9.96	NIL	1158880	9.96	NIL	NIL
8	M/s Beekayee Credit P Ltd	726623	6.24	NIL	726623	6.24	NIL	NIL
9	M/s Patodia Export and Investments P Ltd	641720	5.51	NIL	641720	5.51	NIL	NIL
10	Umang Finance P Ltd	696946	5.99	NIL	696946	5.99	NIL	NIL
11	Prabha Patodia	297458	2.55	NIL	297458	2.55	NIL	NIL
12	Binod Kumar Patodia	2712	0.02	NIL	2712	0.02	NIL	NIL
13	Umang Patodia	2446	0.02	NIL	2446	0.02	NIL	NIL
14	Mala Patodia	147760	1.27	NIL	147760	1.27	NIL	NIL
15	Beekaypee Credit P Ltd	95688	0.82	NIL	95688	0.82	NIL	NIL
16	Umang Finance P Ltd	36106	0.31	NIL	36106	0.31	NIL	NIL
17	Ankur Patodia	724831	6.23	NIL	724831	6.23	NIL	NIL
18	Umang Patodia	551988	4.74	NIL	551988	4.74	NIL	NIL
19	Swati Patodia	250000	2.15	NIL	250000	2.15	NIL	NIL
20	Patodia Export and Investments P Ltd	31266	0.27	NIL	31266	0.27	NIL	NIL

## ANNEXURE- IV (Contd...)

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

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	7250438	62.29	—	
Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	( No Changes)	—	7250438	62.29
At the end of the year			7250438	62.29

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S.No	NAME OF THE SHAREHOLDERS	PARTICULARS	Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	VANDANA SEHGAL	At the beginning of the year Changes during the year At the end of the year	184257 Buy 56522 shares on 9.1.15	1.58	240779 240779	2.06 2.06
2	JYOTI PANDHI	At the beginning of the year Changes during the year At the end of the year	117742 ( No changes)	1.01	117742 117742	1.01 1.01
3	MASTER CAPITAL SERVICES LTD	At the beginning of the year Changes during the year	111626 Sold 200 shares on 18.4.14 Sold 301 shares on 25.4.14 Buy 100 shares on 2.5.14 Buy 700 shares on 23.5.14 Sold 200 shares on 30.5.14 Buy 1000 shares on 6.6.14 Sold 1500 shares on 13.6.14 Sold 58672 shares on 25.7.14 Sold 21493 shares on 1.8.14 Buy 300 shares on 8.8.14 Sell 300 shares on 15.8.14 Sold 393 shares on 30.9.14 Sold 107 shares on 3.10.14 Sold 500 shares on 7.11.14 Buy 624 shares on 14.11.14 Buy 684 shares on 21.11.14 Buy 1 share on 28.11.14 Sold 1308 shares on 12.12.14 Buy 250 shares on 19.12.14	0.95	111426 111125 111225 111925 111725 112725 111225 52553 31060 31360 31060 30667 30560 30060 30684 31368 31369 30061 30311	0.95 0.95 0.95 0.96 0.96 0.96 0.95 0.45 0.26 0.26 0.26 0.26 0.26 0.25 0.26 0.26 0.26 0.25 0.25

**ANNEXURE- IV (Contd...)**

S.No	NAME OF THE SHAREHOLDERS	PARTICULARS	Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
			Sold 2250 shares on 31.12.14 Sold 233 shares on 9.1.15 Buy 151 shares on 16.1.15 Sold 151 shares on 23.1.15 Sold 450 shares on 13.3.15 Sold 200 shares on 20.3.15 Sold 14 shares on 27.3.15		28061 27828 27979 27828 27378 27178 27164	0.24 0.24 0.24 0.24 0.23 0.23 0.23
		At the end of the year			27164	0.23
4	MUKESH SEHGAL	At the beginning of the year Changes during the year    At the end of the year	33416 Sold 25817 shares on 27.6.14 Buy 25817 shares on 30.6.14 Sold 25817 shares on 31.7.14 Buy 25817 shares on 1.8.14	0.28	7599 33416 7599 33416	0.065 0.28 0.065 0.28
5	THE ORIENTAL INSURANCE CO.LTD	At the beginning of the year Changes during the year At the end of the year	54657 ( No changes)	0.47	54657 54657	0.47 0.47
6	POLISETTY GNANA DEV	At the beginning of the year  Changes during the year At the end of the year	41506  ( No changes)	0.36	41506 41506	0.36 0.36
7	JITENDRA SAMPATLAL SANGHAVI	At the beginning of the year  Changes during the year At the end of the year	40099  ( No changes)	0.34	40099 40099	0.34 0.34
8	SABITA PRASAD	At the beginning of the year Changes during the year At the end of the year	36968 ( No changes)	0.31	36968 36968	0.31 0.31
9	CHAGANLAL PRABHULAL VIDJA	At the beginning of the year Changes during the year    At the end of the year	36690 Sold 10000 shares on 6.6.14 Sold 3000 shares on 12.9.14 Sold 5000 shares on 19.9.14 Buy 2639 shares on 28.11.14	0.31	26690 23690 18690 21329 21329	0.18
10	ALOK NAGORY	At the beginning of the year Changes during the year At the end of the year	33530 ( No changes)	0.28	33530 33530	0.28 0.28

## ANNEXURE- IV (Contd...)

### v) Shareholding of Directors and Key Managerial Personnel:

S.No	NAME OF THE KMP/ DIRECTORS	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative share holding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	B.K PATODIA	At the beginning of the year Changes during the year At the end of the year	1195580 — —	10.27  	1195580 1195580 1195580	10.27  10.27
2	ARUN KAMLAKAR WARERKAR	At the beginning of the year Changes during the year At the end of the year	170 — —	—  	170 170 170	0.00  0.00
3	E.K BALAKRISHNAN	At the beginning of the year Changes during the year At the end of the year	160 — —	—  	160 160 160	0.00  0.00
4	BANWARL LAL SINGHAL	At the beginning of the year Changes during the year At the end of the year	12130 — —	0.10  	12130 12130 12130	0.10  0.10
5	PREM SARDARI LAL MALIK	At the beginning of the year Changes during the year At the end of the year	— — —	—  	—  	0.00  
6	PAMELA ANNA MATHEW	At the beginning of the year Changes during the year At the end of the year	— — —	—  	—  	0.00  
7	MAHESH CHANDULAL THAKKER	At the beginning of the year Changes during the year At the end of the year	9475 — —	0.08  	9475 9475 9475	0.08  0.08
8	SUNDARESHAN S THANUNATHAN	At the beginning of the year Changes during the year At the end of the year	— — —	—  	—  	0.00  

### V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amt in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	365,151,626	15,000,000	1,774,348	381,925,974
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	13,78,202	121644	20,815	1,520,661
<b>Total (i + ii + iii)</b>	366,529,828	15,121,644	1,795,163	383,446,635
<b>Change in Indebtedness during the financial year</b>				
(a) Addition	31,750,000	95,000,000	—	126,750,000
(b) Reduction	90,253,437	55,121,644	1,795,163	147,170,244
<b>Net Change</b>	308,026,391	55,000,000	—	363,026,391
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	308,026,391	55,000,000	—	363,026,391
ii) Interest due but not paid	3379270	—	—	3,379,270
iii) Interest accrued but not due	—	1,424,111	—	1424111
<b>Total (i + ii + iii)</b>	311,405,661	56,424,111	—	367,829,772

## ANNEXURE- IV (Contd...)

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

(Amt in Rs.)

S.No	Particulars of Remuneration	B.K PATODIA (CHAIRMAN CUM MANAGING DIRECTOR)				Total Amount
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3540000	—	—	—	3540000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	446700	—	—	—	446700
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	—	—	—	—	—
2	Stock Option	—	—	—	—	—
3	Sweat Equity	—	—	—	—	—
4	Commission - as % of profit - others, specify...	—	—	—	—	—
5	Others, please specify	—	—	—	—	—
	Total (A)	3986700	—	—	—	3986700
	Ceiling as per the Act	4200000	—	—	—	4200000

#### B. Remuneration to other directors

(Amount in Rs.)

S.No	Particulars of Remuneration	Name of Directors					TOTAL Amount
1	Independent Directors	N.K.Bafna	R. Rajagopalan	Prem Malik	S. Sundareshan	B.L Singhal	
	Fee for attending board committee meetings	45000	45000	87500	42500	87500	
	Commission	—	—	—	—	—	—
	Others, please specify	—	—	—	—	—	—
	Total (1)	45000	45000	87500	42500	87500	307500
2	Other Non-Executive Directors	Pamela Anna Mathew	M.C. Thakker	—	—	—	
	Fee for attending board committee meetings	—	22500	—	—	—	
	Commission	—	—	—	—	—	
	Others, please specify	—	—	—	—	—	
	Total (2)	—	22500	—	—	—	22500
	Total (B) = (1 + 2)	—	—	—	—	—	330000
	Total Managerial Remuneration	—	—	—	—	—	330000
	Overall Ceiling as per the Act						

**ANNEXURE- IV (Contd...)**

C. Remuneration To Key Managerial Personnel other than MD/Manager/WTD

(Amount in Rs.)

S.No	Particulars of Remuneration	Key Managerial Personnel		Total
		E.K. Balakrishnan (CS)	A.K. Warerkar (CFO)	
1	Gross salary	—	—	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1273440	1033200	2306640
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	171357	233830	405187
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	361620	361620
2	Stock Option	—	—	—
3	Sweat Equity	—	—	—
4	Commission	—	—	—
	- as % of profit	—	—	—
	others, specify...	—	—	—
5	Others, please specify	—	—	—
	Total	1444797	1628650	3073447

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

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

For and on behalf of the Board  
B.K. PATODIA  
Chairman

# GTN TEXTILES LIMITED

## REPORT ON CORPORATE GOVERNANCE

### 1) Company's practice on Corporate Governance

Corporate Governance is the combination of practices and compliance with laws and regulations leading to effective control and management of the organization. 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 the Clause 49 of the Listing Agreement with the Stock Exchanges. 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 stakeholders, including, employees, the government and lenders.

### 2) Board of Directors

The Board is headed by an Executive Chairman, Shri. B K Patodia and comprises eminent persons with considerable professional experience in diverse fields. About 83% of the Board consists of Non- Executive Directors.

**The Composition of the Board and category of directors as on 31.3.2015 are as follows:**

Category	Name of Directors
Promoter/Executive Director	B.K Patodia
Non-Executive /Non independent Director	Maresh C Thakker
Independent Directors	Shri. B.L. Singhal
	Shri. Prem Malik
	Shri. N.K. Bafna (up to 31.7.2014)
	Shri. R.Rajagopalan (up to 31.7.2014)
	Shri. S.Sundareshan ( w e f 19.09.2014)
	Mrs. Pamela Anna Mathew (Additional Director w.e.f 17.03.2015 )

**Attendance of Directors at Board Meetings, last Annual General Meeting and Number of Other Directorships and Chairmanships / Memberships of Committees of each Directors in various Companies:**

Name of the Director	DIN No	No. of shares held	Attendance particulars		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	11,95,580	5	Yes	8	1	None	None
Shri.B L Singhal	00006433	9,680	5	No	6	5	3	
Shri. Prem Malik	00023051	NIL	5	No	13	6	1	
Shri. S. Sundareshan (w.e.f 19.9.2014)	01675195	NIL	3	No	5	2	None	
Shri. N. K. Bafna (up to 31.7.2014)	00019372	NIL	2	No	2	4	1	
Shri. R. Rajagopalan (up to 31.7.2014)	00003642	NIL	2	No	2	3	2	
Shri Maresh C Thakker	01386254	9,475	2	No	1	None	None	
Mrs.Pamela Anna Mathew (w.e.f. 17.3.2015)	00742735	NIL	NIL	No	5	None	None	

#### Notes:

- In accordance with Clause 49 of the Listing Agreement, Membership / Chairmanship of only the Audit Committees and Stakeholders Relationship Committees of all Public Limited Companies has been considered.
- None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 Committees across all the Companies in which he is a Director as per Clause 49 of the Listing Agreement.

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

- Number of board meetings held and the dates on which held;**

Five Board meetings were held during the year. The maximum time gap between any two consecutive meetings did not exceed 120 days.

