



13TH ANNUAL REPORT 2017-2018

▶ 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
E. K. Balakrishnan	Vice President (Corporate Affairs) & Company Secretary
A. K. Warerkar	Vice President (Finance) & Chief Financial Officer

Bankers & Financial Institution
Central Bank of India
State Bank of India
Export-Import Bank of India
Bank of India
Axis Bank Limited

Auditors M/s. L. U. Krishnan & Co.
Chartered Accountants, Chennai

Legal Advisors M/s. Menon & Pai, Kochi

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

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

Corporate ID No. (CIN) L18101KL2005PLC018062

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GTN TEXTILES LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors present the THIRTEENTH Annual Report together with the Audited Statement of Accounts (Standalone & Consolidated) for the year ended 31st March, 2018

1. FINANCIAL RESULTS

(₹ in lakhs)

Particulars	Financial Year ended			
	Standalone		Consolidated	
	31.3.2018	31.3.2017	31.3.2018	31.3.2017
REVENUE				
Income from operations	14278	11363	14278	11363
Other income	43	39	43	39
Changes in Inventories	196	(163)	196	(163)
Total	14517	11239	14517	11239
EXPENSES				
a) Cost of materials	8037	6271	8037	6271
b) Employee benefits expense	2277	2009	2277	2009
c) Other expenses	2974	2270	2974	2270
Total	13288	10550	13288	10550
OPERATING PROFIT	1229	689	1229	689
Finance Costs	1060	989	1060	989
PROFIT/(LOSS) BEFORE DEPRECIATION, AMORTISATION & TAX EXPENSES	169	(300)	169	(300)
Depreciation and Amortisation Expenses	370	392	370	392
PROFIT/(LOSS) BEFORE TAX AND BEFORE EXCEPTIONAL ITEM	(201)	(692)	(201)	(692)
EXCEPTIONAL ITEM	(64)	(165)	(64)	(165)
PROFIT/(LOSS) BEFORE TAX AFTER EXCEPTIONAL ITEM	(265)	(857)	(265)	(857)
SHARE OF PROFIT / (LOSS) OF ASSOCIATE	-	-	(201)	462
Tax Expenses				
Deferred Taxation	(47)	(227)	(47)	(227)
PROFIT/(LOSS) AFTER TAX	(218)	(630)	(419)	(168)

Your company has adopted Indian Accounting Standards (IND AS) effective 1st April 2017 (transition date being 1st April 2016) and accordingly, the financial statements for the Year 2017-18 and the previous year ended 31st March 2017 have been prepared in accordance with the recognition and measurement principle laid down in the IND AS prescribed under section 133 of the Companies Act 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India.

2. FINANCIAL PERFORMANCE

The Textile Industry saw a year of turbulence (FY 2017-18) with a short-term disruption on account of rollout of GST, a major Indirect Tax reform by converging various complex indirect taxes into a unified platform. It took some time for the Indian cotton textiles Industry in general and Spinning industry in particular to align itself with the new tax regime, while impacting the financial performance of most players in the Industry. There was a significant fall in exports of Cotton Yarn mainly due to substantial reduction of imports by China which is a largest importer of Cotton yarn in the World. Cotton, the main raw material for Spinning Mills witnessed substantial rise in the prices without any commensurate rise in the yarn prices. Cotton yarn saw changes in several incentives after implementation of Goods and

Services Tax (GST) including reduction in drawback rates. Cotton growing states like Gujarat, Maharashtra, Madhya Pradesh etc. gave liberal incentives and concessions resulting in huge new capacity build up. These newly established Spinning Mills had substantial cost advantages resulting in tremendous pricing pressure and erosion in profit margins of existing companies.

Amidst the aforesaid challenges, your company could register higher revenue of ₹ 14517 lakhs for the FY 2017-18 as against ₹ 11239 lakhs in the F.Y. 2016-17, mainly on account of higher capacity utilization during the year under review. The export turnover for the year was at ₹ 6531 lakhs as against ₹ 3373 lakhs for FY 2016-17, the company also earned Agency Commission income of ₹ 680 lakhs from Other business segment-Commission

DIRECTORS' REPORT (Contd...)

