

11TH ANNUAL REPORT 2015 / 2016



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GTN TEXTILES LIMITED

NOTICE

NOTICE is hereby given that the **ELEVENTH** Annual General Meeting of the members of **GTN TEXTILES LIMITED** will be held at the Oceanic Hall, Hotel Periyar, Aluva-683 101 at 12.15 p.m. on Friday, the 23rd day of September, 2016 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt
 - a. the Audited Financial Statements of the Company for the financial year ended March 31, 2016, together with the Reports of the Directors and the Auditors' thereon; and
 - b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2016, together with the Reports of 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 thereunder, 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 12th AGM of the Company to be held in the year 2017, at such remuneration plus service tax, out of pocket, travelling and living expenses etc. as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS:

- 4 **Approval of Cost Auditors remuneration**

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

"RESOLVED THAT Pursuant to provisions of Section 148 and other applicable provisions, if any, of the Companies Act 2013, read with the Companies (Cost Records & Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s Hareesh K.N and Associates, Cost Accountants (Firm Reg. No. 101974), appointed by the Board of Directors of the company to conduct audit of the cost records of the company's textile unit, be paid a remuneration, amounting to Rs. 25000 (Rupees Twenty five thousand only) plus service tax applicable

and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit for the financial year ended 31st March, 2016"

By Order of the Board of Directors

E.K BALAKRISHNAN

Vice President (Corporate Affairs)
& Company Secretary
Membership No. ACS7629

Place : Kochi

Date : 1.8.2016

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 17th September, 2016 to Friday, 23rd September, 2016 (both days inclusive) for the purpose of the Annual General Meeting.
4. Pursuant to Section 205 of the Companies Act 1956 there is no unclaimed dividend for transferring to Investors Education and Protection Fund (IEPF).
5. Pursuant to Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Security Holders are entitled to make nomination in respect of securities held by them in physical form. Individual Security holder(s) can avail of the facility of nomination. The nominee shall be a person in whom all rights of transfer and / or amount payable in respect of the securities shall vest in the event of the death of the Security holder(s). In the case of joint holding, all joint holders shall together nominate any person as nominee. A minor can be a nominee provided the name and address of the guardian is given

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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.

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: corpserv@integratedindia.in.
4. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to register/update your e-mail addresses, in respect of shares held in dematerialized form with your respective Depository Participants and in respect of shares held in physical form with above RTA directly to enable Company to send communication / documents via e-mail.
5. Copies of the Annual Report 2016 along with Notice of the 11th AGM, Attendance Slip and Proxy Form, are being sent by electronic mode to all members whose email address are registered with the Company/ Depository Participant (s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.
6. Members who hold shares in physical forms are requested to 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 Regulation 44 of the (Listing Obligation and Disclosure Requirement) Regulations, 2015 with the Stock Exchanges, the Company is pleased to offer Remote e-voting facility to the members to cast their votes

electronically as an alternative to participation at the Annual General Meeting (AGM) to be held on Friday, 23rd September 2016 at 12.15 p.m. at Oceanic 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, 16th September 2016, 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:

Commencement of remote e-voting	9:00 A.M. onwards on Tuesday, 20th September, 2016
End of remote e-voting	Up to 5:00 P.M. on Thursday, 22nd September, 2016

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, 16th September 2016. A person, whose name is recorded in the Register of members or in the Register of beneficial owners maintained by the Depositories as on the cutoff date only shall be entitled to avail the facility of remote e-voting as well as voting at the meeting through ballot paper.

Any person who acquires shares of the company and becomes member of the company after dispatch of the Notice and holding shares as on cutoff date i.e. Friday, 16th September, 2016 may obtain the sequence number by sending a request at corpserv@integratedindia.in.

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

- (i) The voting period begins on Tuesday 20th September, 2016 at 9.00 a.m. and ends Thursday 22nd September, 2016 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Friday, 16th September, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the

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meeting date would not be entitled to vote at the meeting venue.

- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

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

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then

directly reach 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.

- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant "GTN TEXTILES LIMITED" on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

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- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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, under help section or write an email to helpdesk.evoting@cdslindia.com

- The Company has appointed Shri MRL Narasimha (Membership No. 2851, CP. NO 799), Practicing Company Secretary as the Scrutinizer to scrutinize the remote e-voting process in fair and transparent manner.

- The Scrutinizer shall, immediately after the conclusion of the voting at the AGM, first count the votes casted at the meeting, thereafter unblock the votes casted through remote e-voting in the presence of at least two witnesses not in the employment in the company and make not later than three days of conclusion of the meeting a consolidated Scrutinizers Report of the Total votes cast in favour or against, if any, to the Chairman or person authorized by him in writing who shall counter sign the same. The chairman or the person authorized by him shall declare the result of the voting forthwith.
- The results declared alongwith the Scrutinizers Report shall be placed on the Company's website www.gtntextiles.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 India Limited, where, the shares of the company are listed.

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

Name of Director	Shri Mahesh C Thakker
Date of Birth	7.9.1964
DIN	01386254
Date of appointment	31.10.2013
Qualifications	Graduate
Expertise in specific functional area	Shri Mahesh C Thakker is aged 52 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.
Shareholding in the Company	9475 Equity Shares of Rs 10 each

Details of other Directorship:-

Name of Director	Name of the Company	Position held	Committee type	Membership status	Share holdings
Shri Mahesh C Thakker	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 : 1.8.2016

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4 : Approval of Cost Auditors remuneration

The Board of Directors of the company, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s Hareesh K.N & Associates, Cost Accountants to conduct the audit of the cost records of the company's textile units for the financial year ended 31st March, 2016.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Cost Records & Audit) Rules, 2014, the remuneration payable to the cost auditor has to be ratified by the members of the company. Accordingly, the members are requested to ratify the remuneration payable to the cost auditors for the financial year ended 31st March, 2016, as set out in the ordinary resolution for the aforesaid service to be rendered by them.

None of the Directors and / or Key Managerial Personnel of the company and their relatives is concerned or interested, financial or otherwise in the resolution set out at item No 4.

Your Directors recommend the resolution for approval.

By Order of the Board of Directors

E.K BALAKRISHNAN

Vice President (Corporate Affairs)
& Company Secretary
Membership No. ACS7629

Place : Kochi
Date : 1.8.2016

GTN TEXTILES LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors present the **ELEVENTH** Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2016

1. FINANCIAL RESULTS

(₹ in lacs)

Particulars	Year ended	
	31.3.2016	31.3.2015
REVENUE		
Income from operations	15292	18598
Other income	37	73
Changes in Inventories	115	758
Total	15444	19429
EXPENSES		
a) Cost of materials	9261	12655
b) Employee benefits expense	2601	2580
c) Other expenses	3224	3095
Total	15086	18330
OPERATING PROFIT	358	1099
Finance Costs	931	1089
PROFIT/(LOSS) BEFORE DEPRECIATION, AMORTISATION & TAX EXPENSES	(573)	10
Depreciation and Amortisation Expenses	418	457
PROFIT/(LOSS) BEFORE TAX	(991)	(447)
Tax Expenses		
a) Current Tax (MAT)		
b) MAT credit entitlement	37	
c) Deferred Taxation	(294)	141
PROFIT/(LOSS) AFTER TAX	(734)	(306)

2. FINANCIAL PERFORMANCE

In the previous year's Directors' Report, the position of textile industry was highlighted, the impact of which was felt from the 3rd quarter of 2014-15. As mentioned therein, many companies had incurred losses due to substantial crash in raw material prices across the world and its impact was felt in India as well, resulting in value loss in inventories held. Further, cotton yarn export from India to China dropped, leading to fall in yarn prices, affecting performance of many mills including yours. Since then, the situation has only marginally improved. The yarn sale prices continue to remain under pressure

due to subdued global demand, besides higher yarn inventories on account of new spinning capacities set up in certain States, attracted by unduly high incentives and concessions offered by these States.

It was also mentioned in previous year's Directors' Report that the salaries and wages of your company's Unit at Aluva are abnormally higher as compared to Industry standards and for survival of this Unit, it is important that the same are brought down to the comparable level. As soon as the existing long term work load and wages agreement expired in January, 2015, your Management started negotiation to rationalize the work force and bring down the personnel cost. Even after protracted negotiation, the unions and the workmen were not co-operative and from November 2015, they resorted to obstructive policies resulting in substantial loss of production. This resulted in company loosing substantially in the year under review.

During the year under review, on account of the above explained factors as well as lower exports of traded goods, your company's total revenue was at ₹152.92 crores as against 185.98 crores. The operating profit was also lower at Rs.3.58 crores as against Rs.10.99 crores of previous year and after charging finance cost and depreciation, the loss was at Rs.9.91 crores as against Rs.4.47 crores of previous year.

The indisciplined working and loss of production continued in April, 2016 also and the Management was left with no other choice but to enforce lockout with effect from 2nd May, 2016. After a series of meetings before the Regional Joint Labour Commissioner, the matter was taken up by the Additional Labour Commissioner, Trivandrum. Finally on 2nd July, 2016, a Long Term Agreement was reached with the Unions for a period of 4 years. Simultaneously the lockout also was lifted from 3rd July, 2016 and a Voluntary Retirement Scheme (VRS) has also been announced to reduce the overall wage bill. Your Directors are glad to inform that the company has already achieved optimum capacity utilization.

3. DIVIDEND

Your company has incurred loss for the year and hence the Board is unable to recommend dividend for the financial year ended 31st March, 2016.

4. MANAGEMENT DISCUSSION AND ANALYSIS

A separate report on the Management Discussion and Analysis forms an integral part of this report.

5. DEPOSIT FROM PUBLIC

During the year under review, your Company has not accepted any deposits within the meaning of Section 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force).

DIRECTORS' REPORT (Contd...)

6. CORPORATE GOVERNANCE REPORT

In compliance with Regulation 34 of the Listing Regulations, a separate report on Corporate Governance alongwith a Certificate from the Auditors on its compliance, forms an integral part of this report.

7. DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and Company's Articles of Association, Shri Mahesh C. Thakker, Director retires by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for reappointment. The Board recommends the same for your approval.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Regulation 16 (b) of SEBI (LODR) Regulations, 2015.

During the year under review, there is no change in the Board of Directors of the company.

8. NUMBER OF MEETINGS OF THE BOARD

The details of the number of meetings of the Board held during the year ended 31st March, 2016 forms part of the Corporate Governance Report

9. KEY MANAGERIAL PERSONNEL

The following are the Key Managerial Personnel of the Company:

- (i) Shri. B.K. Patodia : Chairman & Managing Director
- (ii) Shri. A.K. Warerkar : Chief Financial Officer
- (iii) Shri. E.K. Balakrishnan : Company Secretary

10. MEETING OF INDEPENDENT DIRECTORS

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

11. CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Companies Act, 2013 (the Act) and Accounting Standard (AS) – 21 on Consolidated Financial Statements read with AS -23 on Accounting for Investments in Associates, the audited consolidated financial statement is provided in the Annual Report.

12. SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANY

The Company did not have any Subsidiary or Joint Venture during the financial year. The Company has one Associate Company, Patspin India Limited.

A Statement containing the salient features of the financial statement of the Associate company is given in Annexure A to the Consolidated financial statements.

The Audited financial statements including the Consolidated financial statements of the company and all other documents required to be attached thereto may be accessed on the Company's website www.gtn textiles.com. These documents will also be available for inspection during business hours at the Registered office of the company.

13. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134 (5) of the Companies Act 2013, and based on the representations received from the management, your Directors confirm that:

- a) in the preparation of the Annual Accounts for the year ended 31st March, 2016 the applicable Accounting Standards have been followed and there are no material departures;
- b) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your company at the end of the financial year and of the profit & loss of the company for the financial year ended 31st March, 2016.
- c) taken proper and sufficient care to the best of knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities.
- d) prepared the Annual Accounts on a going concern basis.
- e) had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- f) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

14. BOARD EVALUATION

In compliance with the Companies Act, 2013 and Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the performance evaluation of the Board was carried out during the year under review. 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

DIRECTORS' REPORT (Contd...)

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.

15. FAMILIARISATION PROGRAMME FOR DIRECTORS

At the time of appointing a Director, a formal letter of appointment is given to him, which *interalia* 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, SEBI (LODR) Regulations, 2015 and other relevant regulations and affirmation taken with respect to the same.

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

16. AUDITORS

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. Your company seeks ratification of the appointment of Statutory Auditors at the ensuing Annual General Meeting.

The Auditors' Report for the financial year ended 31st March, 2016, does not contain any qualification, reservation or adverse remark.

17. SECRETARIAL AUDIT

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

The Secretarial Audit Report does not contain any qualification, reservations or adverse remark.

18. COST AUDITORS

As recommended by the Audit Committee, the Board of Directors has approved the appointment of M/s. K.N Hareesh and Associates, Cost Accountants, as the Cost Auditors of the company for the year ended 31st March, 2016.

19. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form MGT-9 as per Section 92 (3) of the Companies Act, 2013 and Rule

12 (1) of Companies (Management & Administration) Rules, 2014 is annexed hereto as **Annexure II** and forms part of this report.

20. RELATED PARTY TRANSACTIONS

None of the transactions with related parties falls under the scope of Section 188 (1) of the Act. Information on transactions with related parties pursuant to Section 134 (3) (h) of the Act read with Rule 8 (2) of the Companies (Accounts) Rules, 2014 are given in **Annexure III** in Form AOC-2 and the same forms part of this report.

21. LOANS & INVESTMENTS

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

22. RISK MANAGEMENT

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

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

23. VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

24. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

25. 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 IV** forming part of this report.

DIRECTORS' REPORT (Contd...)

26. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an effective internal control and risk mitigation system designed to effectively control the operations at its Head Office, Plants and Depots. The internal control systems are designed to ensure that the financial and other records are reliable for the preparation of financial statements and for maintaining assets. The Company has well designed Standard Operating Procedures. Independent Internal Auditors conduct audit covering a wide range of operational matters and ensure compliance with specified standards. Planned periodic reviews are carried out by Internal Audit. The findings of Internal Audit are reviewed by the top management and by the Audit Committee of the Board of Directors.

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

27. 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. More details on the same are given in the Corporate Governance Report.

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

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

The Company has not received any complaints under this policy during the year ended 31st March, 2016.

29. 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.

30. PERSONNEL & INDUSTRIAL RELATIONS

Industrial Relations were cordial and satisfactory except the situation explained in the review of financial performance. 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.

31. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

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

32. GENERAL

- a) Your company not issued equity shares with differential rights as to dividend, voting or otherwise: and
- b) Your company does not have any ESOP scheme for its employees / Directors

33. 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 of Directors

B.K PATODIA

Chairman

(DIN 00003516)

Place : Kochi,

Date : 01.08.2016

ANNEXURE- I

FORM MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

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

To

The Members of

M/s. GTN TEXTILES LIMITED

(CIN: L18101KL2005PLC018062)

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

I am issuing this report based on my verification of the books, papers, minutes books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company, during the financial year ended 31st March, 2016 and also after 31st March, 2016 but before the issue of this report and the information provided by the Company, its officers, agents and authorized representatives during my conduct of secretarial audit.

I hereby report that, in my opinion, during the audit period covering the financial year ended on 31st March 2016 (hereinafter referred to as "the year"), the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made here in after. The members are requested to read this report along with my letter of even date annexed to this report as Annexure-A.

