



GTN INDUSTRIES LIMITED

Regd. Office: Chitkul Village, Patancheru Mandal,
Medak District, Andhra Pradesh-502 307
Phone No: 00 91 8455 226108/226109 Fax: 00 91 8455 226112

POSTAL BALLOT NOTICE

(Pursuant to Section 192A of the Companies Act, 1956)

Dear Member(s)

NOTICE is hereby given to the Members of GTN Industries Limited, pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rule, 2011, for passing the following "Ordinary Resolution" to seek members assent/ dissent to sell/dispose off of the whole or substantially the whole of the undertaking of the Company i.e. Yarn Processing Unit (YPU) situated at Gundlapotlapally Village, Balanagar Mandal, Mahboobnagar District and Knitting Unit situated at Chitkul Village, Patancheru Mandal, Medak District, in the State of Andhra Pradesh in terms of provisions of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956. Accordingly the said Ordinary Resolution and the Explanatory Statement along with the Postal Ballot form are being sent to you for your consideration.

The Company has appointed Mr. D.V.M. Gopal, FCS, proprietor of dvmgopal & associates, the practicing Company Secretary, as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner. You are requested to carefully read the instructions printed in the Postal Ballot Form and return the Postal Ballot Form duly completed in the attached self addressed Postage pre-paid envelope so as to reach the Scrutinizer on or before 5.00 P. M. on Friday, 30th August, 2013.

Postal Ballot Form received after this date i.e., after 5.00 P.M. of 30th August, 2013 will be considered invalid. The Scrutinizer will submit his report to the Chairman & Managing Director or, in his absence to the Company Secretary of the Company as authorized by the Board of Directors of the Company after the completion of scrutiny of the Postal Ballot Forms and the results of the Postal Ballot will be announced on 5th September, 2013 at 11.30 A.M. at the Registered Office of the Company at Chitkul Village, Patancheru Mandal, Dist Medak, Andhra Pradesh- 502 307.

PROPOSED SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modification, pass the following resolution by Postal Ballot as an Ordinary Resolution

"RESOLVED that pursuant to the provisions of Section 293(1)(a), read with Section 192A and other applicable provisions, if any, of the Companies Act, 1956 and the Memorandum and Articles of Association of the Company and subject to such other consents, sanctions, permissions and necessary approvals, as and where required including that of Financial Institutions, Banks and other Lenders from whom the Company has borrowed money, and subject to such terms and conditions, as may be imposed by them or any of them and accepted by the Board of Directors of the Company ("the Board") (which term shall deemed to include any committee constituted and/or to be constituted for exercising its powers, including the powers conferred by this Resolution thereof), consent of the shareholders of the Company be and is hereby accorded to the Board for spinning off, by way of sale/ dispose of in any form or mode or manner, including by way of slump sale or hiving off the whole or substantially the whole of the business undertaking of the Company i.e. Yarn Processing Unit situated at Gundlapotlapally Village, Balanagar Mandal, Mahboobnagar District and Knitting Unit situated at Chitkul Village, Patancheru Mandal, Medak District, in the State of Andhra Pradesh, with all its Assets and Liabilities on a going concern basis, to any person, firm, body corporate or entity at and for such consideration and on such terms and conditions and with effect from such date(s) as the Board may consider fit and proper in the best interest of the Company and to do all such acts, deeds, matters and things, as may be considered necessary and expedient in connection therewith and incidental thereto."

"RESOLVED FURTHER THAT the Board or its Committee or persons authorized by the Board/Committee, be and is hereby authorized to do all such acts, deeds, matters and things, as may be deemed necessary and/or expedient in its discretion, in the best interest of the Company, for the purpose of giving effect to the Resolution for sale/ dispose off, in any form or mode or in any other manner, the whole or substantially the whole of the Yarn Processing Unit and Knitting Unit and for matters connected herewith and incidental hereto, including but not restricted to negotiating and finalizing the terms and conditions including consideration as well as the forms, methods and modes of sale, lease, transfer and/or otherwise dispose or hiving off the Unit(s) and to finalise and execute any and all the required documents including agreements, memoranda, deeds of assignment/conveyance and other papers/documents, necessary for effecting the aforesaid sale/dispose off the Yarn Processing Unit and Knitting Unit, with such modifications as may be required from time to time and to resolve all questions, doubts and issues as may arise in implementation of the aforesaid Resolution."

Place : Hyderabad

Dated: 12-07-2013

FOR GTN INDUSTRIES LTD.

