

12<sup>th</sup> annual report  
2016-2017



Quality  
lies in the details



## Board of Directors

|                    |                              |
|--------------------|------------------------------|
| B.K. Patodia       | Chairman & Managing Director |
| B.L. Singhal       | Independent Director         |
| Prem Malik         | Independent Director         |
| S.Sundareshan      | Independent Director         |
| Pamela Anna Mathew | Independent Director         |
| Mahesh C Thakker   | Non Executive Director       |

|   |                   |
|---|-------------------|
| Vice President (Corporate Affairs)<br>& Company Secretary | E.K. Balakrishnan |
| Vice President (Finance)<br>& Chief Financial Officer     | A.K. Warerkar     |

Bankers & Financial Institution  
Central Bank of India  
State Bank of India  
Export-Import Bank of India  
Erstwhile State Bank of Travancore taken over by SBI  
Bank of India  
Axis Bank Limited

Auditors M/s. M S Jagannathan & Visvanathan,  
[Chartered Accountants], Coimbatore

Legal Advisors M/s. Menon & Pai, Kochi

Registered Office Door No. VIII/911, Erumathala P O.,  
Aluva, Ernakulam 683 112

Corporate Office 43, Mittal Chambers, 4th Floor  
228, Nariman Point, Mumbai 400 021

Corporate ID No. (CIN) L1801KL2005PLC018062



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# GTN TEXTILES LIMITED

## NOTICE

NOTICE is hereby given that the **TWELFTH** 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 22<sup>nd</sup> day of September, 2017 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, 2017 together with the reports of the Directors and auditors' thereon: and
  - b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2017, 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. To appoint statutory auditors and fix their remuneration  
"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable and pursuant to the recommendations of the Audit Committee, M/s. L. U. Krishnan & Co (Regn.No.001527S) Chartered Accountants, Chennai, be appointed as Statutory Auditors of the Company, in place of retiring Auditors M/s. MS Jagannathan & Visvanathan (Firm Reg. No: 001209S), to hold office from the conclusion of this 12<sup>th</sup> Annual General Meeting (AGM) until the conclusion of the 17<sup>th</sup> AGM, subject to ratification by members every year, as applicable, at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company."

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**.  
"RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with the Companies (Meetings of Board and its Powers) Rules, 2014 and subject to such approvals, consents, sanctions and permission as may be necessary, consent of the members of the Company be accorded to the Board of Directors of the Company to enter in to contracts and / or agreements with related parties as defined under the Act with respect to (a) Sale, Purchase or supply of cotton, cotton yarn, stores & spares and other materials (b) Selling or otherwise disposing off, or buying, property and other assets of any kind (c) Leasing of property of any kind (d) Availing or rendering of processing charges or any other transaction of whatever nature with the following related parties:

|    |                         |
|----|-------------------------|
| 1. | GTN Enterprises Limited |
| 2. | Patspin India Limited   |
| 3. | Smt. Prabha Patodia     |
| 4. | Smt. Mala Patodia       |
| 5. | Smt. Swati Patodia      |

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding"

5. 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, for the financial year ended 31<sup>st</sup> March, 2017 amounting to ₹ 25,000 (Rupees Twenty five thousand only) plus service tax as applicable and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit."

By Order of the Board of Directors

**E. K. BALAKRISHNAN**

Vice President (Corporate Affairs)

& Company Secretary

Membership No. A 7629

Place : Kochi

Date : 10.8.2017

### 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**

## NOTICE (Contd...)

**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, 16<sup>th</sup> September, 2017 to Friday, 22<sup>nd</sup> September, 2017 (both days inclusive) for the purpose of the Annual General Meeting.
4. Pursuant section 125 of the Companies Act, 2013 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 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 Registry Management Services Private 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 Registry Management Services Private Limited, 2<sup>nd</sup> Floor, Kences Towers, No.1, Ramakrishna Street,

T Nagar, Chennai - 600 017, Tel: 044 28140801-803; E-Mail: corpserve@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 2017 along with Notice of the 12<sup>th</sup> 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 dematerialise 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 SEBI(Listing Obligation and Disclosure Requirement) Regulation,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, 22<sup>nd</sup> September, 2017 at 12.15 pm at Oceanic Hall, Hotel Periyar, Aluva-683 101. 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, 15<sup>th</sup> September, 2017 as the cutoff date for determining voting right of shareholders entitled to participating in the remote e voting process. In this regard, your demat account/folio number has been enrolled by the Company for your participation in remote e-voting on resolutions placed by the Company on e-voting system.

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

|  |  |
|--|--|
| <b>Commencement of remote e-voting</b> | <b>9.00 AM onwards on Tuesday, 19<sup>th</sup> September, 2017</b> |
| <b>End of remote e-voting</b>          | <b>Up to 5.00 PM on Thursday, 21<sup>st</sup> September, 2017</b>  |

## NOTICE (Contd...)

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 Saturday Friday, 15<sup>th</sup> September, 2017. 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 cut off date i.e Friday, 15<sup>th</sup> September, 2017 may obtain the sequence number by sending a request at corpseiv@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, 19<sup>th</sup> September, 2017 at 9.00 am and ends on Thursday, 21<sup>st</sup> September, 2017 at 5.00 pm. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Friday, 15<sup>th</sup> September, 2017 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 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](http://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.

If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

| <b>For Members holding shares in Demat Form and Physical Form</b> |   |
|---|---|
| PAN   | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• 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.</li> </ul> |
| Dividend Bank Details <b>OR</b> 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"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>  |

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <GTN Textiles Limited> on which you choose to vote.



## NOTICE (Contd...)

- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) 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.
- (xviii) **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. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) **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](http://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](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

The following person is available to address grievances concerned with facility for remote e-voting:

Contact Name – Mr. Rakesh Dalvi, Designation - Deputy Manager, Address - 16<sup>th</sup> Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400001. Contact No.18002005533. Email id - [helpdesk.evoting@cdslindia.com](mailto: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.patspin.com](http://www.patspin.com) and on the website of CDSL immediately after the result have been declared by the Chairman. The company shall simultaneously communicate the result to BSE Limited and National Stock Exchange of India Limited, where, the shares of the company are listed.

**DETAILS OF DIRECTOR SEEKING REAPPOINTMENT AT THIS ANNUAL GENERAL MEETING PURSUANT TO SECTION 160 OF THE COMPANIES ACT, 2013**

**(Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015**

|  |  |
|--|--|
| <b>Name of Director</b>                      | <b>Shri Mahesh C Thakker</b>   |
| <b>Date of Birth</b>                         | 7.8.1964   |
| <b>DIN</b>                                   | 01386254   |
| <b>Date of appointment</b>                   | 31.10.2013   |
| <b>Qualifications</b>                        | Graduate   |
| <b>Expertise in specific functional area</b> | Shri Mahesh C Thakker, aged 53 years and 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 Companies/Firms are mainly engaged in raw cotton procurement. He is having more than 25 years of experience in raw cotton procurement line. |
| <b>Shareholding in the Company</b>           | 9475 Equity Shares of ₹ 10 each  |
|  |  |

**Details of other Directorship:-**

| <b>Name of Director</b>      | <b>Name of the Company</b> | <b>Position held</b> | <b>Committee type</b> | <b>Membership status</b> | <b>Share holdings</b> |
|------------------------------|----------------------------|----------------------|-----------------------|--------------------------|-----------------------|
| <b>Shri Mahesh C Thakker</b> | Purav Trading Ltd          | Managing Director    | NONE                  | NONE                     | 7600 Equity Shares    |

By Order of the Board of Directors

**E.K. BALAKRISHNAN**

Vice President (Corporate Affairs)  
& Company Secretary  
Membership No. A7629

Place : Kochi  
Date : 10.8.2017

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

**Item No. 3**

Though not mandatory, this statement is provided for reference.

The Shareholders at their 9<sup>th</sup> Annual General Meeting held on 19<sup>th</sup> September, 2014 have appointed M/s. MS Jagannathan & Visvanathan (Firm Reg. No: 001209S) as Statutory Auditors for 3 years ie. till the conclusion of 12<sup>th</sup> Annual General Meeting, and hence, would retire at the conclusion of the forthcoming 12<sup>th</sup> AGM.

As per second proviso to Section 139(2) of the Companies Act, 2013 ('the Act'), a transition period of three years from the commencement of the Act is provided to appoint a new auditor when the existing auditor's firm has completed two terms of five consecutive years. Since the present Statutory Auditors have completed their two terms of five consecutive years, it is proposed to appoint a new Statutory Auditors. Accordingly, as per the said requirements of the Act, M/s. L.U. Krishnan & Co (Regn.No.001527S) Chartered Accountants, Chennai, are proposed to be appointed as auditors for a period of 5 years, commencing from the conclusion of 12<sup>th</sup> AGM till the conclusion of the 17<sup>th</sup> AGM, subject to ratification by members every year, as may be applicable.

M/s. L.U. Krishnan & Co (Regn.No.001527S) Chartered Accountants, Chennai have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014. The Audit Committee has considered the qualifications and experience of the proposed auditors and has recommended their appointment. The Board of Directors has also considered and recommends the passing of the Ordinary

Resolution appointing M/s. L.U. Krishnan & Co (Regn.No.001527S) Chartered Accountants, Chennai as statutory auditors in place of the retiring Auditor M/s MS Jagannathan & Visvanathan (Firm Reg. No: 001209S)

None of the Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at item No. 3 of the notice.

**Item No.4**

In order to ensure assured quality of cotton at competitive prices, the company proposes to enhance the existing limits in the normal course of business and at arm's length. The transactions with related parties do not fall under the scope of Section 188(1) of the Companies Act, 2013 and Rule 12(1) of Companies ( Management & Administration ) Rules, 2014. Pursuant to Regulation 23(4) of SEBI (LODR) 2015, all "material" related party transactions shall require approval of the Shareholders and your Directors recommends the resolution for the approval by the shareholders of the company.

The particulars as to the related party transactions are furnished below as per the requirements of the prescribed rules and the grounds for having the transactions.

All related party transactions shall be in the ordinary course of business and at arm's length and shall not be prejudicial to the interest of either parties.

|   |  |                           |
|---|--|---------------------------|
| <b>1. Name of the related party</b>   | <b>Patspin India Limited</b>   |                           |
| Name of the Director who is related, if any   | Shri. B.K. Patodia,  |                           |
| Nature of Relationship  | Interested as Directors  |                           |
| Nature, Material terms, monetary value and particulars of the contract or arrangements                  | Sale, Purchase or supply of cotton, cotton yarn, stores & spares and other materials   | ₹ In lacs / Annum<br>4000 |
|   | Selling or otherwise disposing off, or buying, property and other assets of any kind   | 500                       |
|   | Leasing of property of any kind  | 10                        |
|   | Availing or rendering of processing charges or any other transaction of whatever nature  | 500                       |
| Terms of the Contract   | The Contract would be for a period of 5 years w.e.f 01.10.2017   |                           |
| Any other information relevant or important for the members to take decision on the proposed resolution | Your Company is the main promoter of Patspin India Ltd, holding 46.21% of equity shares. Both the companies are engaged in manufacture and exports of yarn for domestic and international markets.<br><br>No approval from shareholders is required pursuant to the provisions of Section 188 of the Companies Act, 2013, since the transactions are in the ordinary course of business and at arm's length. Further as per Regulation 23(4) of SEBI (LODR) Regulations,2015 all material related party transaction shall require approval of shareholders and your Directors recommends the resolution for approval by the shareholders of the company. |                           |



|   |   |                           |
|---|---|---------------------------|
| <b>2. Name of the related party</b>   | <b>GTN Enterprises Limited</b>  |                           |
| Name of the Director who is related, if any   | Shri. B.K. Patodia  |                           |
| Nature of Relationship  | Interested as Directors   |                           |
| Nature, Material terms, monetary value and particulars of the contract or arrangements                  | Sale, Purchase or supply of cotton, cotton yarn, stores & spares and other materials  | ₹ In lacs / Annum<br>4000 |
|   | Selling or otherwise disposing off, or buying, property and other assets of any kind  | 500                       |
|   | Leasing of property of any kind   | 10                        |
|   | Availing or rendering of processing charges or any other transaction of whatever nature   | 500                       |
| Terms of the Contract   | The Contract would be for a period of 5 years w.e.f 01.10.2017  |                           |
| Any other information relevant or important for the members to take decision on the proposed resolution | GTN Enterprises Limited is our group Company, controlled by Shri. B.K Patodia Both the companies are engaged in manufacture and exports of yarn for domestic and international markets.<br><br>No approval from shareholders is required pursuant to the provisions of Section 188 of the Companies Act, 2013, since the transactions are in the ordinary course of business and at arm's length. Further as per Regulation 23(4) of SEBI (LODR) Regulations,2015 all material related party transaction shall require approval of the shareholders and your Directors recommends the resolution for approval by the shareholders of the company. |                           |
| <b>3. Name of the related party</b>   | <b>Smt Prabha Patodia</b>   |                           |
| Name of the Director who is related, if any   | Shri. B.K. Patodia  |                           |
| Nature of Relationship  | Interested as Relative  |                           |
| Nature, Material terms, monetary value and particulars of the contract or arrangements                  | Rent Payment  | ₹ 5 lacs / annum          |
| Terms of the Contract   | The Contract would be for a period of 5 years w.e.f 01.10.2017  |                           |
| Any other information relevant or important for the members to take decision on the proposed resolution | The company has hired a portion of flat owned by Smt. Prabha Patodia for Managing Director's stay in Mumbai. The rent paid is being very low compared to the market value,  |                           |
| <b>4. Name of the related party</b>   | <b>Smt Mala Patodia and Smt. Swati Patodia</b>  |                           |
| Name of the Director who is related, if any   | Shri. B.K. Patodia,   |                           |
| Nature of Relationship  | Interested as Relatives   |                           |
| Nature, Material terms, monetary value and particulars of the contract or arrangements                  | Rent Payment  | ₹ 5 lacs / annum          |
| Terms of the Contract   | The Contract would be for a period of 5 years w.e.f 01.10.2017  |                           |
| Any other information relevant or important for the members to take decision on the proposed resolution | The company has hired a portion of flat owned by Smt. Mala Patodia and Smt. Swati Patodia for Director's stay in Mumbai. The rent paid is being very low compared to the market value.  |                           |

The Board recommends the Ordinary Resolution as set out in the Notice for the approval of the members.

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

None of the other Directors of the Company or their relatives is in any way, financially or otherwise, concerned or interested in the resolution set out at Item No.4.

Your Directors recommend this Resolution for approval.

**Item No.5**

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 31<sup>st</sup> March, 2017. 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 31<sup>st</sup> March, 2017 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 5.

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. A7629

Place : Kochi  
Date : 10.8.2017

# GTN TEXTILES LIMITED

## DIRECTORS' REPORT

### To the Members,

Your Directors present the **TWELTH** Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2017

### 1. FINANCIAL RESULTS

(₹ in lacs)

| Particulars   | Year ended   |           |
|---|--------------|-----------|
|   | 31.3.2017    | 31.3.2016 |
| <b>REVENUE</b>  |              |           |
| Income from operations  | <b>11363</b> | 15292     |
| Other income  | <b>39</b>    | 37        |
| Changes in Inventories  | <b>(163)</b> | 115       |
| Total   | <b>11239</b> | 15444     |
| <b>EXPENSES</b>   |              |           |
| a) Cost of materials  | <b>6271</b>  | 9261      |
| b) Employee benefits expense  | <b>2027</b>  | 2601      |
| c) Other expenses   | <b>2270</b>  | 3224      |
| Total   | <b>10568</b> | 15086     |
| <b>OPERATING PROFIT</b>   | <b>671</b>   | 358       |
| Finance Costs   | <b>989</b>   | 931       |
| <b>PROFIT/(LOSS) BEFORE DEPRECIATION, AMORTISATION &amp; TAX EXPENSES</b> | <b>(318)</b> | (573)     |
| Depreciation and Amortisation Expenses                                    | <b>391</b>   | 418       |
| <b>PROFIT/(LOSS) BEFORE TAX AND BEFORE EXCEPTIONAL ITEM</b>               | <b>(709)</b> | (991)     |
| <b>EXCEPTIONAL ITEMS</b>  | <b>165</b>   | —         |
| <b>PROFIT/(LOSS) BEFORE TAX AFTER EXCEPTIONAL ITEM</b>                    | <b>(874)</b> | (991)     |
| Tax Expenses  |              |           |
| a) Current Tax (MAT)  |              |           |
| b) MAT credit entitlement   | <b>—</b>     | 37        |
| c) Deferred Taxation  | <b>(227)</b> | (294)     |
| <b>PROFIT/(LOSS) AFTER TAX</b>  | <b>(647)</b> | (734)     |

### 2. FINANCIAL PERFORMANCE

During the financial year under review, the Spinning industry continued to operate under stress. While international as well as domestic market showed sluggishness, there was competition from spinning mills recently established in certain States which had offered them unduly high incentives and concessions. As such, your company's operating margins were under pressure. Further, as reported in the previous year's Directors' Report, your company was forced to declare

lock out with effect from 2<sup>nd</sup> May, 2016 which lasted up to 3<sup>rd</sup> July, 2016. This substantially affected performance of your company with its overall capacity utilization for the year reduced to 72% as against 95% in the previous year. This has adversely affected production and sales. Income from operations for the year under review was reduced to ₹ 113.63 crores as against ₹ 152.92 crores of previous year. However, various cost cutting measures taken by the management and efforts made to bring out product mix changes resulted in higher operating profit of ₹ 6.71 crores for the year as against ₹ 3.58 crores for the previous year. With burden of finance cost remaining the same as previous year, there was a cash loss of ₹ 3.18 crores as against previous year's ₹ 5.73 crores. After charging depreciation of ₹ 3.91 crores, VRS compensation (exceptional item) of ₹ 1.65 crores and Deferred Taxation Credit of ₹ 2.27 crores, the net loss after tax was ₹ 6.47 crores for the year as against ₹ 7.34 crores of previous year.

As already reported in previous year's Directors' Report the salaries and wages cost of Aluva Unit continues to be abnormally higher as compared to industry standards. The VRS scheme announced by the company and agreed by the workers would to some extent bring down the overall wage bill marginally

### 3. DIVIDEND

Your company has incurred loss for the year and hence the Board is unable to recommend dividend for the financial year ended 31<sup>st</sup> March, 2017.

### 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).

### 6. CORPORATE GOVERNANCE REPORT

As per Regulation 34 (3) read with Schedule V of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance practices followed by the Company, together with a Certificate from the Company's Auditors confirming 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.

## DIRECTORS' REPORT (Contd...)

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 31<sup>st</sup> March, 2017 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. Warkerkar : 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 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.gtntextiles.com](http://www.gtntextiles.com). These documents will also will 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:

- (i) in the preparation of the Annual Accounts for

the year ended 31<sup>st</sup> March, 2017 the applicable Accounting Standards have been followed and there are no material departures;

- (ii) 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 31<sup>st</sup> March, 2017.
- (iii) 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.
- (iv) prepared the Annual Accounts on a going concern basis.
- (v) had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- (vi) 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 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

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

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 rules made thereunder the term of Office of M/s. M.S. Jagannathan & Visvanathan, Chartered Accountants, Coimbatore, as the Statutory Auditors of the Company will conclude from the close of ensuing Annual General Meeting of the Company.

The Board of Directors places on record its appreciation to the services rendered by M/s. M.S. Jagannathan & Visvanathan, Chartered Accountants as the Statutory Auditors of the Company.

Subject to the approval of the members, the Board of Directors of the Company has recommended the appointment of M/s. L.U.Krishnan & Co (Regn. No.001527S) Chartered Accountants, Chennai as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013

Accordingly, the Board recommends the resolution in relation to appointment of Statutory Auditors, for the approval by the shareholders of the company.

There is no audit qualification for the year under review.

### **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, Practising 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. Hareesh K.N and Associates, Cost Accountants, as the Cost Auditors of the company for the year ended 31<sup>st</sup> March, 2017.

### **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.

In order to ensure assured supply of quality cotton at competitive prices, your Directors proposes to enhance the existing limits in the normal course of business and at arm's length. Pursuant to Regulation 23 (4) of SEBI (LODR), 2015, all "material" related party transactions shall require approval of the Shareholders and your Directors recommends the resolution for the approval by the shareholders of the company. More details were given in the explanatory statement of the Notice calling Annual General Meeting, forming part of the Annual 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 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.patspin.com](http://www.patspin.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 31<sup>st</sup> March, 2017.

### **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, erstwhile State Bank of Travancore taken over by SBI, 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 : 10.08.2017



## ANNEXURE- I

### FORM MR - 3

#### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017

[Pursuant to Section 204(1) of the Companies Act,2013 and Rule9 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 **G T N 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 there on.

I am issuing this report based on my verification of the books, papers, minutes books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company, during the financial year ended 31<sup>st</sup> March, 2017 and also after 31<sup>st</sup> March, 2017 but before the issue of this report and the information provided by the Company, its officers, agents and authorized representatives during my conduct of secretarial audit.

I hereby report that, in my opinion, during the audit period covering the financial year ended on 31<sup>st</sup> March 2017 (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 there under.
  - iv. The Depositories Act,1996 and the regulations and bye-laws framed there under.
  - 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, 2015 (effective 15<sup>th</sup> 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.
  - vi. The following laws, that are specifically applicable to the Company:
    - (a) Essential Commodities Act 1955, with reference to "Hank Yarn Packing Notification 2003" (No.2/TDRO/8/2003 dated 17<sup>th</sup> April, 2003).
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 (Share Based Employee Benefits) Regulations, 2014 (effective 28<sup>th</sup> 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;
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.