1. I have examined the books, papers, minutes books and other records maintained by the Company and the forms and returns filed during the year according to the applicable provisions of:
 - i. The Companies Act, 2013 (the Act), the rules made there under.
 - ii. The Companies Act, 1956.
 - iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
 - iv. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.
 - v. 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 (upto 14th May, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective 15th May, 2015);
 - (c) The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the Companies Act 2013 and dealing with client; and
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
2. I am informed that, during the year the Company was not required to maintain any books, papers, minute books or other records or to file any forms / returns according to the provisions of:
 - i. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - ii) The following Regulations and Guidelines prescribed under the SEBI Act:
 - (a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 / Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October, 2014);
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

ANNEXURE- I (Contd...)

3. I am also informed that for the year, there were no other laws specifically applicable to the company, the books, papers, minute books, forms and returns of which were required to be examined by me for the purpose of this report.
4.
 - i) I have also examined compliance with the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India (effective 1st July, 2015).
 - ii) The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Ltd (upto 30th November, 2015) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective 1st December, 2015).
5. During the period under review, and also considering the compliance related action taken by the Company after 31st March, 2016 but before the issue of this report, the Company has complied with the provisions of the Acts, Rules, Regulations and Agreements mentioned under paragraph 1 above, to the extent applicable.
6. **I further report that:**
 - (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. There are no changes in the composition of Board of Directors during the period under review in compliance with the provisions of the Act.
 - (ii) Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent at least seven days in advance (effective 1st July, 2015).
 - (iii) A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. I am informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.
 - (iv) There are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Kochi
Date : 01.08.2016

M.R.L. NARASIMHA
Company Secretary in Practice
Membership No. 2851
C P No.: 799

To,
The Members,
G T N TEXTILES LIMITED, [CIN: L18101KL2005PLC018062],

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March, 2016 is to be read along with this letter.

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also taken into consideration the compliance related action taken by the Company after 31st March, 2016 but before the issue of this report.
4. I have verified the records to see whether the correct facts are reflected in the secretarial records. I also examined the compliance procedures followed by the Company. I believe that the processes and practices I followed provide a reasonable basis for my opinion. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
5. I have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
6. My Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Kochi
Date : 01.08.2016

M.R.L. NARASIMHA
Company Secretary in Practice
Membership No. 2851
C.P. No. 799

ANNEXURE - II**FORM NO. MGT.9****EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31/03/2016

[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
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	2 nd floor, Kences Towers, No.1, Ramakrishna Street, T. Nagar
Town / City	Chennai
State	Tamil Nadu
Pin Code:	600017
Telephone (With STD Area Code Number)	044-28140801 044-28140803
Fax Number :	044-28142479
Email Address	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)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	COTTAN YARN SPINNING	13111	100

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

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	Applicable Section
1	Patspin India Limited 3 rd Floor, Palal Towers, M. G. Road, Ravipuram, Ernakulam 682016	L18101KL1991PLC006194	Associate	Section 2(6)

ANNEXURE - II (Contd...)

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

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	5022089	0	5022089	43.14	5022089	0	5022089	43.14	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	2228349		2228349	19.15	2228349	0	2228349	19.15	0.00
e) Banks / FI	00	0	0	0.00	0	0	0.00	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A)	7250438		7250438	62.29	7250438	0	7250438	62.29	0.00
Sub total (A) (1)	7250438		7250438	62.29	7250438	0	7250438	62.29	0.00
(2) Foreign									
a) NRIs – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub total (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
B. Public Shareholding									
1. Institutions	0	0	0	0.00	0	0	0	0.00	0.00
a) Mutual Funds	300	1386	1686	0.01	300	1486	1786	0.01	0.00
b) Banks / FI	0	42	42	0.00	0	42	42	0.00	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	87277	100	87377	0.75	87277	100	87377	0.75	0.00
g) FIs	0	2000	2000	0.02	0	1900	1900	0.02	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	800	0	800	0.01	800	0	800	0.01	0.00
Sub—total (B)(1):—	88377	3528	91905	0.79	88377	3528	91905	0.79	0.00
2. Non—Institutions									
a) Bodies Corp.	301362	12101	313463	2.69	246850	11891	258741	2.22	0.47
i) Indian	0	0	0	0.00	0	0	0	0.00	0.00
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals	0	0	0	0.00	0	0	0	0.00	0.00
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2331499	487755	2819254	24.22	2652377	492437	3144814	27.02	2.80
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1102629	17700	1120329	9.62	874568	0	874568	7.51	2.11
c) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Non Resident Indians	6833	0	6833	0.06	6337	0	6337	0.05	0.01
Clearing Members	38256	0	38256	0.33	13475	0	13475	0.12	0.21
Trust/LLP	NIL	NIL	NIL	NIL	200	0	200	0.00	0.00
Sub—total (B)(2):—	3780579	517556	4298135	36.92	3793807	504328	4298135	36.92	3.27
Total Public Shareholding (B)=(B)(1)+ (B)(2)	3868956	521084	4390040	37.71	3882184	507856	4390040	37.71	3.27
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	11119394	521084	11640478	100.00	11132622	507856	11640478	100	3.27

ANNEXURE - II (Contd...)

B) 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	0	1192868	10.25	0	0.00
2	Umang Patodia	280686	2.41	0	280686	2.41	0	0.00
3	Ankur Patodia	7500	0.06	0	7500	0.06	0	0.00
4	Prabha Patodia	384960	3.31	0	384960	3.31	0	0.00
5	Mala Patodia	10000	0.09	0	10000	0.09	0	0.00
6	Swati Patodia	10000	0.09	0	10000	0.09	0	0.00
7	Binod Kumar Patodia HUF	1158880	9.96	0	1158880	9.96	0	0.00
8	M/s Beekayee Credit P Ltd.	726623	6.24	0	726623	6.24	0	0.00
9	M/s Patodia Export and Investments P Ltd	641720	5.51	0	641720	5.51	0	0.00
10	Umang Finance P Ltd.	696946	5.99	0	696946	5.99	0	0.00
11	Prabha Patodia	297458	2.55	0	297458	2.55	0	0.00
12	Binod Kumar Patodia	2712	0.02	0	2712	0.02	0	0.00
13	Umang Patodia	2446	0.02	0	2446	0.02	0	0.00
14	Mala Patodia	147760	1.27	0	147760	1.27	0	0.00
15	Beekaypee Credit P Ltd.	95688	0.82	0	95688	0.82	0	0.00
16	Umang Finance P Ltd.	36106	0.31	0	36106	0.31	0	0.00
17	Ankur Patodia	724831	6.23	0	724831	6.23	0	0.00
18	Umang Patodia	551988	4.74	0	551988	4.74	0	0.00
19	Swati Patodia	250000	2.15	0	250000	2.15	0	0.00
20	Patodia Export and Investments P Ltd.	31266	0.27	0	31266	0.27	0	0.00

C) 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	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)			
At the end of the year			7250438	62.29

ANNEXURE - II (Contd...)

D) 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	240779 Buy 100 shares on 04.03.2016	2.06	240779 240879 240879	2.06 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	BINA DEVI TANTIA	At the beginning of the year Changes during the year At the end of the year	86863 Buy 25 shares on 24.04.2015 Buy 100 shares on 1.05.2015 Buy 1042 shares on 8.05.2015 Buy 1072 shares on 15.5.2015 Buy 10024 shares on 22.5.2015 Buy 3825 shares on 29.05.2015	0.74	86863 86888 86988 88030 89102 99126 102951 102951	0.74 0.75 0.75 0.76 0.76 0.85 0.88 0.88
4	VIKSON SECURITIES PVT LTD	At the beginning of the year Changes during the year At the end of the year	61383 Sold 3915 shares on 17.4.2015 Sold 150 shares on 29.5.2016 Sold 55968 shares on 26.6.2015 Sold 500 shares on 12.02.2016	0.53	61383 57468 57318 1350 850 850	0.53 0.49 0.49 0.01 0.01 0.01
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 54657	0.47 0.47 0.47
6	POLISSETTY GNANA DEV	At the beginning of the year Changes during the year At the end of the year	41506 Buy 428 shares on 18.03.2016	0.36	41506 41934 41934	0.36 0.36 0.36
7	TANVI J MEHTA	At the beginning of the year Changes during the year At the end of the year	49790 Buy 2932 shares on 26.6.2015 Buy 2761 shares on 31.12.2015 Buy 589 shares on 1.1.2016 Buy 2000 shares on 08.1.2016	0.43	49790 52722 55483 56072 58072 58072	0.43 0.45 0.47 0.48 0.50 0.50
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	LAKSHMINARAYANAN T	At the beginning of the year Changes during the year At the end of the year	40784 Buy 4838 shares on 4.9.2015 Sold 3500 shares on 6.11.2015	0.35	40784 45622 42122 42122	0.35 0.39 0.36 0.36
10	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

ANNEXURE - II (Contd...)

E) 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	1195580	10.27	1195580	10.27
		Changes during the year	No Changes			
		At the end of the year			1195580	10.27
2	BANWARI LAL SINGHAL	At the beginning of the year	12130	0.10	12130	0.10
		Changes during the year	No changes			
		At the end of the year			12130	0.10
3	PREM SARDARI LAL MALIK	At the beginning of the year	0	0.00		
		Changes during the year	0			
		At the end of the year			0	0.00
4	SUNDARESHAN STHANUNATHAN	At the beginning of the year	0	0.00		
		Changes during the year	0			
		At the end of the year			0	0.00
5	PAMELA ANNA MATHEW	At the beginning of the year	0	0.00		
		Changes during the year	0	0.00	0	0.00
		At the end of the year				
6	MAHESH CHANDULAL THAKKER	At the beginning of the year	9475	0.00	9475	0.00
		Changes during the year	No changes			
		At the end of the year			9475	0.00
7	ARUN KAMLA KAR WAREKAR	At the beginning of the year	170	0.00	170	0.00
		Changes during the year	No changes			
		At the end of the year			170	0.00
8	E.K BALAKRISHNAN	At the beginning of the year	160	0.00	160	0.00
		Changes during the year	No changes			
		At the end of the year			160	0.00

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	699,916,954	55,000,000	-	754,916,954
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	-	-	-	
Total (i+ii+iii)	699,916,954	55,000,000	-	754,916,954
Change in Indebtedness during the financial year				
(a) Addition	566,923,305	130,000,000	-	696,923,305
(b) Reduction	706,857,951	85,000,000	-	791,857,951
Net Change	559,982,308	100,000,000	-	659,982,308
Indebtedness at the end of the financial year				
i) Principal Amount	559,982,308	100,000,000	-	659,982,308
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2065160	5,227,868	-	7,293,028
Total (i+ii+iii)	562,047,46	105,227,868		667,275,336

ANNEXURE - II (Contd...)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL -

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

(Amount in ₹)

S. No.	Particulars of Remuneration	B.K Patodia (Chairman & Managing Director)				Total Amount
1	Gross salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	36,00,000	—	—	—	36,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4,66,710	—	—	—	4,66,710
	(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)	40,66,710	—	—	—	40,66,710
	Ceiling as per the Act	42,00,000	—	—	—	42,00,000

B. Remuneration to other directors

(Amount in ₹)

S. No.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	B.L Singhal	Prem Malik	S. Sundareshan	Pamela Anna Mathew	
	Fee for attending board / committee meetings	75000	75000	75000	22500	247500
	Commission	—	—	—	—	—
	Others, please specify	—	—	—	—	—
	Total (1)	75000	75000	75000	22500	247500
2	Other Non-Executive Directors	M.C. Thakker				
	Fee for attending board / committee meetings	15000	—	—	—	15000
	Commission	—	—	—	—	—
	Others, please specify	—	—	—	—	—
	Total (2)	—	—	—	—	—
	Total (B)=(1+2)	—	—	—	—	—
	Total Managerial Remuneration	—	—	—	—	262500
	Overall Ceiling as per the Act					

ANNEXURE - II (Contd...)**C. Remuneration To Key Managerial Personnel other than MD/Manager/WT**

(Amount in ₹)

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	1,495,777	1033200	2,528,977
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	71,765	143300	215,065
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	—	361620	361,620
2	Stock Option	—	—	—
3	Sweat Equity	—	—	—
4	Commission	—	—	—
	- as % of profit	—	—	—
	others, specify...	—	—	—
5	Others, please specify	—	—	—
	Total	1,567,542	1,538,120	3,105,662

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)
A. COMPANY					
Penalty			NONE		
Punishment			NONE		
Compounding			NONE		
B. DIRECTORS					
Penalty			NONE		
Punishment			NONE		
Compounding			NONE		
C. OTHER OFFICERS IN DEFAULT					
Penalty			NONE		
Punishment			NONE		
Compounding			NONE		

Place : Kochi
Date : 01.8.2016

For and on behalf of the Board of Directors
B.K. PATODIA
Chairman
(DIN 00003516)

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 at 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				
	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
a	Nature of contract/ arrangements/ transaction	a) Sale, purchase, supply of cotton yarn and other related materials b) Sell, dispose of 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 of 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
b	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
c	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
d	Date of approval by the Board	30.07.2014	30.07.2014	30.07.2014	30.07.2014	30.07.2014
e	Date of shareholders approval	19.9.2014	19.9.2014	19.9.2014	19.9.2014	19.9.2014
f	Amount incurred during the year (Rs. In Lacs)	2175.76	973.85	1.80	0.90	0.90

For and on behalf of the Board of Directors

B.K. PATODIA

Chairman

(DIN 00003516)

Place : Kochi

Date : 01.8.2016

ANNEXURE- IV

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 unicomb
May, 2013	August, 2014
Yes	Yes

The foreign exchange earned in terms of actual inflow during the year ₹ 6064.51 lakhs

The foreign exchange outgo during the year in terms of actual outflows ₹ 4976.15 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

Place : Kochi
Date : 01.8.2016

For and on behalf of the Board of Directors
B.K. PATODIA
Chairman
(DIN 00003516)

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 Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 31.3.2016 are as follows:

Category	Name of Directors
Promoter / Executive Director	B.K Patodia
Non-Executive /Non independent Director	Mahesh C Thakker
Independent Directors	Shri. B.L Singhal
	Shri. Prem Malik
	Shri. S. Sundareshan
	Smt. Pamela Anna Mathew (Additional Director up to 06.08.2015) (Independent Director w.e.f 07.08.2015)

Attendance of Directors at Board Meetings, last Annual General Meeting and Number of Other Directorships and Chairmanships / Memberships of Committees of each Director 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	4	Yes	8	2	None	None
Shri. B L Singhal	00006433	9,680	4	Yes	7	5	3	
Shri. Prem Malik	00023051	Nil	4	No	10	5	1	
Shri. S.Sundareshan	01675195	Nil	4	No	6	7	None	
Shri Mahesh C Thakker	01386254	9,475	2	No	1	None	None	
Mrs. Pamela Anna Mathew	00742735	Nil	3	No	6	None	None	

Notes:

- In accordance with Regulation 26(b) of SEBI(Listing Obligations and Disclosure Requirements) Regulations 2015, 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 on more than 10 Committees and Chairman of more than 5 Committees across all the Companies in which he is a Director as per Regulation 26(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

• Number of Board meetings held and the dates on which held;

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

REPORT ON CORPORATE GOVERNANCE (Contd...)

