

GTN TEXTILES LIMITED

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2019-20

1. Company's Philosophy on Code of Corporate Governance

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 SEBI (LODR), Regulations, 2015 (Listing Regulations). 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 stake holders, including shareholders, employees, the Government and Lenders.

2. Board of Directors

The Composition of the Board of Directors of the Company is presently governed by the provisions of Companies Act 2013, the Articles of Association of the Company and the SEBI (LODR) Regulations, 2015. The Board is comprised of 6 Directors, both Executive and Non- Executive and Shri. B.K.Patodia is the Chairman & Managing Director looking after day-to-day operations of the company under the overall guidance of the Board of Directors. None of the Directors on the Board holds directorships in more than ten public companies. None of the Independent Directors serves as an independent director on more than seven listed entities. None of the person on the Board serving as Managing Director / Whole Time Director is serving as an Independent Director on the Board of more than 3 listed entities. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2020 have been made by the Directors. Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

a) The Composition of the Board and category of directors as on 31.3.2020 are as follows:

Category	Name of Directors
Promoter / Managing Director	Shri. B.K Patodia
Non-Executive /Non independent Director	Smt. Kalpana Mahesh Thakker (w.e.f. 14.11.2019)
Independent Directors	Shri. B.L Singhal
	Shri. Prem Malik
	Shri.S. Sundareshan

b) Attendance of Directors at Board Meetings, last Annual General Meeting and Number of Other Directorships and Chairmanship/ Membership of Committees of each Directors in various Companies

Name of the Director	DIN No	No. of shares held	Attendance particulars		No. of other Directorships and Committee memberships / Chairmanships			Relationship interse Directors
			Board meetings	Last AGM	Other Directorships including Pvt. Ltd.Cos.	Other Committee Memberships	Other Committee Chairmanships	
Shri.B K Patodia	00003516	11,95,580	5	Present	8	4	None	None
Shri.B L Singhal	00006433	9,680	4	Leave sought	5	7	4	
Shri.Prem Malik	00023051	Nil	4	Leave sought	9	5	1	
Shri.S.Sundareshan	01675195	Nil	3	Leave sought	6	6	None	
Smt.Pamela Anna Mathew (till 7.8.2019)	00742735	Nil	Nil	Leave sought	6	None	None	
Shri Mahesh C Thakker (till 7.11.2019)	01386254	9,475	Nil	Leave sought	1	None	None	
Smt. Kalpana Mahesh Thakker (w.e.f 14.11.2019)	08601866	17351	2	NA	2	None	None	

Notes:

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- 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.

d) The details of Directorship in other listed entities and category of Directorship

SN	Name of the Director	Name of listed entity	Category of Directorship
1.	Shri. B.K.Patodia	Patspin India Limited	Promoter / Non-Executive Director
		Hind Rectifiers Limited	Independent Non-Executive Director
2.	Shri. B.L.Singhal	Prime Urban Development India Ltd	Independent Non-Executive Director
		GTN Industries Limited	Independent Non-Executive Director
3	Shri. Prem Malik	Patspin India Limited	Independent Non-Executive Director
		Indo Count Industries Ltd	Independent Non-Executive Director
		Lahoti Overseas Limited	Independent Non-Executive Director
4	Shri. S.Sundareshan	Patspin India Limited	Independent Non-Executive Director
		Tide Water Oil Co. India Limited	Independent Non-Executive Director

e) 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:

SNo.	Date	Board Strength	No. of Directors present
1)	21 st May, 2019	6	3
2)	7 th August 2019	6	4
3)	14 th November 2019	6	3
4)	13 th February 2020	5	4
5)	14 th March 2020	5	4

f) Disclosure of Relationships between Directors inter-se

Please refer 2 (b) of the Report

g) No. of shares and convertible instruments held by Non Executive Directors

Please refer 2 (b) of the Report

h) Weblink where details of Familiarization program imparted to independent Directors disclosed

An appropriate induction program for new Directors and ongoing familiarization with respect to the business / working of the company for all directors is a major contributor for meaningful board level deliberations and sound business decisions.

The Company has adopted a structured program for orientation of independent directors at the time of their joining so as to familiarize them with the company's operation, business, industry and environment in which it functions and the regulatory environment applicable to it. The company updates the Board members on a continuing basis on any significant changes therein and provides them an insight to their expected roles and the responsibilities so as to be in a position to take well informed and timely decision and contribute significantly to the company.