## ANNEXURE- I (Contd...)

4. i) I have also examined compliance with the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India (effective 1<sup>st</sup> July, 2015).
- ii) The Security Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective 1<sup>st</sup> December, 2015).
5. During the period under review, and also considering the compliance related action taken by the Company after 31<sup>st</sup> March, 2017 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. The changes in the composition of the Board of Directors that took place during the period under review were carried out 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 1<sup>st</sup> 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 : Coimbatore  
Date : 10.08.2017

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

## ANNEXURE - A TO SECRETARIAL AUDIT REPORT

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 31<sup>st</sup> March, 2017 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 31<sup>st</sup> 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 : Coimbatore  
Date : 10.08.2017

**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 31/03/2017**

[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<br>Ernakulam |
| Town / City                                    | Ernakulam   |
| State  | Kerala  |
| Pin Code:                                      | 683112  |
| Country Name :                                 | India   |
| Country Code                                   | 91  |

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

|                                       |  |
|---------------------------------------|--|
| Registrar & Transfer Agents ( RTA ):- | M/s Integrated Registry Management Services Private Limited              |
| Address                               | 2 <sup>nd</sup> 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<br>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<br>3 <sup>rd</sup> Floor, Palal Towers, M. G. Road,<br>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<br>[As on 01-April-2016] |          |          |                   | No. of Shares held at the end of the year<br>[As on 31-March-2017] |          |          |                   | % Change during the year |
|---|--|----------|----------|-------------------|--|----------|----------|-------------------|--------------------------|
|   | Demat  | Physical | Total    | % of Total Shares | Demat  | Physical | Total    | % of Total Shares |                          |
| <b>A. Promoters</b>   |  |          |          |                   |  |          |          |                   |                          |
| <b>(1) Indian</b>   |  |          |          |                   |  |          |          |                   |                          |
| a) Individual/ HUF  | 5022089  | 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             | 2329850  | 0        | 2329850  | 20.02             | 0.87                     |
| 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                     |
| <b>Total shareholding of Promoter (A)</b>                                       | 7250438  |          | 7250438  | 62.29             | 7351939  | 0        | 7351939  | 63.16             | 0.00                     |
| <b>Sub total (A) (1)</b>  | 7250438  | 0        | 7250438  | 62.29             | 7351939  | 0        | 7351939  | 63.16             | 0.87                     |
| <b>(2) Foreign</b>  |  |          |          |                   |  |          |          |                   |                          |
| 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                     |
| <b>Sub total (A) (2)</b>  | 0  | 0        | 0        | 0.00              | 0  | 0        | 0        | 0.00              | 0.00                     |
| <b>B. Public Shareholding</b>   |  |          |          |                   |  |          |          |                   |                          |
| 1. Institutions   | 0  | 0        | 0        | 0.00              | 0  | 0        | 0        | 0.00              | 0.00                     |
| a) Mutual Funds   | 300  | 1486     | 1786     | 0.01              | 300  | 1486     | 1786     | 0.01              | 0.00                     |
| b) Banks / FI   | 800  | 42       | 842      | 0.01              | 800  | 42       | 842      | 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  | 1900     | 1900     | 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)   | 0  | 0        | 0        | 0.00              | 0  | 0        | 0        | 0                 | 0.00                     |
| <b>Sub-total (B)(1):-</b>   | 88377  | 3528     | 91905    | 0.79              | 88377  | 3528     | 91905    | 0.79              | 0.00                     |
| 2. Non-Institutions   |  |          |          |                   |  |          |          |                   |                          |
| a) Bodies Corp.   | 229459   | 11891    | 241350   | 2.07              | 214262   | 11891    | 226153   | 1.94              | -0.13                    |
| 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 ₹ 2 lakh          | 2652377  | 492437   | 3144814  | 27.02             | 2511636  | 486068   | 2997704  | 25.75             | 1.27                     |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh | 874568   | 0        | 874568   | 7.51              | 756246   | 0        | 756246   | 6.50              | -1.01                    |
| c) Others (specify)   | 0  | 0        | 0        | 0.00              | 0  | 0        | 0        | 0.00              | 0.00                     |
| Non Resident Indians  | 6337   | 0        | 6337     | 0.05              | 10365  | 0        | 10365    | 0.09              | 0.04                     |
| Clearing Members  | 30866  | 0        | 30866    | 0.27              | 205966   | 0        | 205966   | 1.77              | 1.50                     |
| Trust/LLP   | 200  | 0        | 200      | 0.00              | 200  | 0        | 200      | 0.00              | 0.00                     |
| <b>Sub-total (B)(2):-</b>   | 3793807  | 504328   | 4298135  | 36.92             | 3698675  | 497959   | 4196634  | 36.05             | -0.87                    |
| <b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>                             | 3882184  | 507856   | 4390040  | 37.71             | 3787052  | 501487   | 4288539  | 36.84             | -0.87                    |
| <b>OC. Shares held by Custodian for GDRs &amp; ADRs</b>                         | 0  | 0        | 0        | 0.00              | 0  | 0        | 0        | 0.00              | 0.00                     |
| <b>Grand Total (A+B+C)</b>  | 11132622   | 507856   | 11640478 | 100.00            | 11138991   | 501487   | 11640478 | 100.00            | 0.00                     |

## ANNEXURE - II (Contd...)

### B) Shareholding of Promoter-

| S. No. | Share holder's Name                      | Shareholding at the beginning of the year (01.04.2016) |                                  |  | Shareholding at the end of the year (31.03.2017) |                                  |  | % 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                      | 1195580  | 10.27                            | 0  | 1195580  | 10.27                            | 0  | 0.00                                      |
| 2      | Umang Patodia                            | 835120   | 7.18                             | 0  | 835120   | 7.18                             | 0  | 0.00                                      |
| 3      | Ankur Patodia                            | 732331   | 6.29                             | 0  | 732331   | 6.29                             | 0  | 0.00                                      |
| 4      | Prabha Patodia                           | 682418   | 5.86                             | 0  | 682418   | 5.86                             | 0  | 0.00                                      |
| 5      | Mala Patodia                             | 157760   | 1.36                             | 0  | 157760   | 1.36                             | 0  | 0.00                                      |
| 6      | Swati Patodia                            | 260000   | 2.23                             | 0  | 260000   | 2.23                             | 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                | 822311   | 7.06                             | 0  | 822311   | 7.06                             | 0  | 0.00                                      |
| 9      | M/s Patodia Export and Investments P Ltd | 672986   | 5.78                             | 0  | 774487   | 6.65                             | 0  | 0.87                                      |
| 10     | Umang Finance P Ltd                      | 733052   | 6.30                             | 0  | 733052   | 6.30                             | 0  | 0.00                                      |
|        | <b>Total</b>                             | <b>7250438</b>   | <b>62.29</b>                     | <b>0</b>   | <b>7351939</b>                                   | <b>63.16</b>                     | <b>0</b>   | <b>0.87</b>                               |

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

| S. No. | Particulars  | Shareholding at the beginning of the year (01.04.2016)                   |                              | Cumulative Shareholding during the year (31.03.2017) |                              |
|--------|--|--|------------------------------|--|------------------------------|
|        |  | No. of shares  | % of total shares of the Co. | No. of shares  | % of total shares of the Co. |
| 1.     | At the beginning of the year   | 7250438  | 62.29                        | 7250438  | 62.29                        |
| 2.     | 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): | Purchase of Shares on 22.02.2017 (Patodia Exoprts & Investments Pvt Ltd) |                              | 101501   | 0.87                         |
| 3.     | At the end of the year   |  |                              | 7351939  | 63.16                        |

### 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 (01.04.2016) |                                  | Cumulative Shareholding during the Year (31.03.2017) |                                  |
|--------|--------------------------|------------------------------|--|----------------------------------|--|----------------------------------|
|        |                          |                              | 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 | 240879   | 2.06                             | 240879   | 2.06                             |
|        |                          | Changes during the year      |  | No Changes                       |  |                                  |
|        |                          | At the end of the year       |  | 240879                           |  |                                  |
| 2      | JYOTI PANDHI             | At the beginning of the year | 117742   | 1.01                             | 117742   | 1.01                             |
|        |                          | Changes during the year      |  | No changes                       |  |                                  |
|        |                          | At the end of the year       |  | 117742                           |  |                                  |
| 3      | BINA DEVI TANTIA         | At the beginning of the year | 102951   | 0.88                             | 102951   | 0.88                             |
|        |                          | Changes during the year      | Sold 102951 shares on 06.01.17                         | 0                                |  |                                  |
|        |                          | At the end of the year       |  | 0                                |  |                                  |

**ANNEXURE - II (Contd...)**

| S. No. | Name of the Shareholders               | Particulars                  | Shareholding at the beginning of the year (01.04.2016) |                                  | Cumulative Shareholding during the Year (31.03.2017) |                                  |
|--------|--|------------------------------|--|----------------------------------|--|----------------------------------|
|        |  |                              | No. of shares  | % of total shares of the company | No. of shares  | % of total shares of the company |
| 4      | JIGNESH MADHUKANT MEHTA                | At the beginning of the year | 58072  | 0.49                             | <b>58072</b>   | <b>0.49</b>                      |
|        |  | Changes during the year      | Sold 1610 shares on 5.8.16                             |                                  | <b>56462</b>   | <b>0.48</b>                      |
|        |  |                              | Sold 1000 shares on 16.09.16                           |                                  | <b>55462</b>   | <b>0.47</b>                      |
|        |  |                              | Sold 837 shares on 23.09.16                            |                                  | <b>54625</b>   | <b>0.46</b>                      |
|        |  |                              | Buy 35000 shares on 28.10.16                           |                                  | <b>89625</b>   | <b>0.77</b>                      |
|        |  |                              | Buy 12915 shares on 10.03.17                           |                                  | <b>102540</b>  | <b>0.88</b>                      |
|        |  |                              | Buy 6279 shares on 17.03.17                            |                                  | <b>108819</b>  | <b>0.93</b>                      |
|        |  |                              | Buy 2514 shares on 24.03.17                            |                                  | <b>111333</b>  | <b>0.95</b>                      |
|        | At the end of the year                 |                              |  | <b>111333</b>                    | <b>0.95</b>  |                                  |
| 5      | THE ORIENTAL INSURANCE COMPANY LIMITED | At the beginning of the year | 54657  | 0.47                             | <b>54657</b>   | <b>0.47</b>                      |
|        |  | Changes during the year      |  | No changes                       |  |                                  |
|        |  | At the end of the year       |  |                                  | <b>54657</b>   | <b>0.47</b>                      |
| 6      | GNANADEV POLISETTY                     | At the beginning of the year | 41934  | 0.36                             | <b>41934</b>   | <b>0.36</b>                      |
|        |  | Changes during the year      | Buy 8127 shares on 24.06.16                            |                                  | <b>50061</b>   | <b>0.43</b>                      |
|        |  |                              | Sell 2000 shares on 22.07.16                           |                                  | <b>48061</b>   | <b>0.41</b>                      |
|        |  |                              | Sell 2563 shares on 21.10.16                           |                                  | <b>45498</b>   | <b>0.39</b>                      |
|        | At the end of the year                 |                              |  | <b>45498</b>                     | <b>0.39</b>  |                                  |
| 7      | MUKESH SEHGAL                          | At the beginning of the year | 61782  | 0.53                             | <b>61782</b>   | <b>0.53</b>                      |
|        |  | Changes during the year      | Sold 26861 shares on 26.08.16                          |                                  | <b>34921</b>   | <b>0.30</b>                      |
|        |  |                              | Sold 9104 shares on 28.10.16                           |                                  | <b>25817</b>   | <b>0.22</b>                      |
|        | At the end of the year                 |                              |  | <b>25817</b>                     | <b>0.22</b>  |                                  |
| 8      | KUMAR VARUN                            | At the beginning of the year | 40474  | 0.34                             | <b>40474</b>   | <b>0.34</b>                      |
|        |  | Changes during the year      |  | No changes                       |  |                                  |
|        |  | At the end of the year       |  |                                  | <b>40474</b>   | <b>0.34</b>                      |
| 9      | JITENDRA SAMPATLAL SANGHAVI            | At the beginning of the year | 40099  | 0.34                             | <b>40099</b>   | <b>0.34</b>                      |
|        |  | Changes during the year      |  | No changes                       |  |                                  |
|        |  | At the end of the year       |  |                                  | <b>40099</b>   | <b>0.34</b>                      |
| 10     | SABITA PRASAD                          | At the beginning of the year | 36968  | 0.31                             | <b>36968</b>   | <b>0.31</b>                      |
|        |  | Changes during the year      |  | No changes                       |  |                                  |
|        |  | At the end of the year       |  |                                  | <b>36968</b>   | <b>0.31</b>                      |

**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 (01.04.2016) |                                  | Cumulative Shareholding during the year (31.03.2017) |                                  |
|--------|----------------------------|--|--|----------------------------------|--|----------------------------------|
|        |                            |  | 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                            | <b>1195580</b>                                       | <b>10.27</b>                     |
|        |                            | Changes during the year  |  | No Changes                       |  |                                  |
|        |                            | At the end of the year   |  |                                  | <b>1195580</b>                                       | <b>10.27</b>                     |
| 2      | BANWARI LAL SINGHAL        | At the beginning of the year                                     | 12130  | 0.10                             | <b>12130</b>   | <b>0.10</b>                      |
|        |                            | Changes during the year  |  | No changes                       |  |                                  |
|        |                            | At the end of the year   |  |                                  | <b>12130</b>   | <b>0.10</b>                      |
| 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   | —  | —                                | <b>0</b>   | <b>0.00</b>                      |



## ANNEXURE - II (Contd...)

| S. No. | NAME OF THE KMP/ DIRECTORS | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year (01.04.2016) |                                  | Cumulative Shareholding during the year (31.03.2017) |                                  |
|--------|----------------------------|--|--|----------------------------------|--|----------------------------------|
|        |                            |  | No. of shares  | % of total shares of the company | No. of shares  | % of total shares of the company |
| 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   | 0.01                             |
|        |                            | Changes during the year  | No changes   |                                  |  |                                  |
|        |                            | At the end of the year   | —  | —                                | 9475   | 0.00                             |
| 7      | ARUN KAMLAKAR WARERKAR     | 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 |
|---|----------------------------------|--------------------|-------------------|--------------------|
| <b>Indebtedness at the beginning of the financial year (01-04-2016)</b> |                                  |                    |                   |                    |
| i) Principal Amount   | 559,982,308                      | 100,000,000        | —                 | 659,982,308        |
| ii) Interest due but not paid   | —                                | —                  | —                 | —                  |
| iii) Interest accrued but not due                                       | —                                | —                  | —                 | —                  |
| <b>Total (i+ii+iii)</b>   | <b>559,982,308</b>               | <b>100,000,000</b> | <b>—</b>          | <b>659,982,308</b> |
| <b>Change in Indebtedness during the financial year</b>                 |                                  |                    |                   |                    |
| (a) Addition  | 306,019,654                      | 190,000,000        | 30,000,000        | 526,019,654        |
| (b) Reduction   | 463,464,648                      | 60,000,000         | —                 | 623,464,648        |
| <b>Net Change</b>   | <b>402,537,315</b>               | <b>130,000,000</b> | <b>30,000,000</b> | <b>562,537,315</b> |
| <b>Indebtedness at the end of the financial year (31.03.2017)</b>       |                                  |                    |                   |                    |
| i) Principal Amount   | 402,537,315                      | 130,000,000        | 30,000,000        | 562,537,315        |
| ii) Interest due but not paid   | —                                | —                  | —                 | —                  |
| iii) Interest accrued but not due                                       | 6431547                          | 5,227,868          | —                 | 11,659,415         |
| <b>Total (i+ii+iii)</b>   | <b>408,968,862</b>               | <b>135,227,868</b> | <b>30,000,000</b> | <b>574,196,730</b> |

## 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<br>(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                             | 3,82,642                                      | — | — | — | 3,82,642     |
|        | (c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961             | —   | — | — | — | —            |
| 2      | Stock Option  | —   | — | — | — | —            |
| 3      | Sweat Equity  | —   | — | — | — | —            |
| 4      | Commission<br>- as % of profit<br>- others, specify...                              | —   | — | — | — | —            |
| 5      | Others, please specify  | —   | — | — | — | —            |
|        | Total (A)   | 39,82,642                                     | — | — | — | 39,82,642    |
|        | Ceiling as per the Act  | 84,00,000                                     | — | — | — | 84,00,000    |

#### 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 | 92,500            | 92,500     | 92,500         | 7,500              | 2,85,000     |
|        | Commission                                   | —                 | —          | —              | —                  | —            |
|        | Others, please specify                       | —                 | —          | —              | —                  | —            |
|        | Total (1)                                    |                   |            |                |                    |              |
| 2      | Other Non-Executive Directors                | Mahesh C. Thakker |            |                |                    |              |
|        | Fee for attending board / committee meetings | 15,000            | —          | —              | —                  | 15,000       |
|        | Commission                                   | —                 | —          | —              | —                  | —            |
|        | Others, please specify                       | —                 | —          | —              | —                  | —            |
|        | Total (2)                                    | —                 | —          | —              | —                  | —            |
|        | Total (B) = (1+2)                            | —                 | —          | —              | —                  | —            |
|        | Total Managerial Remuneration                | —                 | —          | —              | —                  | 3,00,000     |
|        | Overall Ceiling as per the Act               |                   |            |                |                    |              |

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

(Amount in ₹)

| S.No | Particulars of Remuneration   | Key Managerial Personnel |           | Total     |
|------|---|--------------------------|-----------|-----------|
|      |   | C S                      | C F O     |           |
| 1    | Gross salary  | —                        | —         |           |
|      | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 16,32,060                | 10,33,200 | 26,65,260 |
|      | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 89,936                   | 93,300    | 1,83,236  |
|      | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              |                          | 3,61,620  | 3,61,620  |
| 2    | Stock Option  | —                        | —         | —         |
| 3    | Sweat Equity  | —                        | —         | —         |
| 4    | Commission  | —                        | —         | —         |
|      | - as % of profit  | —                        | —         | —         |
|      | others, specify...  | —                        | —         | —         |
| 5    | Others, please specify  | —                        | —         | —         |
|      | Total   | 17,21,996                | 14,88,120 | 32,10,116 |

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

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

Place : Kochi  
Date : 10.8.2017

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 in to 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<br>b) Sell, dispose of or buying properties, plant and machineries and other equipments<br>c) Leasing or hiring properties / assets of any kind<br>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<br>b) Sell, dispose of or buying properties, plant and machineries and other equipments<br>c) Leasing or hiring properties / assets of any kind<br>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 (₹ In Lacs)  | 2276.77   | 3557.68   | 1.80  | 0.90  | 0.90  |

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

Place : Kochi  
Date : 10.8.2017

## 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-

- |   |   |
|---|---|
| <p>(i) The step taken or impact on conservation of energy</p> <p>(ii) The steps taken by the company for utilizing alternate sources of energy</p> <p>(iii) The capital investments on energy conservation equipments</p> | <p>(i) During the year, we have taken the following steps on energy conservation.</p> <p>a) Replacement of 36W Tube bulbs with energy efficient LED tubes (18 W).</p> <p>b) Variator drive to Inverter drives in Ring frames.</p> <p>c) Installation of energy efficient fans in automatic waste collection system.</p> <p>d) OHTC interlinking in ring frames etc..</p> <p>All the above activities resulted to a total power saving of 2300 units/day.</p> <p>(ii) Availed open access power through PTC from Dec 2016 to March 2017 and saved ₹ 91.3 lakhs in energy cost.</p> <p>(iii) Invested ₹ 20 lakhs to replace the CT/PT of EHT Substation for availing open access power and got the ROI in two months.</p> |
|---|---|

#### (B) Technology absorption:

- |   |  |                   |              |             |              |        |     |       |    |
|---|--|-------------------|--------------|-------------|--------------|--------|-----|-------|----|
| <p>a) The efforts made towards technology absorption :</p> <p>b) The benefits derived like product improvement, cost reduction, product development or import substitution</p> <p>c) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)</p> <p>a) the details of technology imported</p> <p>b) the year of import;</p> <p>c) whether the technology been fully absorbed</p> <p>d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof</p> <p>d) The expenditure incurred on Research and Development.</p> | <p>Updation of Technology is a continuous process, and adapted by the company for innovation.</p> <p>By replacing the existing Variator drive system with inverter drive system in Ring frame, by providing filters in inverters obtained a reduction in harmonics which gives an energy saving, saving in spares, reduction in maintenance cost and better utilization.</p> <p>In the Ring frame, by replacing the imported CDS system with indigenous technology CDS system with inverters achieved energy saving, saving in spares and maintenance cost.</p> <p>In many areas appropriate technology upgradation has been done and some are as under:</p> <table border="0"><tr><td>a) Graf Card wire</td><td>Graf Unicomb</td></tr><tr><td>b) Jan 2017</td><td>August, 2016</td></tr><tr><td>c) Yes</td><td>Yes</td></tr><tr><td>d) NA</td><td>NA</td></tr></table> <p>: NIL</p> | a) Graf Card wire | Graf Unicomb | b) Jan 2017 | August, 2016 | c) Yes | Yes | d) NA | NA |
| a) Graf Card wire   | Graf Unicomb   |                   |              |             |              |        |     |       |    |
| b) Jan 2017   | August, 2016   |                   |              |             |              |        |     |       |    |
| c) Yes  | Yes  |                   |              |             |              |        |     |       |    |
| d) NA   | NA   |                   |              |             |              |        |     |       |    |

The Foreign Exchange earned in terms of actual inflow during the year ₹ 3449.31 Lakhs

The Foreign Exchange outgo during the year in terms of actual outflows ₹ 5094.58 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.

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

Place : Kochi  
Date : 10.8.2017

# 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 31.3.2017 are as follows:**

| Category                                | Name of Directors       |
|---|-------------------------|
| Promoter / Executive Director           | Shri. B.K. Patodia      |
| Non-Executive /Non independent Director | Shri.Mahesh C. Thakker  |
| Independent Directors                   | Shri. B.L. Singhal      |
|   | Shri. Prem Malik        |
|   | Shri.S. Sundareshan     |
|   | Smt. Pamela Anna Mathew |

**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          | 5                      | Present      | 8  | 2                           | None                          | None                           |
| Shri. B. L. Singhal     | 00006433 | 9,680              | 5                      | Leave sought | 5  | 5                           | 3                             |                                |
| Shri. Prem Malik        | 00023051 | Nil                | 5                      | Leave sought | 9  | 5                           | 1                             |                                |
| Shri. S. Sundareshan    | 01675195 | Nil                | 5                      | Leave sought | 7  | 7                           | None                          |                                |
| Shri Mahesh C. Thakker  | 01386254 | 9,475              | 2                      | Leave sought | 1  | None                        | None                          |                                |
| Smt. Pamela Anna Mathew | 00742735 | Nil                | 1                      | Leave sought | 6  | None                        | None                          |                                |

#### Notes:

- i) In accordance with Regulation 26(b) of SEBI (LODR) Regulations 2015, Membership/Chairmanship of only the Audit Committees and Stakeholders Relationship Committees of all Public Limited Companies has been considered.
- ii) None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees across all the Companies in which he is a Director as per Regulation 26(1) of SEBI (LODR) Regulations 2015.