The details of the Board Meetings are as under:-

Sl. No.	Date	Board Strength	No. of Directors present
1)	15th May 2014	6	5
2)	30th July 2014	6	5
3)	31st October 2014	5	5
4)	31st January 2015	5	4
5)	17th March 2015	6	5

- Code of Conduct**

The Company has laid down a Code of Conduct for all Board Members as well as Senior Management Personnel of the Company. The Code of Conduct is available on [www.gtnntextiles.com](http://www.gtnntextiles.com).

The Managing Director has confirmed and declared that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. The declaration to that effect forms part of this report.

### Independent Directors

The company has complied with the conditions of Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement with Stock Exchange regarding independence.

The company has also obtained declaration of independence from each Independent Directors pursuant to Section 149 (7) of the Companies Act, 2013.

- Independent Directors Meeting**

A separate meeting of Independent Directors was held on 31.1.2015 without the attendance of Non- Independence Directors and members of the management

### 3) Audit Committee

Audit Committee comprises of Three Independent Directors and one Non-Independent director namely; Shri.B L Singhal, Chairman, Shri Prem Malik, Shri.S.Sundareshan, and Shri. B.K Patodia. All the Members of the Audit Committee possess financial / accounting expertise. The composition of the Audit Committee meets the requirements of Section 177 of the Companies Act,2013 and Clause 49 of the Listing Agreement.

Shri.E K Balakrishnan, Vice President (Corporate Affairs) and Company Secretary is the Secretary of the Audit Committee.

The composition, role, functions and powers of the Audit Committee are in line with the requirements of applicable laws and regulations.

The terms of reference of Audit Committee are broadly as follows;

- Oversight of the company's financial reporting process and the disclosure of its financial information
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company
- Approval of payment to statutory auditors for any other services rendered by them
- Reviewing with the management, the annual financial statements and auditor's report thereon
- Matters required to be included in the directors responsibility statement to be included in the Board's report
- Changes, if any, in accounting policies and practices and reasons for the same
- Major accounting entries involving estimates based on the exercise of judgment by management
- Significant adjustments made in the financial statement arising out of audit findings
- Compliance with listing and other legal requirements relating to financial statements
- Approval of the related party transactions as per policy of the company
- Review and monitor the auditors independence and performance and effectiveness of audit process
- Scrutiny of inter corporate loans and investments
- Evolution of internal financial controls and risk management systems
- Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems
- Reviewing the adequacy of internal audit functions, if any, including frequency of internal audit
- Discussion with internal auditors of any significant findings and follow up thereon
- Reviewing the findings of any internal observations by the internal auditors into matters where there is irregularity or a failure of internal control system of a material nature and reporting the matter to the board
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern
- To review the functioning of the vigil mechanism
- Management discussion and analysis of financial condition and results of operations.

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

During the financial year, the Committee met four times. Attendance of each Member at the Audit Committee meetings held during the year:

Sl. No.	Name of the Member	Status	No. of meetings attended
1)	Shri.B L Singhal	Chairman & Independent Director	4
2)	Shri.Prem Malik	Independent Director	4
3)	Shri.S.Sundareshan	Independent Director(w.e.f 19.9.2014)	2
4)	Shri.N.K Bafna	Independent Director( upto 31.07.2014)	2
5)	Shri.R Rajagopalan	Independent Director( upto 31.07.2014)	2
6)	Shri. B.K Patodia	Managing Director (w.e.f. 31.10.2014)	2

The details of the meetings are as under:-

Sl. No.	Date	Committee Strength	No. of Directors present
1)	15th May 2014	4	4
2)	30th July 2014	4	4
3)	31st October 2014	4	4
4)	31st January 2015	4	4

The Chief Financial Officer, Internal Auditors, Statutory Auditors and other Executives, as considered as appropriate, were also attending the Audit Committee meetings

### i) 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.

### ii) Prevention of Insider Trading:

The Audit Committee also monitors implementation and compliance of the Company's Code of Conduct for prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended upto date. Shri.E K Balakrishnan, Vice President (Corporate Affairs) and Company Secretary is the Compliance Officer of the Company.

### iii) Vigil Mechanism

The Company has established a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy duly adopted by the Board. The same is available on the website of the Company [www.gtn textiles.com](http://www.gtn textiles.com). No personnel has been denied access to the Audit Committee to lodge their compliance.

## 4) Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board of Directors comprises of three Independent Directors namely; Shri.B L Singhal as Chairman, Shri.Prem Malik and Shri.S.Sundareshan as Committee members.

The broad terms of reference of the Committee include;

- To identify persons who are qualified to become directors and who may be appointed in senior management, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance
- Formulation of the criteria for determining the qualifications, positive attributes and independence of the director and recommend to the Board a policy, relating to remuneration of the Directors , Key Managerial Personnel and other employees
- Formulation of criteria for evaluation of independence directors and the Board.
- Devising a policy on Board diversity

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

The Committee had met on 27.5.2015 and approved remuneration package of Shri. B.K. Patodia Managing Director for a period of 3 years from 1st June 2015 up to 31st May, 2018 in accordance with section 197 and 198 read with Schedule V of the Companies Act, 2013 (the Act). The same was also approved by the Board. The remuneration structure approved by the Nomination & Remuneration Committee as well as the Board of Directors is as follows:

### a) Salary:

Rs.3,00,000/- per month in the Scale Rs. 3,00,000 – Rs 10,000 – Rs. 3,20,000 effective from 1st June, 2015 for a period of three years up to 31st May, 2018.

### 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.42 lacs per annum.

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

### c) Perquisites as follows:

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

### Perquisites not included in Managerial Remuneration

- a. contribution to Provident Fund, Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961
- b. gratuity payable at a rate not exceeding half a months 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.

### • Remuneration to the Managing Director

The aggregate of salary and perquisites paid for the year ended 31st March, 2015 to the Managing Director is as follows:-

Shri.B K Patodia : Rs.39.86 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.

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, 2015 to the Non Executive Directors is as follows:

Name of the Non-Executive Director	Sitting fee (Rs.)
Shri.B L Singhal	87500
Shri.Prem Malik	87500
Shri.S.Sundareshan (w.e.f 19.09.2014)	42500
Shri N.K Bafna (up to 31.07.2014)	45000
Shri.R Rajagopalan (up to 31.07.2014)	45000
Shri Mahesh C Thakker	15000
Total	322500

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.

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

### • Remuneration Policy

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

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

### 5) Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises Shri B.L Singhal as Chairman, Shri Prem Malik, Shri. S.Sundareshan and Shri.B.K Patodia as members of the Committee.

The Committee is set up to monitor the process of share transfer, issue of fresh share certificates as well as review of redressal of investors / shareholders grievances. The Committee would also recommend measures for overall improvement of the quality of investor services.

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

Sl. No.	Date	Committee Strength	No. of Directors present
1)	15th May 2014	4	4
2)	30th July 2014	4	4
3)	31st October 2014	4	4
4)	31st January 2015	4	4

Shri. E K Balakrishnan, Vice President (Corporate Affairs) and Company Secretary officiates as the Secretary of the Committee and is also designated as the Compliance Officer in terms of the Listing Agreement with the Stock Exchanges.

### • Complaints received and redressed during the year:

The total number of Complaints received and resolved to the satisfaction of investors during the year ended 31.3.2015 is as under:-

Type of complaints	Number of complaints
Non-receipt of Annual Reports	1
Non-receipt of Dividend Warrants	1
Non-receipt of Share Certificates	2
Complaints in respect of Electronic Transfers	—
Complaints / queries received from Regulatory Agencies	1
Total:	5

There were no outstanding complaints as on 31st March, 2015.

Pursuant to clause 47 (c) of the listing agreement, a certificate on a half yearly basis confirming due compliances of share transfer formalities by the company from Practicing Company Secretary has been submitted to the Stock Exchanges within the stipulated time.

### 6) Corporate Social Responsibility (CSR)

The provisions with regard to section 135 of the Companies Act, 2013 do not apply to your company.

### 7) Disclosures:

#### • Basis of Related Party Transactions

- the statements containing the transactions with related parties were submitted periodically to the Audit Committee.
- There are no related party transactions that may have potential conflict with the interest of the company at large.
- There were no material individual transactions with related parties during the year, which were not in the normal course of business as well as not on arms' length basis
- The company has obtained Shareholders approval by way of special resolution to enter into related party transactions
- There is no non compliance by the company and no penalties, strictures imposed on the company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital market, during the last three years

#### • Disclosure of Accounting Treatment

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the accounting standards notified under section 133 of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historic post convention. The Accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### • 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.

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

- **Proceeds from public issues, right issues, preferential issues etc.**

The Company did not have any of the above issues during the year under review.

- **Secretarial Audit Report**

The Company has obtained Secretarial Audit Report on annual basis from the Company Secretary in Practice for compliance with Section 204 (1) of the Companies Act, 2013, and SEBI Listing Agreement. A text of the Annual Secretarial Audit Report is annexed elsewhere.

- **Management Discussion And Analysis Report**

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

- **Shareholders**

- The quarterly results approved by the Audit Committee / Board of Directors are put on the Company's website [www.gtn textiles.com](http://www.gtn textiles.com) under "investor info" section
- The Company has also send 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**

- Half-yearly report sent to each household of shareholders  
Although, Half-yearly report is not sent to each household of shareholders, the Company normally publishes the same in all India editions of BUSINESS STANDARD [National Daily] and MANGALAM [Regional News Paper].
- Quarterly results  
The quarterly results are normally published in all India editions of BUSINESS STANDARD [National Daily] and MANGALAM [Regional Newspaper].

Your Company is also uploading regularly quarterly Corporate Governance Report, Shareholding Pattern and other related documents through web based platforms of NSE and BSE. The same can be accessed at i) <https://www.connect2nse.com/LISTING>. and ii) <https://www.listing.bseindia.com>

The same were also displayed in the Web site of the Company, [www.gtn textiles.com](http://www.gtn textiles.com)

The Company did not make any presentation to the analysts / institutional investors.

### 8) **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 Clause 41 and 49 (IX) of the Listing Agreement.

### 9) **Compliance on Corporate Governance**

The quarterly compliance report has been submitted to the Stock Exchanges at BSE & NSE in the requisite format duly signed by the compliance officer. Pursuant to Clause 49 of the Listing Agreement, the Auditors' certificate in compliance on conditions of Corporate Governance is published elsewhere in the Annual Report

### 10) **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
2011-12	'Oceanic Hall' Hotel Periyar, Aluva – 683 101	13.08.2012	Friday	12.15 p.m	No
2012-13	-do-	30.07.2013	Monday	12.15 p.m	No
2013-14	-do-	19-09-2014	Friday	12:15 p.m	Yes

B. Special Resolutions passed in previous AGM

- Appointment of Shri B.L Singhal, Shri. Prem Malik and Shri. S.Sundareshan as Independent Directors for a period of 5 years pursuant to Section 149 of the Companies Act, 2013
- Approval of Related party transaction pursuant to Section 188 of the Companies Act, 2013.
- Approval for increasing borrowing powers pursuant to Section 180(1)(c) of the Companies Act, 2013

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

D. Whether special resolutions were put through postal ballot, last year? - No

E. Are votes proposed to be conducted through postal ballot, this year? - No

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

### 11) Compliance in respect of Adoption of non mandatory requirements

#### a) Shareholder Rights

The Company's quarterly and half yearly results are published in the Newspaper and also uploaded on its website [www.gtn textiles.com](http://www.gtn textiles.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.

#### b) Audit Qualifications

There are no qualifications in the Auditors Report on the accounts for the year 2014-15.

#### c) Reporting of internal Auditor

The Internal Auditor directly report to the Audit Committee

### 12) General Shareholder information:

#### I) Annual General Meeting:

a)	Date and Time	:	7th August, 2015
b)	Venue	:	'Puzhayoram Hall', Hotel Periyar, Aluva - 683 101.
c)	Book closure date	:	Saturday, 1 <sup>st</sup> August, 2015 to Friday, 7th August, 2015 (both days inclusive)
d)	Financial calendar (tentative):		
	Annual General Meeting	:	7th August, 2015
	Results for quarter ending 30th June, 2015	:	6th August, 2015
	Results for quarter ending 30th Sept., 2015	:	On or before 14th November, 2015
	Results for quarter ending 31st Dec., 2015	:	On or before 14th February, 2016
	Results for Year ending 31st March, 2016	:	On or before 30th May, 2016.