Agency. However, the operating margins were under pressure due to lower price realization, higher raw material cost as well as reduction in revenue from export incentives to ₹ 91.51 lakhs during the year as against ₹ 155.14 lakhs for FY 2016-17, due to decrease in duty drawback rates to 1.20 % from 3.00%, with the introduction of GST regime. As a result, despite higher revenue, the company has incurred Loss of ₹ 218 lakhs as against loss of ₹ 630 lakhs in the previous year.

Due to continued stress in liquidity position, Your Board have approved a proposal to monetise some of its non-core assets in a phased manner and have identified surplus land of approx. 5.07 acres situated at the Company's plant at Aluva. The proposed sale would in no way affect the functioning of the company's spinning mill situated in the same premises. The proceeds will be utilised to reduce company's debts, modernization of plant, upgradation of technology as well as to shore up networking capital requirements

3. DIVIDEND

Your company has incurred loss for the year and hence the Board is unable to recommend dividend for the financial year ended 31st March, 2018.

4. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements, prepared in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of this Annual Report. The Auditors Report on the consolidated financial statements also attached. The same is with unmodified opinion (unqualified).

5. SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANY

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

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

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

6. MANAGEMENT DISCUSSION AND ANALYSIS

A separate report on the Management discussion and analysis forms an integral part of this report.

7. PUBLIC DEPOSITS

The Company discontinued its Fixed Deposit Scheme from 1st April, 2014. During the year under review, your Company did not accept any deposits within the meaning of Chapter V of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014.

8. CORPORATE GOVERNANCE

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.

9. DIRECTORS

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

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

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

10. NUMBER OF MEETINGS OF THE BOARD

The details of the number of meetings of the Board held during the year ended 31st March, 2018 forms part of the Corporate Governance Report

11. 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. Warekar : Chief Financial Officer
- (iii) Shri. E.K. Balakrishnan : Company Secretary

12. 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.

13. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act 2013, the Directors states that to the best of their knowledge and belief and according to the information and explanations obtained by them:

- (i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and there are no material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your company as at 31st March 2018 and of the profit or loss of the company for that period;
- (iii) they have taken proper and sufficient care 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;

DIRECTORS' REPORT (Contd...)

- (iv) they have prepared the Annual Accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively; and
- (vi) they have 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 inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company. The Director is also explained in detail the Compliance required from him under the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and other relevant regulations and affirmation taken with respect to the same.

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

16. AUDITORS

M/s. L.U.Krishnan & Co. (Regn.No.001527S) Chartered Accountants, Chennai were appointed as the Auditors of the Company at the 12th Annual General Meeting (AGM) held on 22nd September, 2017 to hold office from the conclusion of the 12th AGM till the conclusion of the 17th AGM of the Company.

Reports issued by the Statutory Auditors on the Standalone and Consolidated financial statements for the year ended 31st March 2018 are with unmodified opinion (unqualified).

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

Pursuant to the provisions of Section 148 (3) of the Companies Act, 2013, the Board of Directors on the recommendation of the Audit Committee, appointed M/s. Hareesh K.N and Associates, Cost Accountants, as the Cost Auditors of the company for the year ended 31st March, 2018. The remuneration payable to the Cost Auditor is subject to approval of the Members at the Annual General Meeting. Accordingly, the remuneration payable to the Cost Auditors forms a part of the Notice convening 13th Annual General Meeting and the resolution is recommended for your approval.

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

There were no materially significant related party transactions which could have had a potential conflict with the interests of the Company. Transactions with related parties are in the ordinary course of business on arm's length and are periodically placed before the Audit Committee and Board for its approvals and the particulars of contracts entered during the year, in Form AOC-2 is enclosed as **Annexure - III**.