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

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

The details of the Board Meetings are as under:-

| S. No. | Date                            | Board Strength | No. of Directors present |
|--------|---------------------------------|----------------|--------------------------|
| 1)     | 28 <sup>th</sup> April, 2016    | 6              | 5                        |
| 2)     | 30 <sup>th</sup> May, 2016      | 6              | 4                        |
| 3)     | 1 <sup>st</sup> August, 2016    | 6              | 5                        |
| 4)     | 12 <sup>th</sup> November, 2016 | 6              | 4                        |
| 4)     | 13 <sup>th</sup> February, 2017 | 6              | 5                        |



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

- **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.gtnrtextiles.com](http://www.gtnrtextiles.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 (LODR) 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 13.02.2017 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 financial reporting process
- Reviewing with the management, the annual financial statements and Auditors report thereon before submitting the Board for approval
- Evaluation of internal financial controls and risk management systems
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company
- Approve policies in relation to the implementation of the insider trading code and supervise implementation of the same.

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

| SI. No. | Name of the Member   | Status                          | No. of meetings attended |
|---------|----------------------|---------------------------------|--------------------------|
| 1)      | Shri. B L Singhal    | Chairman & Independent Director | 5                        |
| 2)      | Shri. Prem Malik     | Independent Director            | 5                        |
| 3)      | Shri. S. Sundareshan | Independent Director            | 5                        |
| 4)      | Shri. B.K. Patodia   | Managing Director               | 5                        |

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

The details of the meetings are as under:-

| Sl. No. | Date                            | Committee Strength | No. of Directors present |
|---------|---------------------------------|--------------------|--------------------------|
| 1)      | 28 <sup>th</sup> April, 2016    | 4                  | 4                        |
| 2)      | 30 <sup>th</sup> May, 2016      | 4                  | 4                        |
| 3)      | 1 <sup>st</sup> August, 2016    | 4                  | 4                        |
| 4)      | 12 <sup>th</sup> November, 2016 | 4                  | 4                        |
| 5)      | 13 <sup>th</sup> February, 2017 | 4                  | 4                        |

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

- **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.gtnntextiles.com](http://www.gtnntextiles.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 viz; 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 18.05.2017 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 31<sup>st</sup> March, 2017 to the Managing Director is as follows: -

Shri. B K Patodia: ₹ 39.83 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:

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

The details of payment of sitting fee are as follows:

| Meeting   | Amount (in ₹) |
|-----------|---------------|
| Board     | 7500          |
| Committee | 5000          |

The Fee paid for the year ended 31<sup>st</sup> March, 2017 to the Non-Executive Directors is as follows:

| Name of the Non-Executive Director | Sitting fee (₹) |
|------------------------------------|-----------------|
| Shri. B. L. Singhal                | 92,500          |
| Shri. Prem Malik                   | 92,500          |
| Shri. S. Sundareshan               | 92,500          |
| Shri Mahesh C. Thakker             | 15,000          |
| Smt. Pamela Anna Mathew            | 7,500           |
| <b>Total</b>                       | <b>3,00,000</b> |

There were no other pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company. The Company has not granted any stock option to any of its Directors.

- **Remuneration Policy**

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

The company 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. Sundareshan and Shri. B.K. Patodia as members of the Committee.

The Committee is set up to monitor the process of share transfer, issue of fresh share certificates as well as review of redressal of investors / shareholders grievances. The Committee would also recommend measures for overall improvement of the quality of investor services. The Committee is constituted in line with the provisions of Regulation 20 of SEBI (LODR), Regulation, 2015 read with Section 170 of the Act.

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

| Sl. No. | Date                            | Committee Strength | No. of Directors present |
|---------|---------------------------------|--------------------|--------------------------|
| 1)      | 30 <sup>th</sup> May, 2016      | 4                  | 4                        |
| 2)      | 1 <sup>st</sup> August, 2016    | 4                  | 4                        |
| 3)      | 12 <sup>th</sup> November, 2016 | 4                  | 4                        |
| 4)      | 13 <sup>th</sup> February, 2017 | 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 31.3.2017 is as under:-

| Type of Complaints                                    | No of Complaints |
|---|------------------|
| Non-receipt of Annual Reports                         | 1                |
| Non-receipt of Dividend Warrants                      | 4                |
| Non-receipt of Share Certificates                     | —                |
| Complaints in respect of Electronic Transfers         | —                |
| Complaints /queries received from Regulatory Agencies | —                |
| Others  | 2                |
| <b>Total:</b>   | <b>7</b>         |

There were no outstanding complaints as on 31<sup>st</sup> March, 2017.

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

Pursuant to Regulation 40(9) of SEBI (LODR) 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
- (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](http://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].

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

### (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.gtn textiles.com](http://www.gtn textiles.com)

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

### 8. MD and CFO Certification

The Managing Director and CFO of the Company give quarterly / annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI (LODR) Regulations, 2015.

### 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 (LODR) 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  |
|---------|--|------------|--------|-----------|--|
| 2013-14 | Oceanic Hall,<br>Hotel Periyar,<br>Aluva - 683 101 | 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)<br>2. Appointment of Shri Prem Malik as Independent Directors for a period of 5 years (Section 149)<br>3. Approval of Related party transactions (Sec 188)<br>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 pm  | 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)   |
| 2015-16 | -do-   | 23.09.2016 | Friday | 12.15 pm  | No   |

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

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

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

### 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.gtn textiles.com](http://www.gtn textiles.com). Therefore, no individual communication is sent to shareholders on the quarterly and half yearly financial results. However, if requested, the Company provides the same to them individually.

#### c) Audit Qualifications

There are no qualifications in the Auditors Report on the accounts for the year 2016-17.

#### d) Reporting of internal Auditor

The Internal Auditor directly report to the Audit Committee.

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

### 12. General Shareholder information:

#### I) Annual General Meeting:

|    |   |   |  |
|----|---|---|--|
| a) | Date and Time   | : | Friday, 22 <sup>nd</sup> September, 2017 at 12:15 pm                                   |
| b) | Venue   | : | 'Oceanic Hall', Hotel Periyar, Aluva - 683 101.  |
| c) | Book closure date                                       | : | Saturday, 16 <sup>th</sup> September, 2017 to Friday, 22 <sup>nd</sup> September, 2017 |
| d) | Financial calendar (tentative):                         |   |  |
|    | Annual General Meeting                                  | : | 22 <sup>nd</sup> September, 2017   |
|    | Results for quarter ending 30 <sup>th</sup> June, 2017  | : | 10 <sup>th</sup> August, 2017  |
|    | Results for quarter ending 30 <sup>th</sup> Sept., 2017 | : | On or before 14 <sup>th</sup> November, 2017   |
|    | Results for quarter ending 31 <sup>st</sup> Dec., 2017  | : | On or before 14 <sup>th</sup> February, 2018   |
|    | Results for Year ending 31 <sup>st</sup> March, 2018    | : | On or before 30 <sup>th</sup> May, 2018  |

#### 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 2017-18 have been duly paid to the said Stock Exchanges. |
| i)  | Stock Code: Scrip Code No. :<br>Bombay Stock Exchange | : | 532744   |
|     | Trading symbol :<br>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 2016   | 11.20 | 9.50  | 10.85 | 9.00  |
| May          | 10.79 | 9.21  | 11.00 | 9.15  |
| June         | 11.11 | 9.10  | 11.40 | 9.00  |
| July         | 16.80 | 10.31 | 16.90 | 10.30 |
| August       | 17.49 | 10.64 | 17.65 | 10.45 |
| September    | 14.24 | 11.05 | 14.50 | 11.95 |
| October      | 18.83 | 11.51 | 18.25 | 11.30 |
| November     | 17.45 | 11.52 | 17.90 | 11.50 |
| December     | 16.35 | 11.90 | 14.90 | 11.70 |
| January 2017 | 16.40 | 12.90 | 16.20 | 12.05 |
| February     | 15.84 | 13.96 | 15.50 | 13.60 |
| March        | 20.46 | 13.51 | 20.80 | 13.60 |

|    |  |   |   |
|----|--|---|---|
| IV | Registrar and Transfer Agents (Share Transfer and communication regarding Share Certificates, Dividends and change of Address) | : | M/s Integrated Registry Management Services Private Limited<br>2 <sup>nd</sup> Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar,<br>Chennai -600 017<br>Tel: 044 28140801-803<br>E-Mail : <a href="mailto:corpseiv@integratedindia.in">corpseiv@integratedindia.in</a>   |
| V) | Share Transfer System  |   | The transfer of shares in physical form is processed and completed by Registrar and Transfer Agent within a period of 15 days from the date of receipt thereof, provided all the documents are in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective depository participants. In compliance with Regulation 40(9) of the SEBI (LODR), Regulations 2015, a Practicing Company Secretary carries out system of transfer and a certificate to that effect is issued. |



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

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

(a) Shareholding pattern as on 31<sup>st</sup> March, 2017:

| SL. No. | Category   | No of shares (Issued Equity) | %age          |
|---------|--|------------------------------|---------------|
| 01)     | Promoters & Associates                             | 7351939                      | 63.16         |
| 02)     | Indian Financial Institutions, Banks, Mutual Funds | 90005                        | 0.77          |
| 03)     | Foreign Institutional Investors / NRIs             | 12365                        | 0.11          |
| 04)     | Others   | 4186169                      | 35.96         |
|         | <b>Total :</b>                                     | <b>11640478</b>              | <b>100.00</b> |

(b) Distribution of Shareholding as on 31.03.2017:

| No. of shares held | No. of share-holders | % of share-holder | No. of shares (Issued Equity) | % of shareholding |
|--------------------|----------------------|-------------------|-------------------------------|-------------------|
| Upto 100           | 20536                | 87.19             | 627629                        | 5.39              |
| 101-500            | 1968                 | 8.36              | 556407                        | 4.78              |
| 501-1000           | 515                  | 2.19              | 438517                        | 3.77              |
| 1001-10000         | 480                  | 2.04              | 1413977                       | 12.15             |
| 10001-100000       | 39                   | 0.16              | 814713                        | 7.00              |
| Above 100000       | 15                   | 0.06              | 7789235                       | 66.91             |
| <b>Total :</b>     | <b>23553</b>         | <b>100</b>        | <b>11640478</b>               | <b>100.00</b>     |

### VII) Dematerialization of shares and Liquidity:

95.69% of the equity shares of the company have been dematerialized (NSDL 85.04% and CDSL 10.65 %) as on March 31<sup>st</sup>, 2017. The company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) whereby shareholders have an option to dematerialize their shares with either of the depositories.

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,<br>Erumathala Post, Aluva,<br>Ernakulam District<br>Kerala – 683 112 |
|-------|------------------|--|

### IX) Address for communication

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

### x) Compliance Certificate of the Auditors

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (LODR) Regulations, 2015 and the same is annexed to this Report.

## DECLARATIONS

### Compliance with the Code of Business Conduct and Ethics

As provided under Regulation 26(3) of the SEBI (LODR) Regulations, 2015, all the Board members and Senior Management Personnel have affirmed compliance with GTN TEXTILES LIMITED Code and Ethics for the year ended 31<sup>st</sup> March, 2017.

For **GTN TEXTILES LIMITED**

**B.K. PATODIA**

Chairman & Managing Director  
(DIN 00003516)

Place: Kochi

Date: 10.8.2017

### 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 31<sup>st</sup> March 2017 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.

For **GTN TEXTILES LIMITED**

**B.K. PATODIA**

Chairman & Managing Director  
(DIN 00003516)

**A.K. WARERKAR**

Chief Financial Officer

Place: Kochi

Date: 10.08.2017

### AUDITORS CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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 31<sup>st</sup> March, 2017 as stipulated in SEBI (LODR) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the company's management. Our examination was carried out in accordance with the guidance note on certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us,

We certify that the company has complied with the conditions of Corporate Governance as stipulated in the SEBI (LODR) Regulations, 2015.

We 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)

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

Place : Kochi

Date : 10.8.2017

# GTN TEXTILES LIMITED

## MANAGEMENT DISCUSSION & ANALYSIS

### GLOBAL TEXTILE INDUSTRY

The Global textile and clothing trade which grew at an average CAGR of more than 7% during the period 2010-2014 declined to USD745 billion during 2015. The declining trend continued in 2016 as well, with the trade at USD 727 billion. Amongst the top ten markets most of the countries continued to show decline during 2016 including India, US, China and only Vietnam and Bangladesh showed growth in exports.

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 Financial Year 2016-17 exports of Textile and clothing were maintained at USD 35.5 billion. While garment sector accounted for 53% of the exports, Cotton yarn/fabrics/made ups had 24% share with remaining 23% comprising man-made textiles, handicrafts, handmade carpets, etc.

According to the report of Labour Bureau, textiles and clothing sector generated maximum employment during 2016, 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 1<sup>st</sup> April, 1999, has been further extended up to 31<sup>st</sup> 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 30<sup>th</sup> June, 2017, amounted to around Rs.3.07 lakh crores.

The spinning capacity, cotton yarn production and cotton yarn exports for last six 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                 |
| 2016-17 | 52.45                                | 4056                    | 1203                 | 3352                 |

### RAW COTTON SCENARIO

#### Global Cotton Production

The cotton production at global level was estimated at 22.9 million tons in 2016-17, which is expected to increase to 24.5 million tons in 2017-18. The size of cotton growing area is also expected to expand by 7% to 31.8 million hectares and India is likely to continue to be the largest producer of cotton in the world, followed by China and USA. While USA remains the world's largest exporter of cotton, China remains world's largest consumer of cotton. Further, while world's cotton stocks will remain at around 17 million tons, the cotton prices are expected to remain low. This is mainly due to Chinese government's policy to reduce stocks-to-use ratio to 100% and below over a period and to bring down its stock levels, effectively reducing the import quotas. Thus, Chinese cotton stocks which have been more than 50% of the global cotton stocks in the past are expected to come down substantially.

The Cotlook A Index which was 70 US Cents / lb. during 2015-16, moved to 82 US Cents / lb. during 2016-17 and is expected to drop to 69 US Cents / lb. during 2017-18, indicating that cotton prices will show downward trend.

#### Domestic Production Scenario

Cotton crop in India for the season 2016-17 (Oct- Sept.) is estimated at 345 lakh bales of 170 kg each as announced by the cotton advisory board recently as against 338 lakh in 2015-16. After considering opening stock, import, exports etc., the carry forward stock at the end of the season 2016-17 is expected to be 36 lakh bales.

As per the latest report the coming season 2017-18 is likely to see substantial growth in total acreage. The cotton trade estimates the out put higher by 10 to 15 % for 2017-18 over the last years out put of 345 lakh bales of 170 kg each. As

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

per the Union ministry of agriculture as on 4<sup>th</sup> August, 2017 cotton has been sown at 113.85 lakh hectare against 92.37 lakhs hectare witnessed for the same time last year thereby indicating an increase of average 23% in the acreage. However, with the recent flooding in the key growing regions of Gujarat the authorities expects a damage of 30% to the crops in the state. Notwithstanding all these factors it is anticipated that the acreage will be higher by at least 10 to 12% and correspondingly higher production volume. The crop situation will have to be assessed at regular intervals from now, since the extent of rainfall during August and September and possibility of any pest attack will have to be taken into account. On the whole, the cotton situation is comfortable in both domestic and international markets.

### 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 20s to NE 180s. Permutations and combinations in spinning and finishing process results in yarns of varied qualities for specific end users. The company was amongst the first in India to manufacture compact yarn using the breakthrough technology of compact spinning, and also uses state-of-art machineries across its plants. Presently, the Company has a capacity of 58,864 spindles at Aluva, Kerala, consisting of 34,896 compact spinning and 23,968 ring spinning. The Company has promoted Patspin India Limited which has 2 plants at Palakkad in Kerala and Ponneri in Tamil Nadu having a capacity of 1,14,000 spindles, consisting of 70,752 Compact Spinning and 43,248 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 a part of its production, the risk of cotton availability as well as exchange rate fluctuation is partly mitigated.

In the year under review the country witnessed two highly important events, first being demonetization which was introduced on 8<sup>th</sup> November 2016 and the second being the introduction of Goods and Service Tax (GST) from 1<sup>st</sup> July 2017. As a result of these two events there was considerable slowdown in the market place resulting in accumulation of finished goods stock specially cotton yarns. We are hopeful that once there is greater understanding of the new GST system it should eventually help the companies to work in a simplified tax regime instead of a plethora of taxes and varieties of laws. The textile industry has strongly represented to the Central Government to restore some of the benefits like interest subvention and M.E.I.S benefits which were available for exports of cotton yarn and subsequently denied. If these benefits are restored it will help the cotton yarn spinning mills immensely.

### 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 specialty products like Better Cotton Initiative (BCI), Supima yarns and Giza yarns have also proved to be beneficial.
- c. Volatility in foreign currency exchange rates vis-a-vis Indian Rupee is another area of concern since a sizable production of cotton yarn is exported by your company. The Company has in place various Management Information Systems, which enable the management to take decisions on exposures relating to exports and imports. The Company continues to strengthen these systems to minimize the risk involved due to adverse movement of exchange rates.
- d. Your Company has a system of assessing the risks on an ongoing basis. This includes an effective internal control and management reporting system. Further, the framework also captures the existing practices to manage commodity price risk, interest risk, and foreign exchange risk etc. An important aspect of this framework is to promote a balanced approach that considers risk and return.

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

- 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.

In the previous year when Government had announced ₹ 6000 crores package to create 10 million new jobs in the readymade garment industry, in the current year the government finally extended the same benefits to the made up sector which will help to correct the imbalance in spinning capacity as the domestic consumption should increase. The government should also expedite the 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.

As on 31<sup>st</sup> March, 2017, the Company has about 862 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 AUDITORS' 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 **31<sup>st</sup> March 2017**, 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.

### **Auditors' 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 thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' 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<sup>st</sup> March 2017 and its loss and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditors' 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.

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 Auditors' Report (Contd.)

- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2017 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 Auditors' 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 31 to the standalone 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.
  - (iv) The company has provided requisite disclosure in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the Company. - Refer Note 40 to the standalone financial statements.

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

R. Mugunthan  
Partner  
M.No.21397

Place: Kochi

Date : 18/05/2017

## 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<sup>st</sup> March 2017, 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.
- (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.

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

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 statutory dues were in arrears as at 31<sup>st</sup> March 2017 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 installment 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 – ₹ In lakhs | Period of default  | Remarks if any                       |
|-----------------------|---|--|--------------------------------------|
| EXIM Bank             | Rs.17.50  | 44 days  | Paid on 13 <sup>th</sup> April, 2017 |
| Axis Bank             | Rs.40.63  | Since 31 <sup>st</sup> March, 2017 till date of the report not paid. |                                      |
| Central Bank of India | Rs.56.25  |  |                                      |
| Bank of India         | Rs.42.75  |  |                                      |

(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 them. 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

R. Mugunthan  
Partner  
M.No.21397

Place: Kochi  
Date : 18/05/2017

## 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<sup>st</sup> March 2017 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

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

Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls 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<sup>st</sup> March 2017, 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

Place: Kochi  
Date : 18/05/2017

R. Mugunthan  
Partner  
M.No.21397

# GTN TEXTILES LIMITED

## BALANCE SHEET

|                                   | Note | As at<br>31.03.2017<br>(₹ in lacs) | As at<br>31.03.2016<br>(₹ in lacs) |
|-----------------------------------|------|------------------------------------|------------------------------------|
| <b>I. EQUITY AND LIABILITIES</b>  |      |                                    |                                    |
| <b>1 Shareholders' funds</b>      |      |                                    |                                    |
| (a) Share capital                 | 2    | 1,164.05                           | 1,164.05                           |
| (b) Reserves and surplus          | 3    | 182.76                             | 830.49                             |
| <b>Sub-Total</b>                  |      | <b>1,346.81</b>                    | 1,994.54                           |
| <b>2 Non-current liabilities</b>  |      |                                    |                                    |
| (a) Long-term borrowings          | 4    | 967.98                             | 1,417.63                           |
| <b>Sub-Total</b>                  |      | <b>967.98</b>                      | 1,417.63                           |
| <b>3 Current liabilities</b>      |      |                                    |                                    |
| (a) Short-term borrowings         | 5    | 3,694.71                           | 4,192.83                           |
| (b) Trade payables                | 6    | 4,717.96                           | 4,670.34                           |
| (c) Other current liabilities     | 7    | 1,142.30                           | 1,117.45                           |
| (d) Short-term provisions         | 8    | 114.30                             | 126.70                             |
| <b>Sub-Total</b>                  |      | <b>9,669.27</b>                    | 10,107.32                          |
| <b>TOTAL</b>                      |      | <b>11,984.06</b>                   | 13,519.49                          |
| <b>II. ASSETS</b>                 |      |                                    |                                    |
| <b>1 Non-current assets</b>       |      |                                    |                                    |
| (a) Fixed assets                  | 9    |                                    |                                    |
| (i) Tangible assets               |      | 4,232.65                           | 4,654.93                           |
| (ii) Intangible assets            |      | 3.59                               | 6.29                               |
| (b) Non-current investments       | 10   | 1,964.92                           | 1,964.92                           |
| (c) Deferred tax Assets (Net)     | 11   | 252.17                             | 25.33                              |
| (d) Long-term loans and advances  | 12   | 125.06                             | 141.65                             |
| <b>Sub-Total</b>                  |      | <b>6,578.39</b>                    | 6,793.12                           |
| <b>2 Current assets</b>           |      |                                    |                                    |
| (a) Inventories                   | 13   | 3,208.94                           | 3,855.61                           |
| (b) Trade receivables             | 14   | 1,371.45                           | 1,666.71                           |
| (c) Cash and Bank Balances        | 15   | 350.61                             | 322.43                             |
| (d) Short-term loans and advances | 16   | 439.41                             | 871.58                             |
| (e) Other current assets          | 17   | 35.26                              | 10.04                              |
| <b>Sub-Total</b>                  |      | <b>5,405.67</b>                    | 6,726.37                           |
| <b>TOTAL</b>                      |      | <b>11,984.06</b>                   | 13,519.49                          |

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 : Kochi  
 Date : 18<sup>th</sup> May, 2017