The Company through its Managing Director / Senior Managerial Personnel makes presentations regularly to the Board, Audit Committee or such other Committees, as may be required, covering, inter-alia, business environmental, business strategies, operations review, quarterly and annual results, budgets, review of internal audit report and action taken, statutory compliance, etc.

Policy on Familiarization programme imparted is available on our website www.gnttextils.com

i) Matrix / Table containing skills expertise and competencies of Board of Directors

The Board members are from diversified areas having the required knowledge i.e Competency, Skills and Experience to effectively discharge their responsibilities. The range of experience of the Board members include in the areas of Spinning Industry, Marketing, Finance, Taxation, Legal and Administration as well as procurement of raw materials.

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The Broad policies are framed by the Board of Directors. All strategic decisions are taken by the Board after due deliberations between the Board members which consists of Managing Director, Non-Executive Director and Independent Directors.

The Company has identified and broadly categorized its core skills, expertise and competencies as mentioned hereunder:

Matrix / Table of Core Skills, Expertise and competencies of Board of Directors as whole:

Particulars	Detailed list of core skills, expertise and competencies	Name of Directors who have skills, expertise and competence				
		Shri. BK Patodia	Shri. BLSinghal	Shri. Prem Malik	Shri. S.Sund-areshan	Smt. Kalpana M Thakker
Core Skills	Strategic policy formulation and Advising	✓	✓	✓	✓	
	Regulatory framework knowledge	✓	✓	✓	✓	✓
	Financial performance	✓	✓	✓	✓	✓
	Advising on Risk mitigation and Compliance requirements	✓	✓	✓	✓	
Expertise	Knowledge of Spinning Industry	✓	✓	✓		✓
	Commercial acumen	✓	✓	✓	✓	✓
	Procurement of right quality of raw cotton at competitive prices	✓				✓
Competen-cies	Strategic Leadership	✓	✓	✓	✓	
	Execution of policies framed by the Board	✓	✓	✓	✓	✓
	Identifying the growth areas for expanding the business	✓	✓	✓	✓	
	Advising on Business Risks & environment	✓	✓	✓	✓	

j) Confirmation of Board regarding Independent Directors

Board of Directors confirms that the Independent Directors fulfil the conditions specified in the SEBI (LODR) Regulations, 2015 as amended from time to time and are Independent of the Management.

k) Smt. Pamela Anna Mathew, Independent Woman Director have resigned effective from 7.8.2019 due to her other pre-occupations. She had confirmed that there is no other material reason for her resignation other than those provided.

l) Separate meeting of Independent Directors

Schedule IV of the Companies Act, 2013, Listing Regulations and Secretarial Standard - 1 on Meetings of the Board of Directors mandates that the Independent Directors of the Company hold at least one meeting in a year, without the attendance of Non – Independent Directors.

The meeting of Independent Directors was held 14.3.2020, inter alia, discussed and reviewed performance of Non-Independent Directors, the Board as a whole, Chairman of the Company and assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to formal meetings, frequent interactions outside the Board Meetings also take place between the Chairman and Independent Directors

m) Evaluation of the Board's Performance

Pursuant to the provisions of the Act and Regulation 17 of the Listing Regulations, the Board has carried out the annual evaluation of its own performance, its Committees and Directors individually. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A consolidated summary of the ratings given by each Director was then prepared. The report of performance evaluation was then discussed and noted by the Board. The Directors expressed their

REPORT ON CORPORATE GOVERNANCE (Contd...)

satisfaction with the evaluation process.

The performance evaluation of the Chairman and Managing Director and Non-Independent Directors was carried out by the Independent Directors. The Independent Directors reviewed key transactions (including related party transactions), quality & timeliness of flow of information, recommended measures for corporate governance etc.

n) Code of Conduct

The Company has adopted Code of Business Conduct & Ethics ("the Code") which is applicable to the Board of Directors and all Employees of the Company. The Board of Directors and the members of Senior Management Team of the Company are required to affirm semi-annual Compliance of this Code. A declaration signed by the Chairman and Managing Director of the Company to this effect is placed at the end of this report. The Code requires Directors and Employees to act honestly, fairly, ethically, and with integrity, conduct themselves in professional, courteous and respectful manner. The Code is displayed on the Company's website www.gtn textiles.com

3. Audit Committee

The Audit Committee has been constituted by the Board in compliance with the requirements of Section 177 of the Act and Regulation 18 of the SEBI (LODR) Regulations, 2015.