#### II) Listing

a)	Listing of Equity Shares on Stock Exchanges at	:	BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE)
b)	Listing Fee	:	Annual Listing fee for the year 2015-16 have been duly paid to the said Stock Exchanges.
i)	Stock Code: Scrip Code No. : Bombay Stock Exchange	:	532744
ii)	Trading symbol : National Stock Exchange	:	GTNTEX
ii)	Demat ISIN Nos. in NSDL and CDSL for Equity Shares	:	INE302H01017

#### III) Stock market data :

(in Rs. per Share)

Month	BSE		NSE	
	High	Low	High	Low
April 2014	6.49	5.30	6.55	5.55
May	9.08	5.40	8.55	5.60
June	9.80	8.15	9.95	8.20
July	10.55	8.72	10.20	8.75
August	8.90	7.10	9.35	7.00
September	13.66	7.50	13.70	7.85
October	11.40	9.00	11.70	9.10
November	10.60	8.66	10.90	8.50
December	11.45	8.72	11.60	9.00
January 2015	12.25	8.80	11.95	10.00
February	11.40	8.75	11.00	8.45
March	11.34	8.00	11.00	8.05

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

IV)	Registrar and Transfer Agents (Share Transfer and communication regarding Share Certificates, Dividends and change of Address)	:	M/s. Integrated Enterprises (India) Limited, 2nd Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar , Chennai -600 017 Tel: 044 28140801-803 E-Mail : corpseiv@integratedindia.in
V)	Share Transfer System	:	Presently, the share transfers which are received in physical form are processed and the share certificates returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The Board has delegated the authority for approving transfer, transmission, etc. of the Company's Securities to the Share Transfer Committee of the Board of Directors, constituted for this purpose. A summary of transfer / transmission of the Securities of the Company so approved by the Share Transfer Committee is placed at every Board Meeting. The Company obtains a Certificate on each half year from a Company Secretary in Practice in respect of Compliance with the Share Transfer formalities as required under Clause 47(C) of the Listing Agreement with Stock Exchanges and files a copy of the Certificate with the Stock Exchanges, within the prescribed time limit.  As regards shares held in Electronic form, the credit being given as per guidelines / by-laws issued by SEBI / NSDL / CDSL.

### VI) Shareholding pattern and distribution on Shareholding of the Company:-

#### (a) Shareholding pattern as on 31st March, 2015:

S.No.	Category	No of Shares	% of Shareholding
01	Promoters & Associates (Patodia Family)	7250438	62.29
02	Indian Financial Institutions, Banks, Mutual Funds	89105	0.76
03	Foreign Institutional Investors/NRIs	9633	0.08
04	Others	4291302	36.87
	Total:-	11640478	100.00

#### (b) Distribution of Shareholding as on 31st March, 2015:

S.No.	No. of shares held	No. of share-holders	% of shareholder	No. of shares (Issued Equity)	% of shareholding
1	Upto 100	21002	87.12	652091	5.60
2	101-500	2057	8.53	579681	4.98
3	501-1000	530	2.20	449626	3.86
4	1001-10000	455	1.89	1347663	11.58
5	10001-100000	48	0.20	1198176	10.29
6	Above 100000	14	0.06	7413241	63.69
	Total :	24106	100.00	11640478	100.00

### VII) Dematerialisation of shares and Liquidity:

The shares of the Company are compulsorily traded in DEMAT form by all categories of investors with effect from 18th May, 2006. The Company has arrangements with both National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity of our shares for scripless trading. As on 15th May 2015, 95.53% shares of the Company were held in Dematerialized form.

#### Liquidity of shares:

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

VIII)	Plant Location:	Door No.VIII/911, Erumathala Post, Aluva, Ernakulam District Kerala – 683 112
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## REPORT ON CORPORATE GOVERNANCE (Contd...)

IX) Address for correspondence:-

i)	Investor Correspondence:-	
	For transfer / 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 Enterprises (India) Limited, 2nd Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar, Chennai 600 017 Tel: 044 28140801-803 E-Mail : <a href="mailto:corpserv@integratedindia.in">corpserv@integratedindia.in</a>
		b) For share held on Demat form:- To the Depository Participants.
(ii)	Any query on Annual Report	Secretarial Department GTN TEXTILES LIMITED 5th Floor, Palal Towers, M G Road, Ravipuram, Ernakulam, Kochi – 682 016 E-Mail: <a href="mailto:cs@gtntextiles.com">cs@gtntextiles.com</a>

### DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

"This is to certify that the Company has laid down Code of Conduct for all Board Members and Senior Management of the Company and the copies of the same are uploaded on the website of the company [www.gtntextiles.com](http://www.gtntextiles.com)

Further certified that the member of the Board of Directors and senior management personnel have affirmed having complied with the code applicable to them during the year ended 31st March, 2015"

For **GTN TEXTILES LIMITED**

**B.K PATODIA**

Chairman & Managing Director  
DIN No: 00003516

Place : Kochi,  
Date : 27th May, 2015

The above report was adopted by the Board of Directors at their meeting held on 27.05.2015.

### COMPLIANCE CERTIFICATE

To the Members of **GTN TEXTILES LIMITED**

- We have examined the compliance of conditions of Corporate Governance by GTN TEXTILES LIMITED (The Company) for the year ended March 31, 2015 as stipulated in clause 49 of the Listing agreement(s) of the said Company with the stock exchange(s).
- The compliance of conditions on Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- In our opinion and to the best of our information and according to the explanations given to us read along with paragraph 2 of the Report on Corporate Governance, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s).
- We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

FOR **M. S. JAGANNATHAN & VISVANATHAN**  
CHARTERED ACCOUNTANTS  
(ICAI FIRM NO. 001209S)

**R. MUGUNTHAN**  
PARTNER  
M NO.21397

Place : Kochi  
Date : 27th May,2015

# GTN TEXTILES LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS

### GLOBAL TEXTILE INDUSTRY

The global textile and apparel trade stood at US\$ 781 billion in 2013 and is expected to grow at ~6% CAGR to US\$ 1,180 billion by 2020 with apparel occupying the major share followed by fabric and yarn. The industry directly employs well over 170 million people worldwide, predominantly in Asia.

In 2014, the global fiber consumption was around 87 million tons, of which manmade fibers constituted around 62 million tons. Polyester constitutes around 54% share while cotton has around 28% share of total fiber consumption. All other fibers, although very important in the total mix in terms of functionality and performance, are insignificant in volume terms.

China occupied the majority share of 52% of total global fiber consumption in 2014, followed by India and other South Asian countries accounting for around 11% share each. The textile production is strongly centered in Asia and South Asian countries contribute a significant part of it. The growth in global trade and concentration of trade in Asia will drive investments in Asian countries having strong supply base for textile and apparel products. India will have an advantage from the investment point of view due to its strong manufacturing competitiveness and presence of complete supply chain.

### INDIAN TEXTILE INDUSTRY

Textiles and clothing industry plays a pivotal role in the Indian economy due to its important contribution in country's exports as well as in employment generation. This industry employs around 45 million people, has 12% share of country's total exports and 14% share of industrial production. India's exports of textiles and clothing are estimated to be USD 89 billion by the end of 2020.

Exports from the textile and clothing industry mainly consists of garment sector which accounts for around 40%, and spinning sector around 25%, remaining being shared by other sectors like man made textiles, cotton, wool and woolen textiles, silk handloom products, handicrafts and coir products. After discontinuation of textiles export quota in year 2004, exports from this industry substantially increased from around USD 15 billion in 2005 to USD 40 billion in 2013-14. Similarly, India's share of textiles and clothing exports in the total world exports, which was below 3% in the year 2004 is almost touching 5% as of now.

Your company operates in the spinning sector. A major chunk of spinning capacity expansion took place under the TUF Scheme which was launched by the Government from 1st April, 1999. The Scheme carried an interest subsidy of 5% on term loans repayable over 10 years. Over the period though the Scheme has been modified to reduce interest subsidy to 2% with 7 years repayment period, it is commendable that the Government decided to continue the TUF Scheme during the 12th Plan period of 2012-17. It is pertinent to note that expansion of spinning capacity has been significant both in organised as well as small spinning sector.

The table below shows year-wise increase in spinning capacity, cotton yarn production and exports from 2010 to 2014.

Year	Spinning Capacity (Spindles-Million)	Production (Kg.-Million)	Exports (Kg-million)	Exports (\$-Million)
2009-10	42.04	3079	587	1615
2010-11	47.57	3490	694	2696
2011-12	48.25	3126	749	2990
2012-13	49.17	3583	1108	3535
2013-14	49.64	3942	1310	4555
2014-15	50.14	4057	1253	3938

### RAW COTTON SCENARIO

#### • Domestic Cotton Scenario

The viability of spinning industry solely depends on adequate availability of quality cotton at competitive prices. Over the years cotton production in India has grown significantly and its cotton production is likely to exceed that of China which has been world's biggest producer of cotton so far. This could be achieved due to various steps taken to improve farm management practices, adoption of BT cotton seeds which covers 95% of the areas sown and use of appropriate technology to give higher yield. Within last 15 years, the cotton production in India has almost trebled while the area under cultivation has increased only by 40% due to increase in the yield from 278 kg/hectare to 518 kg/hectare during this period.

#### • Global Cotton Production

During current year, while the world cotton production is expected to be at 26.2 million tons, India is likely to be largest producer at 6.8 million tons with 26% share, followed by China at 6.5 million tons and US at 3.6 million tons. Similarly, the world cotton consumption is estimated at 24.3 million tons, with China having the highest share with 7.7 million tons followed by India at 5.3 million tons.

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

### • Specialized Cotton

After three years of decline in production of organic cotton, there has been worldwide increase in the production from 2012-13 onwards due to market demand. India produces more than 70% of the world's organic cotton, besides Turkey, Peru, China and Bangladesh. India has a lot of potential to produce various varieties of organic cotton due to different climatic regions and its tradition of organic farming. The government has already implemented a national programme for organic farming for various products which will help to tap the export market as well.

A sustainable environmental friendly approach of Better Cotton Initiative (BCI) is growing rapidly. BCI brings together Farmers, Ginners, Traders, Spinners, Garmenters, Retailers and Brands in a unique global community committed to develop better cotton as a sustainable main stream commodity. Today almost 1.3 million Farmers from 20 countries are participating in BCI programs, including India.

### • Prospects of Cotton Crop in the Coming Season

The area under cotton in the coming cotton season is likely to drop by 7 – 10% due to violent fluctuations in the prices of cotton. However, if Monsoon is favourable and adequate rainfall is received at proper time, the crop is likely to be same as the previous year. As of now, the cotton has already been sown in the northern region and in other parts of the country and sowing will begin next month. As already explained, with adoption of better technology, availability of good quality seeds, the country will continue to produce adequate crop.

## BUSINESS OVERVIEW & INDUSTRY DEVELOPMENTS

The Company is engaged in business of manufacture and export of high quality combed cotton yarns. The yarn is manufactured from the world's best sources of long and extra long staple cotton like American Supima, Egyptian Giza, contamination free Australian and American cottons and superior Indian cotton like Shankar-6 and DCH-32. The company manufactures yarns of various counts ranging from NE 26s to NE 180s. Permutations and combinations in spinning and finishing process results in yarns of varied qualities for specific end users. The company was amongst the first in India to manufacture compact yarn using the breakthrough technology of compact spinning, and also uses state-of-art machineries across its plants. Presently, the company has a capacity of 58,864 spindles at Aluva, Kerala, consisting of 34,896 compact spinning and 23,968 ring spinning. The company has promoted Patspin India Limited which has 2 plants at Palakkad in Kerala and Ponneri in Tamil Nadu having a capacity of 113,856 spindles, consisting of 79,025 Compact Spinning and 34,831 Ring Spinning.

As regards developments in the industry and your company's performance for the year under review in relation to those developments, the same has been explained in greater details in Directors Report under Performance Review.