The Board of Directors, as recommended by the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules thereunder and the Listing Agreement. This Policy has been uploaded on the website of the Company.

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 / WHISTE BLOWER POLICY

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

DIRECTORS' REPORT (Contd...)

24. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Even though the provisions of Companies Act, 2013 regarding Corporate Social Responsibility are not yet attracted, 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

26. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

27. NOMINATION & REMUNERATION POLICY

The Board of Directors has framed a policy which lays down a frame work in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members. More details on the same are given in the Corporate Governance Report.

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

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

The Company has not received any complaints under this policy during the year ended 31st March, 2018.

29. PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134 (3) (g) 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) (g) 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)(g) 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) There was no issue of equity shares with differential rights as to dividend, voting or otherwise: and;
- b) There was no issue of shares (including sweat equity shares) to the employees of the company under any scheme.

33. ACKNOWLEDGEMENT

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

Place: Kochi
Date: 14th August, 2018

B K PATODIA
(DIN:00003516)
Chairman

ANNEXURE- I

FORM MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

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

To

The Members of

M/s. GTN TEXTILES LIMITED

(CIN: L18101KL2005PLC018062)

I have conducted a secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **GTN TEXTILES LIMITED** (hereinafter 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 31st March, 2018 and also after 31st March, 2018 but before the issue of this report and the information provided by the Company, its officers, agents and authorized representatives during my conduct of secretarial audit.

I hereby report that, in my opinion, during the audit period covering the financial year ended on 31st March 2018 (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 ;
 - (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 17th 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 ;
 - (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.
- ii) The Security Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 .
5. During the period under review, and also considering the compliance related action taken by the Company after 31st March, 2018 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.
 - (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.
 - (v) The Company has during the period of audit, altered Objects clause and Liability clause of Memorandum of Association and adopted new set of Articles of Association.

Place : Coimbatore
Date : 14.08.2018

M.R.L. NARASIMHA
Practising Company Secretary
Membership No: 2851
Certificate of Practice:799

ANNEXURE - A TO SECRETARIAL AUDIT REPORT OF EVEN DATE

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

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31ST March, 2018 is to be read along with this letter.

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also taken into consideration the compliance related action taken by the Company after 31st March, 2018 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 : 14.08.2018

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

ANNEXURE - II**FORM NO. MGT.9****EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31/03/2018**

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

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

NAME AND REGISTERED OFFICE ADDRESS OF COMPANY:	
Name	GTN Textiles Limited
Address	Door No. VIII/911, Erumathala PO, Aluva, Kochi Ernakulam
Town / City	Ernakulam
State	Kerala
Pin Code:	683112
Country Name :	India
Country Code	91

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

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

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

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

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

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

ANNEXURE - II (Contd...)