The terms of reference of the Audit Committee, inter-alia is as follows:

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii) Recommendation for terms of appointment and remuneration of Auditors of the Company
- (iii) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors
- (iv) Review with the management and statutory auditors of the annual financial statements thereon before submission to the Board with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any Related Party Transactions;
 - g. Modified opinion(s) in the draft Audit Report;
- (v) Reviewing, with the management the quarterly financial statements before submission to Board for approval;
- (vi) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue/rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice / and the report to be submitted by monitoring agency with regard to utilisation of proceeds of a public or rights issue, and making appropriate recommendation to company's Board.
- (vii) Review and monitor Statutory Auditor's independence and performance and effectiveness of audit process;
- (viii) Approval or any subsequent modification of transactions with related parties;
- (ix) Scrutiny of Inter-Corporate Loans and Investments;
- (x) Valuation of undertakings or assets of the company, wherever it is necessary;
- (xi) Evaluation of Internal Financial Controls and Risk Management Systems;
- (xii) Review with the Management, Statutory Auditors and the Internal Auditors about the nature and scope of audits and of the adequacy of internal control systems;
- (xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- (xiv) Discussion with internal auditors of any significant findings and follow up thereon
- (xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (xvi) Discussion with statutory auditors before the audit commences, about the nature of scope of audit as well as

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cost audit discussion to ascertain any area of concern

- (xvii) To look into the reasons for any substantial defaults in payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividend) and creditors, if any;
- (xviii) Review the functioning of the whistle blower mechanism;
- (xix) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- (xx) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- (xxi) To review the utilization of loans and / or advances from / investment by the holding company in the subsidiary exceeding ₹ 100 crores or 10% of the asset size of the subsidiary, whichever is lower, if any
- (xxii) Review of the following information:
 - (i) Management Discussion and Analysis of financial condition and results of operations;
 - (ii) Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by Management;
 - (iii) management letters / letters of internal control weaknesses issued by the Statutory Auditors;
 - (iv) Internal Audit Reports relating to internal control weaknesses;
 - (v) the appointment, removal and terms of remuneration of the Chief Internal Auditor
 - (vi) Statement of deviations:
 - o quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1)
 - o annual statement of funds utilized for purposes other than those stated in the offer document/prospectus in terms of Regulation 32(7), if applicable

Internal Audit

The Company has adequate internal control and Internal Audit System commensurate with its size and nature of its business. The Internal Audit Plan is approved by the Audit Committee and the Internal Auditors directly present their report to the Audit Committee for their consideration.

Composition and Attendance during the year

All members of the Committee are financially literate, with Shri. B.L.Singhal, as Chairman of the Committee, having the relevant accounting and financial management expertise.

The composition of the Audit Committee and the details of the meetings attended by its members during the financial year ended 31st March, 2020 are as under:

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

The Audit Committee met four (4) times during the financial year 2019-20 and the gap between two meetings did not exceed 120 days. The dates on which Audit Committee Meetings held were: 21st May 2019, 7th August, 2019, 14th November, 2019 and 13th February, 2020. Required quorum was present at the above meetings.

The Audit Committee meetings are usually attended by the Managing Director, Chief Executive, CFO, Head of Finance and the respective departmental heads, wherever required. The Company Secretary acts as the Secretary of the Audit Committee. The Statutory Auditors and Internal Auditors also attend the Audit Committee meetings by invitation.

All the recommendations of the Audit Committee have been accepted by the Board of Directors.

During the year, the Audit Committee reviewed key audit findings covering Operational, Financial and Compliance areas, Risk Mitigation Plan covering key risks affecting the Company which were presented to the Committee.

The Chairman of the Audit Committee briefed the Board members on the significant discussions which took place at Audit Committee Meetings.

Internal Audit and Control:

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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 Company has adopted an 'Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Designated Persons ("the Code") in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time ("the PIT Regulations"). The Code is applicable to Promoters, Member of Promoter's Group, all Directors and such Designated Persons who are expected to have access to unpublished price sensitive information relating to the Company. The code lays down guidelines which included procedures to be followed and disclosures to be made while dealing with the shares of the Company.