# GTN TEXTILES LIMITED

## STATEMENT OF PROFIT AND LOSS

|   | Note | Year ended<br>31.03.2017<br>(₹ in lacs) | Year ended<br>31.03.2016<br>(₹ in lacs) |
|---|------|---|---|
| <b>REVENUE:</b>   |      |   |   |
| Revenue From Operations   | 18   | 11,363.19                               | 15,292.20                               |
| Other income  | 19   | 39.20                                   | 37.36                                   |
| <b>Total Revenue</b>  |      | <b>11,402.39</b>                        | <b>15,329.56</b>                        |
| <b>EXPENSES:</b>  |      |   |   |
| Cost of materials consumed  | 20   | 6,271.09                                | 8,406.39                                |
| Purchases of Stock-in-Trade   |      | -                                       | 854.28                                  |
| Changes in inventories of finished goods, goods in progress and waste           | 21   | 163.11                                  | (114.58)                                |
| Employee benefits expense   | 22   | 2,026.51                                | 2,600.97                                |
| Finance costs   | 23   | 989.43                                  | 931.49                                  |
| Depreciation and amortization expense   |      | 391.65                                  | 417.80                                  |
| Other expenses  | 24   | 2,269.81                                | 3,224.68                                |
| <b>Total Expenses</b>   |      | <b>12,111.60</b>                        | <b>16,321.03</b>                        |
| <b>Profit/(Loss) before exceptional and extraordinary items and tax</b>         |      | <b>(709.21)</b>                         | <b>(991.47)</b>                         |
| Exceptional items   | 35   | 165.36                                  | —                                       |
| Profit/(Loss) before extraordinary items and tax                                |      | <b>(874.57)</b>                         | <b>(991.47)</b>                         |
| Extraordinary items   |      | —                                       | —                                       |
| <b>Profit/(Loss) before tax</b>   |      | <b>(874.57)</b>                         | <b>(991.47)</b>                         |
| Tax expense:  |      |   |   |
| Provision for Current tax   |      | —                                       | —                                       |
| Reversal of Minimum Alternate Tax (MAT) credit entitlement of earlier years     |      | —                                       | 36.46                                   |
| Deferred tax charge / (Credit)  |      | (226.84)                                | (294.29)                                |
| <b>Profit / (Loss) for the year</b>   |      | <b>(647.73)</b>                         | <b>(733.64)</b>                         |
| <b>EARNINGS PER EQUITY SHARE:</b>   |      |   |   |
| Basic and Diluted (in ₹) ( Face value of ₹10 each)                              | 25   | (5.56)                                  | (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)

**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 : Kochi  
Date : 18<sup>th</sup> May, 2017

# GTN TEXTILES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

|   | 2016-17<br>(₹ in lacs) | 2015-16<br>(₹ in lacs) |
|---|------------------------|------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                 |                        |                        |
| Net Profit/(Loss) before tax and extra ordinary items         | (874.57)               | (991.47)               |
| Adjustments for:  |                        |                        |
| Depreciation  | 388.94                 | 409.73                 |
| Amortisation  | 2.71                   | 8.07                   |
| Loss on disposal/discard of fixed assets (Net)                | 14.09                  | 0.14                   |
| Unrealised foreign currency (gain) / losses                   | (56.08)                | (8.76)                 |
| Interest income   | (24.25)                | (25.79)                |
| Interest Expenditure  | 866.60                 | 817.64                 |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>        | <b>317.44</b>          | <b>209.56</b>          |
| Changes in Working Capital:                                   |                        |                        |
| Increase / (Decrease) in trade payables                       | 103.70                 | 2,359.46               |
| Increase / (Decrease) in provisions                           | (12.41)                | 3.47                   |
| Increase / (Decrease) in other current liabilities            | 51.53                  | (29.39)                |
| (Increase) / Decrease in trade receivables                    | 295.26                 | (373.71)               |
| (Increase) / Decrease in inventories                          | 646.67                 | (242.66)               |
| (Increase) / Decrease in margin money                         | (14.27)                | (129.19)               |
| (Increase) / Decrease in Short Term loans and advances        | 432.17                 | (143.56)               |
| (Increase) / Decrease in other current assets                 | (22.07)                | 111.90                 |
| <b>CASH GENERATED FROM OPERATIONS</b>                         | <b>1,798.02</b>        | <b>1,765.88</b>        |
| Taxes paid (net of refunds)                                   | 11.84                  | 8.75                   |
| <b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>           | <b>1,809.86</b>        | <b>1,774.63</b>        |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                 |                        |                        |
| Purchase of tangible/intangible assets                        | (24.12)                | (2.73)                 |
| Sale of tangible/intangible assets                            | 44.97                  | (0.14)                 |
| Interest received   | 24.25                  | 25.79                  |
| Purchase of non-current investments                           | —                      | 20.00                  |
| <b>NET CASH FROM INVESTING ACTIVITIES</b>                     | <b>45.10</b>           | <b>42.92</b>           |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                 |                        |                        |
| Interest paid   | (866.60)               | (817.64)               |
| Proceeds from Long Term borrowings                            | 50.00                  | -                      |
| Repayment of Long Term borrowings                             | (820.18)               | (685.37)               |
| Net Payment towards Short Term Borrowings                     | (798.12)               | (707.89)               |
| Proceeds/(Repayment) of Finance Lease obligation (Net)        | (6.15)                 | (5.89)                 |
| Long term Deposits  | 600.00                 | 450.00                 |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                  | <b>(1,841.05)</b>      | <b>(1,766.79)</b>      |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>              | <b>13.91</b>           | <b>50.76</b>           |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b> | <b>103.38</b>          | <b>52.62</b>           |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>       | <b>117.29</b>          | <b>103.38</b>          |

**Note:**

1. The above cash flow statement has been prepared by using the indirect method as per Accounting Standard 3-Cash Flow Statement.
2. 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**  
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 : Kochi  
Date : 18<sup>th</sup> May, 2017



# GTN TEXTILES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

### 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 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### **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**

|  | <b>As at<br/>31.03.2017<br/>(₹ in lacs)</b> | <b>As at<br/>31.03.2016<br/>(₹ in lacs)</b> |
|--|---|---|
| <b>(a) Authorised:</b>   |   |   |
| 1,20,00,000 (Previous year:1,20,00,000) Equity shares of ₹ 10 each   | <b>1,200.00</b>                             | 1,200.00                                    |
| <b>(b) Issued,Subscribed and fully Paid up Shares :</b>  |   |   |
| 1,16,40,478 (Previous year:1,16,40,478) Equity shares of ₹ 10 each fully paid up   | <b>1,164.05</b>                             | 1,164.05                                    |
| (Out of the above,1,15,40,378 Equity shares of ₹ 10 each, issued for consideration other than cash, in pursuance of the Scheme of Arrangement) |   |   |
| <b>TOTAL</b>   | <b>1,164.05</b>                             | 1,164.05                                    |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### (c) Reconciliation of Number of Shares

|   | As at March 31, 2017 |               | As at March 31, 2016 |               |
|---|----------------------|---------------|----------------------|---------------|
|   | Number of Shares     | Amount ₹ Lacs | Number of Shares     | Amount ₹ 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, 2017 |              | As at March 31, 2016 |              |
|---|----------------------|--------------|----------------------|--------------|
|   | 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 | 7 74 487             | 6.65%        | 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<br>31.03.2017<br>(₹ in lacs) | As at<br>31.03.2016<br>(₹ in lacs) |
|--|------------------------------------|------------------------------------|
| <b>(A) GENERAL RESERVE</b>                                   |                                    |                                    |
| Balance as at the beginning and end of the year              | <u>2,092.36</u>                    | <u>2,092.36</u>                    |
| <b>(B) SURPLUS/(DEFICIT) IN STATEMENT OF PROFIT AND LOSS</b> |                                    |                                    |
| Balance as at the beginning of the year                      | (1,261.87)                         | (528.23)                           |
| Add: Profit / ( Loss) for the year                           | (647.73)                           | (733.64)                           |
| Balance at the end of the year                               | <u>(1,909.60)</u>                  | <u>(1,261.87)</u>                  |
| <b>TOTAL (A)+ (B)</b>  | <u><u>182.76</u></u>               | <u><u>830.49</u></u>               |

### 4 LONG - TERM BORROWINGS

|                                  | As at March 31, 2017<br>(₹ in lacs) |               | As at March 31, 2016<br>(₹ in lacs) |               |
|----------------------------------|-------------------------------------|---------------|-------------------------------------|---------------|
|                                  | Non Current                         | Current       | Non Current                         | Current       |
| <b>(A) Secured Loans</b>         |                                     |               |                                     |               |
| <b>Term Loans</b>                |                                     |               |                                     |               |
| From Banks                       | 612.61                              | 872.10        | 1,288.38                            | 896.51        |
| From Financial Institution       | 52.50                               | 87.50         | 122.50                              | 87.50         |
| <b>Finance Lease Obligations</b> |                                     |               |                                     |               |
| From Banks                       | 2.87                                | 3.09          | 6.75                                | 5.36          |
| <b>TOTAL</b>                     | <u>667.98</u>                       | <u>962.69</u> | <u>1,417.63</u>                     | <u>989.37</u> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

|   | As at March 31, 2017<br>(₹ in lacs) |               | As at March 31, 2016<br>(₹ in lacs) |               |
|---|-------------------------------------|---------------|-------------------------------------|---------------|
|   | Non Current                         | Current       | Non Current                         | Current       |
| <b>(B) Un-secured:</b>                        |                                     |               |                                     |               |
| Loan from a Director (Promoter)               | 78.00                               | —             | —                                   | —             |
| Loan from relatives of Director<br>(Promoter) | 222.00                              | —             | —                                   | —             |
| <b>TOTAL</b>                                  | <b>300.00</b>                       | <b>—</b>      | <b>—</b>                            | <b>—</b>      |
| <b>TOTAL (A) + (B)</b>                        | <b>967.98</b>                       | <b>962.69</b> | <b>1,417.63</b>                     | <b>989.37</b> |

### I Term Loans are secured by :

- Term loans borrowed from Banks and Financial Institution and total outstanding of ₹ 1624.71 lacs (Previous year ₹ 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 finance lease obligation), 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 ₹ 835.63 lacs (Previous year end ₹ 1163.75 lacs).
- Loan from Financial Institution outstanding of ₹ 140 Lacs (Previous year ₹ 210 Lacs) is further secured by Corporate guarantee given by Patspin India Limited to the extent of ₹ 175 lacs (Previous year ₹ 175 Lacs).
- Finance Lease Obligations are relating to vehicles and are secured against respective vehicles hypothecated costing ₹ 21.11 lacs (Previous year end ₹ 28.73 lacs).

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

|   |                           | Maturity Profile (₹ Lacs) |                      |                   |
|---|---------------------------|---------------------------|----------------------|-------------------|
|   |                           | Within<br>One Year        | Between<br>2-5 Years | Beyond<br>5 Years |
| a | Term Loans                | 953                       | 672                  | 0                 |
| b | Finance Lease obligations | 3                         | 3                    | 0                 |

Note: Term Loan installments due within one year includes installment due on 31<sup>st</sup> March '17 amounting to ₹ 157.13 lacs as on the Balance Sheet date, out of which ₹ 17.50 Lacs has been paid as on this date.

- Promoters (and their relatives) brought in loan of ₹ 300 lacs in pursuance of terms stipulated by Joint Lenders Forum (JLF).

## 5 SHORT TERM BORROWINGS

| Particulars                             | As at<br>31.03.2017<br>(₹ in lacs) | As at<br>31.03.2016<br>(₹ in lacs) |
|---|------------------------------------|------------------------------------|
|   | <b>(A) Secured Loans</b>           |                                    |
| <b>Loan repayable on demand</b>         |                                    |                                    |
| From Banks - Working Capital facilities | 2,394.71                           | 3,192.83                           |
| <b>(B) Unsecured Loans</b>              |                                    |                                    |
| From Corporates                         | 1,300.00                           | 1,000.00                           |
| <b>TOTAL (A) + (B)</b>                  | <b>3,694.71</b>                    | <b>4,192.83</b>                    |

- 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.
- 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 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 ₹ 2029 lacs (Previous year ₹ 2235 lacs).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)****6 TRADE PAYABLES**

|   | <b>As at<br/>31.03.2017<br/>(₹ in lacs)</b> | As at<br>31.03.2016<br>(₹ in lacs) |
|---|---|------------------------------------|
| Due to Micro, Small and Medium Enterprises (MSME's)(Refer note No : 34) | <b>3.87</b>                                 | —                                  |
| Other than MSME's   | <b>4,714.09</b>                             | 4,670.34                           |
| <b>TOTAL</b>  | <b><u>4,717.96</u></b>                      | <u>4,670.34</u>                    |

**7 OTHER CURRENT LIABILITIES**

|  |                        |                 |
|--|------------------------|-----------------|
| Current maturities of Long Term Loan           | <b>959.60</b>          | 984.01          |
| Current maturities of finance lease obligation | <b>3.09</b>            | 5.36            |
| Interest accrued but not due on borrowings     | <b>116.59</b>          | 72.92           |
| Other liabilities                              | <b>0.65</b>            | 0.36            |
| Statutory payable and other dues               | <b>62.37</b>           | 54.80           |
| <b>TOTAL</b>                                   | <b><u>1,142.30</u></b> | <u>1,117.45</u> |

**8 SHORT TERM PROVISIONS**

|                                 |                      |               |
|---------------------------------|----------------------|---------------|
| Provision for Employee benefits | <b>114.30</b>        | 126.70        |
| <b>TOTAL</b>                    | <b><u>114.30</u></b> | <u>126.70</u> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### 9 FIXED ASSETS

| Description of Assets |   | Gross Block   |          |          |                   |                  | Depreciation/Amortisation |              |                       |                     | Net Block       |                |
|-----------------------|---|---------------|----------|----------|-------------------|------------------|---------------------------|--------------|-----------------------|---------------------|-----------------|----------------|
|                       |   | April 1, 2016 | Addition | Disposal | Other Adjustments | March 31, 2017   | Upto April 1, 2016        | For the Year | Disposal/ Adjustments | Upto March 31, 2017 | March 31, 2017  | March 31, 2016 |
| <b>A</b>              | <b>Tangible Assets</b>                  |               |          |          |                   |                  |                           |              |                       |                     |                 |                |
|                       | <b>a) Own Assets</b>                    |               |          |          |                   |                  |                           |              |                       |                     |                 |                |
|                       | Land                                    | 24.34         | —        | —        | —                 | <b>24.34</b>     | —                         | —            | —                     | —                   | <b>24.34</b>    | 24.34          |
|                       | Building *                              | 1,889.23      | —        | —        | —                 | <b>1,889.23</b>  | 1,344.66                  | 39.98        | —                     | <b>1,384.64</b>     | <b>504.59</b>   | 544.57         |
|                       | Plant and Equipment                     | 10,483.59     | 25.46    | 212.31   | —                 | <b>10,296.74</b> | 6,428.91                  | 339.22       | 155.43                | <b>6,612.70</b>     | <b>3,684.04</b> | 4,054.68       |
|                       | Office Equipment                        | 249.54        | 0.43     | 0.47     | —                 | <b>249.50</b>    | 236.71                    | 4.79         | 0.39                  | <b>241.11</b>       | <b>8.39</b>     | 12.83          |
|                       | Furniture and Fixtures                  | 91.13         | —        | —        | —                 | <b>91.13</b>     | 87.74                     | 0.58         | —                     | <b>88.32</b>        | <b>2.81</b>     | 3.39           |
|                       | Vehicles                                | 65.71         | —        | —        | —                 | <b>65.71</b>     | 56.91                     | 0.38         | —                     | <b>57.29</b>        | <b>8.42</b>     | 8.80           |
|                       | <b>Total (a)</b>                        | 12,803.54     | 25.89    | 212.78   | —                 | <b>12,616.65</b> | 8,154.93                  | 384.95       | 155.82                | <b>8,384.06</b>     | <b>4,232.59</b> | 4,648.61       |
|                       | Previous year end                       | 12,795.41     | 8.37     | 6.94     | 6.70              | <b>12,803.54</b> | 7,758.01                  | 403.70       | 6.78                  | <b>8,154.93</b>     | <b>4,648.61</b> | —              |
|                       | <b>b) Assets taken on Finance Lease</b> |               |          |          |                   |                  |                           |              |                       |                     |                 |                |
|                       | Vehicles                                | 28.73         | —        | 7.62     | —                 | <b>21.11</b>     | 22.41                     | 3.99         | 5.35                  | <b>21.05</b>        | <b>0.06</b>     | 6.32           |
|                       | <b>Total (b)</b>                        | 28.73         | —        | 7.62     | —                 | <b>21.11</b>     | 22.41                     | 3.99         | 5.35                  | <b>21.05</b>        | <b>0.06</b>     | 6.32           |
|                       | Previous year end                       | 35.43         | —        | —        | (6.70)            | <b>28.73</b>     | 16.39                     | 6.02         | —                     | <b>22.41</b>        | <b>6.32</b>     | —              |
|                       | <b>Total A (a+b)</b>                    | 12,832.27     | 25.89    | 220.40   | —                 | <b>12,637.76</b> | 8,177.34                  | 388.94       | 161.17                | <b>8,405.11</b>     | <b>4,232.65</b> | 4,654.93       |
|                       | Previous year end (i)                   | 12,830.84     | 8.37     | 6.94     | —                 | <b>12,832.27</b> | 7,774.40                  | 409.72       | 6.78                  | <b>8,177.34</b>     | <b>4,654.93</b> | —              |
| <b>B</b>              | <b>Intangible Assets</b>                |               |          |          |                   |                  |                           |              |                       |                     |                 |                |
|                       | Own Assets (Acquired):                  |               |          |          |                   |                  |                           |              |                       |                     |                 |                |
|                       | Computer Software                       | 251.94        | —        | —        | —                 | <b>251.94</b>    | 245.64                    | 2.71         | —                     | <b>248.35</b>       | <b>3.59</b>     | 6.29           |
|                       | <b>Total B</b>                          | 251.94        | —        | —        | —                 | <b>251.94</b>    | 245.64                    | 2.71         | —                     | <b>248.35</b>       | <b>3.59</b>     | 6.29           |
|                       | Previous year end (ii)                  | 251.65        | 0.29     | —        | —                 | <b>251.94</b>    | 237.57                    | 8.07         | —                     | <b>245.64</b>       | <b>6.29</b>     | —              |
|                       | <b>Total A+B</b>                        | 13,084.21     | 25.89    | 220.40   | —                 | <b>12,889.70</b> | 8,422.98                  | 391.65       | 161.17                | <b>8,653.46</b>     | <b>4,236.24</b> | 4,661.22       |
|                       | Previous year end (i) to (ii)           | 13,082.49     | 8.65     | 6.94     | —                 | 13,084.20        | 8,011.97                  | 417.80       | 6.78                  | 8,422.98            | 4,661.22        | —              |

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### 10 NON CURRENT INVESTMENTS

|  | As at March 31, 2017<br>(₹ in lacs) |                   | As at March 31, 2016<br>(₹ in lacs) |                   |
|--|-------------------------------------|-------------------|-------------------------------------|-------------------|
|  | Quoted<br>(I)                       | Un-Quoted<br>(II) | Quoted<br>(I)                       | Un-Quoted<br>(II) |
| <b>LONG TERM INVESTMENTS - Valued at cost</b>                                  |                                     |                   |                                     |                   |
| <b>In Equity Shares of Associate (Trade)</b>                                   |                                     |                   |                                     |                   |
| Patspin India Limited - 1,42,87,068 (Previous year: 1,42,87,068) of ₹ 10 each  | 1,964.26                            | —                 | 1,964.26                            | —                 |
| <b>In Equity Shares (Non-Trade)</b>  |                                     |                   |                                     |                   |
| Central Bank of India - 243 (Previous year: 243) Equity Shares of ₹ 10 each    | 0.25                                | —                 | 0.25                                | —                 |
| <b>In other investments</b>  |                                     |                   |                                     |                   |
| GTN Consumer co-operative stores Limited (2100 shares of ₹ 10 each)            | —                                   | 0.21              | —                                   | 0.21              |
| GTN Textiles Employees credit Co-op Society Limited (200 shares of ₹ 100 each) | —                                   | 0.20              | —                                   | 0.20              |
|  | <u>1,964.51</u>                     | <u>0.41</u>       | <u>1,964.51</u>                     | <u>0.41</u>       |
| <b>TOTAL (I) + (II)</b>  |                                     | <u>1,964.92</u>   |                                     | <u>1,964.92</u>   |
| <b>Aggregate amount of quoted investments market value</b>                     | —                                   | <u>2,321.91</u>   | —                                   | <u>1,128.86</u>   |

### 11 DEFERRED TAX ASSETS (NET)

| Particulars                       | As at                     |                           |
|-----------------------------------|---------------------------|---------------------------|
|                                   | 31.03.2017<br>(₹ in lacs) | 31.03.2016<br>(₹ in lacs) |
| <b>(A) Deferred Tax Assets:</b>   |                           |                           |
| Unabsorbed Depreciation           | 975.91                    | 793.35                    |
| Business Loss                     | 94.42                     | 145.02                    |
| Other Tax allowances              | 0.90                      | 0.90                      |
|                                   | <b>SUB TOTAL</b>          | <u>939.27</u>             |
| <b>(B) Deffered Tax Liability</b> |                           |                           |
| Related to Fixed Assets           | (819.06)                  | (913.94)                  |
|                                   | <b>SUB TOTAL</b>          | <u>(913.94)</u>           |
| <b>Net (A) - (B)</b>              | <u>252.17</u>             | <u>25.33</u>              |

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

### 12 LONG TERM LOANS AND ADVANCES

*Unsecured and considered good*

|  |              |               |
|--|--------------|---------------|
| Capital Advances   | —            | 1.61          |
| Security Deposits  | 14.71        | 17.86         |
| Income Tax (Net of Provision ₹ 204.67 lacs; Previous year ₹ 204.67 lacs) | 32.35        | 44.18         |
| Minimum Alternate Tax Credit entitlement                                 | 78.00        | 78.00         |
|  | <b>TOTAL</b> | <u>141.65</u> |
|  |              | <u>125.06</u> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### 13 INVENTORIES

|   | As at<br>31.03.2017<br>(₹ in lacs) | As at<br>31.03.2016<br>(₹ in lacs) |
|---|------------------------------------|------------------------------------|
| <i>for valuation - Refer note 1(e) in Significant Accounting Policies</i> |                                    |                                    |
| Stores, Spares and Packing Materials                                      | 39.17                              | 48.16                              |
| <b>Stock In Trade</b>   |                                    |                                    |
| Raw Materials   | 993.92                             | 1,466.46                           |
| Goods-in-Process  | 535.85                             | 583.25                             |
| Finished Goods  | 1,638.26                           | 1,753.68                           |
| Waste Stock   | 1.74                               | 4.06                               |
| <b>TOTAL</b>  | <u><u>3,208.94</u></u>             | <u><u>3,855.61</u></u>             |

### 14 TRADE RECEIVABLES

|  |                        |                        |
|--|------------------------|------------------------|
| <i>Unsecured and considered good</i>               |                        |                        |
| Outstanding exceeding six months from the due date | 0.28                   | —                      |
| Outstanding less than six months from the due date | 1,371.17               | 1,666.71               |
| <b>TOTAL</b>                                       | <u><u>1,371.45</u></u> | <u><u>1,666.71</u></u> |