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

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01 April -2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	5022089	0	5022089	43.14	5045889	0	5045889	43.34	0.20
b) Central Govt	0	0	0	0.00					
c) State Govt(s)	0	0	0	0.00					
d) Bodies Corp.	2329850	0	2329850	20.02	2329850	0	2329850	20.02	0
e) Banks / FI	0	0	0.00	0.00	0	0	0	0	0
f) Any other	0	0	0	0.00	0	0	0	0	0
Total shareholding of Promoter (A)	7351939	0	7351939	63.16	7375739	0	7375739	63.36	0.20
Sub total (A) (1)	7351939	0	7351939	63.16	7375739	0	7375739	63.36	0.20
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub total (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
B. Public Shareholding									
1. Institutions	0	0	0	0.00	0	0	0	0.00	0.00
a) Mutual Funds	300	1486	1786	0.01	300	1486	1786	0.01	0.00
b) Banks / FI	800	42	842	0.01	800	42	842	0.01	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
Sub-total (B)(1):-	88377	3528	91905	0.79	88377	3528	91905	0.79	0.00
2. Non-Institutions									
a) Bodies Corp.	214262	11891	226153	1.94	348443	11891	360334	3.09	1.15
i) Indian	0	0	0	0.00	0	0	0	0	0
ii) Overseas	0	0	0	0.00	0	0	0	0	0
b) Individuals	0	0	0	0.00	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	2522001	486068	3008069	25.84	2808961	477352	3286313	28.23	2.39
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	756246	0	756246	6.50	454701	0	454701	3.90	-2.60
c) Others (specify)	0	0	0	0.00	17251	0	17251	0.15	0.00
Non Resident Indians	0	0	0	0.00	0	0	0	0	0
Clearing Members	205966	0	205966	1.77	54035	0	54035	0.46	-1.31
Trust/LLP	200	0	200	0.00	200	0	200	0.00	0.00
Sub-total (B)(2):-	3698675	497959	4196634	36.04	3683591	489243	4172834	35.84	0.20
Total Public Shareholding (B)=(B)(1)+ (B)(2)	3787052	501487	4288539	36.84	3771968	492771	4264739	36.64	0.20
OC. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	11138991	501487	11640478	100.00	11147707	492771	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 (01.04.2017)			Shareholding at the end of the year (31.03.2018)			% 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	169660	1.46	0	0.10
6	Swati Patodia	260000	2.23	0	271900	2.33	0	0.10
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	774487	6.65	0	774487	6.65	0	0.00
10	Umang Finance P Ltd	733052	6.30	0	733052	6.30	0	0.00
	Total	7351939	63.16	0	7375739	63.36	0	0.20

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

S. No.	Particulars	Shareholding at the beginning of the year (01.04.2017)		Cumulative Shareholding during the year (31.03.2018)	
		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	7351939	63.16	7351939	63.16
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 11900 shares by Mala Patodia on 6.3.18		7363839	
		Purchase of 11900 shares by Swati Patodia on 6.3.18		7375739	
3.	At the end of the year			7375739	63.36

ANNEXURE - II (Contd...)

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

S. No.	Name of the Shareholders	Particulars	Shareholding at the beginning of the year (01.04.2017)		Cumulative Shareholding during the Year (31.03.2018)			
			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	2.069	240879	2.069		
		Changes during the year	Sold 24000 shares on 07.04.2017		216879	1.86		
		Sold 2331 shares on 14.04.2017		214548	1.84			
		Sold 10000 shares on 28.04.2017		204548	1.75			
		Sold 3050 shares on 25.08.2017		201498	1.73			
		Sold 27128 shares on 01.09.2017		174370	1.49			
		Sold 29844 shares on 08.09.2017		144526	1.24			
		Sold 5489 shares on 15.09.2017		139037	1.19			
		Sold 1008 shares on 22.09.2017		138029	1.18			
		Sold 10113 shares on 30.09.2017		127916	1.09			
		Sold 27036 shares on 13.10.2017		100880	0.86			
		Sold 6509 shares on 20.10.2017		94371	0.81			
		Sold 32183 shares on 27.10.2017		62188	0.53			
		Sold 61577 shares on 31.10.2017		611	0.05			
Sold 611 shares on 01.11.2017		0	0.00					
	At the end of the year			0	0.00			
2	JYOTI PANDHI	At the beginning of the year	117742	1.01	117742	1.01		
		Changes during the year	Sold 22000 shares on 07.04.2017		95742	0.82		
		Sold 7000 shares on 07.04.2017		88742	0.76			
		Sold 1350 shares on 07.04.2017		87392	0.75			
		Sold 19379 shares on 07.04.2017		68013	0.58			
		Sold 7471 shares on 07.04.2017		60542	0.52			
		Sold 5210 shares on 07.04.2017		55332	0.47			
		Sold 5823 shares on 07.04.2017		49509	0.42			
		Sold 9010 shares on 07.04.2017		40499	0.34			
		Sold 32477 shares on 07.04.2017		8022	0.06			
		Sold 7000 shares on 07.04.2017		1022	0.01			
			At the end of the year			1022	0.01	
		3	TANVI JIGNESH METHA	At the beginning of the year	111333	0.95	111333	0.95
				Changes during the year	Sold 2000 shares on 05.05.2017		109333	0.93
Sold 5000 shares on 12.05.2017				104333	0.89			
Sold 1149 shares on 19.05.2017				103184	0.88			
Buy 15743 shares on 26.05.2017				118927	1.02			
Buy 13101 shares on 16.06.2017				132028	1.10			
Buy 9173 shares on 07.07.017				141201	1.21			
Buy 31115 shares on 14.07.2017				172316	1.48			
Buy 100 shares on 21.07.2017				172416	1.48			
Buy 18348 shares on 28.07.2017				190764	1.63			
Buy 10000 shares on 25.08.2017				200764	1.72			
Buy 5281 shares on 01.09.2017				206045	1.77			
Sold 3000 shares on 08.09.2017				203045	1.74			
Sold 5045 shares on 31.10.2017				198000	1.70			
Sold 25046 shares on 24.11.2017				172954	1.48			
Sold 12738 shares on 01.12.2017				160216	1.37			
Sold 17645 shares on 08.12.2017				142571	1.22			
Sold 2742 shares on 15.12.2017				139829	1.20			
Sold 3000 shares on 29.12.2017				136829	1.17			
Sold 9341 shares on 02.02.2018				127488	1.09			
	At the end of the year					127488	1.09	