## OUTLOOK, OPPORTUNITIES AND THREATS

- (a) Global exports of textiles and clothing in 2013 were 781 billion USD, as per WTO figures. China's share in the global trade in textiles / clothing was 35 per cent and that of India a barely 4 per cent. With the rising costs in China and its deliberate shift in favour of innovation driven industries, India has tremendous scope for boosting its share. Further, by 2020, world exports of textiles / clothing are projected to increase to 1,180 billion USD. The expectation is that India's exports would rise from 30 billion USD to 89 billion USD by 2020.
- (b) In the cotton season 2014-15, there were frequent fluctuations in the raw cotton prices as already explained above. In spite of these factors, the crop size is likely to be around 37.5 million bales and the prospects for 2015-16, the crop size is likely to be similar. With this, the availability of the raw cotton is expected to be adequate and there is hope that the prices will stabilize at reasonable levels.
- (c) In the new Foreign Trade Policy 2015-20, while the government has introduced measures for improving ease of doing business and simplified procedures but some of the benefits available to the cotton yarn exports have been withdrawn, like Market Linked Focus Products and Focus Market Schemes. Industry bodies like CITI and TEXPROCIL have taken up these issues with the concerned ministries for restoration of these benefits.
- (d) On the domestic front also India is poised for a healthy growth, in view of rising population, sustained increase in per capita income and disposable surplus, favourable demographic profile and changing lifestyle. Surveys carried out by Textiles Committee also corroborate this. Besides, Government of India is becoming increasingly sensitive to the needs of the textile industry and taking ameliorative measures in regard to debt restructuring scheme, extension of TUFs and TMC in the Twelfth Five Year Plan. Happily, new Government has announced that it will get necessary impetus for boosting exports of textiles. Another area is rapid growth of technical textiles for which Government has been providing encouraging support.

Above all, India is in a unique position of having an integrated textile set-up endowed with presence across all the textile value chain from fibres to fashion garments. All these favourable factors indicate optimistic and positive future for the healthy growth of the Indian textile industry.

## **MANAGEMENT DISCUSSION AND ANALYSIS (Contd...)**

### **RISKS AND CONCERNS**

1. R1. 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.
2. 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 Organic, Fair Trade, Better Cotton Initiative (BCI), Supima yarns, Giza yarns have also proved to be beneficial.
3. Volatility in foreign currency exchange rates vis-a-vis Indian Rupee is another area of concern since a sizeable 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, imports, foreign currency loans, etc. The Company continues to strengthen these systems to minimize the risk involved due to adverse movement of exchange rates.
4. 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.
5. Another area of concern is Government's periodical announcements for liberalized tariff concessions offered to Least Developed countries like Bangladesh, Nepal, Bhutan and other countries under SAFTA. In fact, Government of India has unilaterally extended tariff concessions to Pakistan by reducing the number of products in the Sensitive List of India for non LDCs under SAFTA. The industry has requested the Ministry of Commerce and Industry that 146 products covered in the Sensitive List may be retained and no such tariff concession be offered to non-LDCs under SAFTA. The industry has also requested that at least a nominal import tariff of 5 per cent may be retained for all products that may be removed from the Sensitive List and specific duty rates, where applicable, may be retained.

Bilateral discussions for the Free Trade Agreement with European Union are progressing well and on conclusion of the Agreement India will have a level playing field to compete with our competitors, especially Pakistan.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has a proper and adequate internal control system to ensue that all assets are safeguarded and protected against loss from unauthorised use or disposition and that all transactions are authorized, recorded and reported correctly.

The internal control is supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

### **DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

Please refer to Directors' Report on performance review.

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

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

Industrial Relations were cordial and satisfactory.

As on 31st March, 2015, the Company has about 927 employees in its various offices and factory.

### **CAUTIONARY STATEMENT**

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

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF GTN TEXTILES LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statement of **GTN Textiles Limited** ('the Company') which comprises the Balance sheet as at **31st March, 2015**, the Statement of Profit and Loss and the cash flow statement for the year then ended, and a summary of the significant accounting policy and other explanatory information.

**Management's Responsibility for the Financial Statements**

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 and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including the accounting standards specified under section 133 of the act, read with rule 7 of the companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgment and estimates that are reasonable and prudent; and design, implementation and maintenance of internal control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the act and the rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by companies directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2015;
- (b) in the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

- 1. As required by section 143(3) of the Act, we report that
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

## **Independent Auditor's Report (Contd.)**

- (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, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of sub section (2) of section 164 of the Companies Act, 2013.
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements,
  - ii. In our opinion and as per the information and explanations provides to us, the Company has not entered into any long-term contracts including derivative contracts, requiring provision under applicable laws or accounting standards, for material foreseeable losses, and
  - iii. There has been no delay in transferring the amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**FOR M.S.JAGANNATHAN & VISVANATHAN**  
CHARTERED ACCOUNTANTS  
ICAI FRN 001209S

Place : Kochi  
Date : 27/05/2015

R.MUGUNTHAN  
MEMBERSHIP NO.21397  
PARTNER

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### **ANNEXURE TO THE AUDITOR'S REPORT**

**The Annexure referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date to the members of GTN Textiles Limited for the year ended 31st March 2015. We report that:**

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- b) As explained to us, the fixed assets are physically verified in a phased periodical manner, which, in our opinion, is reasonable, having regard to the size of the Company and the nature of its assets and no material discrepancies were noted on such verification;
- ii) a) The Inventory has been Physically verified during the year by the Management.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventories and no material discrepancies were noticed on physical verification as compared to the book records.
- iii) As informed to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly, the sub-clauses (a) and (b) are not applicable to the company.

**Annexure to the Auditor's Report (Contd.)**

- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- v) According to the information and explanations given to us, the Company has not accepted any deposits in terms of directives issued by Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant sub-section (1) of Section 148 of the Companies Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- vii) a) The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and we have been informed that there are no arrears of outstanding statutory dues as at the last day of the financial year under audit for a period of more than six months from the date they became payable.  
b) According to the information and explanations given to us, no undisputed amount is payable in respect of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess as at 31st March, 2015.  
c) In our opinion and according to the information and explanations given to us, amounts required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder have been transferred to such fund within time.
- viii) The Company has accumulated losses of Rs.528.23 lakhs as at 31st March 2015. The Company has not incurred any cash loss during the financial year covered by our audit and during immediately preceding financial year.
- ix) Based on our audit procedures and according to the information, the company has not defaulted in repayment of dues to Bank(s) or Financial Institution(s). However there is delay in few days for repayment of dues.
- x) During the year, the Company has not given guarantees for loans taken by others from bank(s) or financial institution(s)
- xi) In our opinion and according to the information and explanations given to us, the Term Loans have been applied for the purpose for which they are raised.
- xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

**FOR M.S.JAGANNATHAN & VISVANATHAN**  
CHARTERED ACCOUNTANTS  
ICAI FRN 001209S

**R.MUGUNTHAN**  
MEMBERSHIP NO.21397  
PARTNER

Place : Kochi  
Date : 27/05/2015

# GTN TEXTILES LIMITED

## BALANCE SHEET

	Note	As at 31.03.2015 (Rs in lacs)	As at 31.03.2014 (Rs in lacs)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	1,164.05	1,164.05
(b) Reserves and surplus	3	1,564.13	1,889.38
<b>Sub-Total</b>		<b>2,728.18</b>	<b>3,053.43</b>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	2,237.23	2,637.35
(b) Deferred tax liabilities (Net)	5	268.96	418.59
<b>Sub-Total</b>		<b>2,506.19</b>	<b>3,055.94</b>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	6	3,900.72	3,098.07
(b) Trade payables	7	2,319.64	4,448.39
(c) Other current liabilities	8	1,568.51	1,689.23
(d) Short-term provisions	9	123.23	105.06
<b>Sub-Total</b>		<b>7,912.10</b>	<b>9,340.75</b>
<b>TOTAL</b>		<b>13,146.47</b>	<b>15,450.12</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	10		
(i) Tangible assets		5056.44	5655.36
(ii) Intangible assets		14.08	14.92
(iii) Capital work-in-progress		—	—
(b) Non-current investments	11	1984.92	1984.92
(c) Long-term loans and advances	12	192.58	164.30
<b>Sub-Total</b>		<b>7248.02</b>	<b>7819.50</b>
<b>2 Current assets</b>			
(a) Inventories	13	3612.95	3891.15
(b) Trade receivables	14	1293.00	2245.18
(c) Cash and Bank Balances	15	142.48	620.85
(d) Short-term loans and advances	16	840.56	850.74
(e) Other current assets	17	9.46	22.70
<b>Sub-Total</b>		<b>5898.45</b>	<b>7630.62</b>
<b>TOTAL</b>		<b>13146.47</b>	<b>15450.12</b>

Significant accounting policies

1

The accompanying Notes 1 to 40 are an integral part of the financial statements

As per our report of even date attached  
For **M.S. JAGANNATHAN & VISVANATHAN**  
Chartered Accountants (ICAI FRN 001209S)

For and on behalf of the Board

**B. K. PATODIA**  
Chairman & Managing Director  
DIN No. 00003516

**B.L.SINGHAL**  
Director  
DIN No. 00006433

**R. MUGUNTHAN**  
Partner  
M. No. 21397  
Place : Kochi  
Date : 27th May, 2015

**E.K. BALAKRISHNAN**  
Vice President (Corporate Affairs)  
& Company Secretary

**A.K.WAREKAR**  
Vice President (Finance)  
& Chief Financial Officer

# GTN TEXTILES LIMITED

## STATEMENT OF PROFIT AND LOSS

	Note	Year ended 31.03.2015 (Rs.In Lacs)	Year ended 31.03.2014 (Rs.In Lacs)
<b>REVENUE:</b>			
Revenue From Operations	18	18,597.79	28,611.84
Other income	19	73.25	61.67
<b>Total Revenue</b>		<b>18,671.04</b>	<b>28,673.51</b>
<b>EXPENSES:</b>			
Cost of materials consumed	20	9,540.45	11,024.29
Purchases of Stock-in-Trade		3,114.79	8,768.46
Changes in inventories of finished goods, work in progress and waste	21	(758.48)	142.90
Employee benefit expenses	22	2,580.34	2,443.15
Finance costs	23	1,089.40	1,290.24
Depreciation and amortization expense		456.60	610.71
Other expenses	24	3,094.90	4,001.45
<b>Total Expenses</b>		<b>19,118.00</b>	<b>28,281.20</b>
<b>Profit / (Loss) before exceptional and extraordinary items and tax</b>		<b>(446.96)</b>	<b>392.31</b>
Exceptional items		—	—
Profit/(Loss) before extraordinary items and tax		(446.96)	392.31
Extraordinary Items		—	—
<b>Profit / (Loss) before tax</b>		<b>(446.96)</b>	<b>392.31</b>
Tax expense:		—	—
Provision for Current tax - MAT		—	78.00
Less: Minimum Alternate Tax (MAT) credit entitlement		—	(78.00)
Deferred tax charge / (Credit)		(141.00)	197.00
<b>Profit / (Loss) for the year</b>		<b>(305.96)</b>	<b>195.31</b>
<b>EARNINGS PER EQUITY SHARE:</b>			
	25		
Basic and Diluted (in Rs.) ( Face value of Rs.10 each)		(2.63)	1.68
Significant accounting policies	1		
The accompanying Notes 1 to 40 are an integral part of the financial statements			

As per our report of even date attached  
For **M.S. JAGANNATHAN & VISVANATHAN**  
Chartered Accountants (ICAI FRN 001209S)