The Audit Committee monitors implementation and compliance of the Company's Code of Conduct and Shri. E K Balakrishnan, Vice President (Corporate Affairs) and Company Secretary is the Compliance Officer of the Company. The Code is displayed on the Company's website viz. www.gntntextiles.com

Vigil Mechanism

Pursuant to Section 177(9) and (10) of the Act, and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company have been denied access to the Audit Committee. The Whistle Blower Policy is displayed on the Company's website viz. www.gntntextiles.com

4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been constituted by the Board in compliance with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations.

The Committee comprises of Three Independent Directors, viz. Shri. B.L.Singhal as Chairman, Shri. Prem Malik and Shri. S. Sundareshan as members.

The broad terms of reference of the Committee include;

- formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- formulation of criteria for evaluation of performance of independent directors and the board of directors;
- devising a policy on diversity of board of directors;
- identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- recommend to the board, all remuneration, in whatever form, payable to senior management

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

The Committee met on 7th August 2019 to approve and recommend to the Board reappointment of Shri. B.L.Singhal (DIN 00006433), Shri. Prem Malik (DIN 00023051) and Shri. S.Sundareshan (DIN 0167595) as Independent Directors for a term of 5 years with effect from 18.9.2019.

The Committee had also met on 21.9.2020 and evaluated performance of the entire Board as per Regulation 19 of the SEBI (LODR), Regulations 2015. At the meeting, the Committee also approved remuneration package of Shri. B.K.Patodia, Managing Director for a period of 3 years from 1st October 2020 up to 30th September 2023 in accordance with Section 197 and 198 read with Schedule V of the Companies Act 2013. The remuneration structure approved by the Nomination and Remuneration Committee as well as the Board of Directors is as under:

a) Salary:

₹3,00,000/- per month in the Scale ₹300000–10000–320000 for a period of 3 years from 1st October 2020 to 30th September, 2023.

b) Commission:

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Subject to the overall limits laid down in Sections 197 of the Companies Act, 2013 such percentage of the Net Profit of the Company or such quantum as may be fixed by the Board of Directors for each financial year not exceeding 2% of the Net Profits of the Company, each year, restricted to an overall limit of ₹60 lacs per annum.

c) **Perquisites as follows:**

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

Perquisites not included in Managerial Remuneration

- a) contribution to Provident Fund, Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961
- b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- c) encashment of leave at the end of the tenure.

d) **Overall Remuneration:**

The aggregate of salary, commission and perquisites in any financial year shall not exceed the limits prescribed from time to time under Section 197 and other applicable provisions of the Act read with Schedule V to the said Act, as may for the time being in force.

e) **Minimum Remuneration:**

In case of loss or inadequacy of profits in any financial year during the currency of tenure of his service, the payment of salary, commission and perquisites shall be governed by the limits prescribed under the Section II of Part II of Schedule V to the Act.

Remuneration to the Managing Director

The aggregate of salary and perquisites paid for the year ended 31st March, 2020 to the Managing Director is as follows: -

Shri. B K Patodia: ₹ 42.25 lacs

Besides this, the Managing Director was also entitled to Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent not taxable and Gratuity as per the Rules of the Company

Remuneration to Non-Executive Directors:

No Remuneration is paid to Non-Executive Directors except sitting fee for attending the meeting of the Board and Committees thereof.

The details of payment of sitting fee are as follows;

Meeting	Amount (in ₹)
Board	7500
Committee	5000

The Fee paid for the year ended 31st March, 2020 to the Non-Executive Directors is as follows:

Name of the Non-Executive Director	Sitting fee (₹)
Shri.B L Singhal	65000
Shri.Prem Malik	60000
Shri.S.Sundareshan	62500
Smt. Kalpana Mahesh Thakker	15000
Total	202500

There were no other pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company.

REPORT ON CORPORATE GOVERNANCE (Contd...)

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

Pursuant to provisions of Section 178(5) of the Act read with Regulation 20 of the Listing Regulations, Stakeholders Relationship Committee of the Board of Directors has been constituted.