ANNEXURE - II (Contd...)

S. No.	Name of the Shareholders	Particulars	Shareholding at the beginning of the year (01.04.2017)		Cumulative Shareholding during the Year (31.03.2018)	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4.	PRITHVI FINMART PRIVATE LTD	At the beginning of the year	70200	0.60	70200	0.60
		Changes during the year	Sold 70200 shares on 01.04.2017		0	0.00
		At the end of the year			0	0.00
5	THE ORIENTAL INSURANCE COMPANY LIMITED	At the beginning of the year	54657	0.47	54657	0.47
		Changes during the year	No changes			
		At the end of the year			54657	0.47
6	ANCHLIYA RAVINDRA KUMAR	At the beginning of the year	46198	0.39	46198	0.39
		Changes during the year	Sold 10000 shares on 07.04.2017		36198	0.31
			Sold 2000 shares on 21.04.2017		34198	0.29
			Buy 4000 shares on 02.06.2017		38198	0.32
			Sold 2000 shares on 16.06.2017		36198	0.31
			Buy 2000 shares on 23.06.2017		38198	0.32
			Buy 5000 shares on 07.07.2017		43198	0.37
			Sold 4000 shares on 14.07.2017		39198	0.33
			Sold 3000 shares on 21.07.2017		36198	0.31
			Buy 1000 shares on 18.08.2017		37198	0.32
			Sold 1000 shares on 25.08.2017		36198	0.31
			Buy 3000 shares on 13.10.2017		39198	0.33
			Sold 1115 shares on 27.10.2017		38083	0.32
			Sold 3000 shares on 31.10.2017		35083	0.30
			Sold 5000 shares on 10.11.2017		30083	0.25
			Buy 2000 shares on 01.12.2017		32083	0.27
			Buy 2500 shares on 08.12.2017		34583	0.29
	Sold 2000 shares on 12.01.2018		32583	0.28		
	Buy 2000 shares on 19.01.2018		34583	0.29		
	Sold 3000 shares on 09.02.2018		31583	0.27		
	Sold 3000 shares on 30.03.2018		28583	0.24		
	Sold 2000 shares on 30.03.2018		26583	0.22		
	At the end of the year				26583	0.22
7.	GNANADEV POLISETTY	At the beginning of the year	45498	0.39	45498	0.39
		Changes during the year	Sold 13000 shares on 07.04.2017		32498	0.28
			Sold 783 shares on 16.06.2017		31715	0.27
			Sold 2404 shares on 30.06.2017		29311	0.25
			Sold 10000 shares on 07.07.2017		19311	0.16
			Sold 2500 shares on 03.11.2017		16811	0.14
			Sold 7000 shares on 10.11.2017		9811	0.08
			Sold 2734 shares on 08.12.2017		7077	0.06
			Buy 6632 shares on 16.03.2018		13709	0.11
			At the end of the year			
8.	KUMAR VARUN	At the beginning of the year	40474	0.34	40474	0.34
		Changes during the year	Sold 600 shares on 20.10.2017		39874	0.34
			Sold 15496 shares on 31.10.2017		24378	0.20
			Sold 24378 shares on 01.11.2017		0	0.00
	At the end of the year				0	0.00
9	JITENDRA SAMPATLAL SANGHAVI	At the beginning of the year	40099	0.34	40099	0.34
		Changes during the year	No changes			
		At the end of the year			40099	0.34
10	SABITA PRASAD	At the beginning of the year	36968	0.31	36968	0.31
		Changes during the year	No changes			
		At the end of the year			36968	0.31