For and on behalf of the Board

**B. K. PATODIA**  
Chairman & Managing Director  
DIN No. 00003516

**B.L.SINGHAL**  
Director  
DIN No. 00006433

**R. MUGUNTHAN**  
Partner  
M. No. 21397  
Place : Kochi  
Date : 27th May, 2015

**E.K. BALAKRISHNAN**  
Vice President (Corporate Affairs)  
& Company Secretary

**A.K.WAREKAR**  
Vice President (Finance)  
& Chief Financial Officer

# GTN TEXTILES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

	2014-15 (Rs in lacs)	2013-14 (Rs in lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before tax and extra ordinary items	(446.96)	392.31
Adjustments for:		
Depreciation	449.02	606.30
Amortisation	7.58	4.41
Loss on disposal/discard of fixed assets (Net)	(18.65)	1.32
Unrealised foreign currency losses	9.60	92.56
Interest income	(44.01)	(48.76)
Interest Expenditure	967.11	1,182.34
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>923.69</b>	<b>2,230.48</b>
Changes in Working Capital:		
Increase / (Decrease) in trade payables	(2,138.35)	288.88
Increase / (Decrease) in provisions	18.18	1.92
Increase / (Decrease) in other current liabilities	(336.69)	297.24
(Increase) / Decrease in trade receivables	952.18	(619.99)
(Increase) / Decrease in inventories	278.20	(20.06)
(Increase) / Decrease in margin money and unpaid dividend	310.32	(33.49)
(Increase) / Decrease in Short Term loans and advances	10.15	(63.07)
(Increase) / Decrease in other current assets	13.23	(0.16)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>30.91</b>	<b>2,081.75</b>
Taxes paid (net of refunds)	(26.69)	(66.28)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>4.22</b>	<b>2,015.47</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of tangible/intangible assets	(64.52)	(272.22)
Sale of tangible/intangible assets	196.86	5.86
Interest received	44.01	48.76
Purchase of non-current investments	—	—
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>176.35</b>	<b>(217.60)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(967.11)	(1,182.34)
Proceeds from Long Term borrowings	317.50	457.50
Repayment of Long Term borrowings	(888.76)	(1,285.80)
Net Proceeds from Short Term Borrowings	802.65	100.37
Proceeds/(Repayment) of Finance Lease obligation (Net)	4.85	9.51
Long term Deposits	382.26	142.55
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(348.61)</b>	<b>(1,758.21)</b>
<b>NET INCREASE IN CASH AND BANK BALANCES</b>	<b>(168.04)</b>	<b>39.66</b>
<b>CASH AND BANK BALANCES AT THE BEGINNING OF THE YEAR</b>	<b>220.66</b>	<b>181.00</b>
<b>CASH AND BANK BALANCES AT THE END OF THE YEAR</b>	<b>52.62</b>	<b>220.66</b>

**Note:**

- The above cash flow statement has been prepared by using the indirect method as per Accounting Standard 3-Cash Flow Statement.
- Previous year's figures have been regrouped wherever necessary.

As per our report of even date attached  
For **M.S. JAGANNATHAN & VISVANATHAN**  
Chartered Accountants (ICAI FRN 001209S)

For and on behalf of the Board

**B. K. PATODIA**  
Chairman & Managing Director  
DIN No. 00003516

**B.L.SINGHAL**  
Director  
DIN No. 00006433

**R. MUGUNTHAN**  
Partner  
M. No. 21397  
Place : Kochi  
Date : 27th May, 2015

**E.K. BALAKRISHNAN**  
Vice President (Corporate Affairs)  
& Company Secretary

**A.K.WAREKAR**  
Vice President (Finance)  
& Chief Financial Officer

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

**1 Summary of significant accounting policies**

**a. Basis of preparation**

The financial statements are prepared to comply with the mandatory Accounting Standards prescribed in the Companies (Accounting Standards) Rules 2006,(as amended) issued by the National Advisory Committee on Accounting Standards and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention, on the basis of a going concern and on accrual basis.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation 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

**b. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses of that year. Actual result could differ from these estimates. Any revision to accounting estimates is recognised prospectively.

**c. Fixed Assets**

(i) Tangible Assets/Intangible Assets are stated at cost net of accumulated depreciation/amortisation and impairment,if any. The Cost Comprises its purchase price and any cost directly attributable to bringing the asset to its working condition for its intended use. Fixed assets are eliminated from financial statements, either on disposal or when retired from active use. Also refer Policy G and H below. Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets are recognised in the Statement of Profit and Loss.

(ii) Impairment of Assets : The company assesses at each Balance Sheet date whether there is any indication that any asset (both tangible and intangible) may be impaired, if any such indication exists, the carrying value of such assets 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 deduction that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

**d. Investments**

Long term investments are stated at cost less provision, if any for other than temporary diminution in the value of investments.

**e. Inventories**

Inventories are stated at lower of cost and net realisable value. Goods in process is stated at cost. The cost includes cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost formula used are "Weighted Average Method" or "Specific Identification method" as applicable.

**f. Revenue Recognition**

Sales are recognised as and when risks and rewards of ownership are passed on to the buyer and ultimate realisation of price is reasonably certain.

Export Sales are inclusive of deemed exports while domestic sales are net of Value Added Tax.

**g. 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

### h. Depreciation

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

Plant and equipments have been, on technical assessment, considered as continuous process plants as defined in the said Schedule and depreciation has been provided accordingly.

Depreciation on Plant and equipments is provided on Straight Line Method. In respect of other assets depreciation is provided on Written Down Value Method.

Intangible Assets are amortised based on their estimated useful lives.

### i. 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:

Retirement benefits in the form of Provident Fund, Family Pension Funds, Superannuation Fund (wherever opted) and ESIC are defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the period when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

#### Defined Benefit plans:

The Company provides for Gratuity, a defined benefit retirement plan, covering eligible employees. The scheme is funded with Life Insurance Corporation of India. Liability under Gratuity plan is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period.

#### Termination Benefits:

Payments under Voluntary Retirement Scheme, if any are recognized in the Statement of Profit and Loss of the year in which such payments are due.

### j. Foreign Currency Transactions

Transactions in Foreign Currency are recorded at the rate of exchange in force at the date of transactions

Foreign Currency assets and liabilities both monetary and non monetary are stated at the rate of exchange prevailing at the year end and resultant gains/losses are recognised in the statement of profit and loss. Premium / Discount in respect of Forward Foreign Exchange contracts are recognised over the life of the contracts

### k. Taxation

Income Tax expenses comprises Current Tax and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year, unabsorbed depreciation or carry forward loss under taxation laws).

Deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted on the Balance Sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. At each balance sheet date the Company re-assesses the deferred tax assets.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)**

Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period and is reviewed at each balance sheet date.

### **l. Provisions and Contingent Liabilities**

**Provisions:** Provisions are recognised when there is a present 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.

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation 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.

### **m. Cash and Cash Equivalents**

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

### **n. 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. Earnings considered in ascertaining the Company's earnings per share is the net profit for 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

### 2 SHARE CAPITAL

	As at 31.03.2015 (Rs. in lacs)	As at 31.03.2014 (Rs. in lacs)
<b>(a) Authorised:</b>		
1,20,00,000 (Previous year:1,20,00,000) Equity shares of Rs. 10 each	<u>1,200.00</u>	<u>1,200.00</u>
<b>(b) Issued,Subscribed and fully Paid up Shares :</b>		
1,16,40,478 (Previous year:1,16,40,478) Equity shares of Rs.10 each fully paid up	<b>1164.05</b>	1164.05
( Out of the above,1,15,40,378 Equity shares of Rs.10 each, issued for consideration other than cash, in pursuance of the Scheme of Arrangement)		
Total	<u><b>1164.05</b></u>	<u>1164.05</u>

### (c) RECONCILIATION OF NUMBER OF SHARES

	As at March 31,2015		As at March 31,2014	
	Number of Shares	Amount Rs.Lacs	Number of Shares	Amount Rs.Lacs
Equity Shares:				
Balance as at the beginning of the year	11640478	1164.05	11640478	1164.05
Add: Shares issued during the year	NIL	NIL	NIL	NIL
Balance as at the end of the year	11640478	1164.05	11640478	1164.05

### (d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March. 31,2015		As at March. 31,2014	
	No of Shares	% of holding	No of Shares	% of holding
I Mr.Binod Kumar Patodia	1195580	10.27%	1195580	10.27%
II Mr.Umang Patodia	835120	7.17%	835120	7.17%
III Mr.Ankur Patodia	732331	6.29%	732331	6.29%
IV Mrs.Prabha Patodia	682418	5.86%	682418	5.86%
V Binod Kumar Patodia HUF	1158880	9.96%	1158880	9.96%
VI Beekaypee Credit Private Limited	822311	7.06%	822311	7.06%
VII Patodia Exports & Investments Private Limited	672986	5.78%	672986	5.78%
VIII Umang Finance Private Limited	733052	6.30%	733052	6.30%

- (e) There was 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 2015 (Contd.)

### 3 RESERVES AND SURPLUS

	As at 31.03.2015 (Rs in lacs)	As at 31.03.2014 (Rs in lacs)
<b>(A) GENERAL RESERVE</b>		
Balance as at the beginning of the year	2,111.65	2,111.65
Add/(Less) :Additional Depreciation (Net of tax Rs 8.62 lacs) pursuant to enactment of Schedule II of the Companies Act 2013(Refer Note 10)	(19.29)	—
Balance as at the end of the year	2,092.36	2,111.65
<b>(B) SURPLUS/(DEFICIT) IN STATEMENT OF PROFIT AND LOSS</b>		
Balance as at the beginning of the year	(222.27)	(417.58)
Profit / ( Loss) for the year	(305.96)	195.31
Balance at the end of the year	(528.23)	(222.27)
<b>TOTAL (A) + (B)</b>	<b>1,564.13</b>	<b>1,889.38</b>

### 4 LONG - TERM BORROWINGS

	As at March. 31,2015 (Rs in lacs)		As at March. 31,2014 (Rs in lacs)	
	Non Current	Current	Non Current	Current
<b>(A) Secured Loans</b>				
<b>Term Loans</b>				
From Banks	2,032.63	785.13	2,387.62	831.71
From Financial Institution	192.50	70.00	225.00	207.19
<b>Finance Lease Obligations</b>				
From Banks	12.10	5.90	9.13	4.02
<b>Total</b>	<b>2,237.23</b>	<b>861.03</b>	<b>2,621.75</b>	<b>1,042.92</b>
<b>(B) Un-secured:</b>				
<b>Fixed Deposits</b>				
From Corporates	—	550.00	—	150.00
From Public	—	—	15.60	2.14
<b>Total</b>	<b>—</b>	<b>550.00</b>	<b>15.60</b>	<b>152.14</b>
<b>Total (A) + (B)</b>	<b>2,237.23</b>	<b>1,411.03</b>	<b>2,637.35</b>	<b>1,195.06</b>

I Term Loans are secured by :

- Term loans borrowed from Banks and Financial Institution and total outstanding of Rs.3080.26 lacs (Previous year - Rs.3651.52 lacs) are secured by first charge by way of equitable mortgage on all immovable assets both present and future and hypothecation of all the movable assets of the Company (excluding assets purchased on hire purchase basis), subject to prior charges in favour of Banks for working capital, ranking pari pasu interse.
- In the above mentioned Term Loans from certain Banks are further secured by personal guarantee given by Chairman & Managing Director of the Company to the extent of Rs.1312.88 lacs (Previous year end - Rs.1242.96 lacs).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

(iii) Loan from Export Import Bank of India outstanding of Rs.263 Lacs ( Previous yearRs.295 Lacs ) is further secured by Corporate guarantee given by Patspin India Limited to the extent of Rs.175 lacs (Previous year Rs.175 Lacs).

(iv) Finance Lease Obligations are relating to vehicles and are secured against respective vehicles hypothecated costing Rs. 35.42 lacs (Previous year end Rs.21.40 lacs).