The details of the Board Meetings are as under:-

S. No.	Date	Board Strength	No. of Directors present
1)	27 th May 2015	6	6
2)	6 th August 2015	6	5
3)	7 th November 2015	6	4
4)	9 th February 2016	6	6

- **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 website of the company www.gtn textiles.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 Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

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

- **Separate meeting of Independent Directors**

A separate meeting of Independent Directors was held on 09.02.2016 without the attendance of Non- Independent Directors and members of the management.

- **Induction & Training of Board Members (Familiarization programme for Independent Directors)**

Letter of Appointment(s) are issued to Independent Directors setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Director is taken through a formal introduction from the Chairman cum Managing Director about the Company's manufacturing, marketing, finance and other important aspects.

- **Evaluation of the Board's Performance**

The Board has a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board based on the criteria laid down by Nomination and Remuneration Committee which included attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest, adherence to Code of Conduct and Business ethics, monitoring of regulatory compliance, risk assessment and review of Internal Control Systems etc.

3. **Audit Committee**

Audit Committee comprises of Three Independent Directors viz. Shri. B.L.Singhal Chairman, Shri. Prem Malik and Shri.S.Sundareshan and one Non-Independent Director 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 Regulation 18 of SEBI(LODR) Regulations, 2015.

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.

Terms of reference of Audit Committee

The role of the audit committee shall include the following:

- oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;

REPORT ON CORPORATE GOVERNANCE (Contd...)

- (c) major accounting entries involving estimates based on the exercise of judgment by management;
- (d) significant adjustments made in the financial statements arising out of audit findings;
- (e) compliance with listing and other legal requirements relating to financial statements;
- (f) disclosure of any related party transactions;
- (g) modified opinion(s) in the draft audit report;
- reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- approval or any subsequent modification of transactions of the listed entity with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the listed entity, wherever it is necessary;
- evaluation 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 function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- discussion with internal auditors of any significant findings and follow up there on;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- 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 look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- to review the functioning of the whistle blower mechanism;
- approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the audit committee.

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	4
4)	Shri. B.K Patodia	Managing Director	4

The details of the meetings are as under:-

Sl. No.	Date	Committee Strength	No. of Directors present
1)	27 th May 2015	4	4
2)	6 th August 2015	4	4
3)	7 th November 2015	4	4
4)	9 th February 2016	4	4

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

REPORT ON CORPORATE GOVERNANCE (Contd...)

- **Internal Audit and Control:**

M/s Varma & Varma, Chartered Accountants, Kochi, Internal Auditors carried out Internal Audit of the Company. Internal Audit Plan and their remuneration are being approved by the Audit Committee. The reports and findings of the Internal Auditors and the Internal Control Systems are periodically reviewed by the Audit Committee.

- **Prevention of Insider Trading:**

The 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 update. Shri. E K Balakrishnan, Vice President (Corporate Affairs) and Company Secretary is the Compliance Officer of the Company.

- **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 web site of the Company 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 met on 30.5.2016 and evaluated performance of the entire Board as per Regulation 19 of the SEBI (LODR) Regulations 2015.

- **Remuneration to the Managing Director**

The aggregate of salary and perquisites paid for the year ended 31st March, 2016 to the Managing Director is as follows:-

Shri. B K Patodia : Rs. 40.66 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, 2016 to the Non Executive Directors is as follows:

Name of the Non-Executive Director	Sitting fee (Rs.)
Shri. B L Singhal	75000
Shri. Prem Malik	75000
Shri. S.Sundareshan	75000
Shri Mahesh C Thakker	15000
Smt. Pamela Anna Mathew	22500
Total	262500

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. Prem Malik as Chairman, Shri. B.L. Singhal, Shri. S. Sundarshan 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)	27 th May 2015	4	4
2)	06 th August 2015	4	4
3)	7 th November 2015	4	4
4)	9 th February 2016	4	4

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

- **Complaints received and redressed during the year:**

The total number of Complaints received and resolved to the satisfaction of investors during the year ended 31.3.2016 is as under:-

Type of Complaints	No of Complaints
Non-receipt of Annual Reports	1
Non-receipt of Dividend Warrants	0
Non-receipt of Share Certificates	1
Complaints in respect of Electronic Transfers	0
Complaints /queries received from Regulatory Agencies	0
Others	5
Total:	7

There were no outstanding complaints as on 31st March, 2016.

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

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**

- (i) the statements containing the transactions with related parties were submitted periodically to the Audit Committee.
- (ii) There are no related party transactions that may have potential conflict with the interest of the company at large.
- (iii) 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

REPORT ON CORPORATE GOVERNANCE (Contd...)

- (iv) The company has obtained Shareholders approval by way of special resolution to enter into related party transactions
- (v) 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.

- **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 (LODR) Regulations, 2015 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**

- (i) The quarterly results approved by the Audit Committee / Board of Directors are put on the Company's website www.gtntextiles.com under "investor info" section
- (ii) 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**

- (i) **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].

- (ii) **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 Website of the Company, www.gtntextiles.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 Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

REPORT ON CORPORATE GOVERNANCE (Contd...)

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 Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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	Whether any Special Resolution passed in previous AGM
2012-13	'Oceanic Hall' Hotel Periyar, Aluva – 683 101	30.07.2013	Monday	12.15 p.m	No
2013-14	-do-	19-09-2014	Friday	12:15 p.m	1. Appointment of Shri B.L Singhal as Independent Directors for a period of 5 years (Section 149) 2. Appointment of Shri Prem Malik as Independent Directors for a period of 5 years (Section 149) 3. Approval of Related party transactions (Sec 188) 4. Approval for increasing borrowing powers pursuant to Section 180(1)(c) of the Companies Act, 2013
2014-15	-do-	07.08.2015	Friday	12:15 p.m	Re-appointment of Shri. B.K Patodia for a further period of 5 years and fixation of remuneration for a period of 3 years (Section 196,197,198, 203)

- 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

11. Compliance in respect of Adoption of non mandatory requirements

a) The Board

The Company meets expenses to maintain Chairman's office in the performance of his duties.

b) Shareholder Rights

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

c) Audit Qualifications

There are no qualifications in the Auditors Report on the accounts for the year 2015-16.

d) Reporting of internal Auditor

The Internal Auditor directly report to the Audit Committee

12. General Shareholder information:

l) Annual General Meeting:

a)	Date and Time	Friday, 23 rd September, 2016, 12:15 p.m
b)	Venue	: 'Oceanic Hall', Hotel Periyar, Aluva - 683 101.
c)	Book closure date	: Saturday, 17 th September 2016 to Friday, 23 rd September, 2016 (both days inclusive)

REPORT ON CORPORATE GOVERNANCE (Contd...)

d)	Financial calendar (tentative):	
	Annual General Meeting	: 23 rd September, 2016
	Results for quarter ended 30 th June, 2016	: 1 st August, 2016
	Results for quarter ending 30 th Sept., 2016	: On or before 14 th November, 2016
	Results for quarter ending 31 st Dec., 2016	: On or before 14 th February, 2017
	Results for Year ending 31 st March, 2017	: On or before 30 th May, 2017.

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 2016-17 have been duly paid to the said Stock Exchanges.
i)	Stock Code: Scrip Code No. : Bombay Stock Exchange	: 532744
	Trading symbol : National Stock Exchange	: GTNTEX
ii)	Demat ISIN Nos. in NSDL and CDSL for Equity Shares	: INE302H01017

III Stock market data :

(in ₹ per Share)

Month	BSE		NSE	
	High	Low	High	Low
April 2015	10.25	8.61	10.60	9.00
May	11.67	8.91	11.10	9.00
June	11.10	9.08	10.70	9.00
July	11.60	9.44	11.65	9.70
August	13.15	8.20	13.40	8.70
September	10.00	8.50	9.80	8.45
October	10.56	8.41	10.70	8.65
November	9.40	8.12	10.00	7.90
December	11.50	8.45	12.70	8.00
January 2016	17.21	12.00	17.40	12.10
February	14.06	9.23	13.40	9.20
March	11.88	8.90	10.50	8.70

IV	Registrar and Transfer Agents (Share Transfer and communication regarding Share Certificates, Dividends and change of Address)	: M/s. Integrated Enterprises(India) Limited, 2 nd Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar, Chennai -600 017 Tel: 044 28140801-803 E-Mail : corpserv@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 Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.

REPORT ON CORPORATE GOVERNANCE (Contd...)

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

(a) Shareholding pattern as on 31st March, 2016:

SL. No.	Category	No of shares (Issued Equity)	%age
01)	Promoters & Associates	7250438	62.29
02)	Indian Financial Institutions, Banks, Mutual Funds	90005	0.77
03)	Foreign Institutional Investors / NRIs	8237	0.07
04)	Others	4291798	36.87
	Total :	11640478	100.00

(b) Distribution of Shareholding as on 31.03.2016

No. of shares held	No. of share-holders	% of share-holder	No. of shares (Issued Equity)	% of shareholding
Upto 100	20815	87.26	641987	5.51
101-500	2003	8.40	560193	4.81
501-1000	509	2.13	431379	3.71
1001-10000	463	1.94	1363873	11.72
10001-100000	50	0.21	1126754	9.68
Above 100000	15	0.06	7516292	64.57
Total :	23855	100	11640478	100.00

VII) Dematerialization 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 scrip less trading. As on 31st March, 95.64% 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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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, 2 nd Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar, Chennai 600 017 Tel: 044 28140801-803 E-Mail : corpserv@integratedindia.in
		b)	For share held on Demat form:- To the Depository Participants.
(ii)	Any query on Annual Report		Secretarial Department GTN TEXTILES LIMITED 5 th Floor, Palal Towers, M G Road, Ravipuram, Ernakulam, Kochi – 682 016 E-Mail: cs@gtntextiles.com

DECLARATION

Compliance with the Code of Business Conduct and Ethics

As provided under Regulation 26(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, all the Board members and Senior Management Personnel have affirmed compliance with GTN TEXTILES LIMITED Code and Ethics for the year ended 31st March, 2016.

Place: Kochi
Date: 01.8.2016

For GTN TEXTILES LIMITED
B.K. PATODIA
Chairman & Managing Director
(DIN 00003516)

CEO/ CFO CERTIFICATION

We the undersigned, in our respective capacities as Managing Director of **GTN TEXTILES LIMITED** (the Company) to the best of our knowledge and belief certify that;

- a. We have reviewed financial statements and the cash flow statement for the year ended 31st March 2016 and that to the best of our knowledge and belief, we state that:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal, or violation of the Company's Code of Conduct.
- c. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting of the company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit committee:
 - i. Significant changes, if any, in internal control over financial reporting during the year;
 - ii. Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements ; and
 - iii. Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control systems over financial reporting.

Place: Kochi
Date: 01.8.2016

For GTN TEXTILES LIMITED
B.K. PATODIA
Chairman & Managing Director
(DIN 00003516)

CORPORATE GOVERNANCE 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 31st March, 2016 as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company, for ensuring compliance of the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us by the directors and the management and read with the paragraph above, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 FRN 001209S)

Place : Kochi
Date : 01.8.2016

R. MUGUNTHAN
PARTNER
M NO.21397

GTN TEXTILES LIMITED

MANAGEMENT DISCUSSION & ANALYSIS

GLOBAL TEXTILE INDUSTRY

The global textile and clothing trade after growing at an average CAGR of more than 7% during the period 2010-14, for the first time declined by around 6% to USD 745 billion during 2015. During 2014, the total world trade had reached USD 797 billion from USD 602 billion in 2010, showing continuous growth. Amongst the top 10 markets, while most of the countries showed decline during 2015, including India, China and US, only Vietnam and Bangladesh showed growth in exports of around 9% and 4% respectively.

The global fibre market continues to be dominated by synthetic fibres, which account for little over 60%. It is expected that globally, the cotton prices will stay close to or below long term averages for next few seasons. World cotton stocks, which continue to be high at around 90% of consumption, will also keep cotton prices on lower side. Due to this, cotton consumption will grow in absolute terms, but it's market share may remain around 30%.

INDIAN TEXTILE INDUSTRY

During the financial year 2015-16, exports of textiles & clothing from India exceeded \$35 billion but were 1.5% lower compared to previous year. While garment sector accounted for 48% of the exports, cotton yarn/fabrics/made-ups had 28% share, with remaining 24% comprising of man-made textiles, handicrafts, handmade carpets etc. According to the report of Labour Bureau, textiles and clothing sector generated maximum employment during 2015, outperforming the IT and auto sectors. As it is, the clothing and textiles industry has 12 % share of country's total exports, and employs close to 45 million people. India's share in the world trade in textiles and clothing was around 5%, as against 37% of China, and 4% each of Italy, Germany and Bangladesh. Among the other major exporters, U.S., Hong Kong, Vietnam and Turkey had a share of 3% each.

Technology Upgradation Fund Scheme (TUFS), which was introduced for textile industry from 1st April, 1999, has been further extended up to 31st March, 2022 with certain changes. A substantial part of spinning capacity was put up under the TUFS during this period and total investments attracted in the entire industry till March 2016, amounted to around ₹ 3 lakh crores.

The spinning capacity, cotton yarn production and cotton yarn exports for last five years are given below:-

Year	Spinning Capacity (Spindles-Million)	Production (Kg-Million)	Exports (Kg-million)	Exports (\$-Million)
2011-12	48.25	3126	749	2990
2012-13	49.17	3583	1108	3535
2013-14	49.64	3928	1310	4555
2014-15	50.14	4055	1253	3938
2015-16	51.26	4138	1325	3610

RAW COTTON SCENARIO

Global Cotton Production

After continuous build up of cotton stocks since 2009-10, mainly by China, the world stocks have reduced in 2015-16. This has, as much to do with Chinese government's decision to start liquidating its stock – nearly 50% of annual global consumption, as to the fact there was 15% decline in world cotton production. The size of cotton growing area has also been reduced by around 8% to 31.2 million hectare. During the recent past, alternative crops could fetch higher prices than cotton which encouraged farmers to move away from cotton to some extent. Further, weather conditions in many countries were not conducive which led to decrease in average yield from 765 kg/ha to 711 kg/ha i.e., almost 7%. However, in 2016-17, due to favourable conditions, cotton area under cultivation is expected to increase in Pakistan and U.S. as against likely decrease in India, China, Brazil and Uzbekistan. The average yield across the world is also expected to recover to some extent by around 3%. Though cotton production is likely to increase in 2016-17 in the world, it is estimated to be less than consumption requirement. Therefore, the stocks are also expected to decline to 19.5 million tons as against 22.2 million and 20.5 million respectively in 2014-15 and 2015-16.

The monthly average Cotlook A Index, which was 80.87 US Cents/lb in November 2012, reached a high of 96.95 in March 2014 and came down to 69 by the end of 2015. Currently on 20th June, 2016, the Cotlook Index was at 73.55 indicating that the cotton prices will remain on lower side.

MANAGEMENT DISCUSSION & ANALYSIS (Contd...)