ANNEXURE - II (Contd...)

E) Shareholding of Directors and Key Managerial Personnel:

S. No.	NAME OF THE KMP/ DIRECTORS	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year(01.04.2017)		Cumulative Shareholding during theyear(31.03.2018)	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	B.K PATODIA	At the beginning of the year	1195580	10.27	1195580	10.27
		Changes during the year	No Changes			
		At the end of the year			1195580	10.27
2	BANWARL LAL SINGHAL	At the beginning of the year	12130	0.10	12130	0.10
		Changes during the year	No Changes			
		At the end of the year			12130	0.10
3	PREM SARDARI LAL MALIK	At the beginning of the year	0	0.00		
		Changes during the year	0			
		At the end of the year			0	0.00
4	SUNDARESHAN STHANUNATHAN	At the beginning of the year	0	0.00		
		Changes during the year	0			
		At the end of the year			0	0.00
5	PAMELA ANNA MATHEW	At the beginning of the year	0	0.00		
		Changes during the year	0	0.00	0	0.00
		At the end of the year				
6	MAHESH CHANDULAL THAKKER	At the beginning of the year	9475	0.00	9475	0.01
		Changes during the year	No Changes			
		At the end of the year			9475	0.00
7	ARUN KAMLAKAR WAREKAR	At the beginning of the year	170	0.00	170	0.00
		Changes during the year	No Changes			
		At the end of the year			170	0.00
8.	E.K BALAKRISHNAN	At the beginning of the year	160	0.00	160	0.00
		Changes during the year	No Changes			
		At the end of the year			160	0.00

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

(Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01-04-2017)				
i) principal Amount	401,867,660	130,000,000	30,000,000	561,867,660
ii) interest due but not paid	6,431,547	5,227,868	—	11,659,415
iii) interest accrued but not due	—	—	—	—
TOTAL(i+ii+iii)	408,299,207	135,227,868	30,000,000	573,527,075
Change in Indebtedness during the financial year				
Addition	983,643,584	217,800,000	4,500,000	1,205,943,584
Reduction	956,401,546	25,227,868	—	1,181,629,414
Net Change	435,541,245	127,800,000	34,500,000	597,841,245
Indebtedness at the end of the financial year (31.03.2018)				
i) principal Amount	435,541,245	127,800,000	34,500,000	597,841,245
ii) interest due but not paid				
iii) interest accrued but not due	2794195	5,124,068	850,685	8,768,948
TOTAL(i+ii+iii)	438,335,440	132,924,068	35,350,685	606,610,193

ANNEXURE - II (Contd...)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

(Amount in ₹)