II The Maturity Profile of Secured Loans are as set out below:

		Maturity Profile (Rs Lacs)		
		Within One Year	Between 2-5 Years	Beyond 5 Years
a	Term Loans	855	2225	—
b	Finance Lease obligations	6	12	—

\*Note: Term Loan instalments due within one year includes instalment due on 31st March '15 amounting to Rs.151 lacs as on the Balance Sheet Date. The same has been paid during the month of April 2015

### 5 DEFERRED TAX LIABILITIES (NET)

Particulars	As at 31.03.2015 (Rs in lacs)	As at 31.03.2014 (Rs in lacs)
(A) Deferred Tax Liabilities:		
Related to Fixed Assets	983.35	1,083.06
(B) Deferred Tax Assets:		
Unabsorbed Depreciation	714.39	664.47
<b>Net (A) - (B)</b>	<b>268.96</b>	<b>418.59</b>

The deferred tax assets have been recognised based on export orders in hand and projection submitted to FI's and Banks

### 6 SHORT TERM BORROWINGS

#### SECURED LOANS

	As at 31.03.2015 (Rs in lacs)	As at 31.03.2014 (Rs in lacs)
<b>Loan Repayable on demand</b>		
From Banks- Working Capital Facilities (Refer Note No. 4)	3,900.72	3,098.07
<b>Total</b>	<b>3,900.72</b>	<b>3,098.07</b>

i Working Capital Loans from Banks are secured by first charge by way of hypothecation of current assets, and further secured/to be secured by way of second charge on all immovable assets, both present and future and on all movable assets of the company (excluding assets purchased on hire purchase basis), ranking pari passu interse, and also guaranteed by Chairman & Managing Director of the Company.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

- ii Non-fund based limits sanctioned by the bankers are secured by extension of first charge on the current assets of the Company and further secured/to be secured by second charge on the immovable properties of the company, ranking pari passu interse, and personal guarantee of Chairman & Managing Director of the company. Total amount outstanding at the end of the year is Rs.1130 lacs (Previous year Rs.3176.58 lacs).

### 7 TRADE PAYABLES

	As at 31.03.2015	As at 31.03.2014
Due to Micro, Small and Medium Enterprises (MSME's) ( Refer note No : 35)	1.18	0.49
Other than acceptances	1,505.52	3,758.84
Expenses Payable	812.94	689.06
<b>Total</b>	<b>2,319.64</b>	<b>4,448.39</b>

### 8 OTHER CURRENT LIABILITIES

Current maturities of Long Term Loan	855.13	1,038.90
Current maturities of finance lease obligation	5.90	4.02
Current maturities of Fixed Deposits		
From Corporates	550.00	150.00
From Public	—	2.14
Interest accrued but not due on borrowings	46.14	14.71
Unclaimed dividends *	2.69	5.72
Creditors for Capital Expenditure	3.26	162.66
Advances from customers	45.61	260.90
Employee Benefits payable	3.28	7.47
Statutory payable and other dues	56.50	42.71
<b>Total</b>	<b>1568.51</b>	<b>1689.23</b>

\* Due to Investor's Education and protection Fund will be determined and deposited on the respective due dates

### 9 SHORT TERM PROVISIONS

Provision for Employee benefits	123.23	105.06
<b>Total</b>	<b>123.23</b>	<b>105.06</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

## 10 FIXED ASSETS

Description of Assets		Gross Block						Depreciation/Amortisation						Net Block	
		April 1, 2014	Addi- tion	Dis- posal	Ac- quisi- tion	Other Adjust- ments	March 31, 2015	Upto April 1, 2014	For the Year	Retained Earnings (refer "Note" below)	Disposal/ Adjust- ments	Other Adjust- ments	Upto March 31, 2015	March 31, 2015	March 31, 2014
<b>A Tangible Assets</b>															
<b>a) Own Assets</b>															
Land		24.34	—	—	—	—	24.34	—	—	—	—	—	—	24.34	24.34
Building *		1887.31	1.92	—	—	—	1889.23	1253.73	47.39	—	—	—	1,301.12	588.11	633.58
Plant and Equip- ment		11169.52	33.63	723.79	—	(0.33)	10479.69	6233.40	373.46	15.67	545.71	—	6,076.82	4402.87	4936.12
Office Equipment		245.48	5.46	0.89	—	—	250.04	211.34	15.75	8.69	0.79	—	234.98	15.06	34.14
Furniture and Fix- tures		93.28	0.53	0.39	—	0.33	93.10	86.39	1.92	0.88	0.37	—	88.83	4.27	6.89
Vehicles		63.95	—	4.94	—	—	59.01	58.92	2.27	—	4.93	—	56.26	2.75	5.03
<b>Total</b>	<b>(a)</b>	<b>13483.88</b>	<b>41.54</b>	<b>730.01</b>	—	—	<b>12795.41</b>	<b>7843.78</b>	<b>440.79</b>	<b>25.24</b>	<b>551.80</b>	—	<b>7758.01</b>	<b>5037.40</b>	<b>5640.10</b>
Previous year end		13259.23	261.88	42.50	—	5.27	13483.88	7271.72	603.39	—	35.32	3.99	7843.78	5640.10	—
<b>b) Assets taken on Finance Lease</b>															
Vehicles		21.40	14.03	—	—	—	35.43	6.14	8.23	2.02	—	—	16.39	19.04	15.26
<b>Total</b>	<b>(b)</b>	<b>21.40</b>	<b>14.03</b>	—	—	—	<b>35.43</b>	<b>6.14</b>	<b>8.23</b>	<b>2.02</b>	—	—	<b>16.39</b>	<b>19.04</b>	<b>15.26</b>
Previous year end		11.97	14.70	—	—	(5.27)	11.97	7.22	2.91	—	—	(3.99)	6.14	4.75	—
<b>Total A</b>	<b>(a + b)</b>	<b>13505.28</b>	<b>55.56</b>	<b>730.01</b>	—	—	<b>12830.84</b>	<b>7849.92</b>	<b>449.02</b>	<b>27.26</b>	<b>551.80</b>	—	<b>7774.40</b>	<b>5056.44</b>	<b>5655.36</b>
Previous year end (i)		13271.20	276.58	42.50	—	—	13505.28	7278.94	606.30	—	35.32	—	7849.92	5655.36	—
<b>B Intangible Assets</b>															
<b>Own Assets (Acquired):</b>															
Computer Software		244.26	7.39	—	—	—	251.65	229.34	7.58	0.65	—	—	237.57	14.08	14.92
<b>Total B</b>		<b>244.26</b>	<b>7.39</b>	—	—	—	<b>251.65</b>	<b>229.34</b>	<b>7.58</b>	<b>0.65</b>	—	—	<b>237.57</b>	<b>14.08</b>	<b>14.92</b>
Previous year end (ii)		241.68	2.58	—	—	—	244.26	224.93	4.41	—	—	—	229.34	14.92	—
<b>Total A+B</b>		<b>13749.54</b>	<b>62.95</b>	<b>730.01</b>	—	—	<b>13082.49</b>	<b>8079.26</b>	<b>456.60</b>	<b>27.91</b>	<b>551.80</b>	—	<b>8011.97</b>	<b>5070.52</b>	<b>5670.28</b>
Previous year end (i) to (ii)		13512.88	279.16	42.50	—	—	13749.54	7503.87	610.71	—	35.32	—	8079.26	5670.28	—

\* Includes Rs.500 (Previous year Rs.500) being cost of shares held in Mittal Chambers Owner's Co-operative Society

Note: In accordance with the provisions of Schedule II of the Companies Act, in case of fixed assets which have completed their useful life as at 1st April 2014, the carrying value (net of residual value) amounting to Rs 27.91 lacs (Net of deferred tax of Rs 8.62 lacs) as a transitional provision has been recognised in the Retained Earnings.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

## 11 NON CURRENT INVESTMENTS

	As at 31.03.2015 (Rs in lacs)		As at 31.03.2014 (Rs in lacs)	
	Quoted (I)	Un-Quoted (II)	Quoted (I)	Un-Quoted (II)
<b>(I) LONG TERM INVESTMENTS - Valued at cost</b>				
<b>In Equity Shares of Associate (Trade )</b>				
Patspin India Limited - 1,42,87,068(1,42,87,068) of Rs.10 each	1,964.26		1,964.26	
<b>In Equity Shares (Non-Trade)</b>				
Central Bank of India - 243 ( 243) Equity Shares of Rs.10 each	0.25		0.25	
<b>In Bonds</b>				
Central Bank of India - Series X 8.15% Tier II Bonds	20.00		20.00	
<b>In other investments</b>				
GTN Consumer co-operative stores Limited (2100 shares of Rs. 10 each)		0.21		0.21
GTN Textiles Employees credit Co-op Society Limited (200 shares of Rs.100 each)		0.20		0.20
	<u>1,984.51</u>	<u>0.41</u>	<u>1,984.51</u>	<u>0.41</u>
<b>Total (I) + (II)</b>		<b>1,984.92</b>		<b>1,984.92</b>
<b>Aggregate amount of quoted investments market value</b>		<b>1,010.81</b>		<b>862.07</b>

In view of accumulated losses in Patspin India Limited, there is diminution in the value of the Company's investment. However, the investment is strategic long term and the diminution being temporary, no provisioning has been considered necessary.

## 12 LONG TERM LOANS AND ADVANCES

	As at 31.03.2015 (Rs in lacs)	As at 31.03.2014 (Rs in lacs)
Unsecured and considered good unless otherwise stated		
Capital Advances	7.38	5.81
Security Deposits	17.80	17.78
Income Tax (Net of Provision Rs.204.67 lacs ; Previous year Rs.204.67 lacs)	52.93	26.24
Minimum Alternate Tax Credit entitlement	114.47	114.47
<b>Total</b>	<u><b>192.58</b></u>	<u><b>164.30</b></u>

## 13 INVENTORIES

Stores, Spares and Packing Materials - (Refer note no 1(e) -Accounting Policies)	62.87	71.88
Stock In Trade - (Refer note no.1(e) - Accounting Policies )		
Raw Materials	1237.61	2353.37
Goods-in-Process	481.49	336.68
Finished Goods	1826.51	1119.45
Waste Stock	4.47	9.77
<b>Total</b>	<u><b>3612.95</b></u>	<u><b>3891.15</b></u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

### 14 TRADE RECEIVABLES

	As at 31.03.2015 (Rs in lacs)	As at 31.03.2014 (Rs in lacs)
Considered Good		
Outstanding exceeding six months from the due date	0.88	—
Outstanding less than six months from the due date	1292.12	2245.18
<b>Total</b>	<b>1293.00</b>	<b>2245.18</b>

### 15 CASH AND BANK BALANCES

#### a. Cash and cash equivalents:

Cash in Hand	9.16	15.66
Balances with Scheduled Banks in Current Accounts	43.46	205.00
	<b>52.62</b>	<b>220.66</b>

#### b. Other Bank Balances:

Unclaimed Dividend Accounts	2.69	5.72
Margin Money and other lien deposits	87.17	394.47
	<b>89.86</b>	<b>400.19</b>
<b>Total</b>	<b>142.48</b>	<b>620.85</b>

### 16 SHORT TERM LOANS AND ADVANCES

Unsecured considered good, unless otherwise stated:

Considered doubtful	2.91	2.91
Less: Provision for Doubtful advances	2.91	2.91
	—	—
TUF Subsidy Receivable	93.94	85.69
Export Incentives Receivable	112.55	268.70
Security Deposits	138.15	137.99
Prepaid Expenses	58.84	32.16
Advances for Raw material	13.81	38.22
Other Advances	405.04	272.40
Balances with Statutory Authorities	18.23	15.58
<b>Total</b>	<b>840.56</b>	<b>850.74</b>

### 17 OTHER CURRENT ASSETS

Interest Accrued on Deposits	9.46	22.70
<b>Total</b>	<b>9.46</b>	<b>22.70</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

## 18 REVENUE FROM OPERATIONS

	Year ended 31.03.2015 (Rs in lacs)	Year ended 31.03.2014 (Rs in lacs)
<b>(A) Sale of Products</b>		
<b>Finished Goods :</b>		
Exports	6,004.56	8,253.58
Local	7,985.24	9,224.90
<b>Traded Goods:</b>		
Exports	3,321.03	9,665.88
<b>Waste Sales:</b>		
Exports	44.40	—
Local	863.02	887.75
<b>Total (A)</b>	<b>18,218.25</b>	<b>28,032.11</b>
Less : Excise Duty	—	—
Net Sales	18,218.25	28,032.11
<b>(B) Other Operating Income</b>		
Job work charges	37.42	45.35
Export Incentive	342.12	534.38
<b>Total (B)</b>	<b>379.54</b>	<b>579.73</b>
<b>Total (A) + (B)</b>	<b>18,597.79</b>	<b>28,611.84</b>

## 19 OTHER INCOME

Interest Income	44.01	48.76
Sale of scrap	11.72	11.50
Miscellaneous receipts	17.52	1.41
<b>Total</b>	<b>73.25</b>	<b>61.67</b>