Domestic Production Scenario

Cotton crop in India for the season 2015-16 (Oct. - Sept.) is estimated at 338 lakh bales of 170 kg. each as per estimates released by Cotton Association of India, against 382 lakh bales in 2014-15. As against this, production is estimated to be 370 lakh bales for 2015-16, and after considering opening stocks, imports, exports, etc., the carry forward stock at the end of the season is expected to be 43 lakh bales. However, in time to come, there is major change expected in cotton production i.e., Bt. Cotton is likely to be replaced with domestic cotton seeds due to its failure in several states. During 2015-16 crop year, substantial damage was caused to the crop by pink boll worm pests and white fly in Gujarat, Andhra Pradesh, Punjab, Haryana and Rajasthan. Many agricultural universities in India along with Central Institute of Cotton Research have been working to develop different varieties of Indian Bt. Cotton which will be cheaper. After adoption of Bt. Cotton, use of insecticides in India had reduced to 50%, besides the yield almost doubled. However, there was no serious implementation of integrated pest management as well as insect resistance management which resulted in boll worm resistance to the Bt. Cotton causing continuous damage, specially to the hybrid cotton.

As per latest reports, the coming season is likely to witness decline in total acreage to the extent of 7%, mainly on account of poor cotton sowing in Maharashtra and Telangana. The reason for poor sowing could be due to delayed Monsoon as well as its slow progress, besides possibility of farmers switching over to better options fetching higher realisations. Further, decline in cotton sowing in Punjab is attributed to white fly pest attack damaging the crops. However, this year Monsoon appears to be favourable with the result that overall shortfall in cotton as compared to previous year may not be much as cotton sowing area may increase as Monsoon progresses.

BUSINESS OVERVIEW, INDUSTRY DEVELOPMENTS, OPPORTUNITIES AND THREATS

The Company is engaged in business of manufacture and export of high quality combed cotton yarns. The yarn is manufactured from the world's best sources of long and extra long staple cotton like American Supima, Egyptian Giza, contamination free Australian and American cottons and superior Indian cotton like Shankar-6 and DCH-32. The company manufactures yarns of various counts ranging from NE 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 at its plant. Presently, the company has a capacity of 58,864 spindles at Aluva in Kerala, consisting of 34896 Compact Spinning and 23968 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.

The promoters have 5 decades of experience in spinning industry with its first unit in Kerala in 1966. The company derives its strength from rich experience of promoters in marketing of cotton yarns in international market for over 3 decades. The company has built up an excellent customer base over the years by supplying consistent quality and timely deliveries of yarns. With flexibility to produce varied counts of cotton yarns, carded, combed, single and twisted, multi fold and gassed, the company is able to retain its customers.

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

According to recent study carried out by CII (BCG), the textile sector can generate up to 50 million jobs within next 9 years, considering shift of textiles and garment manufacturing operations from China, due to increase in labour cost in there. With China's huge share in world trade in this industry, there could be easily an opportunity of more than \$ 200 billion in favour of other developing countries. Since Indian textile industry is well established covering full value chain, from fibre to fashion, it stands to gain from this.

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 Director's Report under Performance Review.

RISK AND CONCERNS

- a. Raw Cotton, an agricultural product, is the key raw material used for the manufacture of cotton yarn. Almost 65 percent of area under cotton cultivation is rain-fed and hence is dependent on vagaries of monsoon, which this year has shown uncertain signs so far. Adequate availability of raw cotton at right prices is crucial for the Company. Any disruption in the supply and/or violent changes in the cost structure would affect the profitability of the Company.
- b. Your Company follows an efficient inventory management system and a well-crafted strategy of procuring raw materials through a mix of spot and long-term contracts. The company's conscious efforts on maintaining a judicious mix of markets for its sales and thrust on speciality products like Organic, Fair Trade, Better Cotton Initiative (BCI), Supima yarns, Giza yarns have also proved to be beneficial

MANAGEMENT DISCUSSION & ANALYSIS (Contd...)

- c. Volatility in foreign currency exchange rates vis-a-vis Indian Rupee is another area of concern since a sizable production of cotton yarn is exported by your company. The Company has in place various Management Information Systems, which enable the management to take decisions on exposures relating to exports, imports, foreign currency loans, etc. The Company continues to strengthen these systems to minimize the risk involved due to adverse movement of exchange rates.
- d. Your Company has a system of assessing the risks on an ongoing basis. This includes an effective internal control and management reporting system. Further, the framework also captures the existing practices to manage commodity price risk, interest risk, and foreign exchange risk etc. An important aspect of this framework is to promote a balanced approach that considers risk and return.
- e. An area of concern is rapid expansion of spinning capacity in the country without commensurate increase in downstream weaving, knitting and garmenting sectors. This has resulted in surplus cotton yarn production, and spinning units had to export yarn at very low prices, specially to China. One of the main reason for rapid expansion of spinning capacity in States like Gujarat, Maharashtra, Andhra Pradesh, Madhya Pradesh etc. was unduly high incentives and concessions granted to the new entrants. Since their cost of production is lower by 10-15% as compared to the existing units, it has resulted in many companies incurring losses or earning insufficient profit to repay the loans, and turning into NPAs. The government must ensure that such disproportionate incentive schemes should be scrapped and a level playing field prepared.

However, recently, the government has announced Rs.6000 crores package to create 10 million new jobs in three years in the ready made garment industry. They are likely to extend the similar benefits to made-ups and fabric sectors also. In the long run, this will help correct the imbalance in spinning capacity as the domestic consumption should increase. In the meanwhile, the government has been requested to restore the benefits which the spinning industry was enjoying, namely, interest subvention scheme, 3% IES export benefits and 2% MEIS on par with other textile products till the supply demand mismatch is eased out. The government should also expedite conclusion of FTAs with major markets, particularly, EU.

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 except the situation explained in the review of financial performance

As on 31st March, 2016, the Company has about 531 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 Standalone Financial Statements

We have audited the accompanying standalone financial statements of GTN Textiles Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2016, the Statement of profit and loss and the Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 and presentation of these standalone 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 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone 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 there under.

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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31 March 2016 and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1.	As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2.	As required by Section 143 (3) of the Act, we report that:
(a)	We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
(b)	In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
(c)	The Balance sheet, the Statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
(d)	In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

Independent Auditor's Report (Contd.)

(e)	On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
(f)	With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
(g)	With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
(i)	The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No.33 (B) to the 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 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: Coimbatore
Date :31/05/2016

R.Mugunthan
Partner
M.No.21397

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased 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.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) During the year, Inventories has been physically verified by the Management and there were no material discrepancies were noticed during such verification.
- (iii) As informed to us, during the year 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.
 - (a) The Company has maintained proper rrecords showing full particulars, including quantitative details and situation of fixed assets.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

As explained to us, the Company did not have any dues on account of duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material

Annexure - A to the Independent Auditors' Report (Contd.)

statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues which have not been deposited on account of dispute and the same being contested by the Company.
- (viii) During the year, Company has defaulted in repayment of dues to Banks/financial institutions and instalment of dues are paid after days of delay from due date. And in the case of year end dues as on Balance sheet which remains outstanding on account of default and remained payable are as under:

Particulars	Amount of default as at the balance sheet date – Rs. In lakhs	Period of default	Remarks if any
Axis Bank	Rs.72.00	Since 31 st March, 2016 till date of the report not paid	
EXIM Bank	Rs.17.50	19 days	Paid on 19 th April, 2016
Central Bank of India	Rs.37.50	57 days	Paid on 27 th May, 2016
Bank of India	Rs.42.75	57 days	Paid on 27 th May, 2016

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

For M.S.Jagannathan & Visvanathan
Chartered Accountants
ICAI FRN 001209S

Place: Coimbatore
Date :31/05/2016

R.Mugunthan
Partner
M.No.21397

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of GTN Textiles Limited ("the Company") as on 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies,

Annexure - B to the Independent Auditors' Report (Contd.)

the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as on 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M.S.Jagannathan & Visvanathan

Chartered Accountants

ICAI FRN 001209S

R.Mugunthan

Partner

M.No.21397

Place: Coimbatore

Date :31/05/2016

GTN TEXTILES LIMITED

BALANCE SHEET

	Note	As at 31.03.2016 (Rs in lacs)	As at 31.03.2015 (Rs in lacs)
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	1,164.05	1,164.05
(b) Reserves and surplus	3	830.49	1,564.13
Sub-Total		<u>1,994.54</u>	<u>2,728.18</u>
2 Non-current liabilities			
(a) Long-term borrowings	4	1,417.63	2,237.23
(b) Deferred tax liabilities (Net)	5	—	268.96
Sub-Total		<u>1,417.63</u>	<u>2,506.19</u>
3 Current liabilities			
(a) Short-term borrowings	6	3,192.83	3,900.72
(b) Trade payables	7	4,670.34	2,319.64
(c) Other current liabilities	8	2,117.45	1,568.51
(d) Short-term provisions	9	126.70	123.23
Sub-Total		<u>10,107.32</u>	<u>7,912.10</u>
TOTAL		<u><u>13,519.49</u></u>	<u><u>13,146.47</u></u>
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		4,654.93	5,056.44
(ii) Intangible assets		6.29	14.08
(iii) Capital work-in-progress		—	—
(b) Non-current investments	11	1,964.92	1,984.92
(c) Deferred tax Assets (Net)	12	25.33	-
(d) Long-term loans and advances	13	141.65	192.58
Sub-Total		<u>6,793.12</u>	<u>7,248.02</u>
2 Current assets			
(a) Inventories	14	3,855.61	3,612.95
(b) Trade receivables	15	1,666.71	1,293.00
(c) Cash and Bank Balances	16	322.43	142.48
(d) Short-term loans and advances	17	871.58	728.01
(e) Other current assets	18	10.04	122.01
Sub-Total		<u>6,726.37</u>	<u>5,898.45</u>
TOTAL		<u><u>13,519.49</u></u>	<u><u>13,146.47</u></u>

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 and on behalf of the Board

For **M.S. JAGANNATHAN & VISVANATHAN**
Chartered Accountants
(ICAI FRN 001209S)

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

B. L. SINGHAL
Director
DIN No. 00006433

R. MUGUNTHAN
Partner
(M. NO. 21397)

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

A. K. WARERKAR
Vice President Finance &
Chief Financial Officer

Place : Coimbatore
Date : 31st May, 2016

Place : Kochi
Date : 30th May, 2016

GTN TEXTILES LIMITED

STATEMENT OF PROFIT AND LOSS

	Note	Year ended 31.03.2016 (Rs. In Lacs)	Year ended 31.03.2015 (Rs. In Lacs)
REVENUE:			
Revenue From Operations	19	15,292.20	18,597.79
Other income	20	37.36	73.25
Total Revenue		15,329.56	18,671.04
EXPENSES:			
Cost of materials consumed	21	8,406.39	9,540.45
Purchases of Stock-in-Trade		854.28	3,114.79
Changes in inventories of finished goods, work in progress and waste	22	(114.58)	(758.48)
Employee benefits expense	23	2,600.97	2,580.34
Finance costs	24	931.49	1,089.40
Depreciation and amortization expense		417.80	456.60
Other expenses	25	3,224.68	3,094.90
Total Expenses		16,321.03	19,118.00
Profit/(Loss) before exceptional and extraordinary items and tax		(991.47)	(446.96)
Exceptional items		—	—
Profit/(Loss) before extraordinary items and tax		(991.47)	(446.96)
Extraordinary items		—	—
Profit/(Loss) before tax		(991.47)	(446.96)
Tax expense:			
Provision for Current tax - MAT		—	—
Reversal of Minimum Alternate Tax (MAT) credit entitlement of earlier years		36.46	—
Deferred tax charge / (Credit)		(294.29)	(141.00)
Profit / (Loss) for the year		(733.64)	(305.96)
EARNINGS PER EQUITY SHARE:			
	26		
Basic and Diluted (in Rs.) (Face value of Rs.10 each)		(6.30)	(2.63)
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 and on behalf of the Board

For **M.S. JAGANNATHAN & VISVANATHAN**
Chartered Accountants
(ICAI FRN 001209S)

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

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A. K. WARERKAR
Vice President Finance &
Chief Financial Officer

Place : Coimbatore
Date : 31st May, 2016

Place : Kochi
Date : 30th May, 2016

GTN TEXTILES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

	2015-16 (Rs in lacs)	2014-15 (Rs in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax and extra ordinary items	(991.47)	(446.96)
Adjustments for:		
Depreciation	409.73	449.02
Amortisation	8.07	7.58
Loss on disposal/discard of fixed assets (Net)	0.14	(18.65)
Unrealised foreign currency (gain) / losses	(8.76)	9.60
Interest income	(25.79)	(44.01)
Interest Expenditure	817.64	967.11
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>209.56</u>	<u>923.69</u>
Changes in Working Capital:		
Increase / (Decrease) in trade payables	2,359.46	(2,138.35)
Increase / (Decrease) in provisions	3.47	18.18
Increase / (Decrease) in other current liabilities	(29.39)	(336.69)
(Increase) / Decrease in trade receivables	(373.71)	952.18
(Increase) / Decrease in inventories	(242.66)	278.20
(Increase) / Decrease in margin money and unpaid dividend	(129.19)	310.32
(Increase) / Decrease in Short Term loans and advances	(143.56)	10.15
(Increase) / Decrease in other current assets	111.90	13.23
CASH GENERATED FROM OPERATIONS	<u>1,765.88</u>	<u>30.91</u>
Taxes paid (net of refunds)	8.75	(26.69)
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>1,774.63</u>	<u>4.22</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible/intangible assets	(2.73)	(64.52)
Sale of tangible/intangible assets	(0.14)	196.86
Interest received	25.79	44.01
Purchase of non-current investments	20.00	-
NET CASH FROM INVESTING ACTIVITIES	<u>42.92</u>	<u>176.35</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(817.64)	(967.11)
Proceeds from Long Term borrowings	-	317.50
Repayment of Long Term borrowings	(685.37)	(888.76)
Net Proceeds from Short Term Borrowings	(707.89)	802.65
Proceeds/(Repayment) of Finance Lease obligation (Net)	(5.89)	4.85
Long term Deposits	450.00	382.26
NET CASH USED IN FINANCING ACTIVITIES	<u>(1,766.79)</u>	<u>(348.61)</u>
NET INCREASE IN CASH AND BANK BALANCES	50.76	(168.04)
CASH AND BANK BALANCES AT THE BEGINNING OF THE YEAR	52.62	220.66
CASH AND BANK BALANCES AT THE END OF THE YEAR	103.38	52.62

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 and on behalf of the Board

For **M.S. JAGANNATHAN & VISVANATHAN**
Chartered Accountants
(ICAI FRN 001209S)

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

B. L. SINGHAL
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(M. NO. 21397)

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

A. K. WARERKAR
Vice President Finance &
Chief Financial Officer

Place : Coimbatore
Date : 31st May, 2016

Place : Kochi
Date : 30th May, 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

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.

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.