SN.	Particulars of Remuneration	B.K PATODIA (Chairman & Managing Director)				Total Amount
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	36,00,000	—	—	—	36,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4,76,313	—	—	—	4,76,313
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	—	—	—	—	—
2	Stock Option	—	—	—	—	—
3	Sweat Equity	—	—	—	—	—
4	Commission - as % of profit - others, specify...	—	—	—	—	—
5	Others, please specify	—	—	—	—	—
	Total (A)	40,76,313	—	—	—	40,76,313
	Ceiling as per the Act	60,00,000	—	—	—	60,00,000

B. Remuneration to other directors

(Amount in ₹)

SN	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	87500	70000	65000	20000	
	Commission					
	Others, please specify					
	Total (1)					242500
2	Other Non-Executive Directors	Mahesh C. Thakker				
	Fee for attending board committee meetings	15000				
	Commission					
	Others, please specify					
	Total (2)					15000
	Total (B)=(1+2)					257500
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

ANNEXURE - II (Contd...)

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

(Amount in ₹)

SN	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16,38,060	1052400	2690460
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	89,936	93300	183236
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	361620	361620
2	Stock Option	-		
3	Sweat Equity	-		
4	Commission	-		
	- as % of profit	-		
	others, specify...	-		
5	Others, please specify	-		
	Total	17,27,996	1507320	3235316

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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

Place : Kochi
 Date : 14.8.2018

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 b) Sell, dispose of or buying properties, plant and machineries and other equipments c) Leasing or hiring properties / assets of any kind d) Availing or rendering of processing charges or any other services of whatever nature	a) Sale, purchase, supply of cotton yarn and other related materials b) Sell, dispose of or buying properties, plant and machineries and other equipments c) Leasing or hiring properties / assets of any kind d) Availing or rendering of processing charges or any other services of whatever nature	Rent payment	Rent payment	Rent payment
b	Duration of the contract/arrangement/ transaction	5 Years from 01.10.2017	5 Years from 01.10.2017	5 Years from 01.10.2017	5 Years from 01.10.2017	5 Years from 01.10.2017
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	10.08.2017	10.08.2017	10.08.2017	10.08.2017	10.08.2017
e	Date of shareholders approval	22.09.2017	22.09.2017	22.09.2017	22.09.2017	22.09.2017
f	Amount incurred during the year (₹ In Lakhs)	1769.13	2650.08	1.80	1.02	0.90

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

Place : Kochi
Date : 14/08/2018

ANNEXURE- IV

ANNEXURE TO THE DIRECTORS' REPORT

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo etc. required to be disclosed under Section 134 of the Companies Act 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

(A) Conservation of energy-

- (i) The step taken or impact on conservation of energy
 - (ii) The steps taken by the company for utilizing alternate sources of energy
 - (iii) The capital investments on energy conservation equipments
- a) 36W conventional fluorescent tubes used of lighting in production depts has been replaced with 18W LED energy efficient tube lights
 - b) Number of Overhead Traveller Cleaning Units in Spinning Dept reduced by interconnecting A& B blocks with additional railings
 - c) Power consumption of humidification plants has been reduced with optimum use of Supply and Return Air Fans in Spinning and Autoconer Depts during rainy and winter seasons
 - d) Installed Centralised Duct System in compact ring frames resulting in savings in energy consumption
 - e) Energy loss in variator drive system reduced by replacing the same with inverter drives in ring frames
 - f) Air leakages in Autoconer and Preparatory Depts arrested through effective monitoring mechanism and reduced the air consumption resulting in savings in energy consumption of compressors.

(B) Technology absorption:

- a) The efforts made towards technology absorption : Updation of Technology is a continuous process, and adapted by the company for innovation.
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.
- b) The benefits derived like product improvement, cost reduction, product development or import substitution : 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.
- c) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) : In many areas appropriate technology upgradation has been done and some are as under
 - a) Graf Card wire Graf Unicomb
 - b) Jan 2017 August, 2016
 - c) Yes Yes
 - d) NA NA
- c) whether the technology been fully absorbed
- d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof
- d) The expenditure incurred on Research and Development. : NIL

The Foreign Exchange earned in terms of actual inflow during the year ₹ 6561.10 Lakhs