## 20 COST OF RAW MATERIALS CONSUMED

	Year ended 31.03.2015 (Rs in lacs)	Year ended 31.03.2014 (Rs in lacs)
<b>(A) Raw materials Consumed</b>		
Opening Stock	2,353.37	2,194.89
Add :Purchases during the Year	9760.08	12950.64
Less:Sale of Cotton	1,561.33	1,998.02
Less:Closing Stock	1,237.61	2,353.37
<b>Total (A)</b>	<b>9,314.51</b>	<b>10,794.14</b>
<b>(B) Packing Material Consumed</b>		
Opening Stock	27.67	31.29
Add :Purchases during the Year	220.79	226.53
Less:Closing Stock	22.52	27.67
<b>Total (B)</b>	<b>225.94</b>	<b>230.15</b>
<b>Total (A) + (B)</b>	<b>9540.45</b>	<b>11024.29</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

### 21 CHANGES IN INVENTORY OF FINISHED GOODS, GOODS IN PROCESS AND WASTE

	Year ended 31.03.2015 (Rs in lacs)	Year ended 31.03.2014 (Rs in lacs)
<b>(A) Stock at the beginning of the year:</b>		
Finished goods	1,119.45	1354.47
Goods-in-process	336.68	249.59
Waste	9.77	4.74
<b>Total (A)</b>	<u>1,465.90</u>	<u>1,608.80</u>
<b>(B) Less : Stock at the end of the year:</b>		
Finished goods	1,738.42	1,119.45
Goods-in-process	481.49	336.68
Waste	4.47	9.77
<b>Total (B)</b>	<u>2,224.38</u>	<u>1,465.90</u>
<b>Decrease /(Increase) in inventory (A)-(B)</b>	<u><u>(758.48)</u></u>	<u><u>142.90</u></u>

### 22 EMPLOYEE BENEFIT EXPENSES

Salaries, Wages and Bonus	2,239.66	1,968.69
Contribution to Provident and Other Funds	186.34	325.41
Welfare Expenses	154.34	149.05
<b>Total</b>	<u><u>2,580.34</u></u>	<u><u>2,443.15</u></u>

### 23 FINANCE COST

Interest Expenses	967.11	1,182.34
Other borrowing costs	83.71	103.56
Net Loss on foreign currency transaction and translation	38.58	4.34
<b>Total</b>	<u><u>1,089.40</u></u>	<u><u>1,290.24</u></u>

### 24 OTHER EXPENSES

Power and Fuel	1730.55	1657.31
Process charges expenses	363.14	325.07
Consumption- Stores and Spares	63.30	52.38
Repairs & Maintenance- Plant & Machinery	230.29	230.53
Repairs & Maintenance- Building	15.17	2.20
Commission and Brokerage	180.56	290.88
Other selling expenses	341.76	563.23
Insurance	70.78	55.64
Rates and Taxes	11.07	14.48
Rent	9.98	9.07
Directors Sitting Fee	3.51	3.46
Payment to Auditors		
Audit Fee	1.97	1.97
Tax Audit Fee	0.81	0.70

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

	Year ended 31.03.2015 (Rs in lacs)	Year ended 31.03.2014 (Rs in lacs)
Cost Audit Fee	—	0.56
Certification Charges	0.35	0.32
Out of Pocket Expenses	0.61	0.67
Net loss / (gain) on foreign currency transaction and translation	(223.50)	430.96
Loss on disposal/discard of fixed assets (Net)	(18.65)	1.32
Miscellaneous Expenses	313.20	360.70
<b>Total</b>	<b>3,094.90</b>	<b>4,001.45</b>

### 25 EARNING PER SHARE

		2014-15 (Rs in lacs)	2013-14 (Rs in lacs)
Net profit /(Loss) as per statement of profit and loss		(305.96)	195.31
Weighted average Number of Equity Shares (Rs.10 per share)	Nos	11640478	11640478
Basic and diluted Earning Per Share	Rs	(2.63)	1.68

### 26 Disclosure in respect of Company's interest in Joint Venture in India pursuant to Accounting Standard 27:

Financial Reporting of Interest in Joint Ventures:

	As at 31.03.2015 (Rs in lacs)	As at 31.03.2014 (Rs in lacs)
A. Name of the Ventures : Patspin India Limited		
B. Proportion of Ownership Interest:	46.21%	46.21%
C. The Aggregate of Company's share in the above venture in:		
<b>Non Current Assets:</b>		
<b>Net Fixed Assets</b>		
Tangible Assets	8820.42	9045.82
Intangible Assets	6.23	9.11
Capital work-in-progress	198.52	0.12
Non-current Investment:	170.84	85.33
Deferred Tax Asset(Net)	113.79	30.34
Long term Loans and Advances:	572.80	447.22
Other Non-Current Assets	333.02	388.52
<b>Current Assets:</b>		
Inventories	3641.23	5179.17
Trade receivables	904.42	1449.94
Cash and Bank Balances	291.12	562.08
Short-term loans and advances	960.55	841.49
Other current assets	66.56	61.08

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

	As at 31.03.2015 (Rs in lacs)	As at 31.03.2014 (Rs in lacs)
<b>Current Liabilities</b>		
Short-term Borrowings	2654.26	4113.80
Trade payables	2594.95	1949.01
Other current liabilities	1827.77	2064.09
Short-term Provisions	46.48	40.49
<b>Non-Current Liabilities</b>		
Long-term borrowings	7814.50	8486.13
Deferred Tax Liability(Net)	—	—
<b>Revenue:</b>		
Revenue From Operations	25619.80	28170.04
Other income	54.66	47.98
<b>Expenditure</b>		
Cost of Raw materials consumed	16132.39	16234.04
Purchases of Stock-in-Trade	2815.66	5128.76
Changes in inventories of finished goods, work-in-progress and Waste	140.06	(774.09)
Employee benefits expense	1358.36	1215.47
Finance costs	1424.73	1600.68
Depreciation and amortization expense	574.61	877.42
Other expenses	3608.71	3678.18
Provision for Current Tax (MAT)	—	—
MAT Credit Entitlement	—	—
Deferred tax Liability / (Reversal)	(80.16)	61.01
<b>Contingent Liabilities</b>	783.12	834.63

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

## 27 GRATUITY

		Gratuity (Funded) 2014-15 Rs in Lacs	Gratuity (Funded) 2013-14 Rs in Lacs
<b>A</b>	<b>Expense recognised during the year</b>		
	1 Current Service Cost	28.58	27.01
	2 Interest cost	60.28	56.26
	3 Expected return on plan assets	(76.90)	(71.76)
	4 Actuarial Loss/(Gain) during the year	(20.40)	74.25
	5 Expenses recognised in Statement of Profit & Loss	(8.44)	85.76
<b>B</b>	<b>Actual return on Plan assets</b>		
	1 Expected return on plan assets	76.90	71.76
	2 Actuarial Gain/(Loss) on Plan assets	—	—
	3 Actual return on plan assets	76.90	71.76
<b>C</b>	<b>Net Asset/(Liability) recognised in the Balance Sheet</b>		
	1 Present value of the obligation at the year end	745.01	753.50
	2 Fair Value of plan assets at the year end	924.48	882.82
	3 Funded status - surplus/(deficit)	179.47	129.31
	4 Unrecognised past service cost	—	—
	5 Net Asset/(Liability) recognised in the Balance Sheet	179.47	129.31
<b>D</b>	<b>Change in Present value of the Obligation during the year</b>		
	1 Present value of the obligation as at the beginning of year	753.50	703.31
	2 Current service cost	28.58	27.01
	3 Interest cost	60.28	56.26
	4 Benefits paid	(76.96)	(107.33)
	5 Actuarial loss/(gain) on obligation	(20.40)	74.25
	6 Present value of obligation at the year end	745.00	753.50
<b>E</b>	<b>Change in Assets during the year</b>		
	Fair Value of plan assets at the beginning of the year	882.82	860.68
	Expected return on plan assets	76.90	71.76
	Contributions made	41.72	57.70
	Benefits paid	(76.96)	(107.33)
	Actuarial Loss/(gain) on plan assets	—	—
	Fair value of plan assets at the year end	924.48	882.82
<b>F</b>	<b>Actuarial Assumptions</b>		
	Discount rate	8%	8%
	Salary escalation	3%	3%

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

## 28 Related Party Disclosures

### (a) List of Related parties ( as identified by the management)

Related parties with whom transactions are taken place during the year :

#### i. Associates:

Patspin India Ltd

#### ii. Company in which Directors are holding more than 2% of shareholding

GTN Enterprises Ltd

#### iii. Key Management Personnel:

Shri B.K Patodia – Chairman & Managing Director

#### iv. Relatives of Key Management Personnel:

- 1 Smt. Prabha Patodia, Wife of Sri. B.K. Patodia
- 2 Smt. Mala Patodia, Daughter in Law of Sri. B.K. Patodia
- 3 Smt. Swati Patodia, Daughter in Law of Sri. B.K. Patodia
- 4 Kum. Annaya Patodia (Minor), Grand Daughter of Sri. B.K.Patodia

(b) Transactions / Balances	Associates		Company in which Directors are holding more than 2% of shareholding		Key management Personnel		Relatives of Key Management Personnel	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Sale of goods	330.28	825.72	2,066.37	1,538.94	—	—	—	—
Purchase of goods	1,563.38	1,342.59	1,041.75	1,373.16	—	—	—	—
Purchase of fixed assets	—	—	—	—	—	—	—	—
Sale of fixed assets	121.93	—	100.28	—	—	—	—	—
Rendering of services	18.25	20.38	17.24	24.73	—	—	3.60	3.60
Receiving of services	122.73	93.57	154.60	188.19	—	—	—	—
Remuneration paid	—	—	—	—	44.97	45.67	—	—
Lease rentals received	—	—	—	—	—	—	—	—
Lease rentals paid	—	—	—	—	—	—	—	—
Sitting Fees	—	—	—	—	—	—	—	—
Loans repaid	—	—	—	—	—	—	7.10	5.80
Loans taken	—	—	—	—	—	—	—	7.10
Interest Paid	—	—	—	—	—	—	0.71	0.77
Balances as at year end								
Trade Payables	304.78	112.98	4.69	133.65	—	—	—	—
Trade Receivables	—	—	—	—	—	—	—	—
Loans Outstanding	—	—	—	—	—	—	—	7.10
Investments	1,964.26	1,964.26	—	—	—	—	—	—
Guarantees provided for	300.00	300.00	—	—	—	—	—	—
Guarantees received	175.00	175.00	—	—	—	—	—	—

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

### (c) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties

	Transactions	
	March 31, 2015	March 31, 2014
<b>(i) Interest on Fixed Deposit</b>		
ANNAYA PATODIA	0.71	0.77
<b>(ii) Loans taken</b>		
ANNAYA PATODIA	—	7.10
<b>(iii) Loans repaid</b>		
ANNAYA PATODIA	7.10	5.80
<b>(iv) Sale of goods</b>		
<b>a) Cotton</b>		
i) GTN Enterprises LTD	1,917.35	914.11
ii) Patspin India LTD	—	685.74
<b>b) Cotton Yarn</b>		
i) GTN Enterprises LTD	149.02	624.84
ii) Patspin India LTD	326.40	139.48
<b>c) Store Items</b>		
i) Patspin India LTD	3.88	0.51
<b>d) Machinery</b>		
i) GTN Enterprises LTD	100.28	—
ii) Patspin India LTD	121.93	—
<b>(v) Purchase of goods</b>		
<b>a) Cotton</b>		
i) GTN Enterprises LTD	1,015.57	1,177.20
ii) Patspin India LTD	1,409.61	549.72
<b>b) Cotton Yarn</b>		
i) GTN Enterprises LTD	26.18	195.96
ii) Patspin India LTD	152.47	792.59
<b>c) Store Items</b>		
i) GTN Enterprises LTD	—	—
ii) Patspin India LTD	1.31	0.28
<b>(vi) Rendering of services</b>		
<b>a) Rent</b>		
i) GTN Enterprises LTD	1.20	1.20
ii) Patspin India LTD	1.32	1.32
<b>b) Processing Charges</b>		
i) GTN Enterprises LTD	16.04	23.53
ii) Patspin India LTD	16.93	19.06
<b>(vii) Receiving of services</b>		
<b>a) Rent</b>		
i) Prabha Patodia	1.80	1.80
ii) Mala Patodia	0.90	0.90
iii) Swati Patodia	0.90	0.90
<b>b) Processing Charges</b>		
i) GTN Enterprises LTD	154.60	188.19
ii) Patspin India LTD	122.73	93.57

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

	Transactions	
	March 31, 2015	March 31, 2014
<b>(viii) Remuneration paid</b>		
Sri. B. K. PATODIA	44.97	45.67
<b>(ix) Guarantees provided for Patspin India Limited</b>	—	—
<b>(x) Guarantees received from Patspin India Limited</b>	—	—
Notes:		
(i) The related parties have been identified by the Management and relied upon by the auditors.		
(ii) No amount has been provided for/written off/written back, pertaining to related parties.		