The terms of reference of the Stakeholders Relationship Committee is as under:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company

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

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

SN	Date	Committee Strength	No. of Directors present
1)	21 st May 2019	4	3
2)	7 th August, 2019	4	4
3)	13 th February, 2020	4	3

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

The details of correspondences / grievances received and redressed during the financial year 2019-20 through the Registrar M/s Integrated Registry Management Services Private Limited are as under:

Sl.	Particulars	No. of Complaints
1.	Investor Correspondence / Complaints pending at the beginning of the year	Nil
2.	Investor Correspondence / Complaints received during the year	5
3.	Investor Correspondence / Complaints disposed during the year	5
4.	Investor correspondence / complaints remaining unresolved at the end of the year	Nil

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. Disclosures:

Basis of Related Party Transactions

All transaction entered into by the Company with related parties, during the financial year 2019 – 20, were in ordinary course of business and on arm's length basis. The Company has formulated a framework for Related Party Transactions which is followed for identifying, entering into and monitoring related party transactions. The deviations, if any, to the said process have been brought to the attention of Audit Committee suitably. The Audit Committee reviews at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval granted. The company has obtained Shareholders approval by way of special resolution to enter into Related Party Transactions.

Disclosure of Accounting Treatment

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In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Act. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements

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.

Details of preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of the Listing Regulations

The Company has not raised funds through preferential allotment or Qualified Institutional Placement during the year under review.

Credit Rating

During the year Informerics Valuation and Rating Pvt. Ltd. (Infomerics) has given credit rating of IVR BB - (IVR double B minus with stable outlook) for Long Term Bank Facilities and Cash Credit and IVR A4 (IVR A Four) for short term bank facilities.

Annual Secretarial Compliance

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial compliance audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder. The said Secretarial Compliance report is in addition to the Secretarial Audit Report by Practicing Company Secretary under Form MR – 3 and is required to be submitted to Stock Exchanges within 60 days of the end of the financial year.

The Company has engaged Shri. MRL Narasimha, Practicing Company Secretary, Coimbatore as Secretarial Auditor of the company for providing the above Certificate.

The Company is publishing the said Secretarial Compliance Report, on voluntary basis and the same has been annexed alongwith the Board's Report forming part of this Annual Report.

Certificate from Practicing Company Secretary

Certificate as required under Part C of Schedule V of Listing Regulations, received from Shri. MRL Narasimha, Practicing Company Secretary, Coimbatore, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory has annexed to this Report.

Management Discussion and Analysis Report

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

Shareholders Information

- (1) The quarterly results approved by the Audit Committee / Board of Directors are put on the Company's website www.gtn textiles.com under "investor info" section
- (1) 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) The quarterly, Half-yearly and Annual results of the Company's financial results are published in two newspapers viz. BUSINESS STANDARD [National Daily] and DEEPIKA [Regional Newspaper] and displayed on company's website www.gtn textiles.com
- (ii) The Annual Report of the Company for the financial year 2019-20 is being emailed to the members whose email addresses are available in the depositories as per Section 136 of the Companies Act 2013 and Regulation 36 of SEBI (LODR), Regulations 2015. For other members, who have not registered their e-mail addresses, are requested to register their email id at the earliest and ask for the soft copy of the annual report in accordance with General Circular No. 20/2020 dated 5th May 2020 issued by Ministry of Corporate Affairs (MCA) and the Circular No. SEBI /HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020 issued by SEBI, Company is not printing copies of

REPORT ON CORPORATE GOVERNANCE (Contd...)

the Annual Report.

- (iii) The annual report is available on the company's website

The Company has complied with all the requirements of the Stock Exchange(s) and SEBI on matters relating to Capital Markets. There were no penalties imposed or strictures passed against the Company by SEBI, Stock Exchange(s) on which the shares of the Company are listed or any statutory authority in this regard, during the last 3 (three) years

In accordance with the provisions of Regulation 26 (6) of the Listing Regulations, the Key Managerial Personnel, Director(s), Promoter(s) and Employees including Senior Management Personnel of the Company have affirmed that they have not entered into any agreement for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

7. 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.

8. 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 Practicing Company Secretary's certificate in compliance on conditions of Corporate Governance is published elsewhere in the Annual Report.

9. 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
2016-17	Hotel Periyar, Aluva - 683 101	22.09.2017	Friday	12:15 pm	No
2017-18	-do-	26.09.2018	Friday	12:15 pm	Fixed remuneration to Shri B.K Patodia (DIN: 00003516), as Chairman and Managing Director of the Company for his balance tenure
2018-19	-do-	20.09.019	Friday	12:15 pm	Reappointment of Shri. Prem Malik (DIN 00023051), Shri. B.L.Singhal (DIN 006433), Shri. S.Sundareshan (DIN 01675195) as Independent Directors of the Company

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

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

10. Compliance in respect 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. 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

During the year under review, there is no audit qualification on the Company's financial statements. The Company continues to adopt best practices to ensure regime of unmodified audit opinion.

d) Reporting of internal Auditor

The Internal Auditor participates in the meetings of the Audit Committee of the Board of Directors and presents his internal audit observations to the Committee.