### 15 CASH AND BANK BALANCES

#### a. Cash and cash equivalents:

|               |               |               |
|---------------|---------------|---------------|
| Bank Balances | 114.89        | 100.90        |
| Cash on Hand  | 2.40          | 2.48          |
|               | <u>117.29</u> | <u>103.38</u> |

#### b. Other Bank Balances:

|                                      |                      |                      |
|--------------------------------------|----------------------|----------------------|
| Margin Money and other lien deposits | 233.32               | 219.05               |
|                                      | <u>233.32</u>        | <u>219.05</u>        |
| <b>TOTAL</b>                         | <u><u>350.61</u></u> | <u><u>322.43</u></u> |

### 16 SHORT TERM LOANS AND ADVANCES

|                                       |                      |                      |
|---------------------------------------|----------------------|----------------------|
| Considered doubtful                   | 2.91                 | 2.91                 |
| Less: Provision for Doubtful advances | 2.91                 | 2.91                 |
|                                       | <u>—</u>             | <u>—</u>             |
| TUF Subsidy Receivable                | 57.21                | 132.82               |
| Security Deposits                     | 146.68               | 146.68               |
| Prepaid Expenses                      | 55.42                | 37.66                |
| Other Advances                        | 160.47               | 529.59               |
| Balances with Statutory Authorities   | 19.63                | 24.83                |
| <b>TOTAL</b>                          | <u><u>439.41</u></u> | <u><u>871.58</u></u> |

### 17 OTHER CURRENT ASSETS

|                              |                     |                     |
|------------------------------|---------------------|---------------------|
| Interest Accrued on Deposits | 16.63               | 3.28                |
| Export Incentives Receivable | 18.63               | 6.76                |
| <b>TOTAL</b>                 | <u><u>35.26</u></u> | <u><u>10.04</u></u> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### 18 REVENUE FROM OPERATIONS

|                                      | Year ended<br>31.03.2017<br>(₹ in lacs) | Year ended<br>31.03.2016<br>(₹ in lacs) |
|--------------------------------------|---|---|
| <b>(A) Sale of Products</b>          |   |   |
| <b>Finished Goods :</b>              |   |   |
| Exports                              | 3,373.47                                | 5,156.10                                |
| Local                                | 7,266.54                                | 8,208.23                                |
| <b>Traded Goods:</b>                 |   |   |
| Exports                              | —                                       | 908.42                                  |
| <b>Waste Sales:</b>                  |   |   |
| Local                                | 568.04                                  | 769.00                                  |
| <b>TOTAL (A)</b>                     | <b>11,208.05</b>                        | <b>15,041.75</b>                        |
| <b>Less : Excise Duty</b>            | —                                       | —                                       |
| <b>Net Sales</b>                     | <b>11,208.05</b>                        | <b>15,041.75</b>                        |
| <b>(B) Other Operating Income</b>    |   |   |
| Job work charges                     | —                                       | 6.88                                    |
| Export Incentive                     | 155.14                                  | 243.57                                  |
| <b>TOTAL (B)</b>                     | <b>155.14</b>                           | <b>250.45</b>                           |
| <b>TOTAL (A) + (B)</b>               | <b>11,363.19</b>                        | <b>15,292.20</b>                        |
| <b>19 OTHER INCOME</b>               |   |   |
| Interest Income                      | 24.25                                   | 25.79                                   |
| Sale of scrap                        | 13.75                                   | 10.33                                   |
| Miscellaneous receipts               | 1.20                                    | 1.24                                    |
| <b>TOTAL</b>                         | <b>39.20</b>                            | <b>37.36</b>                            |
| <b>20 COST OF MATERIALS CONSUMED</b> |   |   |
| <b>(A) Raw materials Consumed</b>    |   |   |
| Opening Stock                        | 1,466.46                                | 1,237.61                                |
| Add: Purchases during the Year       | 6,429.07                                | 9,559.97                                |
| Less: Sale of Cotton                 | 770.43                                  | 1,133.40                                |
| Less: Closing Stock                  | 993.92                                  | 1,466.46                                |
| <b>TOTAL (A)</b>                     | <b>6,131.18</b>                         | <b>8,197.72</b>                         |
| <b>(B) Packing Material Consumed</b> |   |   |
| Opening Stock                        | 18.35                                   | 22.52                                   |
| Add :Purchases during the Year       | 139.32                                  | 204.50                                  |
| Less:Closing Stock                   | 17.76                                   | 18.35                                   |
| <b>TOTAL (B)</b>                     | <b>139.91</b>                           | <b>208.67</b>                           |
| <b>TOTAL (A) + (B)</b>               | <b>6,271.09</b>                         | <b>8,406.39</b>                         |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

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

|  | Year ended<br>31.03.2017<br>(₹ in lacs) | Year ended<br>31.03.2016<br>(₹ in lacs) |
|--|---|---|
| <b>(A) Stock at the beginning of the year:</b>     |   |   |
| Finished goods                                     | 1,751.65                                | 1,738.42                                |
| Goods-in-process                                   | 583.25                                  | 481.49                                  |
| Waste  | 4.06                                    | 4.47                                    |
| <b>TOTAL (A)</b>                                   | <b>2,338.96</b>                         | <b>2,224.38</b>                         |
| <b>(B) Less : Stock at the end of the year:</b>    |   |   |
| Finished goods                                     | 1,638.26                                | 1,751.65                                |
| Goods-in-process                                   | 535.85                                  | 583.25                                  |
| Waste  | 1.74                                    | 4.06                                    |
| <b>TOTAL (B)</b>                                   | <b>2,175.85</b>                         | <b>2,338.96</b>                         |
| <b>Decrease /(Increase) in inventory (A) - (B)</b> | <b>163.11</b>                           | <b>(114.58)</b>                         |

### 22 EMPLOYEE BENEFIT EXPENSES

|   |                 |                 |
|---|-----------------|-----------------|
| Salaries, Wages and Bonus                 | 1,771.56        | 2,148.76        |
| Contribution to Provident and Other Funds | 159.64          | 302.74          |
| Welfare Expenses                          | 95.31           | 149.47          |
| <b>TOTAL</b>                              | <b>2,026.51</b> | <b>2,600.97</b> |

### 23 FINANCE COST

|   |               |               |
|---|---------------|---------------|
| Interest Expenses   | 866.60        | 817.64        |
| Other borrowing costs   | 120.34        | 115.16        |
| Net Loss / (Gain) on foreign currency transaction and translation | 2.49          | (1.31)        |
| <b>TOTAL</b>  | <b>989.43</b> | <b>931.49</b> |

### 24 OTHER EXPENSES

|   |                 |                 |
|---|-----------------|-----------------|
| Power and fuel  | 1,249.55        | 1,676.98        |
| Process charges expenses  | 349.28          | 490.55          |
| Consumption- Stores and Spares  | 43.85           | 47.48           |
| Repairs & Maintenance- Building                                       | 1.00            | 3.34            |
| Repairs & Maintenance- Plant & Machinery                              | 142.05          | 193.08          |
| Commission and Brokerage  | 120.44          | 173.84          |
| Other selling expenses  | 81.35           | 179.86          |
| Insurance   | 20.09           | 78.31           |
| Rates and Taxes   | 23.40           | 11.43           |
| Rent  | 9.76            | 9.14            |
| Directors Sitting Fee   | 3.42            | 3.11            |
| Payment to Auditors:  |                 |                 |
| Audit Fee   | 2.01            | 1.97            |
| Tax Audit Fee   | 0.77            | 0.76            |
| Certification Charges   | 0.90            | 0.15            |
| Out of Pocket Expenses  | 0.70            | 0.89            |
| 4.38  |                 |                 |
| 3.77  |                 | 3.77            |
| Net loss / (Net gain) on foreign currency transaction and translation | (21.86)         | 78.99           |
| Loss on disposal/discard of fixed assets (Net)                        | 14.09           | 0.14            |
| Miscellaneous Expenses  | 229.01          | 274.66          |
| <b>TOTAL</b>  | <b>2,269.81</b> | <b>3,224.68</b> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### 25 EARNING PER SHARE

|  |     | 31.03.2017<br>(₹ in lacs) | 31.03.2016<br>(₹ in lacs) |
|--|-----|---------------------------|---------------------------|
| Net profit /(Loss) before tax before exceptional items                 |     | (709.21)                  | (991.47)                  |
| Add : Exceptional items  |     | 165.36                    | —                         |
| Net profit /(Loss) after tax after exceptional items                   |     | (647.73)                  | (733.64)                  |
| Weighted average Number of Equity Shares (₹ 10 per share)              | Nos | 11640478                  | 11640478                  |
| Basic and Diluted Earning Per Share (before Exceptional items and tax) | ₹   | (6.09)                    | (8.52)                    |
| Basic and Diluted Earning Per Share (after Exceptional items and tax)  | ₹   | (5.56)                    | (6.30)                    |

### 26 GRATUITY

|          |  | Gratuity<br>(Funded)<br>2016-17<br>₹ in Lacs | Gratuity<br>(Funded)<br>2015-16<br>₹ in Lacs |
|----------|--|--|--|
| <b>A</b> | <b>Expense recognised during the year</b>                        |  |  |
| 1        | Current Service Cost   | 28.89  | 27.28  |
| 2        | Interest cost  | 62.23  | 59.60  |
| 3        | Expected return on plan assets                                   | (67.29)                                      | (73.82)                                      |
| 4        | Actuarial Loss/(Gain) during the year                            | 48.07  | 12.28  |
| 5        | Expenses recognised in Statement of Profit & Loss                | 71.90  | 25.34  |
| <b>B</b> | <b>Actual return on Plan assets</b>                              |  |  |
| 1        | Expected return on plan assets                                   | 67.29  | 73.82  |
| 2        | Actuarial Gain/(Loss) on Plan assets                             | —  | —  |
| 3        | Actual return on plan assets                                     | 67.29  | 73.82  |
| <b>C</b> | <b>Net Asset/(Liability) recognised in the Balance Sheet</b>     |  |  |
| 1        | Present value of the obligation at the year end                  | 652.71                                       | 765.01                                       |
| 2        | Fair Value of plan assets at the year end                        | 724.07                                       | 920.01                                       |
| 3        | Funded status - surplus/(deficit)                                | 71.36  | 155.00                                       |
| 4        | Unrecognised past service cost                                   | —  | —  |
| 5        | Net Asset/(Liability) recognised in the Balance Sheet            | 71.36  | 155.00                                       |
| <b>D</b> | <b>Change in Present value of the Obligation during the year</b> |  |  |
| 1        | Present value of the obligation as at the beginning of year      | 765.02                                       | 745.01                                       |
| 2        | Additional initial obligation provided                           | 12.84  | —  |
| 3        | Current service cost   | 28.89  | 27.28  |
| 4        | Interest cost  | 62.23  | 59.60  |
| 5        | Benefits paid  | (264.34)                                     | (79.15)                                      |
| 6        | Actuarial loss/(gain) on obligation                              | 48.07  | 12.28  |
| 7        | Present value of obligation at the year end                      | 652.71                                       | 765.02                                       |
| <b>E</b> | <b>Change in Assets during the year</b>                          |  |  |
| 1        | Fair Value of plan assets at the beginning of the year           | 920.02                                       | 924.48                                       |
| 2        | Additional initial value of plan assets provided                 | 0.05   | —  |
| 3        | Expected return on plan assets                                   | 67.29  | 73.82  |
| 4        | Contributions made   | 1.05   | 0.87   |
| 5        | Benefits paid  | (264.34)                                     | (79.15)                                      |
| 6        | Actuarial Loss/(gain) on plan assets                             | —  | —  |
| 7        | Fair value of plan assets at the year end                        | 724.07                                       | 920.02                                       |
| <b>F</b> | <b>Actuarial Assumptions</b>                                     |  |  |
|          | Discount rate  | 8.00%  | 8.00%  |
|          | Salary escalation  | 3.00%  | 3.00%  |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### 27 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

Binod Kumar Patodia HUF

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

1. Smt. Prabha Patodia, Wife of Shri. B.K. Patodia
2. Shri. Umang Patodia, Son of Shri. B.K. Patodia
3. Shri. Ankur Patodia, Son of Shri. B.K. Patodia
4. Smt. Mala Patodia, Daughter in Law of Shri. B.K. Patodia
5. Smt. Swati Patodia, Daughter in Law of Shri. 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, 2017 | March 31, 2016 | March 31, 2017  | March 31, 2016 | March 31, 2017           | March 31, 2016 | March 31, 2017                        | March 31, 2016 |
| Sale of goods               | 820.76         | 1,326.75       | 1,129.99  | 433.09         | —                        | —              | —                                     | —              |
| Purchase of goods           | 1,292.80       | 629.25         | 2,279.34  | 257.36         | —                        | —              | —                                     | —              |
| Sale of fixed assets        | 28.11          | —              | —   | —              | —                        | —              | —                                     | —              |
| Rendering of services       | 1.32           | 7.60           | 1.20  | 1.80           | —                        | —              | 0.09                                  | -              |
| Receiving of services       | 133.77         | 212.16         | 147.16  | 281.61         | —                        | —              | 3.60                                  | 3.60           |
| Remuneration paid           | —              | —              | —   | —              | 44.69                    | 45.02          | —                                     | —              |
| Sitting Fees                | —              | —              | —   | —              | —                        | —              | —                                     | —              |
| Loans repaid                | —              | —              | —   | —              | —                        | —              | —                                     | —              |
| Un Secured Loans taken      | —              | —              | —   | —              | 78.00                    | —              | 222.00                                | —              |
| Interest Paid               | —              | —              | —   | —              | —                        | —              | —                                     | —              |
| Balances as at year end:    |                |                |   |                |                          |                |                                       |                |
| Trade Payables              | 805.07         | —              | 1,309.16  | 92.40          | —                        | —              | —                                     | —              |
| Trade Receivables           | —              | 58.67          | —   | —              | —                        | —              | —                                     | —              |
| Loans Outstanding           | —              | —              | —   | —              | 78.00                    | —              | 222.00                                | —              |
| Interest Payable            | —              | —              | —   | —              | 4.67                     | —              | 13.29                                 | —              |
| 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 2017 (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, 2017 | Mar 31, 2016 |
| <b>(i) Sale of goods</b>           |              |              |
| <b>a) Cotton</b>                   |              |              |
| i) GTN Enterprises LTD             | 567.60       | 329.47       |
| ii) Patspin India LTD              | 283.25       | 583.88       |
| <b>b) Cotton Yarn</b>              |              |              |
| i) GTN Enterprises LTD             | 560.80       | 103.62       |
| ii) Patspin India LTD              | 533.91       | 733.76       |
| <b>c) Store Items</b>              |              |              |
| i) GTN Enterprises LTD             | 1.59         | —            |
| ii) Patspin India LTD              | 3.60         | 9.11         |
| <b>d) Machinery</b>                |              |              |
| i) Patspin India LTD               | 28.11        | —            |
| <b>(ii) Purchase of goods</b>      |              |              |
| <b>a) Cotton</b>                   |              |              |
| i) GTN Enterprises LTD             | 2,000.09     | 143.04       |
| ii) Patspin India LTD              | 1,086.57     | 262.30       |
| <b>b) Cotton Yarn</b>              |              |              |
| i) GTN Enterprises LTD             | 277.67       | 114.32       |
| ii) Patspin India LTD              | 203.70       | 366.90       |
| <b>c) Store Items</b>              |              |              |
| i) GTN Enterprises LTD             | 1.58         | —            |
| ii) Patspin India LTD              | 2.45         | 0.06         |
| <b>d) Packing Materials</b>        |              |              |
| i) Patspin India LTD               | 0.08         | —            |
| <b>(iii) Rendering of services</b> |              |              |
| <b>a) Rent</b>                     |              |              |
| i) GTN Enterprises LTD             | 1.20         | 1.20         |
| ii) Patspin India LTD              | 1.32         | 1.32         |
| iii) Smt. Mala Patodia             | 0.09         | —            |
| <b>b) Processing Charges</b>       |              |              |
| i) GTN Enterprises LTD             | —            | 0.60         |
| ii) Patspin India LTD              | —            | 6.28         |
| <b>(iv) Receiving of services</b>  |              |              |
| <b>a) Rent</b>                     |              |              |
| i) Smt. Prabha Patodia             | 1.80         | 1.80         |
| ii) Smt. Mala Patodia              | 0.90         | 0.90         |
| iii) Smt. Swati Patodia            | 0.90         | 0.90         |
| <b>b) Processing Charges</b>       |              |              |
| i) GTN Enterprises LTD             | 147.16       | 281.61       |
| ii) Patspin India LTD              | 133.77       | 212.16       |
| <b>(v) Remuneration paid</b>       |              |              |
| Sri. B.K. Patodia                  | 44.69        | 45.02        |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

|   | Transactions  |              |
|---|---------------|--------------|
|   | Mar 31, 2017  | Mar 31, 2016 |
| <b>(vi) Unsecured Loans taken</b>   |               |              |
| i) Shri. B.K. Patodia   | 76.00         | —            |
| ii) Binod Kumar Patodia HUF   | 2.00          | —            |
| iii) Smt. Prabha Patodia  | 62.00         | —            |
| iv) Shri. Umang Patodia   | 50.00         | —            |
| v) Shri. Ankur Patodia  | 62.00         | —            |
| vi) Smt. Mala Patodia   | 30.00         | —            |
| vii) Smt. Swati Patodia   | 18.00         | —            |
| <b>(vii) Guarantees provided for Patspin India Limited</b>                                      | <b>300.00</b> | 300.00       |
| <b>(viii) Guarantees received from Patspin India Limited</b>                                    | <b>175.00</b> | 175.00       |
| 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.   |               |              |

- 28 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 and Loans & Advances 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.
- 29 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 ₹ 3373.47 Lacs (Previous year ₹ 6064.51 lacs) and within India sale of ₹ 7834.58 lacs (Previous year ₹ 8977.23 Lacs)
- 30 Finance Lease assets and their against loan repayable future payments disclosure required in AS 19.

| Particulars                       | As at 31.03.2017                               |  |   | As at 31.03.2016                               |  |   |
|-----------------------------------|--|--|---|--|--|---|
|                                   | Total Minimum payments Outstanding (₹ in Lacs) | Future Interest on outstanding (₹ in Lacs) | Present value of minimum payments (₹ in Lacs) | Total Minimum payments Outstanding (₹ in Lacs) | Future Interest on outstanding (₹ in Lacs) | Present value of minimum payments (₹ in Lacs) |
| 1. Due within one year            | 3.09   | 0.46                                       | 2.63  | 5.36   | 1.03                                       | 4.33  |
| 2. Between one year to five years | 2.87   | 0.20                                       | 2.67  | 6.74   | 0.67                                       | 6.07  |
| <b>Total</b>                      | <b>5.96</b>                                    | <b>0.66</b>                                | <b>5.30</b>                                   | <b>12.10</b>                                   | <b>1.70</b>                                | <b>10.40</b>                                  |

### 31 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 ₹ Nil).
- Outstanding Export Forward Contracts (not in the nature of derivatives) as on 31<sup>st</sup> March 2017 which were entered into for hedging exchange risk arising from foreign currency fluctuations related to highly probable future transactions amounting to US\$ 8.72 Lacs (Previous year US\$ 6.00 Lacs) at average exchange rate of ₹ 69.74/US\$ (Previous year ₹ 68.38/US\$) and Euro 9.32 Lacs (Previous year Nil) at an average exchange rate of ₹ 72.13/Euro (Previous year Nil). The period covered under these contracts spreads over April 2017 to November 2017 (Previous year April 2016 to November 2016). The average exchange rate applicable for above period based on exchange rate on 31.03.2017 works out to ₹ 65.91/US\$ (Previous year ₹ 67.51/US\$) and ₹ 71.68/Euro (Previous year Nil), resulting a notional profit of ₹ 37.58 lacs (Previous year notional profit of ₹ 5.23 Lacs).
- Outstanding Import Forward Contracts (not in the nature of derivatives) as on 31<sup>st</sup> March 2017 which were entered into for hedging exchange risk arising from foreign currency fluctuations related to highly probable future transactions amounting to US\$ 19.06 Lacs (Previous year US\$ 10.03 Lacs) at average exchange rate of

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

₹ 66.05/US\$ (Previous year ₹ 68.20/US\$) . The period covered under these contracts spreads over April 2017 to July 2017 (Previous year April 2016 to July 2016). The average exchange rate applicable for above period based on exchange rate on 31.03.2017 works out to ₹ 65.55/US\$ (Previous year ₹ 66.89/US\$), resulting a notional loss of ₹ 9.62 lacs (Previous year notional loss of ₹ 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 : ₹ Nil (Previous year ₹ Nil.)
- The company has given corporate Guarantee amounting of ₹ 300 Lacs (Previous year ₹ 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 ₹ 1318.12 Lacs. (Previous year ₹ 1581.44 Lacs).

### 32 PARTICULARS OF UN-HEDGED FOREIGN CURRENCY EXPOSURES AS AT 31.03.2017 ARE GIVEN BELOW:

| Particulars      | As at 31.03.2017 |                 |                    | As at 31.03.2016 |                 |                    |
|------------------|------------------|-----------------|--------------------|------------------|-----------------|--------------------|
|                  | Amount in Lacs   | Exchange Rate ₹ | Amount (₹ in lacs) | Amount in Lacs   | Exchange Rate ₹ | Amount (₹ in lacs) |
| Accounts payable | USD 16.00        | 64.86           | 1038.01            | USD 20.30        | 66.30           | 1345.89            |
|                  | EUR Nil          | Nil             | Nil                | EUR Nil          | Nil             | Nil                |

### 33 NET LOSS / GAIN ON FOREIGN CURRENCY TRANSACTION AND TRANSLATION

The amount of net gain on foreign currency transaction and translation included in the Other expenses amounts to ₹ 21.86 Lacs ( Previous year ₹ 78.99 lacs loss). This included gain on account of export ₹ 37.66 Lacs (Previous year ₹ 73.57 lacs gain), loss on account of import ₹ 11.67 lacs (Previous year ₹ 148.38 Lac loss) and loss on account of cancellation of forward contracts ₹ 4.13 lacs (Previous year ₹ 4.18 lacs loss).