- 29** a) In the opinion of the management, assets other than fixed assets and non current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
- b) The accounts of certain Trade Receivables, Trade Payables, Loans & Advances and Banks are however, subject to formal confirmations/reconciliations and consequent adjustments, if any. The management does not expect any material difference affecting the current period's financial statements on such reconciliation/adjustments.
- 30** In term of Accounting Standard -17, the company operates materially only in one business segment viz., Textile industry and have its production facilities and all other assets located within India. Sales to external customers comprise outside India sales of Rs.9369.99 Lacs ( Previous year Rs.17919.46 lacs) and within India sale of Rs.8848.26 lacs (Previous year Rs.10112.65 Lacs)
- 31** Finance Lease assets and their against loan repayable future payments disclosure required in AS 19.

Particulars	As at 31.03.2015			As at 31.03.2014		
	Total Minimum payments Outstanding (Rs.in Lacs)	Future Interest on outstanding (Rs.in Lacs)	Present value of minimum payments (Rs.in Lacs)	Total Minimum payments Outstanding (Rs.in Lacs)	Future Interest on outstanding (Rs.in Lacs)	Present value of minimum payments (Rs.in Lacs)
1. Due within one year	5.89	1.61	4.28	5.23	1.21	4.02
2. Between one year to five years	12.11	1.69	10.42	10.32	1.19	9.13
<b>Total</b>	<b>18.00</b>	<b>3.30</b>	<b>14.70</b>	<b>15.55</b>	<b>2.40</b>	<b>13.15</b>

## 32 CONTINGENT LIABILITIES AND COMMITMENTS

### A COMMITMENTS

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Nil (Previous year Rs.Nil).
- Outstanding Export Forward Contracts ( not in the nature of derivatives) as on 31st March 2015 which were entered into for hedging exchange risk arising from foreign currency fluctuations related to highly probable future transactions amounting to US\$ 18.96 Lacs (Previous year US\$ 11.17 Lacs) at average exchange rate of Rs.64.75/US\$ (Previous year Rs.64.22/US\$) and Euro 1.50 Lacs (Previous year 6.12 Lacs) at an average exchange rate of Rs.81.78/Euro (Previous year Rs.88.52/Euro). The period covered under these contracts spreads over April 2015 to February 2016 (Previous year April 2015 to October 2015). The average exchange rate applicable for above period based on exchange rate on 31.03.2015 works out to Rs.64.41/US\$ (Previous year Rs.61.66/US\$) and Rs.68.97/Euro (Previous year Rs.83.94/Euro), resulting a notional profit of Rs.25.64 lacs (Previous year notional profit of Rs.56.62 Lacs)
- Outstanding Import Forward Contracts ( not in the nature of derivatives) as on 31st March 2015 which were entered into for hedging exchange risk arising from foreign currency fluctuations related to highly probable

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

future transactions amounting to US\$ Nil Lacs (Previous year US\$ 11.36 Lacs) at average exchange rate of Rs.Nil/US\$ (Previous year Rs.61.42/US\$) . The period covered under these contracts spreads over Nil (Previous year April 2014 to July 2014). The average exchange rate applicable for above period based on exchange rate on 31.03.2015 works out to Rs.Nil/US\$ (Previous year Rs.60.84/US\$), resulting a notional profit of Rs.Nil lacs (Previous year notional profit of Rs.15.35 Lacs)

### B CONTINGENT LIABILITIES

- Contingent Liabilities and commitments not provided for in respect of :  
Disputed amounts of Taxes and Duties and other claims not acknowledged as debts : Rs. Nil (Previous year Rs. Nil.)
- The company has given corporate Guarantee amounting of Rs.300 Lacs ( Previous year Rs 300 Lacs) to EXIM bank in respect of financial assistance provided by them to PATSPIN INDIA LIMITED under restructured TUF scheme and the outstanding amount of the said loan is Rs.1845 Lacs. ( Previous year Rs. 1198 Lacs)

### 33 Particulars of un-hedged Foreign Currency exposures as at 31.03.2015 are given below:

Particulars	As at 31.03.2015			As at 31.03.2014		
	Amount in Lacs	Exchange Rate Rs.	Amount (Rs.in lacs)	Amount in Lacs	Exchange Rate Rs.	Amount (Rs.in lacs)
Accounts payable	USD 7.23	62.50	451.93	USD 8.42	59.90	504.36
	EUR Nil	Nil	Nil	EUR 2.45	82.30	201.64

### 34 Net loss / Gain on foreign currency transaction and translation

The amount of net profit on foreign currency transaction and translation included in the Other expenses amounts to Rs. 223.32 Lacs (Previous year Rs.430.96 lacs loss). This included gain on account of export Rs.292.34 Lacs (Previous year Rs.27.43 lacs gain), loss on account of import Rs.112.68 lacs ( Previous year Rs.254.61 Lac loss) and gain on account of cancellation of forward contracts Rs.43.65 lacs ( Previous year Rs.203.78 lacs loss)

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

	As at 31.03.2015 (Rs in lacs)	As at 31.03.2014 (Rs in lacs)
The principal amount due thereon remaining unpaid as on the Balance sheet date	Nil	Nil
Interest paid along with the amount of the payment during the year	Nil	Nil
Interest due and payable but without adding the interest specified in the above-mentioned act.	Nil	Nil
Interest accrued and remaining unpaid at the end of the year.	Nil	Nil
Amount of interest remaining due and payable in subsequent years, and such interest actually paid to and deductible expenditure under section 23 of the said act.	Nil	Nil

### 36 VALUE OF IMPORTS ON CIF BASIS

	Year ended 31.03.2015 (Rs in lacs)	Year ended 31.03.2014 (Rs in lacs)
a Raw Materials - Cotton	5390.20	5376.87
b Stores	19.73	21.23
c Capital Goods	—	224.23
<b>Total</b>	<b>5409.93</b>	<b>5622.33</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

### 37 EXPENDITURE IN FOREIGN CURRENCY

	Year ended 31.03.2015 (Rs in lacs)	Year ended 31.03.2014 (Rs in lacs)
Agents Commission	253.16	210.81
Foreign Travel	18.29	33.42
Others	15.15	52.36
<b>Total</b>	<b>286.60</b>	<b>296.59</b>

### 38 IMPORTED AND INDIGENOUS RAW MATERIALS ,COMPONENTS AND SPARE PARTS CONSUMED

	2014-15 (Rs in lacs)	Percentage	2013-14 (Rs in lacs)	Percentage
<b>a Raw Materials</b>				
Cotton Imported	5756.89	60.34	5534.50	51.27
Cotton Indigenous	3055.18	32.02	2574.57	23.85
Yarn Indigenous	728.38	7.64	2685.07	24.88
<b>Total</b>	<b>9540.45</b>	<b>100.00</b>	<b>10794.14</b>	<b>100.00</b>
<b>b Traded Goods (Yarn -Indigenous)</b>	<b>3114.79</b>	<b>—</b>	<b>8768.46</b>	<b>—</b>
<b>c Packing Materials</b>				
Imported	5.75	2.54	11.80	5.13
Indigenous	220.19	97.46	218.35	94.87
<b>Total</b>	<b>225.94</b>	<b>100.00</b>	<b>230.15</b>	<b>100.00</b>
<b>d Stores and Spares</b>				
Imported	—	—	—	—
Indigenous *	113.03	100.00	64.26	100.00
<b>Total</b>	<b>113.03</b>	<b>100.00</b>	<b>64.26</b>	<b>100.00</b>

\*Includes HSD Value Rs 49.73 Lacs (Previous Year Rs 11.88 lacs) Charged to Power & Fuel

### 39 EARNINGS IN FOREIGN CURRENCY

Particulars	2014-15 (Rs In lacs)	2013-14 (Rs In lacs)
FOB Value of Exports	9233.28	17500.52

### 40 PREVIOUS YEAR'S FIGURES

The previous year's figures have been regrouped/reclassified wherever necessary to conform to the current year's presentation.

Signature to Note 1 to 40

As per our report of even date attached  
For **M.S. JAGANNATHAN & VISVANATHAN**  
Chartered Accountants (ICAI FRN 001209S)

**R. MUGUNTHAN**  
Partner  
M. No. 21397  
Place : Kochi  
Date : 27th May, 2015

For and on behalf of the Board

**B. K. PATODIA**  
Chairman & Managing Director  
DIN No. 00003516

**E.K.BALAKRISHNAN**  
Vice President (Corporate Affairs)  
& Company Secretary

**B.L.SINGHAL**  
Director  
DIN No. 00006433

**A.K.WAREKAR**  
Vice President (Finance)  
& Chief Financial Officer

**GTN TEXTILES LIMITED**

L18101KL2005PLC018062

Registered Office: Door No. VIII/911, Erumathala PO, Aluva, Kochi – 683112

Website: gtntextiles.com

**ATTENDANCE SLIP**

(To be presented at the entrance)

Folio No. / Client ID \_\_\_\_\_

DP ID \_\_\_\_\_

I/We hereby record my/our presence at the 10th ANNUAL GENERAL MEETING of the Company on Friday 7th day of August, 2015 at 12:15 p.m. at, Puzhayoram Hall, Hotel Periyar, Aluva 683 211.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. JOINT SHAREHOLDER(S) MAY OBTAIN ADDITIONAL SLIP AT THE VENUE OF THE MEETING.

Signature of the Member/ Proxy

**Form No. MGT -11****PROXY FORM**

[Pursuant to Section 105 (6) of the Companies Act, 2013 read with Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

**GTN TEXTILES LIMITED**

L18101KL2005PLC018062

Registered Office: Door No. VIII/911, Erumathala PO, Aluva, Kochi – 683112

Website : www.gtntextiles.com

Name of the member (s)		
Registered address		
E-mail Id		
Folio No/ Client Id		DP ID:

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1	Name:	Address:
	E-mail Id:	Signature:
Or failing him / her		
2	Name:	Address:
	E-mail Id:	Signature:
Or failing him / her		
3	Name:	Address:
	E-mail Id:	Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf on the 10th Annual General Meeting of the company, to be held on Friday, 7th day of August, 2015 at 12:15 p.m. at, Puzhayoram Hall, Hotel Periyar, Aluva 683 211 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	Vote (Please mention No. of shares)		
		For	Against	Abstain
<b>Ordinary Business</b>				
1.	Adoption of Financial Statements of the Company for the year ended 31 March, 2015, Reports of the Board of Directors and Auditors thereon.			
2.	Reappointment of Shri. Mahesh C Thakker as Director of the Company			
3.	Appointment of M/s MS Jagannathan & Visvanathan as Auditors of the Company			
<b>Special Business</b>				
4.	Re-appointment of Shri. B.K. Patodia as Managing Director of the Company for a period of 5 years with effect from 18.12.2015 and fixing his remuneration			
5.	Appointment of Smt. Pamela Anna Mathew as an Independent Director for a period of 5 years.			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Affix  
Revenue  
Stamp  
of Re.1/-

Signature of the Shareholder \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

**Note:** This Form of Proxy, in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before commencement of the meeting.



GTN TEXTILES LTD.

Registered Office: Door No. VIII/911, Erumathala P O., Aluva, Ernakulam 683112

Corporate Office: 43, Mittal Chambers, 4th Flr., 228, Nariman Point, Mumbai 400021

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An ISO 9001: 2008/14001:2004 Certified Company

[www.gtntextiles.com](http://www.gtntextiles.com)