2 SHARE CAPITAL

	As at 31.03.2016 (Rs. in lacs)	As at 31.03.2015 (Rs. in lacs)
(a) Authorised:		
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) Issued,Subscribed and fully Paid up Shares :		
1,16,40,478 (Previous year:1,16,40,478) Equity shares of Rs.10 each fully paid up	<u>1,164.05</u>	<u>1,164.05</u>
(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><u>1,164.05</u></u>	<u><u>1,164.05</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

(c) RECONCILIATION OF NUMBER OF SHARES

	As at March 31, 2016		As at March 31, 2015	
	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, 2016		As at March 31, 2015	
	No of Shares	% of holding	No of Shares	% of holding
I Mr. Binod Kumar Patodia	11 95 580	10.27%	11 95 580	10.27%
II Mr. Umang Patodia	8 35 120	7.17%	8 35 120	7.17%
III Mr. Ankur Patodia	7 32 331	6.29%	7 32 331	6.29%
IV Mrs. Prabha Patodia	6 82 418	5.86%	6 82 418	5.86%
V Binod Kumar Patodia HUF	11 58 880	9.96%	11 58 880	9.96%
VI Beekaypee Credit Private Limited	8 22 311	7.06%	8 22 311	7.06%
VII Patodia Exports & Investments Private Limited	6 72 986	5.78%	6 72 986	5.78%
VIII Umang Finance Private Limited	7 33 052	6.30%	7 33 052	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

3 RESERVES AND SURPLUS

	As at 31.03.2016 (Rs in lacs)	As at 31.03.2015 (Rs in lacs)
(A) GENERAL RESERVE		
Balance as at the beginning of the year	2,092.36	2,111.65
Add/(Less) :Additional Depreciation	-	(19.29)
Balance as at the end of the year	2,092.36	2,092.36
(B) SURPLUS/(DEFICIT) IN STATEMENT OF PROFIT AND LOSS		
Balance as at the beginning of the year	(528.23)	(222.27)
Profit / (Loss) for the year	(733.64)	(305.96)
Balance at the end of the year	(1,261.87)	(528.23)
TOTAL (A)+(B)	830.49	1,564.13

4 LONG - TERM BORROWINGS

	As at March 31, 2016 (Rs in lacs)		As at March 31, 2015 (Rs in lacs)	
	Non Current	Current	Non Current	Current
(A) Secured Loans				
Term Loans				
From Banks	1,288.38	896.51	2,032.63	785.13
From Financial Institution	122.50	87.50	192.50	70.00
Finance Lease Obligations				
From Banks	6.75	5.36	12.10	5.90
TOTAL	1,417.63	989.37	2,237.23	861.03

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

	As at March 31, 2016 (Rs in lacs)		As at March 31, 2015 (Rs in lacs)	
	Non Current	Current	Non Current	Current
(B) Un-secured:				
Fixed Deposits				
From Corporates	-	1,000.00	-	550.00
From Public	-	-	-	-
TOTAL	-	1,000.00	-	550.00
TOTAL (A) + (B)	1,417.63	1,989.37	2,237.23	1,411.03

I Term Loans are secured by :

- Term loans borrowed from Banks and Financial Institution and total outstanding of Rs.2394.89 lacs (Previous year - Rs.3080.26 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 passu 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.1163.75 lacs (Previous year - Rs.1312.88 lacs).
- Loan from Export Import Bank of India outstanding of Rs.210 Lacs (Previous year Rs.263 Lacs) is further secured by Corporate guarantee given by Patspin India Limited to the extent of Rs.175 lacs (Previous year Rs.175 Lacs).
- Finance Lease Obligations are relating to vehicles and are secured against respective vehicles hypothecated costing Rs. 28.72 lacs (Previous year Rs.35.42 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	984	1411	0
b	Finance Lease obligations	5	7	0

Note: Term Loan instalments due within one year includes instalment due on 31st March '16 amounting to Rs.170 lacs as on the Balance Sheet Date. The same has been paid during the month of May 2016

5 DEFERRED TAX LIABILITIES (NET)

Particulars	As at 31.03.2016 (Rs in lacs)	As at 31.03.2015 (Rs in lacs)
(A) Deferred Tax Liabilities:		
Related to Fixed Assets	—	983.35
(B) Deferred Tax Assets:		
Unabsorbed Depreciation	—	714.39
Net (A) - (B)	—	268.96

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

6 SHORT TERM BORROWINGS

SECURED LOANS

	As at 31.03.2016 (Rs in lacs)	As at 31.03.2015 (Rs in lacs)
Loan Repayable on demand		
From Banks- Working Capital facilities	3,192.83	3,900.72
TOTAL	3,192.83	3,900.72

- 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 inter se, and also guaranteed by Chairman & Managing Director of the Company.
- 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 inter se, and personal guarantee of Chairman & Managing Director of the company. Total amount outstanding at the end of the year is Rs.2235 lacs (Previous year Rs.1130 lacs).

7 TRADE PAYABLES

	As at 31.03.2016 (Rs in lacs)	As at 31.03.2015 (Rs in lacs)
Due to Micro, Small and Medium Enterprises (MSME's) (Refer note No : 35)	—	1.18
Other than MSME's	4,670.34	2,318.46
TOTAL	4,670.34	2,319.64

8 OTHER CURRENT LIABILITIES

Current maturities of Long Term Loan	984.01	855.13
Current maturities of finance lease obligation	5.36	5.90
Current maturities of Fixed deposits:		
From Corporates	1,000.00	550.00
From Public	—	—
Interest accrued but not due on borrowings	72.92	46.14
Unclaimed dividends *[Refer note (a) below]	—	2.69
Creditors for Capital Expenditure	—	3.26
Advances from customers	—	45.61
Employee Benefits payable	0.36	3.28
Statutory and other dues payable	54.80	56.50
TOTAL	2,117.45	1,568.51

*Note (a) : 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	126.70	123.23
TOTAL	126.70	123.23

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

10 FIXED ASSETS

Description of Assets		Gross Block						Depreciation/Amortisation						Net Block	
		April 1, 2015	Addition	Disposal	Acquisition	Other Adjustments	March 31, 2016	Upto April 1, 2015	For the Year	Retained Earnings (refer "a" below)	Disposal/ Adjustments	Other Adjustments	Upto March 31, 2016	March 31, 2016	March 31, 2015
A	Tangible Assets														
	a) Own Assets														
	Land	24.34	—	—	—	—	24.34	—	—	—	—	—	—	24.34	24.34
	Building *	1889.23	—	—	—	—	1889.23	1301.12	43.54	—	—	—	1,344.66	544.57	588.11
	Plant and Equipment	10479.69	4.44	0.54	—	—	10483.59	6076.82	352.60	—	0.51	—	6,428.91	4054.68	4402.87
	Office Equipment	250.04	3.93	4.43	—	—	249.54	234.98	6.13	—	4.40	—	236.71	12.83	15.06
	Furniture and Fixtures	93.10	—	1.97	—	—	91.13	88.83	0.78	—	1.87	—	87.74	3.39	4.27
	Vehicles	59.01	—	—	—	6.70	65.71	56.26	0.65	—	—	—	56.91	8.80	2.75
	Total (a)	12795.41	8.37	6.94	—	6.70	12803.54	7758.01	403.70	—	6.78	—	8154.93	4648.61	5037.40
	Previous year end	13483.88	41.54	730.01	—	—	12795.41	7843.78	440.79	25.24	551.80	—	7758.01	5037.40	—
	b) Assets taken on Finance Lease														
	Vehicles	35.43	—	—	—	(6.70)	28.73	16.39	6.02	—	—	—	22.41	6.31	19.04
	Total (b)	35.43	—	—	—	(6.70)	28.73	16.39	6.02	—	—	—	22.41	6.31	19.04
	Previous year end	21.40	14.03	—	—	-	35.43	6.14	8.23	2.02	—	—	16.39	4.75	—
	Total A (a+b)	12830.84	8.37	6.94	—	-	12832.26	7774.40	409.72	—	6.78	—	8177.34	4654.93	5056.44
	Previous year end (i)	13505.28	55.57	730.01	—	-	12830.84	7849.92	449.02	27.26	551.80	—	7774.40	5056.44	—
B	Intangible Assets														
	Own Assets (Acquired):														
	Computer Software	251.65	0.29	—	—	—	251.94	237.57	8.07	—	—	—	245.64	6.29	14.08
	Total B	251.65	0.29	—	—	—	251.94	237.57	8.07	—	—	—	245.64	6.29	14.08
	Previous year end (ii)	244.26	7.39	—	—	—	251.65	229.34	7.58	0.65	—	—	237.57	14.08	—
	Total A+B	13082.49	8.65	6.94	—	—	13084.20	8011.97	417.80	—	6.78	—	8422.99	4661.23	5070.52
	Previous year end (i) to (ii)	13749.54	62.96	730.01	—	—	13082.49	8079.26	456.60	—	551.80	—	8011.97	5070.52	—

* 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 off tax Rs.8.62 Lac as a transitional provision has been recognised in the Retained Earnings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

11 NON CURRENT INVESTMENTS

	As at 31.03.2016 (Rs in lacs)		As at 31.03.2015 (Rs in lacs)	
	Quoted (I)	Un-Quoted (II)	Quoted (I)	Un-Quoted (II)
(I) LONG TERM INVESTMENTS - Valued at cost				
In Equity Shares of Associate (Trade)				
Patspin India Limited - 1,42,87,068(1,42,87,068) of Rs.10 each	1,964.26		1,964.26	
In Equity Shares (Non-Trade)				
Central Bank of India - 243 (243) Equity Shares of Rs.10 each	0.25		0.25	
In Bonds				
Central Bank of India - Series X 8.15% Tier II Bonds	—		20.00	
In other investments				
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>1,964.51</u>	<u>0.41</u>	<u>1,984.51</u>	<u>0.41</u>
TOTAL (I) + (II)		1,964.92		1,984.92
Aggregate amount of quoted investments market value		1,128.86		1,010.81

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 DEFERRED TAX ASSETS (NET)

Particulars	As at 31.03.2016 (Rs in lacs)	As at 31.03.2015 (Rs in lacs)
(A) Deferred Tax Assets:		
Unabsorbed Depreciation	793.35	—
Business Loss	145.02	—
Other Disallowances	0.90	—
(B) Deffered Tax Liability		
Related to Fixed Assets	(913.94)	—
Net (A) - (B)	<u>25.33</u>	<u>—</u>

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

13 LONG TERM LOANS AND ADVANCES

Unsecured and considered good		
Capital Advances	1.61	7.38
Security Deposits	17.86	17.80
Income Tax (Net of Provision Rs.204.67 lacs ; Previous year Rs.204.67 lacs)	44.18	52.93
Minimum Alternate Tax Credit entitlement	78.00	114.47
TOTAL	<u>141.65</u>	<u>192.58</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

	As at 31.03.2016 (Rs in lacs)	As at 31.03.2015 (Rs in lacs)
14 INVENTORIES		
Stores, Spares and Packing Materials - (Refer note no 1(e) -Accounting Policies)	48.16	62.87
Stock In Trade - (Refer note no.1(e) - Accounting Policies)		
Raw Materials	1,466.46	1,237.61
Goods-in-Process	583.25	481.49
Finished Goods	1,753.68	1,826.51
Waste Stock	4.06	4.47
TOTAL	3,855.61	3,612.95
15 TRADE RECEIVABLES		
Unsecured and considered good		
Outstanding exceeding six months from the due date	—	0.88
Outstanding less than six months from the due date	1,666.71	1,292.12
TOTAL	1,666.71	1,293.00
16 CASH AND BANK BALANCES		
a. Cash and cash equivalents:		
Cash in Hand	2.48	9.16
Balances with Scheduled Banks in Current Accounts	100.90	43.46
	103.38	52.62
b. Other Bank Balances:		
Unclaimed Dividend Accounts	—	2.69
Margin Money and other lien deposits	219.05	87.17
	219.05	89.86
TOTAL	322.43	142.48
17 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	132.82	93.94
Security Deposits	146.68	138.15
Prepaid Expenses	37.66	58.84
Advances for Raw material	—	13.81
Other Advances	529.59	405.04
Balances with Statutory Authorities	24.83	18.23
TOTAL	871.58	728.01
18 OTHER CURRENT ASSETS		
Interest Accrued on Deposits	3.28	9.46
Export Incentives Receivable	6.76	112.55
TOTAL	10.04	122.01

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

		Year ended 31.03.2016 (Rs. in lacs)	Year ended 31.03.2015 (Rs. in lacs)
19 REVENUE FROM OPERATIONS			
(A) Sale of Products			
Finished Goods :			
Exports		5,156.10	6,004.56
Local		8,208.23	7,985.24
Traded Goods:			
Exports		908.42	3,321.03
Waste Sales:			
Exports		—	44.40
Local		769.00	863.02
TOTAL (A)		15,041.75	18,218.25
Less : Excise Duty		—	—
Net Sales		15,041.75	18,218.25
(B) Other Operating Income			
Job work charges		6.88	37.42
Export Incentive		243.57	342.12
TOTAL (B)		250.45	379.54
TOTAL (A) +(B)		15,292.20	18,597.79
20 OTHER INCOME			
Interest Income		25.79	44.01
Sale of scrap		10.33	11.72
Miscellaneous receipts		1.24	17.52
TOTAL		37.36	73.25
21 COST OF RAW MATERIALS CONSUMED			
(A) Raw materials Consumed			
Opening Stock		1,237.61	2,353.37
Add: Purchases during the Year	9,559.97		9,760.08
Less: Sale of Cotton	1,133.40	8,426.57	1,561.33
Less: Closing Stock		1,466.46	1,237.61
TOTAL (A)		8,197.72	9,314.51
(B) Packing Material Consumed			
Opening Stock		22.52	27.67
Add :Purchases during the Year		204.50	220.79
Less:Closing Stock		18.35	22.52
TOTAL (B)		208.67	225.94
TOTAL (A) + (B)		8,406.39	9,540.45

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

	Year ended 31.03.2016 (Rs. in lacs)	Year ended 31.03.2015 (Rs. in lacs)
22 CHANGES IN INVENTORY OF FINISHED GOODS, GOODS IN PROCESS AND WASTE		
(A) Stock at the beginning of the year:		
Finished goods	1,738.42	1119.45
Goods-in-process	481.49	336.68
Waste	4.47	9.77
TOTAL (A)	2,224.38	1,465.90
(B) Less : Stock at the end of the year:		
Finished goods	1,751.65	1,738.42
Goods-in-process	583.25	481.49
Waste	4.06	4.47
TOTAL (B)	2,338.96	2,224.38
Decrease /(Increase) in inventory (A)-(B)	(114.58)	(758.48)
23 EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages and Bonus	2,148.76	2,239.66
Contribution to Provident and Other Funds	302.74	186.34
Welfare Expenses	149.47	154.34
TOTAL	2,600.97	2,580.34
24 FINANCE COST		
Interest Expenses	817.64	967.11
Other borrowing costs	115.16	83.71
Net Loss / (Gain) on foreign currency transaction and translation	(1.31)	38.58
TOTAL	931.49	1,089.40
25 OTHER EXPENSES		
Power and fuel	1,676.98	1,730.55
Process charges expenses	490.55	363.14
Consumption- Stores and Spares	47.48	63.30
Repairs & Maintenance- Plant & Machinery	193.08	230.29
Repairs & Maintenance- Building	3.34	15.17
Commission and Brokerage	173.84	180.56
Other selling expenses	179.86	341.76
Insurance	78.31	70.78
Rates and Taxes	11.43	11.07
Rent	9.14	9.98
Directors Sitting Fee	3.11	3.51
Payment to Auditors		
Audit Fee	1.97	1.97
Tax Audit Fee	0.76	0.81
Certification Charges	0.15	0.35
Out of Pocket Expenses	0.89	0.61
Net loss / (Gain) on foreign currency transaction and translation	78.99	(223.50)
Net loss / (Gain) on disposal/discard of fixed assets (Net)	0.14	(18.65)
Miscellaneous Expenses	274.66	313.20
TOTAL	3,224.68	3,094.90