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

| Particulars   | As at 31.03.2017 (₹ in lacs) | As at 31.03.2016 (₹ in lacs) |
|---|------------------------------|------------------------------|
| The principal amount due thereon remaining unpaid as on the Balance sheet date.   | 3.87                         | Nil                          |
| Interest paid along with the amount of the payment during the year.   | Nil                          | Nsil                         |
| 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                          |

### 35 Exceptional items shown in Statement of Profit & Loss represents VRS compensation paid to workmen.

### 36 VALUE OF IMPORTS ON CIF BASIS

| Particulars              | Year ended 31.03.2017 (₹ in lacs) | Year ended 31.03.2016 (₹ in lacs) |
|--------------------------|-----------------------------------|-----------------------------------|
| a Raw Materials - Cotton | 5044.78                           | 4785.48                           |
| b Stores                 | 2.48                              | 23.93                             |
| c Automobile Spares      | —                                 | 1.79                              |
| <b>TOTAL</b>             | <b>5047.26</b>                    | <b>4811.20</b>                    |

### 37 EXPENDITURE IN FOREIGN CURRENCY

| Particulars       | Year ended 31.03.2017 (₹ in lacs) | Year ended 31.03.2016 (₹ in lacs) |
|-------------------|-----------------------------------|-----------------------------------|
| Agents Commission | 35.08                             | 140.73                            |
| Foreign Travel    | 6.04                              | 5.31                              |
| Others            | 6.20                              | 20.70                             |
| <b>TOTAL</b>      | <b>47.32</b>                      | <b>166.74</b>                     |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

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

| Particulars                             | 2016-17<br>(₹ in lacs) | Percentage    | 2015-16<br>(₹ in lacs) | Percentage    |
|---|------------------------|---------------|------------------------|---------------|
| <b>a Raw Materials</b>                  |                        |               |                        |               |
| Cotton Imported                         | 4,733.11               | 77.20         | 4,902.09               | 59.81         |
| Cotton Indigenous                       | 895.02                 | 14.60         | 2,627.40               | 31.06         |
| Yarn Indigenous                         | 503.05                 | 8.20          | 668.23                 | 9.13          |
| <b>TOTAL</b>                            | <b>6,131.18</b>        | <b>100.00</b> | <b>8,197.72</b>        | <b>100.00</b> |
| <b>b Traded Goods (Yarn Indigenous)</b> | —                      | —             | 854.28                 | —             |
| <b>c Packing Materials</b>              |                        |               |                        |               |
| Imported                                | 0.08                   | 0.06          | 0.40                   | 0.19          |
| Indigenous                              | 139.83                 | 99.94         | 208.27                 | 99.81         |
| <b>TOTAL</b>                            | <b>139.91</b>          | <b>100.00</b> | <b>208.67</b>          | <b>100.00</b> |
| <b>d Stores and Spares</b>              |                        |               |                        |               |
| Imported                                | —                      | —             | 22.15                  | 38.43         |
| Indigenous *                            | 52.60                  | 100.00        | 35.48                  | 61.57         |
| <b>TOTAL</b>                            | <b>52.60</b>           | <b>100.00</b> | <b>57.63</b>           | <b>100.00</b> |

\*Includes HSD Value ₹ 8.75 Lacs (Previous Year ₹ 10.15 lacs) Charged to Power & Fuel.

### 39 EARNINGS IN FOREIGN CURRENCY

| Particulars          | 2016-17<br>(₹ in lacs) | 2015-16<br>(₹ in lacs) |
|----------------------|------------------------|------------------------|
| FOB Value of Exports | 3441.39                | 6021.20                |

### 40 SPECIFIED BANK NOTES (SBNs) DISCLOSURE REQUIRED VIDE NOTIFICATION GSR 308(E) DATED 30<sup>th</sup> MARCH, 2017 ISSUED BY MINISTRY OF CORPORATE AFFAIRS :

|                                       | SBNs<br>(₹ in lacs) | Other<br>denomination<br>notes (₹ in lacs) | Total<br>(₹ in lacs) |
|---------------------------------------|---------------------|--|----------------------|
| Closing Cash in Hand as on 08.11.2016 | 2.66                | 4.05                                       | 6.70                 |
| (+) Permitted receipts                | —                   | 7.36                                       | 7.36                 |
| (-) Permitted payments                | 0.44                | 8.37                                       | 8.81                 |
| (-) Amount deposited in Banks         | 2.22                | —  | 2.22                 |
| Closing Cash in Hand as on 30.12.2016 | —                   | 3.05                                       | 3.05                 |

### 41 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 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 : Kochi

Date : 18<sup>th</sup> May, 2017

## **CONSOLIDATED INDEPENDENT AUDITORS' 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 **31<sup>st</sup> March 2017**, 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 (herein after 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.

### **Auditors' 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 auditors' 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<sup>st</sup> March 2017 and their **consolidated loss** 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 Auditors' 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<sup>st</sup> March 2017 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<sup>st</sup> March 2017 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,
    - (iv) The Group has provided requisite disclosure in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the Group.

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

R. Mugunthan  
Partner  
M.No.21397

Place: Kochi  
Date : 18/05/2017

### **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 31<sup>st</sup> March, 2017 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<sup>st</sup> March 2017.

#### **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,

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

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 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<sup>st</sup> March 2017, 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 31<sup>st</sup> March, 2017.

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

R. Mugunthan  
Partner  
M.No.21397

Place: Kochi  
Date : 18/05/2017



# GTN TEXTILES LIMITED

## CONSOLIDATED BALANCE SHEET

|                                   | Note | As at<br>31.03.2017<br>(₹ in lacs) | As at<br>31.03.2016<br>(₹ in lacs) |
|-----------------------------------|------|------------------------------------|------------------------------------|
| <b>I. EQUITY AND LIABILITIES</b>  |      |                                    |                                    |
| <b>1 Shareholders' funds</b>      |      |                                    |                                    |
| (a) Share capital                 | 2    | 1,164.05                           | 1,164.05                           |
| (b) Reserves and surplus          | 3    | <u>(1,232.61)</u>                  | <u>(1,047.23)</u>                  |
| <b>Sub-Total</b>                  |      | <u><b>(68.56)</b></u>              | <u>116.82</u>                      |
| <b>2 Non-current liabilities</b>  |      |                                    |                                    |
| (a) Long-term borrowings          | 4    | <u>967.98</u>                      | <u>1,417.63</u>                    |
| <b>Sub-Total</b>                  |      | <u><b>967.98</b></u>               | <u>1,417.63</u>                    |
| <b>3 Current liabilities</b>      |      |                                    |                                    |
| (a) Short-term borrowings         | 5    | <b>3,694.71</b>                    | 4,192.83                           |
| (b) Trade payables                | 6    | <b>4,717.96</b>                    | 4,670.34                           |
| (c) Other current liabilities     | 7    | <b>1,142.30</b>                    | 1,117.45                           |
| (d) Short-term provisions         | 8    | <u>114.30</u>                      | <u>126.70</u>                      |
| <b>Sub-Total</b>                  |      | <u><b>9,669.27</b></u>             | <u>10,107.32</u>                   |
| <b>TOTAL</b>                      |      | <u><b>10,568.69</b></u>            | <u>11,641.77</u>                   |
| <b>II. ASSETS</b>                 |      |                                    |                                    |
| <b>1 Non-current assets</b>       |      |                                    |                                    |
| (a) Fixed assets                  | 9    |                                    |                                    |
| (i) Tangible assets               |      | <b>4,232.65</b>                    | 4,654.93                           |
| (ii) Intangible assets            |      | <b>3.59</b>                        | 6.29                               |
| (b) Non-current investments       | 10   | <b>549.55</b>                      | 87.20                              |
| (c) Deferred tax Assets (Net)     | 11   | <b>252.17</b>                      | 25.33                              |
| (d) Long-term loans and advances  | 12   | <u>125.06</u>                      | <u>141.65</u>                      |
| <b>Sub-Total</b>                  |      | <u><b>5,163.02</b></u>             | <u>4,915.40</u>                    |
| <b>2 Current assets</b>           |      |                                    |                                    |
| (a) Inventories                   | 13   | <b>3,208.94</b>                    | 3,855.61                           |
| (b) Trade receivables             | 14   | <b>1,371.45</b>                    | 1,666.71                           |
| (c) Cash and Bank Balances        | 15   | <b>350.61</b>                      | 322.43                             |
| (d) Short-term loans and advances | 16   | <b>439.41</b>                      | 871.58                             |
| (e) Other current assets          | 17   | <u>35.26</u>                       | <u>10.04</u>                       |
| <b>Sub-Total</b>                  |      | <u><b>5,405.67</b></u>             | <u>6,726.37</u>                    |
| <b>TOTAL</b>                      |      | <u><b>10,568.69</b></u>            | <u>11,641.77</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 : Kochi  
 Date : 18<sup>th</sup> May, 2017

# GTN TEXTILES LIMITED

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

|   | Note | Year ended<br>31.03.2017<br>(₹ in lacs) | Year ended<br>31.03.2016<br>(₹ in lacs) |
|---|------|---|---|
| <b>REVENUE:</b>   |      |   |   |
| Revenue From Operations   | 18   | 11,363.19                               | 15,292.20                               |
| Other income  | 19   | 501.55                                  | 73.19                                   |
| <b>Total Revenue</b>  |      | <b>11,864.74</b>                        | <b>15,365.39</b>                        |
| <b>EXPENSES:</b>  |      |   |   |
| Cost of materials consumed  | 20   | 6,271.09                                | 8,406.39                                |
| Purchases of Stock-in-Trade   |      | —                                       | 854.28                                  |
| Changes in inventories of finished goods, goods in progress and waste       | 21   | 163.11                                  | (114.58)                                |
| Employee benefits expense   | 22   | 2,026.51                                | 2,600.97                                |
| Finance costs   | 23   | 989.43                                  | 931.49                                  |
| Depreciation and amortization expense                                       |      | 391.65                                  | 417.80                                  |
| Other expenses  | 24   | 2,269.81                                | 3,224.68                                |
| <b>Total Expenses</b>   |      | <b>12,111.60</b>                        | <b>16,321.03</b>                        |
| <b>Profit/(Loss) before exceptional and extraordinary items and tax</b>     |      | <b>(246.86)</b>                         | <b>(955.64)</b>                         |
| Exceptional items   | 35   | 165.36                                  | —                                       |
| Profit/(Loss) before extraordinary items and tax                            |      | <b>(412.22)</b>                         | <b>(955.64)</b>                         |
| Extraordinary items   |      | —                                       | —                                       |
| <b>Profit/(Loss) before tax</b>   |      | <b>(412.22)</b>                         | <b>(955.64)</b>                         |
| Tax expense:  |      |   |   |
| Provision for Current tax   |      | —                                       | —                                       |
| Reversal of Minimum Alternate Tax (MAT) credit entitlement of earlier years |      | —                                       | 36.46                                   |
| Deferred tax charge / (Credit)  |      | (226.84)                                | (294.29)                                |
| <b>Profit / (Loss) for the year</b>   |      | <b>(185.38)</b>                         | <b>(697.81)</b>                         |

**EARNINGS PER EQUITY SHARE:**

|  |    |        |        |
|--|----|--------|--------|
|  | 25 |        |        |
| Basic and Diluted (in ₹) ( Face value of ₹10 each) |    | (1.59) | (6.00) |

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 : Kochi

Date : 18<sup>th</sup> May, 2017

# GTN TEXTILES LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

|   | 2016-17<br>(₹ in lacs) | 2015-16<br>(₹ in lacs) |
|---|------------------------|------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                 |                        |                        |
| Net Profit/(Loss) before tax and extra ordinary items         | (412.22)               | (955.64)               |
| Adjustments for:  |                        |                        |
| Share in income of Associates                                 | (462.35)               | (35.83)                |
| Depreciation  | 388.94                 | 409.73                 |
| Amortisation  | 2.71                   | 8.07                   |
| Loss on disposal/discard of fixed assets (Net)                | 14.09                  | 0.14                   |
| Unrealised foreign currency (gain) / losses                   | (56.08)                | (8.76)                 |
| Interest income   | (24.25)                | (25.79)                |
| Interest Expenditure  | 866.60                 | 817.64                 |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>        | <b>317.44</b>          | <b>209.56</b>          |
| Changes in Working Capital:                                   |                        |                        |
| Increase / (Decrease) in trade payables                       | 103.70                 | 2,359.46               |
| Increase / (Decrease) in provisions                           | (12.41)                | 3.47                   |
| Increase / (Decrease) in other current liabilities            | 51.53                  | (29.39)                |
| (Increase) / Decrease in trade receivables                    | 295.26                 | (373.71)               |
| (Increase) / Decrease in inventories                          | 646.67                 | (242.66)               |
| (Increase) / Decrease in margin money                         | (14.27)                | (129.19)               |
| (Increase) / Decrease in Short Term loans and advances        | 432.17                 | (143.56)               |
| (Increase) / Decrease in other current assets                 | (22.07)                | 111.90                 |
| <b>CASH GENERATED FROM OPERATIONS</b>                         | <b>1,798.02</b>        | <b>1,765.88</b>        |
| Taxes paid (net of refunds)                                   | 11.84                  | 8.75                   |
| <b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>           | <b>1,809.86</b>        | <b>1,774.63</b>        |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                 |                        |                        |
| Purchase of tangible/intangible assets                        | (24.12)                | (2.73)                 |
| Sale of tangible/intangible assets                            | 44.97                  | (0.14)                 |
| Interest received   | 24.25                  | 25.79                  |
| Purchase of non-current investments                           | —                      | 20.00                  |
| <b>NET CASH FROM INVESTING ACTIVITIES</b>                     | <b>45.10</b>           | <b>42.92</b>           |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                 |                        |                        |
| Interest paid   | (866.60)               | (817.64)               |
| Proceeds from Long Term borrowings                            | 50.00                  | —                      |
| Repayment of Long Term borrowings                             | (820.18)               | (685.37)               |
| Net Payment towards Short Term Borrowings                     | (798.12)               | (707.89)               |
| Proceeds/(Repayment) of Finance Lease obligation (Net)        | (6.15)                 | (5.89)                 |
| Long term Deposits  | 600.00                 | 450.00                 |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                  | <b>(1,841.05)</b>      | <b>(1,766.79)</b>      |
| <b>NET INCREASE IN CASH AND BANK BALANCES</b>                 | <b>13.91</b>           | <b>50.76</b>           |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b> | <b>103.38</b>          | <b>52.62</b>           |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>       | <b>117.29</b>          | <b>103.38</b>          |

**Note:**

1. The above cash flow statement has been prepared by using the indirect method as per Accounting Standard 3-Cash Flow Statement.
2. 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**  
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 : Kochi  
Date : 18<sup>th</sup> May, 2017

# GTN TEXTILES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### **Defined Contribution Plans:**

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

### **Defined Benefit plans:**

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

### **Termination Benefits:**

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

### **j. Foreign Currency Transactions:**

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

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

### **k. Taxation:**

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

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

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

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

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

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

**Provisions:** Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.

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

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

### **n. Earnings Per Share:**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)**

**2 SHARE CAPITAL**

|  | <b>As at<br/>31.03.2017<br/>(₹ in lacs)</b> | <b>As at<br/>31.03.2016<br/>(₹ in lacs)</b> |
|--|---|---|
| <b>(a) Authorised:</b><br>1,20,00,000 (Previous year:1,20,00,000) Equity shares of ₹ 10 each   | <b>1,200.00</b>                             | 1,200.00                                    |
| <b>(b) Issued,Subscribed and fully Paid up Shares :</b><br>1,16,40,478 (Previous year:1,16,40,478) Equity shares of ₹ 10 each fully paid up<br>(Out of the above,1,15,40,378 Equity shares of ₹10 each, issued for consideration other than cash, in pursuance of the Scheme of Arrangement) | <b>1,164.05</b>                             | 1,164.05                                    |
| <b>TOTAL</b>   | <b>1,164.05</b>                             | 1,164.05                                    |

**(c) Reconciliation of Number of Shares**

|   | <b>As at March 31, 2017</b> |                      | <b>As at March 31, 2016</b> |                      |
|---|-----------------------------|----------------------|-----------------------------|----------------------|
|   | <b>Number of Shares</b>     | <b>Amount ₹ Lacs</b> | <b>Number of Shares</b>     | <b>Amount ₹ Lacs</b> |
| Equity Shares:                          |                             |                      |                             |                      |
| Balance as at the beginning of the year | <b>11640478</b>             | <b>1164.05</b>       | 11640478                    | 1164.05              |
| Add: Shares issued during the year      | <b>Nil</b>                  | <b>Nil</b>           | Nil                         | Nil                  |
| Balance as at the end of the year       | <b>11640478</b>             | <b>1164.05</b>       | 11640478                    | 1164.05              |

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

|   | <b>As at March 31, 2017</b> |                     | <b>As at March 31, 2016</b> |                     |
|---|-----------------------------|---------------------|-----------------------------|---------------------|
|   | <b>No of Shares</b>         | <b>% of holding</b> | <b>No of Shares</b>         | <b>% of holding</b> |
| I Mr. Binod Kumar Patodia                         | <b>11 95 580</b>            | <b>10.27%</b>       | 11 95 580                   | 10.27%              |
| II Mr. Umang Patodia                              | <b>8 35 120</b>             | <b>7.17%</b>        | 8 35 120                    | 7.17%               |
| III Mr. Ankur Patodia                             | <b>7 32 331</b>             | <b>6.29%</b>        | 7 32 331                    | 6.29%               |
| IV Mrs. Prabha Patodia                            | <b>6 82 418</b>             | <b>5.86%</b>        | 6 82 418                    | 5.86%               |
| V Binod Kumar Patodia HUF                         | <b>11 58 880</b>            | <b>9.96%</b>        | 11 58 880                   | 9.96%               |
| VI Beekaypee Credit Private Limited               | <b>8 22 311</b>             | <b>7.06%</b>        | 8 22 311                    | 7.06%               |
| VII Patodia Exports & Investments Private Limited | <b>7 74 487</b>             | <b>6.65%</b>        | 6 72 986                    | 5.78%               |
| VIII Umang Finance Private Limited                | <b>7 33 052</b>             | <b>6.30%</b>        | 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**

|   | <b>As at<br/>31.03.2017<br/>(₹ in lacs)</b> | <b>As at<br/>31.03.2016<br/>(₹ in lacs)</b> |
|---|---|---|
| <b>(A) GENERAL RESERVE</b><br>Balance as at the beginning and end of the year                           | <b>2,092.36</b>                             | <b>2,092.36</b>                             |
| <b>(B) SURPLUS/(DEFICIT) IN STATEMENT OF PROFIT AND LOSS</b><br>Balance as at the beginning of the year | <b>(3,139.59)</b>                           | (2,441.78)                                  |
| Add: Profit / ( Loss) for the year  | <b>(185.38)</b>                             | (697.81)                                    |
| Balance at the end of the year  | <b>(3,324.97)</b>                           | (3,139.59)                                  |
| <b>TOTAL (A)+(B)</b>  | <b>(1,232.61)</b>                           | (1,047.23)                                  |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)**

**4 LONG - TERM BORROWINGS**

|  | As at March 31, 2017<br>(₹ in lacs) |               | As at March 31, 2016<br>(₹ in lacs) |               |
|--|-------------------------------------|---------------|-------------------------------------|---------------|
|  | Non Current                         | Current       | Non Current                         | Current       |
| <b>(A) Secured Loans</b>                   |                                     |               |                                     |               |
| <b>Term Loans</b>                          |                                     |               |                                     |               |
| From Banks                                 | 612.61                              | 872.10        | 1,288.38                            | 896.51        |
| From Financial Institution                 | 52.50                               | 87.50         | 122.50                              | 87.50         |
| <b>Finance Lease Obligations</b>           |                                     |               |                                     |               |
| From Banks                                 | 2.87                                | 3.09          | 6.75                                | 5.36          |
| <b>TOTAL</b>                               | <b>667.98</b>                       | <b>962.69</b> | <b>1,417.63</b>                     | <b>989.37</b> |
| <b>(B) Un-secured:</b>                     |                                     |               |                                     |               |
| Loan from a Director (Promoter)            | 78.00                               | —             | —                                   | —             |
| Loan from relatives of Director (Promoter) | 222.00                              | —             | —                                   | —             |
| <b>TOTAL</b>                               | <b>300.00</b>                       | <b>—</b>      | <b>—</b>                            | <b>—</b>      |
| <b>TOTAL (A) + (B)</b>                     | <b>967.98</b>                       | <b>962.69</b> | <b>1,417.63</b>                     | <b>989.37</b> |

**I Term Loans are secured by :**

- Term loans borrowed from Banks and Financial Institution and total outstanding of ₹ 1624.71 lacs (Previous year ₹ 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 finance lease obligation), 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 ₹ 835.63 lacs (Previous year end ₹ 1163.75 lacs).
- Loan from Financial Institution outstanding of ₹ 140 Lacs (Previous year ₹ 210 Lacs ) is further secured by Corporate guarantee given by Patspin India Limited to the extent of ₹ 175 lacs (Previous year ₹ 175 Lacs).
- Finance Lease Obligations are relating to vehicles and are secured against respective vehicles hypothecated costing ₹ 21.11 lacs (Previous year end ₹ 28.73 lacs).

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

|   |                           | Maturity Profile (₹ Lacs) |                   |                |
|---|---------------------------|---------------------------|-------------------|----------------|
|   |                           | Within One Year           | Between 2-5 Years | Beyond 5 Years |
| a | Term Loans                | 953                       | 672               | 0              |
| b | Finance Lease obligations | 3                         | 3                 | 0              |

Note: Term Loan installments due within one year includes installment due on 31<sup>st</sup> March '17 amounting to ₹ 157.13 lacs as on the Balance Sheet date, out of which ₹ 17.50 Lacs has been paid as on this date.

**III. Promoters (and their relatives) brought in loan of ₹ 300 lacs in pursuance of terms stipulated by Joint Lenders Forum (JLF).**

**5 SHORT TERM BORROWINGS**

| Particulars                            | As at                     | As at                     |
|--|---------------------------|---------------------------|
|  | 31.03.2017<br>(₹ in lacs) | 31.03.2016<br>(₹ in lacs) |
| <b>(A) Secured Loans</b>               |                           |                           |
| <b>Loan Repayable on demand</b>        |                           |                           |
| From Banks- Working Capital facilities | 2,394.71                  | 3,192.83                  |
| <b>(B) Unsecured Loans</b>             |                           |                           |
| From Corporates                        | 1,300.00                  | 1,000.00                  |
| <b>TOTAL (A) + (B)</b>                 | <b>3,694.71</b>           | <b>4,192.83</b>           |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

- 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 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 ₹ 2029 lacs (Previous year ₹ 2235 lacs).