(P. PRABHAKARA RAO)
Company Secretary

By Order of the Board

(P. PRABHAKARA RAO)
Company Secretary

NOTES:

- 1) Explanatory Statement giving reasons for the above Ordinary Resolution is annexed to forming part of this Notice.
- 2) A Postal Ballot Form along with pre-paid self addressed envelope is attached hereto.
- 3) A Member entitled to vote is entitled to fill in and sign the Postal Ballot Form and send it to the Scrutinizer.
- 4) The Result of the Postal Ballot will also be announced through Press advertisements for information of the Members and will be placed at the Website of the Company www.gtnindustries.com, besides communicating to the Stock Exchange on which the shares of the Company are listed.
- 5) Members are requested to carefully read the instructions printed on the Postal Ballot Form before exercising their vote for the proposed resolution which requires consent of the shareholders.

Explanatory Statement pursuant to the provisions of Section 173(2) and 192A of the Companies Act, 1956

The Chairman informed the Board that Yarn Processing Unit (YPU) was set up in the year 1995-96 at Shadnagar, Mahaboobnagar District. This unit has yarn processing activity viz. Combing, gassing, Mercerization, and Dyeing with a capacity of 10 M.T. per day. This unit was set up with imported machinery (mostly second hand) with Gross Block of Rs.79.64 Crores and having Net Block of Rs.31.56 Crores as on 31st March, 2013. This unit requires CAPEX towards machinery upgradation to meet requirements e.g ETP and Pollution which is not possible for the company since it is under CDR and has been incurring losses. Further due to continuous slump in demand of Mercerising yarn, this unit has been incurring cash losses and resulting in pressure on spinning business.

Knitting Unit was set up in Patancheru, Medak District in the year 1995 and is having capacity of 5.8 M.T. per day. This unit is having Gross Block of Rs.5.68 Crores with Net Block of Rs.3.06 Crores as on 31st March, 2013. This unit has been operating at 35-40% capacity utilization over the last few years due to continuous sluggish market.

In view of the above and after a careful and comprehensive review of present business environment and in particular the review of present operation and activities of these units i.e. Yarn Processing Unit and Knitting Unit, the Board of Directors of the Company (the Board) is of the view that it would be prudent to sell, hive off and otherwise dispose of Yarn Processing Unit and Knitting Unit and concentrate on strengthening the functioning of Medak and Nagpur Spinning Units of the Company.

The Board of Directors of the Company has, at its meeting held on 12-07-2013 approved in principle, the sale/ dispose of the Company's undertaking known as Yarn Processing Unit situated at Gundlapotlapally Village, Balanagar Mandal, Mahaboobnagar District and Knitting Unit situated at Chitkul Village, Patancheru Mandal, Medak District, in the State of Andhra Pradesh. The consideration received would augment the Company resources, for expansion and modernization of its Medak and Nagpur Spinning units and to reduce the debt burden. The Board is satisfied that it would be in the best interest of the Company and its shareholders and the employees, to sell / dispose off this Yarn Processing Unit and Knitting Unit of the Company.

Your Directors thus considered the proposal received from M/s GTN Engineering (India) Limited, a Public Limited Company in private sector, incorporated under the Companies Act, 1956, and having its registered office at Plot No. 29, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082 Andhra Pradesh, and signed the Business Transfer Agreement (BTA) for sale and/or transfer of the said units on a Slump Sale basis at a total consideration of a lump sum amount of Rs.30.50 Crores (Rupees Thirty Crores and Fifty Lakhs Only) in exercise of the authority and power conferred upon them, vide a resolution passed at the Meeting of the Board held on 12th July, 2013. Your directors consider that the proposed sale and/or transfer are fair and reasonable and that it would be in the interest of the Company and its Shareholders and all concerned.

The proposed sale/dispose off of Yarn Processing Unit and Knitting Unit on a going concern basis attracts the provisions of Section 293(1)(a) and Section 192A of the Companies Act, read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2011, provide, inter-alia that the Board of Directors of Public Company, whose shares are listed on any Exchange shall not, except with the consent of the Shareholders by way of Postal ballot, sell/dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the Whole or substantially the Whole of any such undertaking. Hence, the Members approval is sought for under Section 293(1)(a) of the Companies Act, 1956 by way of an Ordinary Resolution through the process of Postal Ballot.

The Copy of the Business Transfer Agreement is available for inspection of the Members of the Company at the Registered Office of the Company on any working day, except Saturday between 2-00 P.M. and 4.00 P.M. up to the date of declaration of results of Postal Ballots. Agreement is subject to amendments and/or changes as may be mutually agreed between the parties herein.

Shri M.K.Patodia, Chairman & Managing Director and Smt.Anjana Patodia, Director of the Company are interested in the Resolution

The Board of the Company accordingly recommends the Ordinary Resolution, set out in the accompanying Notice for approval by the Members, by way of Postal Ballot.

Place : Hyderabad

Dated: 12-07-2013

By Order of the Board


(P.Prabhakara Rao)
Company Secretary