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

26 EARNING PER SHARE

		2015-16 (Rs. in lacs)	2014-15 (Rs. in lacs)
Net profit /(Loss) as per statement of profit and loss		(733.64)	(305.96)
Weighted average Number of Equity Shares (Rs.10 per share)	Nos	11640478	11640478
Basic and diluted Earning Per Share	Rs	(6.30)	(2.63)

27 GRATUITY

		Gratuity (Funded) 2015-16 Rs in Lacs	Gratuity (Funded) 2014-15 Rs in Lacs
A	Expense recognised during the year		
1	Current Service Cost	27.28	28.58
2	Interest cost	59.60	60.28
3	Expected return on plan assets	(73.82)	(76.90)
4	Actuarial Loss/(Gain) during the year	12.28	(20.40)
5	Expenses recognised in Statement of Profit & Loss	25.34	(8.44)
B	Actual return on Plan assets		
1	Expected return on plan assets	73.82	76.90
2	Actuarial Gain/(Loss) on Plan assets	-	-
3	Actual return on plan assets	73.82	76.90
C	Net Asset/(Liability) recognised in the Balance Sheet		
1	Present value of the obligation at the year end	765.01	745.01
2	Fair Value of plan assets at the year end	920.01	924.48
3	Funded status - surplus/(deficit)	155.00	179.47
4	Unrecognised past service cost	-	-
5	Net Asset/(Liability) recognised in the Balance Sheet	155.00	179.47
D	Change in Present value of the Obligation during the year		
1	Present value of the obligation as at the beginning of year	745.01	753.50
2	Current service cost	27.28	28.58
3	Interest cost	59.60	60.28
4	Benefits paid	(79.15)	(76.96)
5	Actuarial loss/(gain) on obligation	12.28	(20.40)
6	Present value of obligation at the year end	765.02	745.00
E	Change in Assets during the year		
	Fair Value of plan assets at the beginning of the year	924.48	882.82
	Expected return on plan assets	73.82	76.90
	Contributions made	0.87	41.72
	Benefits paid	(79.15)	(76.96)
	Actuarial Loss/(gain) on plan assets	-	-
	Fair value of plan assets at the year end	920.02	924.48
F	Actuarial Assumptions		
	Discount rate	8.00%	8.00%
	Salary escalation	3.00%	3.00%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (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, 2016	March 31, 2015	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Sale of goods	1,326.75	330.28	433.09	2,066.37	-	-	-	-
Purchase of goods	629.25	1,563.38	257.36	1,041.75	-	-	-	-
Sale of fixed assets	-	121.93	-	100.28	-	-	-	-
Rendering of services	7.60	18.25	1.80	17.24	-	-	3.60	3.60
Receiving of services	212.16	122.73	281.61	154.60	-	-	-	-
Remuneration paid	-	-	-	-	45.02	44.97	-	-
Sitting Fees	-	-	-	-	-	-	-	-
Loans repaid	-	-	-	-	-	-	-	7.10
Loans taken	-	-	-	-	-	-	-	-
Interest Paid	-	-	-	-	-	-	-	0.71
Balances as at year end								
Trade Payables	-	4.69	92.40	304.78	-	-	-	-
Trade Receivables	58.67	-	-	-	-	-	-	-
Loans Outstanding	-	-	-	-	-	-	-	-
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 2016 (Contd.)

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

	Transactions	
	Mar 31, 2016	Mar 31, 2015
(i) Interest on Fixed Deposit		
ANNAYA PATODIA	-	0.71
(ii) Loans taken		
ANNAYA PATODIA	-	-
(iii) Loans repaid		
ANNAYA PATODIA	-	7.10
(iv) Sale of goods		
a) Cotton		
i) GTN Enterprises LTD	329.47	1,917.35
ii) Patspin India LTD	583.88	-
b) Cotton Yarn		
i) GTN Enterprises LTD	103.62	149.02
ii) Patspin India LTD	733.76	326.40
c) Store Items		
i) Patspin India LTD	9.11	3.88
d) Machinery		
i) GTN Enterprises LTD	-	100.28
ii) Patspin India LTD	-	121.93
(v) Purchase of goods		
a) Cotton		
i) GTN Enterprises LTD	143.04	1,015.57
ii) Patspin India LTD	262.30	1,409.61
b) Cotton Yarn		
i) GTN Enterprises LTD	114.32	26.18
ii) Patspin India LTD	366.90	152.47
c) Store Items		
i) GTN Enterprises LTD	-	-
ii) Patspin India LTD	0.06	1.31
d) Machinery		
i) Patspin India LTD	-	-
(vi) Rendering of services		
a) Rent		
i) GTN Enterprises LTD	1.20	1.20
ii) Patspin India LTD	1.32	1.32
b) Processing Charges		
i) GTN Enterprises LTD	0.60	16.04
ii) Patspin India LTD	6.28	16.93
(vii) Receiving of services		
a) Rent		
i) Prabha Patodia	1.80	1.80
ii) Mala Patodia	0.90	0.90
iii) Swati Patodia	0.90	0.90
b) Processing Charges		
i) GTN Enterprises LTD	281.61	154.60
ii) Patspin India LTD	212.16	122.73

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

	Transactions	
	Mar 31, 2016	Mar 31, 2015
(viii) Remuneration paid		
SRI.B.K. PATODIA	45.02	44.97
(ix) Guarantees provided for Patspin India Limited	-	-
(x) Guarantees received from Patspin India Limited	-	-
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.6064.51 Lacs (Previous year Rs.9369.99 lacs) and within India sale of Rs.8977.23 lacs (Previous year Rs.8848.26 Lacs)
- 31 Finance Lease assets and their against loan repayable future payments disclosure required in AS 19.

Particulars	As at 31.03.2016			As at 31.03.2015		
	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	5.36	1.03	4.33	5.89	1.61	4.28
2. Between one year to five years	6.74	0.67	6.07	12.11	1.69	10.42
Total	12.10	1.70	10.40	18.00	3.30	14.70

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 2016 which were entered into for hedging exchange risk arising from foreign currency fluctuations related to highly probable future transactions amounting to US\$ 6.00 Lacs (Previous year US\$ 18.96 Lacs) at average exchange rate of Rs.68.38/US\$ (Previous year Rs.64.75/US\$) and Euro Nil Lacs (Previous year Euro 1.50 Lacs) at an average exchange rate of Rs.Nil/Euro (Previous year Rs.81.78/Euro). The period covered under these contracts spreads over April 2016 to November 2016 (Previous year April 2015 to February 2016). The average exchange rate applicable for above period based on exchange rate on 31.03.2016 works out to Rs.67.51/US\$ (Previous year Rs.64.41/US\$) and Rs.Nil/Euro (Previous year Rs.68.97/Euro), resulting a notional profit of Rs.5.23 lacs (Previous year notional profit of Rs.25.64 Lacs)
- Outstanding Import Forward Contracts (not in the nature of derivatives) as on 31st March 2016 which were entered into for hedging exchange risk arising from foreign currency fluctuations related to highly probable future transactions amounting to US\$ 10.03 Lacs (Previous year US\$ Nil Lacs) at average exchange rate of Rs.68.20/US\$ (Previous year Rs.Nil/US\$) . The period covered under these contracts spreads over April 2016 to July 2016 (Previous year Nil). The average exchange rate applicable for above period based on exchange rate on 31.03.2016 works out to Rs.66.89/US\$ (Previous year Rs.Nil/US\$), resulting a notional profit of Rs.13.16 lacs (Previous year notional profit of Rs.Nil Lacs)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

B CONTINGENT LIABILITIES

- 1 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.)
- 2 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.1581.44 Lacs. (Previous year Rs 1845 Lacs)

33 Particulars of un- hedged Foreign Currency exposures as at 31.03.2016 are given below:

Particulars	As at 31.03.2016			As at 31.03.2015		
	Amount in Lacs	Exchange Rate Rs.	Amount (Rs.in lacs)	Amount in Lacs	Exchange Rate Rs.	Amount (Rs.in lacs)
Accounts payable	USD 0.30	66.30	1345.89	USD 7.23	62.50	451.93
	EUR Nil	Nil	Nil	EUR Nil	Nil	Nil

34 Net loss / Gain on foreign currency transaction and translation

The amount of net loss on foreign currency transaction and translation included in the Other expenses amounts to Rs. 81.64 Lacs (Previous year Rs.223.32 lacs gain). This included gain on account of export Rs.73.34 Lacs (Previous year Rs.292.34 lacs gain), loss on account of import Rs.150.79 lacs (Previous year Rs.112.68 Lac loss) and loss on account of cancellation of forward contracts Rs.4.18 lacs (Previous year Rs.43.65 lacs gain)

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

Particulars	As at 31.03.2016	As at 31.03.2015
	(Rs. in lacs)	(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

Particulars		Year ended 31.03.2016	Year ended 31.03.2015
		(Rs. in lacs)	(Rs. in lacs)
a	Raw Materials - Cotton	4,785.48	5,390.20
b	Stores	23.93	19.73
c	Automobile Spares	1.79	-
d	Capital Goods	-	-
TOTAL		4,811.20	5,409.93

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

37 EXPENDITURE IN FOREIGN CURRENCY

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
	(Rs. in lacs)	(Rs. in lacs)
Agents Commission	140.73	253.16
Foreign Travel	5.31	18.29
Others	20.70	15.15
TOTAL	166.74	286.60

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

Particulars	2015-16 (Rs. in lacs)	Percentage	2014-15 (Rs. in lacs)	Percentage
a Raw Materials				
Cotton Imported	5,027.75	59.81	5,756.89	60.34
Cotton Indigenous	2,610.66	31.06	3,055.18	32.02
Yarn Indigenous	767.97	9.13	728.38	7.64
TOTAL	8,406.38	100.00	9,540.45	100.00
b Traded Goods (Yarn Indigenous)	854.27		3,114.79	
c Packing Materials				
Imported	0.40	0.19	5.75	2.54
Indigenous	208.27	99.81	220.19	97.46
TOTAL	208.67	100.00	225.94	100.00
d Stores and Spares				
Imported	22.15	38.43	-	-
Indigenous *	35.48	61.57	113.03	100.00
TOTAL	57.63	100.00	113.03	100.00

*Includes HSD Value Rs 10.15 Lacs (Previous Year Rs 49.73 lacs) Charged to Power & Fuel

39 EARNINGS IN FOREIGN CURRENCY

Particulars	2015-16 (Rs. in lacs)	2014-15 (Rs. in lacs)
FOB Value of Exports	6,021.20	9,233.28

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 : Coimbatore
Date : 31st May, 2016

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

Place : Kochi
Date : 30th May, 2016

B. L. SINGHAL
Director
DIN No. 00006433

A. K. WARERKAR
Vice President Finance &
Chief Financial Officer

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of GTN Textiles Limited (herein after referred to as "the Holding Company" of "the Group") and its associate company comprising of the Consolidated Balance Sheet as at 31st March 2016, the Consolidated Statement of profit and loss and the Consolidated Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding 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 and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, of the Group 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. The respective Boards of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the holding company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 there under.

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the state of affairs of the Group as at 31 March 2016 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the financial statements certified by the Management.

CONSOLIDATED Independent Auditor's Report (Contd.)

Report on Other Legal and Regulatory Requirements

1.	As required by Section 143 (3) of the Act, we report, to the extent applicable, that:	
	(a)	We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
	(b)	In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports;
	(c)	The Consolidated Balance sheet, the Consolidated Statement of profit and loss and the Consolidated cash flow statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
	(d)	In our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 as applicable;
	(e)	On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies is disqualified as on 31 st March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
	(f)	With respect to the adequacy of the internal financial controls over financial reporting of the Group, its associate and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
	(g)	With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
	(i)	The consolidated financial statements disclose the impact of pending litigations on its financial position of the Group;
	(ii)	In our opinion and as per the information and explanations provides to us, the Group 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 amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

For M.S.Jagannathan & Visvanathan

Chartered Accountants

ICAI FRN 001209S

R.Mugunthan

Partner

M.No.21397

Place: Coimbatore

Date : 31st May, 2016

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2016 we have audited the internal financial controls over financial reporting of GTN Textiles Limited (herein after referred to as "the Holding Company") and its associate as on 31 March 2016.

Management's Responsibility for Internal Financial Controls

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

Annexure - A to the Independent Auditors' Report (Contd.)

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Holding company have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as on 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting is based solely on our report on the standalone financial statement of the Holding Company for the year ended 31st March, 2016.

For M.S.Jagannathan & Visvanathan
Chartered Accountants
ICAI FRN 001209S

Place: Coimbatore
Date :31st May, 2016

R.Mugunthan
Partner
M.No.21397

GTN TEXTILES LIMITED

CONSOLIDATED BALANCE SHEET

	Note	As at 31.03.2016 (Rs in lacs)
I. EQUITY AND LIABILITIES		
1 Shareholders' funds		
(a) Share capital	2	1,164.05
(b) Reserves and surplus	3	<u>(1,047.23)</u>
Sub-Total		<u>116.82</u>
2 Non-current liabilities		
(a) Long-term borrowings	4	1,417.63
(b) Deferred tax liabilities (Net)	5	<u>—</u>
Sub-Total		<u>1,417.63</u>
3 Current liabilities		
(a) Short-term borrowings	6	3,192.83
(b) Trade payables	7	4,670.34
(c) Other current liabilities	8	2,117.45
(d) Short-term provisions	9	<u>126.70</u>
Sub-Total		<u>10,107.32</u>
TOTAL		<u><u>11,641.77</u></u>
II. ASSETS		
1 Non-current assets		
(a) Fixed assets	10	
(i) Tangible assets		4654.93
(ii) Intangible assets		6.29
(iii) Capital work-in-progress		<u>—</u>
(b) Non-current investments	11	87.20
(c) Deferred tax Assets (Net)	12	25.33
(d) Long-term loans and advances	13	<u>141.65</u>
Sub-Total		<u>4,915.40</u>
2 Current assets		
(a) Inventories	14	3855.61
(b) Trade receivables	15	1666.71
(c) Cash and Bank Balances	16	322.43
(d) Short-term loans and advances	17	871.58
(e) Other current assets	18	<u>10.04</u>
Sub-Total		<u>6726.37</u>
TOTAL		<u><u>11,641.77</u></u>

Significant accounting policies

1

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

As per our report of even date attached

For and on behalf of the Board

For **M.S. JAGANNATHAN & VISVANATHAN**
Chartered Accountants
(ICAI FRN 001209S)

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

B. L. SINGHAL
Director
DIN No. 00006433

R. MUGUNTHAN
Partner
(M. NO. 21397)

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

A. K. WARERKAR
Vice President Finance &
Chief Financial Officer

Place : Coimbatore
Date : 31st May, 2016

Place : Kochi
Date : 30th May, 2016

GTN TEXTILES LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Note	Year ended 31.03.2016 (Rs. In Lacs)
REVENUE:		
Revenue From Operations	19	15,292.20
Other income	20	73.19
Total Revenue		<u>15,365.39</u>
EXPENSES:		
Cost of materials consumed	21	8,406.39
Purchases of Stock-in-Trade		854.28
Changes in inventories of finished goods, work in progress and waste	22	(114.58)
Employee benefits expense	23	2,600.97
Finance costs	24	931.49
Depreciation and amortization expense		417.80
Other expenses	25	3,224.68
Total Expenses		<u>16,321.03</u>
Profit/(Loss) before exceptional and extraordinary items and tax		<u>(955.64)</u>
Exceptional items		—
Profit/(Loss) before extraordinary items and tax		<u>(955.64)</u>
Extraordinary Items		—
Profit/(Loss) before tax		<u>(955.64)</u>
Tax expense:		
Provision for Current tax - MAT		—
Reversal of Minimum Alternate Tax (MAT) credit entitlement of earlier years		36.46
Deferred tax charge / (Credit)		(294.29)
Profit / (Loss) for the year		<u><u>(697.81)</u></u>
EARNINGS PER EQUITY SHARE:	26	
Basic and Diluted (in Rs.) (Face value of Rs.10 each)		(6.30)
Significant accounting policies	1	
The accompanying Notes 1 to 41 are an integral part of the financial statements		