### 6 TRADE PAYABLES

|  | <b>As at<br/>31.03.2017<br/>(₹ in lacs)</b> | As at<br>31.03.2016<br>(₹ in lacs) |
|--|---|------------------------------------|
| Due to Micro, Small and Medium Enterprises (MSME's) (Refer note No : 34) | <b>3.87</b>                                 | —                                  |
| Other than MSME's  | <b>4,714.09</b>                             | 4,670.34                           |
| <b>TOTAL</b>   | <b><u>4,717.96</u></b>                      | <u>4,670.34</u>                    |

### 7 OTHER CURRENT LIABILITIES

|  |                        |                 |
|--|------------------------|-----------------|
| Current maturities of Long Term Loan           | <b>959.60</b>          | 984.01          |
| Current maturities of finance lease obligation | <b>3.09</b>            | 5.36            |
| Interest accrued but not due on borrowings     | <b>116.59</b>          | 72.92           |
| Other liabilities                              | <b>0.65</b>            | 0.36            |
| Statutory payable and other dues               | <b>62.37</b>           | 54.80           |
| <b>TOTAL</b>                                   | <b><u>1,142.30</u></b> | <u>1,117.45</u> |

### 8 SHORT TERM PROVISIONS

|                                 |                      |               |
|---------------------------------|----------------------|---------------|
| Provision for Employee benefits | <b>114.30</b>        | 126.70        |
| <b>TOTAL</b>                    | <b><u>114.30</u></b> | <u>126.70</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)**

**9 FIXED ASSETS**

| Description of Assets |   | Gross Block   |          |          |                   |                  | Depreciation/Amortisation |              |                       |                     | Net Block       |                |
|-----------------------|---|---------------|----------|----------|-------------------|------------------|---------------------------|--------------|-----------------------|---------------------|-----------------|----------------|
|                       |   | April 1, 2016 | Addition | Disposal | Other Adjustments | March 31, 2017   | Upto April 1, 2016        | For the Year | Disposal/ Adjustments | Upto March 31, 2017 | March 31, 2017  | March 31, 2016 |
| <b>A</b>              | <b>Tangible Assets</b>                  |               |          |          |                   |                  |                           |              |                       |                     |                 |                |
|                       | <b>a) Own Assets</b>                    |               |          |          |                   |                  |                           |              |                       |                     |                 |                |
|                       | Land                                    | 24.34         | —        | —        | —                 | <b>24.34</b>     | —                         | —            | —                     | —                   | <b>24.34</b>    | 24.34          |
|                       | Building *                              | 1,889.23      | —        | —        | —                 | <b>1,889.23</b>  | 1,344.66                  | 39.98        | —                     | <b>1,384.64</b>     | <b>504.59</b>   | 544.57         |
|                       | Plant and Equipment                     | 10,483.59     | 25.46    | 212.31   | —                 | <b>10,296.74</b> | 6,428.91                  | 339.22       | 155.43                | <b>6,612.70</b>     | <b>3,684.04</b> | 4,054.68       |
|                       | Office Equipment                        | 249.54        | 0.43     | 0.47     | —                 | <b>249.50</b>    | 236.71                    | 4.79         | 0.39                  | <b>241.11</b>       | <b>8.39</b>     | 12.83          |
|                       | Furniture and Fixtures                  | 91.13         | —        | —        | —                 | <b>91.13</b>     | 87.74                     | 0.58         | —                     | <b>88.32</b>        | <b>2.81</b>     | 3.39           |
|                       | Vehicles                                | 65.71         | —        | —        | —                 | <b>65.71</b>     | 56.91                     | 0.38         | —                     | <b>57.29</b>        | <b>8.42</b>     | 8.80           |
|                       | <b>Total (a)</b>                        | 12,803.54     | 25.89    | 212.78   | —                 | <b>12,616.65</b> | 8,154.93                  | 384.95       | 155.82                | <b>8,384.06</b>     | <b>4,232.59</b> | 4,648.61       |
|                       | Previous year end                       | 12,795.41     | 8.37     | 6.94     | 6.70              | 12,803.54        | <b>7,758.01</b>           | 403.70       | 6.78                  | 8,154.93            | 4,648.61        | —              |
|                       | <b>b) Assets taken on Finance Lease</b> |               |          |          |                   |                  |                           |              |                       |                     |                 |                |
|                       | Vehicles                                | 28.73         | —        | 7.62     | —                 | <b>21.11</b>     | 22.41                     | 3.99         | 5.35                  | <b>21.05</b>        | <b>0.06</b>     | 6.32           |
|                       | <b>Total (b)</b>                        | 28.73         | —        | 7.62     | —                 | <b>21.11</b>     | 22.41                     | 3.99         | 5.35                  | <b>21.05</b>        | <b>0.06</b>     | 6.32           |
|                       | Previous year end                       | 35.43         | —        | —        | (6.70)            | <b>28.73</b>     | 16.39                     | 6.02         | —                     | <b>22.41</b>        | <b>6.32</b>     | —              |
|                       | <b>Total A (a+b)</b>                    | 12,832.27     | 25.89    | 220.40   | —                 | <b>12,637.76</b> | 8,177.34                  | 388.94       | 161.17                | <b>8,405.11</b>     | <b>4,232.65</b> | 4,654.93       |
|                       | Previous year end (i)                   | 12,830.84     | 8.37     | 6.94     | —                 | <b>12,832.27</b> | 7,774.40                  | 409.72       | 6.78                  | <b>8,177.34</b>     | <b>4,654.93</b> | —              |
| <b>B</b>              | <b>Intangible Assets</b>                |               |          |          |                   |                  |                           |              |                       |                     |                 |                |
|                       | Own Assets (Acquired):                  |               |          |          |                   |                  |                           |              |                       |                     |                 |                |
|                       | Computer Software                       | 251.94        | —        | —        | —                 | <b>251.94</b>    | 245.64                    | 2.71         | —                     | <b>248.35</b>       | <b>3.59</b>     | 6.29           |
|                       | <b>Total B</b>                          | 251.94        | —        | —        | —                 | <b>251.94</b>    | 245.64                    | 2.71         | —                     | <b>248.35</b>       | <b>3.59</b>     | 6.29           |
|                       | Previous year end (ii)                  | 251.65        | 0.29     | —        | —                 | <b>251.94</b>    | 237.57                    | 8.07         | —                     | <b>245.64</b>       | <b>6.29</b>     | —              |
|                       | <b>Total A+B</b>                        | 13,084.21     | 25.89    | 220.40   | —                 | <b>12,889.70</b> | 8,422.98                  | 391.65       | 161.17                | <b>8,653.46</b>     | <b>4,236.24</b> | 4,661.22       |
|                       | Previous year end (i) to (ii)           | 13,082.49     | 8.65     | 6.94     | —                 | 13,084.20        | 8,011.97                  | 417.80       | 6.78                  | 8,422.98            | 4,661.22        | —              |

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)**

**10 NON CURRENT INVESTMENTS**

|  | As at March 31, 2017<br>(₹ in lacs) |                      | As at March 31, 2016<br>(₹ in lacs) |              |
|--|-------------------------------------|----------------------|-------------------------------------|--------------|
|  | Quoted                              | Un-Quoted            | Quoted                              | Un-Quoted    |
|  | (I)                                 | (II)                 | (I)                                 | (II)         |
| <b>LONG TERM INVESTMENTS - Valued at cost</b>                                  |                                     |                      |                                     |              |
| <b>In Equity Shares of Associate (Trade )</b>                                  |                                     |                      |                                     |              |
| Patspin India Limited - 1,42,87,068 (Previous year: 1,42,87,068) of ₹ 10 each  | <b>548.89</b>                       | —                    | 86.54                               | —            |
| <b>In Equity Shares (Non-Trade)</b>  |                                     |                      |                                     |              |
| Central Bank of India - 243 (Previous year: 243) Equity Shares of ₹ 10 each    | <b>0.25</b>                         | —                    | 0.25                                | —            |
| <b>In other investments</b>  |                                     |                      |                                     |              |
| GTN Consumer co-operative stores Limited (2100 shares of ₹ 10 each)            | —                                   | <b>0.21</b>          | —                                   | 0.21         |
| GTN Textiles Employees credit Co-op Society Limited (200 shares of ₹ 100 each) | —                                   | <b>0.20</b>          | —                                   | 0.20         |
|  | <u><b>549.14</b></u>                | <u><b>0.41</b></u>   | <u>86.79</u>                        | <u>0.41</u>  |
| <b>TOTAL (I) + (II)</b>  |                                     | <u><b>549.55</b></u> |                                     | <u>87.20</u> |
| <b>Aggregate amount of quoted investments market value</b>                     |                                     | <b>2,321.91</b>      |                                     | 1,128.86     |

**11 DEFERRED TAX ASSETS (NET)**

| Particulars                       | As at                     | As at                     |
|-----------------------------------|---------------------------|---------------------------|
|                                   | 31.03.2017<br>(₹ in lacs) | 31.03.2016<br>(₹ in lacs) |
| <b>(A) Deferred Tax Assets:</b>   |                           |                           |
| Unabsorbed Depreciation           | <b>975.91</b>             | 793.35                    |
| Business Loss                     | <b>94.42</b>              | 145.02                    |
| Other Tax allowances              | <b>0.90</b>               | 0.90                      |
|                                   | <b>SUB TOTAL</b>          | <u>939.27</u>             |
| <b>(B) Deffered Tax Liability</b> |                           |                           |
| Related to Fixed Assets           | <b>(819.06)</b>           | (913.94)                  |
|                                   | <b>SUB TOTAL</b>          | <u>(913.94)</u>           |
| <b>Net (A) - (B)</b>              |                           | <u><u>252.17</u></u>      |

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

**12 LONG TERM LOANS AND ADVANCES**

*Unsecured and considered good*

|  |              |                      |
|--|--------------|----------------------|
| Capital Advances   | —            | 1.61                 |
| Security Deposits  | <b>14.71</b> | 17.86                |
| Income Tax (Net of Provision ₹ 204.67 lacs; Previous year ₹ 204.67 lacs) | <b>32.35</b> | 44.18                |
| Minimum Alternate Tax Credit entitlement                                 | <b>78.00</b> | 78.00                |
|  | <b>TOTAL</b> | <u><u>141.65</u></u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)**

**13 INVENTORIES**

|   | As at<br>31.03.2017<br>(₹ in lacs) | As at<br>31.03.2016<br>(₹ in lacs) |
|---|------------------------------------|------------------------------------|
| <i>for valuation - Refer note 1(e) in Significant Accounting Policies</i> |                                    |                                    |
| Stores, Spares and Packing Materials                                      | 39.17                              | 48.16                              |
| <b>Stock In Trade</b>   |                                    |                                    |
| Raw Materials   | 993.92                             | 1,466.46                           |
| Goods-in-Process  | 535.85                             | 583.25                             |
| Finished Goods  | 1,638.26                           | 1,753.68                           |
| Waste Stock   | 1.74                               | 4.06                               |
| <b>TOTAL</b>  | <u><u>3,208.94</u></u>             | <u><u>3,855.61</u></u>             |

**14 TRADE RECEIVABLES**

|  |                        |                        |
|--|------------------------|------------------------|
| <i>Unsecured and considered good</i>               |                        |                        |
| Outstanding exceeding six months from the due date | 0.28                   | —                      |
| Outstanding less than six months from the due date | 1,371.17               | 1,666.71               |
| <b>TOTAL</b>                                       | <u><u>1,371.45</u></u> | <u><u>1,666.71</u></u> |

**15 CASH AND BANK BALANCES**

**a. Cash and cash equivalents:**

|               |               |               |
|---------------|---------------|---------------|
| Bank Balances | 114.89        | 100.90        |
| Cash on Hand  | 2.40          | 2.48          |
|               | <u>117.29</u> | <u>103.38</u> |

**b. Other Bank Balances:**

|                                      |                      |                      |
|--------------------------------------|----------------------|----------------------|
| Margin Money and other lien deposits | 233.32               | 219.05               |
|                                      | <u>233.32</u>        | <u>219.05</u>        |
| <b>TOTAL</b>                         | <u><u>350.61</u></u> | <u><u>322.43</u></u> |

**16 SHORT TERM LOANS AND ADVANCES**

|                                       |                      |                      |
|---------------------------------------|----------------------|----------------------|
| Considered doubtful                   | 2.91                 | 2.91                 |
| Less: Provision for Doubtful advances | 2.91                 | 2.91                 |
|                                       | <u>—</u>             | <u>—</u>             |
| TUF Subsidy Receivable                | 57.21                | 132.82               |
| Security Deposits                     | 146.68               | 146.68               |
| Prepaid Expenses                      | 55.42                | 37.66                |
| Other Advances                        | 160.47               | 529.59               |
| Balances with Statutory Authorities   | 19.63                | 24.83                |
| <b>TOTAL</b>                          | <u><u>439.41</u></u> | <u><u>871.58</u></u> |

**17 OTHER CURRENT ASSETS**

|                              |                     |                     |
|------------------------------|---------------------|---------------------|
| Interest Accrued on Deposits | 16.63               | 3.28                |
| Export Incentives Receivable | 18.63               | 6.76                |
| <b>TOTAL</b>                 | <u><u>35.26</u></u> | <u><u>10.04</u></u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)**

**18 REVENUE FROM OPERATIONS**

|                                   | Year ended<br>31.03.2017<br>(₹ in lacs) | Year ended<br>31.03.2016<br>(₹ in lacs) |
|-----------------------------------|---|---|
| <b>(A) Sale of Products</b>       |   |   |
| <b>Finished Goods :</b>           |   |   |
| Exports                           | 3,373.47                                | 5,156.10                                |
| Local                             | 7,266.54                                | 8,208.23                                |
| <b>Traded Goods:</b>              |   |   |
| Exports                           | —                                       | 908.42                                  |
| <b>Waste Sales:</b>               |   |   |
| Local                             | 568.04                                  | 769.00                                  |
| <b>TOTAL (A)</b>                  | <u>11,208.05</u>                        | <u>15,041.75</u>                        |
| <b>Less : Excise Duty</b>         | —                                       | —                                       |
| <b>Net Sales</b>                  | <u>11,208.05</u>                        | <u>15,041.75</u>                        |
| <b>(B) Other Operating Income</b> |   |   |
| Job work charges                  | —                                       | 6.88                                    |
| Export Incentive                  | 155.14                                  | 243.57                                  |
| <b>TOTAL (B)</b>                  | <u>155.14</u>                           | <u>250.45</u>                           |
| <b>TOTAL (A) + (B)</b>            | <u>11,363.19</u>                        | <u>15,292.20</u>                        |

**19 OTHER INCOME**

|                               |               |              |
|-------------------------------|---------------|--------------|
| Interest Income               | 24.25         | 25.79        |
| Sale of scrap                 | 13.75         | 10.33        |
| Miscellaneous receipts        | 1.20          | 1.24         |
| Share in income of Associates | 462.35        | 35.83        |
| <b>TOTAL</b>                  | <u>501.55</u> | <u>73.19</u> |

**20 COST OF MATERIALS CONSUMED**

**(A) Raw materials Consumed**

|                                |          |                 |          |                 |
|--------------------------------|----------|-----------------|----------|-----------------|
| Opening Stock                  |          | 1,466.46        |          | 1,237.61        |
| Add :Purchases during the Year | 6,429.07 |                 | 9,559.97 |                 |
| Less:Sale of Cotton            | 770.43   | 5,658.64        | 1,133.40 | 8,426.57        |
| Less:Closing Stock             |          | 993.92          |          | 1,466.46        |
| <b>TOTAL (A)</b>               |          | <u>6,131.18</u> |          | <u>8,197.72</u> |

**(B) Packing Material Consumed**

|                                |  |                 |  |                 |
|--------------------------------|--|-----------------|--|-----------------|
| Opening Stock                  |  | 18.35           |  | 22.52           |
| Add :Purchases during the Year |  | 139.32          |  | 204.50          |
| Less:Closing Stock             |  | 17.76           |  | 18.35           |
| <b>TOTAL (B)</b>               |  | <u>139.91</u>   |  | <u>208.67</u>   |
| <b>TOTAL (A) + (B)</b>         |  | <u>6,271.09</u> |  | <u>8,406.39</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)**

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

|   | Year ended<br>31.03.2017<br>(₹ in lacs) | Year ended<br>31.03.2016<br>(₹ in lacs) |
|---|---|---|
| <b>(A) Stock at the beginning of the year:</b>                        |   |   |
| Finished goods  | 1,751.65                                | 1,738.42                                |
| Goods-in-process  | 583.25                                  | 481.49                                  |
| Waste   | 4.06                                    | 4.47                                    |
| <b>TOTAL (A)</b>  | <u>2,338.96</u>                         | <u>2,224.38</u>                         |
| <b>(B) Less : Stock at the end of the year:</b>                       |   |   |
| Finished goods  | 1,638.26                                | 1,751.65                                |
| Goods-in-process  | 535.85                                  | 583.25                                  |
| Waste   | 1.74                                    | 4.06                                    |
| <b>TOTAL (B)</b>  | <u>2,175.85</u>                         | <u>2,338.96</u>                         |
| <b>Decrease /(Increase) in inventory (A) - (B)</b>                    | <u>163.11</u>                           | <u>(114.58)</u>                         |
| <b>22 EMPLOYEE BENEFIT EXPENSES</b>                                   |   |   |
| Salaries, Wages and Bonus   | 1,771.56                                | 2,148.76                                |
| Contribution to Provident and Other Funds                             | 159.64                                  | 302.74                                  |
| Welfare Expenses  | 95.31                                   | 149.47                                  |
| <b>TOTAL</b>  | <u>2,026.51</u>                         | <u>2,600.97</u>                         |
| <b>23 FINANCE COST</b>  |   |   |
| Interest Expenses   | 866.60                                  | 817.64                                  |
| Other borrowing costs   | 120.34                                  | 115.16                                  |
| Net Loss / (Gain) on foreign currency transaction and translation     | 2.49                                    | (1.31)                                  |
| <b>TOTAL</b>  | <u>989.43</u>                           | <u>931.49</u>                           |
| <b>24 OTHER EXPENSES</b>  |   |   |
| Power and fuel  | 1,249.55                                | 1,676.98                                |
| Process charges expenses  | 349.28                                  | 490.55                                  |
| Consumption- Stores and Spares  | 43.85                                   | 47.48                                   |
| Repairs & Maintenance- Building                                       | 1.00                                    | 3.34                                    |
| Repairs & Maintenance- Plant & Machinery                              | 142.05                                  | 193.08                                  |
| Commission and Brokerage  | 120.44                                  | 173.84                                  |
| Other selling expenses  | 81.35                                   | 179.86                                  |
| Insurance   | 20.09                                   | 78.31                                   |
| Rates and Taxes   | 23.40                                   | 11.43                                   |
| Rent  | 9.76                                    | 9.14                                    |
| Directors Sitting Fee   | 3.42                                    | 3.11                                    |
| Payment to Auditors:  |   |   |
| Audit Fee   | 2.01                                    | 1.97                                    |
| Tax Audit Fee   | 0.77                                    | 0.76                                    |
| Certification Charges   | 0.90                                    | 0.15                                    |
| Out of Pocket Expenses  | 0.70                                    | 0.89                                    |
| Net loss / (Net gain) on foreign currency transaction and translation | (21.86)                                 | 78.99                                   |
| Loss on disposal/discard of fixed assets (Net)                        | 14.09                                   | 0.14                                    |
| Miscellaneous Expenses  | 229.01                                  | 274.66                                  |
| <b>TOTAL</b>  | <u>2,269.81</u>                         | <u>3,224.68</u>                         |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)**

**25 EARNING PER SHARE**

|  | <b>31.03.2017</b>   | 31.03.2016  |
|--|---------------------|-------------|
|  | (₹ in lacs)         | (₹ in lacs) |
| Net profit /(Loss) before tax before exceptional items                 | <b>(246.86)</b>     | (955.64)    |
| Add : Exceptional items  | <b>165.36</b>       | —           |
| Net profit /(Loss) after tax after exceptional items                   | <b>(185.38)</b>     | (697.81)    |
| Weighted average Number of Equity Shares (₹ 10 per share)              | Nos <b>11640478</b> | 11640478    |
| Basic and Diluted Earning Per Share (before Exceptional items and tax) | ₹ <b>(2.12)</b>     | (8.21)      |
| Basic and Diluted Earning Per Share (after Exceptional items and tax)  | ₹ <b>(1.59)</b>     | (6.00)      |

**26 GRATUITY**

|          |  | <b>Gratuity<br/>(Funded)<br/>2016-17<br/>₹ in Lacs</b> | <b>Gratuity<br/>(Funded)<br/>2015-16<br/>₹ in Lacs</b> |
|----------|--|--|--|
| <b>A</b> | <b>Expense recognised during the year</b>                        |  |  |
|          | 1 Current service cost   | <b>28.89</b>   | 27.28  |
|          | 2 Interest cost  | <b>62.23</b>   | 59.60  |
|          | 3 Expected return on plan assets                                 | <b>(67.29)</b>   | (73.82)  |
|          | 4 Actuarial Loss/(Gain) during the year                          | <b>48.07</b>   | 12.28  |
|          | 5 Expenses recognised in Statement of Profit & Loss              | <b>71.90</b>   | 25.34  |
| <b>B</b> | <b>Actual return on Plan assets</b>                              |  |  |
|          | 1 Expected return on plan assets                                 | <b>67.29</b>   | 73.82  |
|          | 2 Actuarial Gain/(Loss) on Plan assets                           | —  | —  |
|          | 3 Actual return on plan assets                                   | <b>67.29</b>   | 73.82  |
| <b>C</b> | <b>Net Asset/(Liability) recognised in the Balance Sheet</b>     |  |  |
|          | 1 Present value of the obligation at the year end                | <b>652.71</b>  | 765.01   |
|          | 2 Fair Value of plan assets at the year end                      | <b>724.07</b>  | 920.01   |
|          | 3 Funded status - surplus/(deficit)                              | <b>71.36</b>   | 155.00   |
|          | 4 Unrecognised past service cost                                 | —  | —  |
|          | 5 Net Asset/(Liability) recognised in the Balance Sheet          | <b>71.36</b>   | 155.00   |
| <b>D</b> | <b>Change in Present value of the Obligation during the year</b> |  |  |
|          | 1 Present value of the obligation as at the beginning of year    | <b>765.02</b>  | 745.01   |
|          | 2 Additional initial obligation provided                         | <b>12.84</b>   |  |
|          | 3 Current service cost   | <b>28.89</b>   | 27.28  |
|          | 4 Interest cost  | <b>62.23</b>   | 59.60  |
|          | 8 Benefits paid  | <b>(264.34)</b>  | (79.15)  |
|          | 6 Actuarial loss/(gain) on obligation                            | <b>48.07</b>   | 12.28  |
|          | 7 Present value of obligation at the year end                    | <b>652.71</b>  | 765.02   |
| <b>E</b> | <b>Change in Assets during the year</b>                          |  |  |
|          | 1 Fair Value of plan assets at the beginning of the year         | <b>920.02</b>  | 924.48   |
|          | 2 Additional initial value of plan assets provided               | <b>0.05</b>  | —  |
|          | 3 Expected return on plan assets                                 | <b>67.29</b>   | 73.82  |
|          | 4 Contributions made   | <b>1.05</b>  | 0.87   |
|          | 5 Benefits paid  | <b>(264.34)</b>  | (79.15)  |
|          | 6 Actuarial Loss/(gain) on plan assets                           | —  | —  |
|          | 7 Fair value of plan assets at the year end                      | <b>724.07</b>  | 920.02   |
| <b>F</b> | <b>Actuarial Assumptions</b>                                     |  |  |
|          | Discount rate  | <b>8.00%</b>   | 8.00%  |
|          | Salary escalation  | <b>3.00%</b>   | 3.00%  |