Disclosure relating to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

REPORT ON CORPORATE GOVERNANCE (Contd...)

The Company is committed to ensuring that all employees work in an environment that not only promotes diversity and equality but also mutual trust, equal opportunity and respect for human rights. The Company has formulated a Policy on prevention of Sexual Harassment in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder which is aimed at providing every woman at the workplace a safe, secure and dignified work environment. During the year under review, the company has not received any complaint in this regard.

11. General Shareholder information:

I) Annual General Meeting:

a)	Date and Time	:	30 th October 2020 at 12.15 PM
b)	Venue	:	The Company is conducting meeting through VC/OAVM pursuant to the MCA Circular dated 5 th May 2020 and as such there is no requirement to have a venue for the AGM.
c)	Book closure date	:	23 rd October 2020 to 30 th October 2020
d)	Financial calendar (tentative):		
	Annual General Meeting	:	30 th October ,2020
	Results for quarter ending 30 th June, 2020	:	15 th September, 2020
	Results for quarter ending 30 th Sept.,2020	:	On or before 14 th November, 2020
	Results for quarter ending 31 st Dec., 2020	:	On or before 14 th February, 2021
	Results for Year ending 31 st March, 2021	:	On or before 30 th May, 2021

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 2020-21 have been duly paid to the said Stock Exchanges.
i)	Stock Code: Scrip Code No.: Bombay Stock Exchange	:	532744
	Trading symbol: National Stock Exchange	:	GTNTEX
ii)	Demat ISIN Nos. in NSDL and CDSL for Equity Shares	:	INE302H01017

III) Stock market data:

Month	BSE		NSE	
	High	Low	High	Low
April 2019	10.45	8.79	12.75	9.75
May	8.93	7.55	11.70	9.20
June	9.28	7.55	11.65	7.80
July	9.28	6.35	9.20	6.70
August	8.25	6.25	9.35	6.00
September	8.70	6.00	8.75	5.90
October	8.83	6.21	8.00	6.40
November	7.98	6.37	7.60	5.85
December	7.10	4.77	6.55	5.30
January 2020	5.89	5.00	6.85	5.80
February	7.21	4.94	7.00	6.30
March	7.93	6.85	6.80	5.60

REPORT ON CORPORATE GOVERNANCE (Contd...)

IV)	Registrar and Transfer Agents (Share Transfer and communication regarding Share Certificates, Dividends and change of Address)	:	M/s Integrated Registry Management Service Private Ltd 2 nd Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar, Chennai -600 017 Tel: 044 28140801-803 E-Mail : corpseerv@integratedindia.in
V)	Share Transfer System	<p>Effective April 1, 2019, SEBI has amended Regulation 40 of the Listing Regulations, which deals with transfer or transmission or transposition of securities. According to this amendment, the requests for effecting the transfer of listed securities shall not be processed unless the securities are held in dematerialized form with a Depository.</p> <p>This will interalia, bring the following benefits:</p> <ul style="list-style-type: none"> • It shall curb fraud and manipulation risk in physical transfer of securities by unscrupulous entities • Transfer of securities only in demat form will lead to ease convenience and safety of transactions for investors <p>The Company has stopped accepting any transfer requests for securities held in physical form with effect from the said date. During the year, the Company accepted those transfer requests pertaining to securities held in physical form which were lodged for transfer before April 1, 2019 and were returned due to discrepancies</p> <p>Transfers of equity shares in electronic form are effected through the depositories with no involvement of the company.</p> <p>In view of the aforesaid amendment and in order to eliminate the risks associated with the physical holding of shares, members who are holding shares in physical form are hereby requested to dematerialize their holdings.</p>	

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

(a) Shareholding pattern as on 31st March, 2020:

S.N.	Category	No of shares (Issued Equity)	%
01)	Promoters & Associates	7375739	63.36
02)	Indian Financial Institutions, Banks, Mutual Funds	89279	0.77
03)	Foreign Institutional Investors / NRIs	44202	0.38
04)	Others	4131258	35.49
	Total :	11640478	100.00

(b) Distribution of Shareholding as on 31.03.2020:

No. of shares held	No. of share-holders	% of shareholder	No. of shares (Issued Equity)	% of share-holding
Upto 100	12226	79.92	435459	3.74
101–500	1968	12.87	560481	4.81
501–1000	517	3.38	431601	3.71
1001–10000	528	3.45	1614060	13.87
10001–100000	44	0.29	955930	8.21
Above 100000	14	0.09	7642947	65.66
Total :	15297	100	11640478	100

Share Transfer to Investor Education and Protection Fund Account (IEPF) where the dividend is unpaid or unclaimed for seven or more consecutive years.