As per our report of even date attached

For and on behalf of the Board

For **M.S. JAGANNATHAN & VISVANATHAN**
Chartered Accountants
(ICAI FRN 001209S)

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Chairman & Managing Director
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Vice President (Corporate Affairs) &
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A. K. WARERKAR
Vice President Finance &
Chief Financial Officer

Place : Coimbatore
Date : 31st May, 2016

Place : Kochi
Date : 30th May, 2016

GTN TEXTILES LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

	2015-16 (Rs in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit/(Loss) before tax and extra ordinary items	(991.47)
Adjustments for:	
Depreciation	409.73
Amortisation	8.07
Loss on disposal/discard of fixed assets (Net)	0.14
Unrealised foreign currency (gain) / losses	(8.76)
Interest income	(25.79)
Interest Expenditure	817.64
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>209.56</u>
Changes in Working Capital:	
Increase / (Decrease) in trade payables	2,359.46
Increase / (Decrease) in provisions	3.47
Increase / (Decrease) in other current liabilities	(29.39)
(Increase) / Decrease in trade receivables	(373.71)
(Increase) / Decrease in inventories	(242.66)
(Increase) / Decrease in margin money and unpaid dividend	(129.19)
(Increase) / Decrease in Short Term loans and advances	(143.56)
(Increase) / Decrease in other current assets	111.90
CASH GENERATED FROM OPERATIONS	<u>1,765.88</u>
Taxes paid (net of refunds)	8.75
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>1,774.63</u>
B. CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of tangible/intangible assets	(2.73)
Sale of tangible/intangible assets	(0.14)
Interest received	25.79
Purchase of non-current investments	20.00
NET CASH FROM INVESTING ACTIVITIES	<u>42.92</u>
C. CASH FLOW FROM FINANCING ACTIVITIES	
Interest paid	(817.64)
Proceeds from Long Term borrowings	—
Repayment of Long Term borrowings	(685.37)
Net Proceeds from Short Term Borrowings	(707.89)
Proceeds/(Repayment) of Finance Lease obligation (Net)	(5.89)
Long term Deposits	450.00
NET CASH USED IN FINANCING ACTIVITIES	<u>(1,766.79)</u>
NET INCREASE IN CASH AND BANK BALANCES	50.76
CASH AND BANK BALANCES AT THE BEGINNING OF THE YEAR	52.62
CASH AND BANK BALANCES AT THE END OF THE YEAR	103.38

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 and on behalf of the Board

For **M.S. JAGANNATHAN & VISVANATHAN**
Chartered Accountants
(ICAI FRN 001209S)

B. K. PATODIA
Chairman & Managing Director
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E. K. BALAKRISHNAN
Vice President (Corporate Affairs) &
Company Secretary

A. K. WARERKAR
Vice President Finance &
Chief Financial Officer

Place : Coimbatore
Date : 31st May, 2016

Place : Kochi
Date : 30th May, 2016

GTN TEXTILES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

1 Summary of significant accounting policies

a. Basis of preparation of the Financial Statements:

- (i) These Consolidated financial statements have been prepared to comply with Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.
- (ii) Company has only one associate and no subsidiary and joint venture. These Consolidated Financial statements are prepared for the first time to comply with the requirements of Section 129(3) of the Companies Act, 2013.

b. Principles of Consolidation:

The Consolidated financial statements relate to GTN Textiles Limited ("the Company") and its associate. The consolidated financial statements have been prepared on the following basis.

- a) Investment in Associate Companies has been accounted under the equity method as per Accounting Standard(AS) 23- "Accounting for Investments in Associates in Consolidated Financial Statements."
- b) The Company accounts for its share of post acquisition changes in net assets of associate, after eliminating unrealised profits and losses resulting from transactions between the Company and its associate, to the extent of its share, through its Consolidated Profit and Loss Statements, to the extent such change is attributable to the associate's Profit and Loss Statements and through its reserves for the balance based on available information.
- c) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- c. Investments other than in associate have been accounted as per Accounting Standard (AS) 13 on "Accounting for investments.

d. Other Significant Accounting Policies

These are set out under "Significant Accounting Policies" as given in the Company's separate financial statements.

2 SHARE CAPITAL

	As at 31.03.2016 (Rs. in lacs)
(a) Authorised:	
1,20,00,000 Equity shares of Rs. 10 each	<u>1,200.00</u>
(b) Issued,Subscribed and fully Paid up Shares :	
1,16,40,478 Equity shares of Rs.10 each fully paid up	1,164.05
(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><u>1,164.05</u></u>

(c) RECONCILIATION OF NUMBER OF SHARES

	As at March 31, 2016	
	Number of Shares	Amount Rs. Lacs
Equity Shares:		
Balance as at the beginning of the year	11640478	1164.05
Add: Shares issued during the year	NIL	NIL
Balance as at the end of the year	11640478	1164.05

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

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

	As at March 31, 2016	
	No of Shares	% of holding
I Mr. Binod Kumar Patodia	11 95 580	10.27%
II Mr. Umang Patodia	8 35 120	7.17%
III Mr. Ankur Patodia	7 32 331	6.29%
IV Mrs. Prabha Patodia	6 82 418	5.86%
V Binod Kumar Patodia HUF	11 58 880	9.96%
VI Beekaypee Credit Private Limited	8 22 311	7.06%
VII Patodia Exports & Investments Private Limited	6 72 986	5.78%
VIII Umang Finance Private Limited	7 33 052	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

3 RESERVES AND SURPLUS

	As at 31.03.2016 (Rs in lacs)
(A) GENERAL RESERVE	
Balance as at the beginning of the year	2,092.36
Add/(Less) :Additional Depreciation	—
Balance as at the end of the year	2,092.36
(B) SURPLUS/(DEFICIT) IN STATEMENT OF PROFIT AND LOSS	
Balance as at the beginning of the year	(2,441.78)
Profit / (Loss) for the year	(697.81)
Balance at the end of the year	(3139.59)
TOTAL (A)+(B)	(1047.23)

4 LONG - TERM BORROWINGS

	As at March 31, 2016 (Rs in lacs)	
	Non Current	Current
(A) Secured Loans		
Term Loans		
From Banks	1,288.38	896.51
From Financial Institution	122.50	87.50
Finance Lease Obligations		
From Banks	6.75	5.36
TOTAL	1,417.63	989.37
(B) Un-secured:		
Fixed Deposits		
From Corporates	-	1,000.00
From Public	-	-
TOTAL	-	1,000.00
TOTAL (A) + (B)	1,417.63	1,989.37

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

I Term Loans are secured by :

- (i) Term loans borrowed from Banks and Financial Institution and total outstanding of Rs.2394.89 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 passu interse.
- (ii) 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.1163.75 lacs.
- (iii) Loan from Export Import Bank of India outstanding of Rs.210 Lacs is further secured by Corporate guarantee given by Patspin India Limited to the extent of Rs.175 lacs.
- (iv) Finance Lease Obligations are relating to vehicles and are secured against respective vehicles hypothecated costing Rs. 28.72 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	984	1411	0
b	Finance Lease obligations	5	7	0

Note: Term Loan instalments due within one year includes instalment due on 31st March '16 amounting to Rs.170 lacs as on the Balance Sheet Date. The same has been paid during the month of May 2016

5 DEFERRED TAX LIABILITIES (NET)

Particulars	As at 31.03.2016 (Rs in lacs)
(A) Deferred Tax Liabilities: Related to Fixed Assets	—
(B) Deferred Tax Assets: Unabsorbed Depreciation	—
Net (A) - (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 31.03.2016 (Rs in lacs)
Loan Repayable on demand	
From Banks- Working Capital facilities	3,192.83
TOTAL	3,192.83

- 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.
- 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.2235 lacs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

7 TRADE PAYABLES

	As at 31.03.2016 (Rs in lacs)
Due to Micro, Small and Medium Enterprises (MSME's) (Refer note No : 35)	—
Other than MSME's	4,670.34
TOTAL	4,670.34

8 OTHER CURRENT LIABILITIES

Current maturities of Long Term Loan	984.01
Current maturities of finance lease obligation	5.36
Current maturities of Fixed deposits:	
From Corporates	1,000.00
From Public	—
Interest accrued but not due on borrowings	72.92
Unclaimed dividends *[Refer note (a) below]	—
Creditors for Capital Expenditure	—
Advances from customers	—
Employee Benefits payable	0.36
Statutory payable and other dues	54.80
TOTAL	2,117.45

*Note (a) : 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	126.70
TOTAL	126.70

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

10 FIXED ASSETS

Description of Assets	Gross Block						Depreciation/Amortisation						Net Block	
	April 1, 2015	Addition	Disposal	Acquisition	Other Adjustments	March 31, 2016	Upto April 1, 2015	For the Year	Retained Earnings (refer "a" below)	Disposal/ Adjustments	Other Adjustments	Upto March 31, 2016	March 31, 2016	March 31, 2015
A Tangible Assets														
a) Own Assets														
Land	24.34	—	—	—	—	24.34	—	—	—	—	—	—	24.34	24.34
Building *	1889.23	—	—	—	—	1889.23	1301.12	43.54	—	—	—	1,344.66	544.57	588.11
Plant and Equipment	10479.69	4.44	0.54	—	—	10483.59	6076.82	352.60	—	0.51	—	6,428.91	4054.68	4402.87
Office Equipment	250.04	3.93	4.43	—	—	249.54	234.98	6.13	—	4.40	—	236.71	12.83	15.06
Furniture and Fixtures	93.10	—	1.97	—	—	91.13	88.83	0.78	—	1.87	—	87.74	3.39	4.27
Vehicles	59.01	—	—	—	6.70	65.71	56.26	0.65	—	—	—	56.91	8.80	2.75
Total (a)	12795.41	8.37	6.94	—	6.70	12803.54	7758.01	403.70	—	6.78	—	8154.93	4648.61	5037.40
Previous year end	13483.88	41.54	730.01	—	—	12795.41	7843.78	440.79	25.24	551.80	—	7758.01	5037.40	—
b) Assets taken on Finance Lease														
Vehicles	35.43	—	—	—	(6.70)	28.73	16.39	6.02	—	—	—	22.41	6.31	19.04
Total (b)	35.43	—	—	—	(6.70)	28.73	16.39	6.02	—	—	—	22.41	6.31	19.04
Previous year end	21.40	14.03	—	—	—	35.43	6.14	8.23	2.02	—	—	16.39	4.75	—
Total A (a+b)	12830.84	8.37	6.94	—	—	12832.26	7774.40	409.72	—	6.78	—	8177.34	4654.93	5056.44
Previous year end (i)	13505.28	55.57	730.01	—	—	12830.84	7849.92	449.02	27.26	551.80	—	7774.40	5056.44	—
B Intangible Assets														
Own Assets (Acquired):														
Computer Software	251.65	0.29	—	—	—	251.94	237.57	8.07	—	—	—	245.64	6.29	14.08
Total B	251.65	0.29	—	—	—	251.94	237.57	8.07	—	—	—	245.64	6.29	14.08
Previous year end (ii)	244.26	7.39	—	—	—	251.65	229.34	7.58	0.65	—	—	237.57	14.08	—
Total A+B	13082.49	8.65	6.94	—	—	13084.20	8011.97	417.80	—	6.78	—	8422.99	4661.23	5070.52
Previous year end (i) to (ii)	13749.54	62.96	730.01	—	—	13082.49	8079.26	456.60	—	551.80	—	8011.97	5070.52	—

* 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 off tax Rs.8.62 Lac as a transitional provision has been recognised in the Retained Earnings.

11 NON CURRENT INVESTMENTS

As at 31.03.2016

(Rs in lacs)

Quoted (I) Un-Quoted (II)

(I) LONG TERM INVESTMENTS - Valued at cost

In Equity Shares of Associate (Trade)

Patspin India Limited - 1,42,87,068(1,42,87,068) of Rs.10 each

86.54

In Equity Shares (Non-Trade)

Central Bank of India - 243 (243) Equity Shares of Rs.10 each

0.25

In Bonds

Central Bank of India - Series X 8.15% Tier II Bonds

-

In other investments

GTN Consumer co-operative stores Limited (2100 shares of Rs. 10 each)

0.21

GTN Textiles Employees credit Co-op Society Limited (200 shares of Rs.100 each)

0.20

86.79

0.41

TOTAL (I) + (II)

87.20

Aggregate amount of quoted investments market value

1,128.86

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

12 DEFERRED TAX ASSETS (NET)

	As at 31.03.2016 (Rs in lacs)
(A) Deferred Tax Assets:	
Unabsorbed Depreciation	793.35
Business Loss	145.02
Other Disallowances	0.90
(B) Deffered Tax Liability	
Related to Fixed Assets	(913.94)
Net (A) - (B)	25.33

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

13 LONG TERM LOANS AND ADVANCES

Unsecured and considered good	
Capital Advances	1.61
Security Deposits	17.86
Income Tax (Net of Provision Rs.204.67 lacs;	44.18
Minimum Alternate Tax Credit entitlement	78.00
TOTAL	141.65

14 INVENTORIES

Stores, Spares and Packing Materials - (Refer note no 1(e) -Accounting Policies)	48.16
Stock In Trade - (Refer note no.1(e) - Accounting Policies)	
Raw Materials	1,466.46
Goods-in-Process	583.25
Finished Goods	1,753.68
Waste Stock	4.06
TOTAL	3,855.61

15 TRADE RECEIVABLES

Unsecured and considered good	
Outstanding exceeding six months from the due date	—
Outstanding less than six months from the due date	1,666.71
TOTAL	1,666.71

16 CASH AND BANK BALANCES

a. Cash and cash equivalents:	
Cash in Hand	2.48
Balances with Scheduled Banks in Current Accounts	100.90
	103.38
b. Other Bank Balances:	
Unclaimed Dividend Accounts	—
Margin Money and other lien deposits	219.05
	219.05
TOTAL	322.43