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)**

**27 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

Binod Kumar Patodia HUF

**iv Relatives of Key Management Personnel:**

1. Smt. Prabha Patodia, Wife of Shri. B.K. Patodia
2. Shri. Umang Patodia, Son of Shri. B.K. Patodia
3. Shri. Ankur Patodia, Son of Shri. B.K. Patodia
4. Smt. Mala Patodia, Daughter in Law of Shri. B.K. Patodia
5. Smt. Swati Patodia, Daughter in Law of Shri. 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, 2017 | March 31, 2016 | March 31, 2017  | March 31, 2016 | March 31, 2017           | March 31, 2016 | March 31, 2017                        | March 31, 2016 |
| Sale of goods               | 820.76         | 1,326.75       | 1,129.99  | 433.09         | —                        | —              | —                                     | —              |
| Purchase of goods           | 1,292.80       | 629.25         | 2,279.34  | 257.36         | —                        | —              | —                                     | —              |
| Sale of fixed assets        | 28.11          | —              | —   | —              | —                        | —              | —                                     | —              |
| Rendering of services       | 1.32           | 7.60           | 1.20  | 1.80           | —                        | —              | 0.09                                  | —              |
| Receiving of services       | 133.77         | 212.16         | 147.16  | 281.61         | —                        | —              | 3.60                                  | 3.60           |
| Remuneration paid           | —              | —              | —   | —              | 44.69                    | 45.02          | —                                     | —              |
| Sitting Fees                | —              | —              | —   | —              | —                        | —              | —                                     | —              |
| Loans repaid                | —              | —              | —   | —              | —                        | —              | —                                     | —              |
| Un Secured Loans taken      | —              | —              | —   | —              | 78.00                    | —              | 222.00                                | —              |
| Interest Paid               | —              | —              | —   | —              | —                        | —              | —                                     | —              |
| Balances as at year end:    |                |                |   |                |                          |                |                                       |                |
| Trade Payables              | 805.07         | —              | 1,309.16  | 92.40          | —                        | —              | —                                     | —              |
| Trade Receivables           | —              | 58.67          | —   | —              | —                        | —              | —                                     | —              |
| Loans Outstanding           | —              | —              | —   | —              | 78.00                    | —              | 222.00                                | —              |
| Interest Payable            | —              | —              | —   | —              | 4.67                     | —              | 13.29                                 | —              |
| Investments                 | 1,964.26       | 1,964.26       | —   | —              | —                        | —              | —                                     | —              |
| Guarantees provided for     | 300.00         | 300.00         | —   | —              | —                        | —              | —                                     | —              |
| Guarantees received         | 175.00         | 175.00         | —   | —              | —                        | —              | —                                     | —              |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (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, 2017    | Mar 31, 2016 |
| <b>(i) Sale of goods</b>           |                 |              |
| <b>a) Cotton</b>                   |                 |              |
| i) GTN Enterprises LTD             | <b>567.60</b>   | 329.47       |
| ii) Patspin India LTD              | <b>283.25</b>   | 583.88       |
| <b>b) Cotton Yarn</b>              |                 |              |
| i) GTN Enterprises LTD             | <b>560.80</b>   | 103.62       |
| ii) Patspin India LTD              | <b>533.91</b>   | 733.76       |
| <b>c) Store Items</b>              |                 |              |
| i) GTN Enterprises LTD             | <b>1.59</b>     | —            |
| ii) Patspin India LTD              | <b>3.60</b>     | 9.11         |
| <b>d) Machinery</b>                |                 |              |
| i) Patspin India LTD               | <b>28.11</b>    | —            |
| <b>(ii) Purchase of goods</b>      |                 |              |
| <b>a) Cotton</b>                   |                 |              |
| i) GTN Enterprises LTD             | <b>2,000.09</b> | 143.04       |
| ii) Patspin India LTD              | <b>1,086.57</b> | 262.30       |
| <b>b) Cotton Yarn</b>              |                 |              |
| i) GTN Enterprises LTD             | <b>277.67</b>   | 114.32       |
| ii) Patspin India LTD              | <b>203.70</b>   | 366.90       |
| <b>c) Store Items</b>              |                 |              |
| i) GTN Enterprises LTD             | <b>1.58</b>     | —            |
| ii) Patspin India LTD              | <b>2.45</b>     | 0.06         |
| <b>d) Packing Materials</b>        |                 |              |
| i) Patspin India LTD               | <b>0.08</b>     | —            |
| <b>(iii) Rendering of services</b> |                 |              |
| <b>a) Rent</b>                     |                 |              |
| i) GTN Enterprises LTD             | <b>1.20</b>     | 1.20         |
| ii) Patspin India LTD              | <b>1.32</b>     | 1.32         |
| iii) Smt. Mala Patodia             | <b>0.09</b>     | —            |
| <b>b) Processing Charges</b>       |                 |              |
| i) GTN Enterprises LTD             | —               | 0.60         |
| ii) Patspin India LTD              | —               | 6.28         |
| <b>(iv) Receiving of services</b>  |                 |              |
| <b>a) Rent</b>                     |                 |              |
| i) Smt. Prabha Patodia             | <b>1.80</b>     | 1.80         |
| ii) Smt. Mala Patodia              | <b>0.90</b>     | 0.90         |
| iii) Smt. Swati Patodia            | <b>0.90</b>     | 0.90         |
| <b>b) Processing Charges</b>       |                 |              |
| i) GTN Enterprises LTD             | <b>147.16</b>   | 281.61       |
| ii) Patspin India LTD              | <b>133.77</b>   | 212.16       |
| <b>(v) Remuneration paid</b>       |                 |              |
| Sri. B. K. Patodia                 | <b>44.69</b>    | 45.02        |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)**

|   | Transactions  |              |
|---|---------------|--------------|
|   | Mar 31, 2017  | Mar 31, 2016 |
| <b>(vi) Unsecured Loans taken</b>   |               |              |
| i) Shri. B.K. Patodia   | 76.00         | —            |
| ii) Binod Kumar Patodia HUF   | 2.00          | —            |
| iii) Smt. Prabha Patodia  | 62.00         | —            |
| iv) Shri. Umang Patodia   | 50.00         | —            |
| v) Shri. Ankur Patodia  | 62.00         | —            |
| vi) Smt. Mala Patodia   | 30.00         | —            |
| vii) Smt. Swati Patodia   | 18.00         | —            |
| <b>(vii) Guarantees provided for Patspin India Limited</b>                                      | <b>300.00</b> | 300.00       |
| <b>(viii) Guarantees received from Patspin India Limited</b>                                    | <b>175.00</b> | 175.00       |
| 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.   |               |              |

- 28 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 and Loans & Advances 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.
- 29 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 ₹ 3373.47 Lacs (Previous year ₹ 6064.51 lacs) and within India sale of ₹ 7834.58 lacs (Previous year ₹ 8977.23 Lacs).
- 30 Finance Lease assets and their against loan repayable future payments disclosure required in AS 19.

| Particulars                       | As at 31.03.2017                               |  |   | As at 31.03.2016                               |  |   |
|-----------------------------------|--|--|---|--|--|---|
|                                   | Total Minimum payments Outstanding (₹ in Lacs) | Future Interest on outstanding (₹ in Lacs) | Present value of minimum payments (₹ in Lacs) | Total Minimum payments Outstanding (₹ in Lacs) | Future Interest on outstanding (₹ in Lacs) | Present value of minimum payments (₹ in Lacs) |
| 1. Due within one year            | 3.09   | 0.46                                       | 2.63  | 5.36   | 1.03                                       | 4.33  |
| 2. Between one year to five years | 2.87   | 0.20                                       | 2.67  | 6.74   | 0.67                                       | 6.07  |
| <b>Total</b>                      | <b>5.96</b>                                    | <b>0.66</b>                                | <b>5.30</b>                                   | 12.10  | 1.70                                       | 10.40   |

**31 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 Nil).
- Outstanding Export Forward Contracts (not in the nature of derivatives) as on 31<sup>st</sup> March 2017 which were entered into for hedging exchange risk arising from foreign currency fluctuations related to highly probable future transactions amounting to US\$ 8.72 Lacs (Previous year US\$ 6.00 Lacs) at average exchange rate of ₹ 69.74/US\$ (Previous year ₹ 68.38/US\$) and Euro 9.32 Lacs (Previous year Nil) at an average exchange rate of ₹ 72.13/Euro (Previous year Nil). The period covered under these contracts spreads over April 2017 to November 2017 (Previous year April 2016 to November 2016). The average exchange rate applicable for above period based on exchange rate on 31.03.2017 works out to ₹ 65.91/US\$ (Previous year ₹ 67.51/US\$) and ₹ 71.68/Euro (Previous year Nil), resulting a notional profit of ₹ 37.58 lacs (Previous year notional profit of ₹ 5.23 Lacs).
- Outstanding Import Forward Contracts (not in the nature of derivatives) as on 31<sup>st</sup> March 2017 which were entered into for hedging exchange risk arising from foreign currency fluctuations related to highly probable

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

future transactions amounting to US\$ 19.06 Lacs (Previous year US\$ 10.03 Lacs) at average exchange rate of ₹ 66.05/US\$ (Previous year ₹ 68.20/US\$). The period covered under these contracts spreads over April 2017 to July 2017 (Previous year April 2016 to July 2016). The average exchange rate applicable for above period based on exchange rate on 31.03.2017 works out to ₹ 65.55/US\$ (Previous year ₹ 66.89/US\$), resulting a notional loss of ₹ 9.62 lacs (Previous year notional loss of ₹ 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 : ₹ Nil (Previous year ₹ Nil.)
- The company has given corporate Guarantee amounting of ₹ 300 Lacs ( Previous year ₹ 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 ₹ 1318.12 Lacs. (Previous year ₹ 1581.44 Lacs)

### 32 PARTICULARS OF UN- HEDGED FOREIGN CURRENCY EXPOSURES AS AT 31.03.2017 ARE GIVEN BELOW:

| Particulars      | As at 31.03.2017 |                 |                    | As at 31.03.2016 |                 |                    |
|------------------|------------------|-----------------|--------------------|------------------|-----------------|--------------------|
|                  | Amount in Lacs   | Exchange Rate ₹ | Amount (₹ in lacs) | Amount in Lacs   | Exchange Rate ₹ | Amount (₹ in lacs) |
| Accounts payable | USD 16.00        | 64.86           | 1038.01            | USD 20.30        | 66.30           | 1345.89            |
|                  | EUR Nil          | Nil             | Nil                | EUR Nil          | Nil             | Nil                |

### 33 NET LOSS / GAIN ON FOREIGN CURRENCY TRANSACTION AND TRANSLATION

The amount of net gain on foreign currency transaction and translation included in the Other expenses amounts to ₹ 21.86 Lacs ( Previous year ₹ 78.99 lacs loss). This included gain on account of export ₹ 37.66 Lacs (Previous year ₹ 73.57 lacs gain), loss on account of import ₹ 11.67 lacs (Previous year ₹ 148.38 Lac loss) and loss on account of cancellation of forward contracts ₹ 4.13 lacs (Previous year ₹ 4.18 lacs loss).

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

| Particulars   | As at 31.03.2017 (₹ in lacs) | As at 31.03.2016 (₹ in lacs) |
|---|------------------------------|------------------------------|
| The principal amount due thereon remaining unpaid as on the Balance sheet date  | 3.87                         | 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                          |

### 35 Exceptional items shown in Statement of Profit & Loss represents VRS compensation paid to workmen.

### 36 VALUE OF IMPORTS ON CIF BASIS

| Particulars              | Year ended 31.03.2017 (₹ in lacs) | Year ended 31.03.2016 (₹ in lacs) |
|--------------------------|-----------------------------------|-----------------------------------|
| a Raw Materials - Cotton | 5,044.78                          | 4,785.48                          |
| b Stores                 | 2.48                              | 23.93                             |
| c Automobile Spares      | -                                 | 1.79                              |
| <b>TOTAL</b>             | <b>5,047.26</b>                   | <b>4,811.20</b>                   |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)**

**37 EXPENDITURE IN FOREIGN CURRENCY**

| Particulars       | Year ended<br>31.03.2017<br>(₹ in lacs) | Year ended<br>31.03.2016<br>(₹ in lacs) |
|-------------------|---|---|
| Agents Commission | 35.08                                   | 140.73                                  |
| Foreign Travel    | 6.04                                    | 5.31                                    |
| Others            | 6.20                                    | 20.70                                   |
| <b>TOTAL</b>      | <b>47.32</b>                            | <b>166.74</b>                           |

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

| Particulars                             | 2016-17<br>(₹ in lacs) | Percentage    | 2015-16<br>(₹ in lacs) | Percentage    |
|---|------------------------|---------------|------------------------|---------------|
| <b>a Raw Materials</b>                  |                        |               |                        |               |
| Cotton Imported                         | 4,733.11               | 77.20         | 4,902.09               | 59.81         |
| Cotton Indigenous                       | 895.02                 | 14.60         | 2,627.40               | 31.06         |
| Yarn Indigenous                         | 503.05                 | 8.20          | 668.23                 | 9.13          |
| <b>TOTAL</b>                            | <b>6,131.18</b>        | <b>100.00</b> | <b>8,197.72</b>        | <b>100.00</b> |
| <b>b Traded Goods (Yarn Indigenous)</b> | —                      |               | 854.28                 |               |
| <b>c Packing Materials</b>              |                        |               |                        |               |
| Imported                                | 0.08                   | 0.06          | 0.40                   | 0.19          |
| Indigenous                              | 139.83                 | 99.94         | 208.27                 | 99.81         |
| <b>TOTAL</b>                            | <b>139.91</b>          | <b>100.00</b> | <b>208.67</b>          | <b>100.00</b> |
| <b>d Stores and Spares</b>              |                        |               |                        |               |
| Imported                                | —                      | —             | 22.15                  | 38.43         |
| Indigenous *                            | 52.60                  | 100.00        | 35.48                  | 61.57         |
| <b>TOTAL</b>                            | <b>52.60</b>           | <b>100.00</b> | <b>57.63</b>           | <b>100.00</b> |

\*Includes HSD Value ₹ 8.75 Lacs (Previous Year ₹ 10.15 lacs) Charged to Power & Fuel.

**39 EARNINGS IN FOREIGN CURRENCY**

| Particulars          | 2016-17<br>(₹ in lacs) | 2015-16<br>(₹ in lacs) |
|----------------------|------------------------|------------------------|
| FOB Value of Exports | 3,441.39               | 6,021.20               |

**40 SPECIFIED BANK NOTES (SBNs) DISCLOSURE REQUIRED VIDE NOTIFICATION GSR 308(E) DATED 30<sup>th</sup> MARCH, 2017 ISSUED BY MINISTRY OF CORPORATE AFFAIRS :**

|                                       | SBNs<br>(₹ in lacs) | Other<br>denomination<br>notes (₹ in lacs) | Total<br>(₹ in lacs) |
|---------------------------------------|---------------------|--|----------------------|
| Closing Cash in Hand as on 08.11.2016 | 2.66                | 4.05                                       | 6.70                 |
| (+) Permitted receipts                | —                   | 7.36                                       | 7.36                 |
| (-) Permitted payments                | 0.44                | 8.37                                       | 8.81                 |
| (-) Amount deposited in Banks         | 2.22                | —  | 2.22                 |
| Closing Cash in Hand as on 30.12.2016 | —                   | 3.05                                       | 3.05                 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

### 41 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 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. WAREKAR**

Vice President (Finance) &

Chief Financial Officer

Place : Kochi

Date : 18<sup>th</sup> May, 2017





**GTN TEXTILES LIMITED**

CIN : L18101KL2005PLC018062

**Registered Office:** VIII/911, Erumathala PO, Aluva, Ernakulam – 683 112; **Website:** gtn textiles.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 12<sup>th</sup> ANNUAL GENERAL MEETING of the Company on Friday 22<sup>nd</sup> day of September, 2017 at 12:15 p.m. at Oceanic Hall, Hotel Periyar, Aluva, Ernakulam 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]

**GTN TEXTILES LIMITED**

CIN : L18101KL2005PLC018062

**Registered Office:** VIII/911, Erumathala PO, Aluva, Ernakulam – 683 112; **Website:** gtn textiles.com

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf on the 12<sup>th</sup> Annual General Meeting of the company, to be held on the Friday, 22<sup>nd</sup> day of September, 2017 at 12:15 p.m. at Oceanic Hall, Hotel Periyar, Aluva, Ernakulam 683 101 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution Number        | Resolution   | Vote (optional see Note 2)<br>(Please mention No. of shares) |         |         |
|--------------------------|--|--|---------|---------|
|                          |  | For  | Against | Abstain |
| <b>Ordinary Business</b> |  |  |         |         |
| 1.                       | Adoption of Audited Financial Statements of the Company (including consolidated financial statements) for the financial year ended 31 <sup>st</sup> March, 2017, together with the Reports of the Directors and Auditors thereon |  |         |         |
| 2.                       | Reappointment of Shri. Mahesh C Thakker (DIN: 01386254) as a Director pursuant to Section 152(6) of the Companies Act, 2013  |  |         |         |
| 3.                       | Appointment of M/s L.U.Krishnan & Co., Chartered Accountants, Chennai (Firm Regn. No. 001527S) as Auditors of the Company  |  |         |         |
| <b>Special Business</b>  |  |  |         |         |
| 4.                       | Approval of Related Party Transactions   |  |         |         |
| 5.                       | 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.....2017

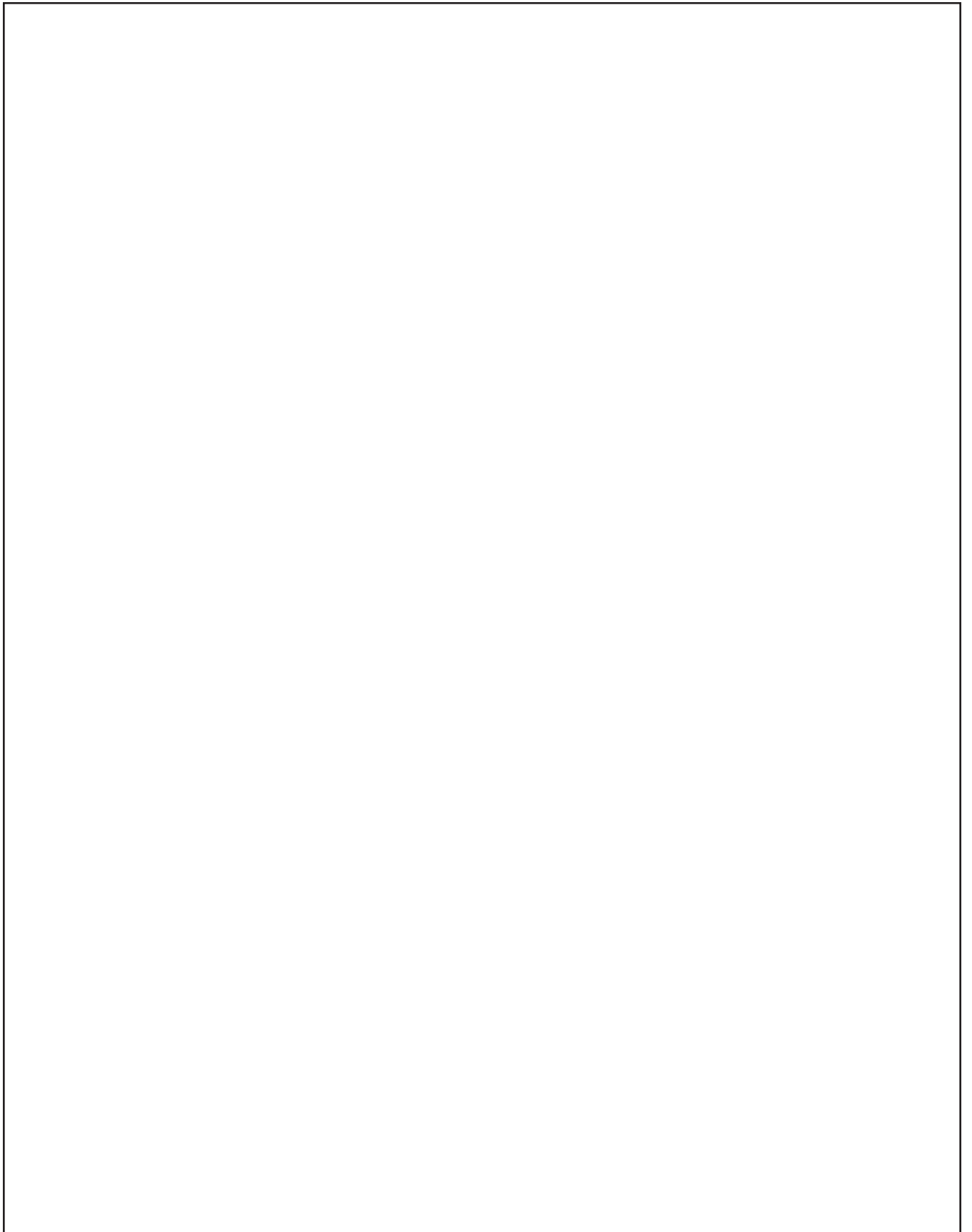
Affix  
Revenue  
Stamp of  
₹1

Signature of shareholder .....

Signature of Proxyholder(s).....

**Note:**

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







**Registered Office:** Door No. VIII/911, Erumathala P O., Aluva, Ernakulam 683112  
**Corporate Office:** 43, Mittal Chambers, 4th Floor, 228, Nariman Point, Mumbai 400 021