In terms of Section 124(6) of the Act read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time) (IEPF Rules) shares on which dividend has not been paid or claimed by a shareholder for a period of seven consecutive years or more shall be credited to the Investor Education and Protection Fund (IEPF) within a period of thirty days of such shares becoming due to be so transferred. Upon transfer of such shares, all benefits (like bonus,

REPORT ON CORPORATE GOVERNANCE (Contd...)

dividend etc.), if any, accruing on such shares shall also be credited to such IEPF and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. Shares which are transferred to IEPF can be claimed back by the shareholders from Investors Education and Protection Fund Authority (IEPFA) by following the procedure prescribed under the aforesaid rules.

The company last declared dividend in 2007-08, thereafter no dividend was declared. The Company had sent letters to all the concerned Members and also published notice in newspaper three months before the due date asking them to claim their dividend amount to avoid transfer of the said unclaimed dividend and respective shares to IEPF.

Accordingly, 2,02,133 equity shares of the face value of ₹ 10 each for 7868 folios in respect of which dividend was not encashed for seven consecutive years were transmitted to Investor Education and Protection Fund (IEPF) Authority on 31st December 2019. The above mentioned shares were transmitted pursuant to requirement under section 124 of the Companies Act, 2013 read with Rule 6 of Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time

VII) Dematerialization of shares and Liquidity:

97.68% of equity shares of the company have been dematerialized (NSDL 84.56% and CDSL 13.12%) as on 31st March, 2020. The company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited 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, Erumathala Post, Aluva, Ernakulam District Kerala – 683 112
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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: - M/s Integrated Registry Management Service Private Ltd. 2 nd Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar, Chennai 600 017 Tel: 044 28140801-803 E-Mail : corpserv@integratedindia.in
	b) For share held on Demat form:- To the Depository Participants.
(ii) Any query on Annual Report	Secretarial Department GTN TEXTILES LIMITED 5 th Floor, Palal Towers, M G Road, Ravipuram, Ernakulam, Kochi – 682 016 E-Mail: cs@gtntextiles.com

i. Compliance Certificate from the Practicing Company Secretary

The Practicing Company Secretary 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 31st March, 2020..

For **GTN TEXTILES LIMITED**

B K PATODIA

Chairman & Managing Director

(DIN:00003516)

Place: Mumbai

Date:21/09/2020

CEO/ CFO CERTIFICATION

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

- a. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2020 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:Mumbai

Date: 21/09/2020

CERTIFICATE

Based on my verification of books, papers, forms and returns filed and other records maintained by GTN Textiles Limited ("The Company"), and also the information provided by its officers, agents and authorized representatives during the conduct of secretarial audit of the Company, I hereby certify that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities Exchange Board of India, Ministry of Corporate Affairs or any such authority as on 31st March, 2020.

Place: Coimbatore
Date: 21/09/2020
UDIN: F002851B000741435

MRL Narasimha
Practicing Company Secretary
MNo 2851 CP No:799

Certificate on Corporate Governance

To,
The Members of **GTN Textiles Limited**.

I have examined the compliance conditions of corporate governance by M/s. GTN Textiles Limited ("the Company") for the financial year ended 31st March, 2020 as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to a review of the procedures and implementations thereof adopted by the company for ensuring compliance with the conditions of corporate governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the company.

In my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the directors and management, I certify that the company has complied with the conditions of corporate governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, I have observed from the minutes of previous annual general meeting dated 20/09/2019, that the chairman of the Audit Committee did not attend the said meeting due to his other pre-occupation and granted leave of absence.

I further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Coimbatore
Date: 21/09/2020
UDIN: F002851B000741468

MRL Narasimha
Practicing Company Secretary
MNo 2851 CP No:799