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

	As at 31.03.2016 (Rs in lacs)
17 SHORT TERM LOANS AND ADVANCES	
Unsecured considered good, unless otherwise stated:	
Considered doubtful	2.91
Less: Provision for Doubtful advances	2.91
	<u>—</u>
TUF Subsidy Receivable	132.82
Security Deposits	146.68
Prepaid Expenses	37.66
Advances for Raw material	—
Other Advances	529.59
Balances with Statutory Authorities	24.83
TOTAL	<u><u>871.58</u></u>
18 OTHER CURRENT ASSETS	
Interest Accrued on Deposits	3.28
Export Incentives Receivable	6.76
TOTAL	<u><u>10.04</u></u>
	Year ended 31.03.2016 (Rs. in lacs)
19 REVENUE FROM OPERATIONS	
(A) Sale of Products	
Finished Goods :	
Exports	5,156.10
Local	8,208.23
Traded Goods:	
Exports	908.42
Waste Sales:	
Exports	—
Local	769.00
	<u>15,041.75</u>
Less : Excise Duty	—
Net Sales	<u><u>15,041.75</u></u>
(B) Other Operating Income	
Job work charges	6.88
Export Incentive	243.57
TOTAL (B)	<u>250.45</u>
TOTAL (A) +(B)	<u><u>15,292.20</u></u>
20 OTHER INCOME	
Interest Income	25.79
Sale of scrap	10.33
Miscellaneous receipts	1.24
Share in income of Associates	35.83
TOTAL	<u><u>73.19</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

		Year ended 31.03.2016 (Rs. in lacs)
21 COST OF RAW MATERIALS CONSUMED		
(A) Raw materials Consumed		
Opening Stock		1,237.61
Add: Purchases during the Year	9,559.97	
Less: Sale of Cotton	1,133.40	8,426.57
Less: Closing Stock		1,466.46
TOTAL (A)		8,197.72
(B) Packing Material Consumed		
Opening Stock		22.52
Add :Purchases during the Year		204.50
Less:Closing Stock		18.35
TOTAL (B)		208.67
TOTAL (A) + (B)		8,406.39
22 CHANGES IN INVENTORY OF FINISHED GOODS, GOODS IN PROCESS AND WASTE		
(A) Stock at the beginning of the year:		
Finished goods		1,738.42
Goods-in-process		481.49
Waste		4.47
TOTAL (A)		2,224.38
(B) Less : Stock at the end of the year:		
Finished goods		1,751.65
Goods-in-process		583.25
Waste		4.06
TOTAL (B)		2,338.96
Decrease /(Increase) in inventory (A)-(B)		(114.58)
23 EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages and Bonus		2,148.76
Contribution to Provident and Other Funds		302.74
Welfare Expenses		149.47
TOTAL		2,600.97
24 FINANCE COST		
Interest Expenses		817.64
Other borrowing costs		115.16
Net Loss / (Gain) on foreign currency transaction and translation		(1.31)
TOTAL		931.49
25 OTHER EXPENSES		
Power and fuel		1,676.98
Process charges expesnes		490.55
Consumption- Stores and Spares		47.48
Repairs & Maintenance- Plant & Machinery		193.08
Repairs & Maintenance- Building		3.34
Commission and Brockerage		173.84
Other selling expenses		179.86
Insurance		78.31
Rates and Taxes		11.43

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

	Year ended 31.03.2016 (Rs. in lacs)
Rent	9.14
Directors Sitting Fee	3.11
Payment to Auditors	
Audit Fee	1.97
Tax Audit Fee	0.76
Certification Charges	0.15
Out of Pocket Expenses	0.89
Net loss / (Gain) on foreign currency transaction and translation	78.99
Net loss / (Gain) on disposal/discard of fixed assets (Net)	0.14
Share in expenses of Associates	—
Miscellaneous Expenses	274.66
TOTAL	3,224.68

26 EARNING PER SHARE

	2015-16 (Rs. in lacs)
Net profit /(Loss) as per statement of profit and loss	(733.64)
Weighted average Number of Equity Shares (Rs.10 per share)	Nos 11640478
Basic and diluted Earning Per Share	Rs (6.30)

27 GRATUITY

	Gratuity (Funded) 2015-16 Rs in Lacs
A Expense recognised during the year	
1 Current Service Cost	27.28
2 Interest cost	59.60
3 Expected return on plan assets	(73.82)
4 Actuarial Loss/(Gain) during the year	12.28
5 Expenses recognised in Statement of Profit & Loss	25.34
B Actual return on Plan assets	
1 Expected return on plan assets	73.82
2 Actuarial Gain/(Loss) on Plan assets	-
3 Actual return on plan assets	73.82
C Net Asset/(Liability) recognised in the Balance Sheet	
1 Present value of the obligation at the year end	765.01
2 Fair Value of plan assets at the year end	920.01
3 Funded status - surplus/(deficit)	155.00
4 Unrecognised past service cost	-
5 Net Asset/(Liability) recognised in the Balance Sheet	155.00
D Change in Present value of the Obligation during the year	
1 Present value of the obligation as at the beginning of year	745.01
2 Current service cost	27.28
3 Interest cost	59.60
4 Benefits paid	(79.15)
5 Actuarial loss/(gain) on obligation	12.28
6 Present value of obligation at the year end	765.02

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

		Gratuity (Funded) 2015-16 Rs in Lacs
E	Change in Assets during the year	
	Fair Value of plan assets at the beginning of the year	924.48
	Expected return on plan assets	73.82
	Contributions made	0.87
	Benefits paid	(79.15)
	Actuarial Loss/(gain) on plan assets	-
	Fair value of plan assets at the year end	920.02
F	Actuarial Assumptions	
	Discount rate	8.00%
	Salary escalation	3.00%

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, 2016	March 31, 2016	March 31, 2016	March 31, 2016
Sale of goods	1,326.75	433.09	—	—
Purchase of goods	629.25	257.36	—	—
Sale of fixed assets	-	-	—	—
Rendering of services	7.60	1.80	—	3.60
Receiving of services	212.16	281.61	—	—
Remuneration paid	—	—	45.02	—
Sitting Fees	—	—	—	—
Loans repaid	—	—	—	—
Loans taken	—	—	—	—
Interest Paid	—	—	—	—
Balances as at year end	—	—	—	—
Trade Payables	—	92.40	—	—
Trade Receivables	58.67	—	—	—
Loans Outstanding	—	—	—	—
Investments	1,964.26	—	—	—
Guarantees provided for	300.00	—	—	—
Guarantees received	175.00	—	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

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

	Transactions Mar 31, 2016
(i) Interest on Fixed Deposit	
ANNAYA PATODIA	—
(ii) Loans taken	
ANNAYA PATODIA	—
(iii) Loans repaid	
ANNAYA PATODIA	—
(iv) Sale of goods	
a) Cotton	
i) GTN Enterprises LTD	329.47
ii) Patspin India LTD	583.88
b) Cotton Yarn	
i) GTN Enterprises LTD	103.62
ii) Patspin India LTD	733.76
c) Store Items	
i) Patspin India LTD	9.11
d) Machinery	
i) GTN Enterprises LTD	—
ii) Patspin India LTD	—
(v) Purchase of goods	
a) Cotton	
i) GTN Enterprises LTD	143.04
ii) Patspin India LTD	262.30
b) Cotton Yarn	
i) GTN Enterprises LTD	114.32
ii) Patspin India LTD	366.90
c) Store Items	
i) GTN Enterprises LTD	—
ii) Patspin India LTD	0.06
d) Machinery	
i) Patspin India LTD	—
(vi) Rendering of services	
a) Rent	
i) GTN Enterprises LTD	1.20
ii) Patspin India LTD	1.32
b) Processing Charges	
i) GTN Enterprises LTD	0.60
ii) Patspin India LTD	6.28
(vii) Receiving of services	
a) Rent	
i) Prabha Patodia	1.80
ii) Mala Patodia	0.90
iii) Swati Patodia	0.90
b) Processing Charges	
i) GTN Enterprises LTD	281.61
ii) Patspin India LTD	212.16
(viii) Remuneration paid	
SRI.B.K. PATODIA	45.02
(ix) Guarantees provided for Patspin India Limited	—
(x) Guarantees received from Patspin India Limited	—
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.	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

- 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.6064.51 Lacs and within India sale of Rs.8977.23 lacs
- 31 Finance Lease assets and their against loan repayable future payments disclosure required in AS 19.

Particulars	As at 31.03.2016		
	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	5.36	1.03	4.33
2. Between one year to five years	6.74	0.67	6.07
TOTAL	12.10	1.70	10.40

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.
- Outstanding Export Forward Contracts (not in the nature of derivatives) as on 31st March 2016 which were entered into for hedging exchange risk arising from foreign currency fluctuations related to highly probable future transactions amounting to US\$ 6.00 Lacs at average exchange rate of Rs.68.38/US\$ and Euro Nil Lacs at an average exchange rate of Rs.Nil/Euro. The period covered under these contracts spreads over April 2016 to November 2016. The average exchange rate applicable for above period based on exchange rate on 31.03.2016 works out to Rs.67.51/US\$ and Rs.Nil/Euro, resulting a notional profit of Rs.5.23 lacs.
- Outstanding Import Forward Contracts (not in the nature of derivatives) as on 31st March 2016 which were entered into for hedging exchange risk arising from foreign currency fluctuations related to highly probable future transactions amounting to US\$ 10.03 Lacs at average exchange rate of Rs.68.20/US\$. The period covered under these contracts spreads over April 2016 to July 2016. The average exchange rate applicable for above period based on exchange rate on 31.03.2016 works out to Rs.66.89/US\$, resulting a notional profit of Rs.13.16 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
- The company has given corporate Guarantee amounting of 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.1581.44 Lacs.

33 Particulars of un- hedged Foreign Currency exposures as at 31.03.2016 are given below:

Particulars	As at 31.03.2016		
	Amount in Lacs	Exchange Rate Rs.	Amount (Rs.in lacs)
Accounts payable	USD 0.30	66.30	1345.89
	EUR Nil	Nil	Nil

34 Net loss / Gain on foreign currency transaction and translation

The amount of net loss on foreign currency transaction and translation included in the Other expenses amounts to Rs. 81.64 Lacs. This included gain on account of export Rs.73.34 Lacs, loss on account of import Rs.150.79 lacs and loss on account of cancellation of forward contracts Rs.4.18 lacs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

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

Particulars	As at 31.03.2016 (Rs. in lacs)
The principal amount due thereon remaining unpaid as on the Balance sheet date	Nil
Interest paid along with the amount of the payment during the year	Nil
Interest due and payable but without adding the interest specified in the above-mentioned act.	Nil
Interest accrued and remaining unpaid at the end of the year.	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

36 VALUE OF IMPORTS ON CIF BASIS

Particulars	Year ended 31.03.2016 (Rs. in lacs)
a Raw Materials - Cotton	4,785.48
b Stores	23.93
c Automobile Spares	1.79
d Capital Goods	-
TOTAL	4,811.20

37 EXPENDITURE IN FOREIGN CURRENCY

Agents Commission	140.73
Foreign Travel	5.31
Others	20.70
TOTAL	166.74

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

Particulars	2015-16 (Rs. in lacs)	Percentage
a Raw Materials		
Cotton Imported	5,027.75	59.81
Cotton Indigenous	2,610.66	31.06
Yarn Indigenous	767.97	9.13
TOTAL	8,406.38	100.00
b Traded Goods (Yarn Indigenous)	854.27	
c Packing Materials (Indigenous)		
Imported	0.40	0.19
Indigenous	208.27	99.81
TOTAL	208.67	100.00
d Stores and Spares		
Imported	22.15	38.43
Indigenous *	35.48	61.57
TOTAL	57.63	100.00

*Includes HSD Value Rs 10.15 Lacs Charged to Power & Fuel

39 EARNINGS IN FOREIGN CURRENCY

Particulars	2015-16 (Rs. in lacs)
FOB Value of Exports	6,021.20

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

40 PREVIOUS YEAR'S FIGURES

The previous year's figures have not given since current year is the first year of consolidation.

41 Additional information, as required under schedule III of the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associate/ Joint Ventures

	Net Assets ,ie, total assets minus total liabilities		Share in Profit or Loss	
	As % of Consolidated net assets	Amount (In Lakh)	As % of Consolidated Profit or Loss	Amount (In Lakh)
Parent				
GTN Textiles Limited	25.92%	30.28	105.13%	(733.64)
Subsidiaries				
Indian- NIL				
Foreign -NIL				
Associates (Investment as per the equity method)				
Indian- PATSPIN INDIA LIMITED	74.08%	86.54	(5.13%)	35.83
Foreign -NIL				
Joint Ventures				
Indian- NIL				
Foreign -NIL				

Annexure A

Additional information, as required under Schedule III to the companies Act, 2013 of enterprises consolidated as Associates

SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / ASSOCIATES / JOINT VENTURES AS PER COMPANIES ACT, 2013

Part -A - Subsidiaries None

Part B- Associates and Joint Ventures

Sl. No.	Name of associates	Latest Audited Balance sheet Date	Amount of investment in Associate (Rs.lacs)	Extent of holding	Net worth attributable to shareholders as per latest balance sheet (Rs.Lacs)	Considered in Consolidation (Rs.lacs)	Notconsidered in consolidation (Rs.lacs)	Description of how there is influence significant	Reason why the associate is not consolidated
1	Patspin India Limited	31.03.2016	1,964.26	46.21%	86.54	35.83	-	There is significant influence due to percentage (%) of Share capital	-

Signature to Note 1 to 41

As per our report of even date attached

For and on behalf of the Board

For **M.S. JAGANNATHAN & VISVANATHAN**
Chartered Accountants
(ICAI FRN 001209S)

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

B. L. SINGHAL
Director
DIN No. 00006433

R. MUGUNTHAN
Partner
(M. NO. 21397)

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

A. K. WARERKAR
Vice President Finance &
Chief Financial Officer

Place : Coimbatore
Date : 31st May, 2016

Place : Kochi
Date : 30th May, 2016

GTN TEXTILES LIMITED

CIN L18101KL2005PLC018062

Registered Office: Door No. VIII/911, Erumathala P.O., Aluva, Kochi - 683112.**Website :** www.gtntextiles.com; **E mail:** cs@gtntextiles.com**ATTENDANCE SLIP**

(To be presented at the entrance)

DP ID _____

Folio No. / Client ID _____

Name and address of the shareholder(s) _____

I/We hereby record my/our presence at the 11th ANNUAL GENERAL MEETING of the Company on Friday 23rd day of September, 2016 at 12:15 p.m. at, Oceanic Hall, Hotel Periyar, Aluva 683 101.

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]

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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 at the 11th Annual General Meeting of the company to be held on Friday 23rd day of September, 2016 at 12:15 p.m. at, Oceanic Hall, Hotel Periyar, Aluva 683 101 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	Vote (optional see Note 2) (Please mention No. of shares)		
		For	Against	Abstain
Ordinary Business				
1.	Adoption of Audited Financial Statements of the Company (including consolidated financial statements) for the financial year ended 31st March, 2016, together with the Reports of the Directors and Auditors thereon			
2.	Reappointment of Shri. Mahesh C Thakker (DIN: 01386254) as Director of the Company			
3.	Ratification of appointment of M/s MS Jagannathan & Visvanathan (Firm Regn.NO.001209S) as Auditors of the Company			
Special Business				
4.	Ratification of remuneration of M/s. Hareesh K.N & Associates, Cost Accountants (Firm Registration No. 101974) as Cost Auditors of the Company.			

Signed this _____ day of _____ 2016

Affix
Revenue
Stamp
of Re.1/-

Signature of the Shareholder _____

Signature of Proxy holder(s) _____

Notes: 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.



Registered Office: Door No.VIII/911, Erumathala P O., Aluva, Ernakulam 683112
Corporate Office: 43, Mittal Chambers, 4th Floor, 228, Nariman Point, Mumbai 400021

An ISO 9001:2008 / 14001:2004 Certified Company
www.gtntextiles.com