The Foreign Exchange outgo during the year I terms of actual outflows ₹ 5439.18 Lakhs

For and on behalf of the Board of Directors

B. K. PATODIA

Chairman

(DIN 00003516)

Place : Kochi

Date : 14/08/2018

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 31.3.2018 are as follows:

Category	Name of Directors
Non Independent Executive Director	Shri. B.K Patodia
Non Independent Non Executive Director	Shri. Mahesh C Thakker
Independent Non Executive 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 Chairmanship / Membership of Committees of each Directors in various Companies:

Name of the Director	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 (DIN 00003516)	5	Present	8	2	None	None
Shri. B. L. Singhal (DIN 00006433)	5	Leave sought	5	5	3	
Shri. Prem Malik (DIN 00023051)	4	Leave sought	10	5	1	
Shri. S. Sundareshan (DIN 01675195)	4	Leave sought	7	7	None	
Shri Mahesh C. Thakker (DIN 01386254)	2	Leave sought	1	None	None	
Smt. Pamela Anna Mathew (DIN 00742735)	2	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 of 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)	18 th May, 2017	6	3
2)	10 th August, 2017	6	4
3)	31 st October, 2017	6	5
4)	21 st November, 2017	6	5
5)	10 th February, 2018	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.gtnntextiles.com

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

- **Independent Directors**

The company has complied with the conditions of Section 149(6) of the Companies Act, 2013 and 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 10.02.2018 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**

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.

Terms of reference:

The terms of reference of the Audit Committee covers all the areas mentioned under Section 177 of the Act and Regulation 18 read with Part C of Schedule II to the Listing Regulations.

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) Recommending the appointment and removal of External Auditors, fixation of Audit Fee and approval for payment for any other services;
- (iii) Review with the management and statutory auditors of the annual financial statements 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;
- (iv) Review of the quarterly and half yearly financial results with the management and the Statutory Auditors;
- (v) Examination of the financial statement and the Auditors' Report thereon;
- (vi) Review and monitor Statutory Auditor's independence and performance and effectiveness of audit process;
- (vii) Approval or any subsequent modification of transactions with related parties;
- (viii) Scrutiny of Inter-Corporate Loans and Investments;
- (ix) Review of valuation of undertakings or assets of the company wherever it is necessary;

REPORT ON CORPORATE GOVERNANCE (Contd...)

- (x) Evaluation of Internal Financial Controls and Risk Management Systems;
- (xi) 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;
- (xii) 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;
- (xiii) 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;
- (xiv) Consideration of the reports of the internal auditors and discussion about their findings with the management and suggesting corrective actions wherever necessary;
- (xv) 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;
- (xvi) Review the functioning of the whistle blower mechanism;
- (xvii) Review and monitor the end use of funds raised through public offers and related matters;
- (xviii) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- (xix) Frame and review policies in relation to implementation of the Code of Conduct for Prevention of Insider Trading Code and supervise its implementation under the overall supervision of the Board;
- (xx) 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
- (xxi) Carrying out any other function as may be referred to the Committee by the Board.
- (xxii) Authority to review / investigate into any matter covered by Section 177 of the Companies Act, 2013 and matters specified in Part C of Schedule II to the Listing Regulations

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, 2018 are as under:

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

REPORT ON CORPORATE GOVERNANCE (Contd...)

The Audit Committee met four times during the financial year 2017-18 and the gap between two meetings did not exceed 120 days. The dates on which Audit Committee Meetings held were: 18th May 2017, 10th August 2017, 21st November, 2017 and 10th February, 2018. 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:

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 up-to-date. Shri. E.K.Balakrishnan, Vice President (Corporate Affairs) & 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 behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy duly adopted by the Board. The same is available on the website of the Company www.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 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;

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

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

The Committee met on 30.5.2018 and evaluated performance of the entire Board as per Regulation 19 of the SEBI (LODR), Regulations, 2015.

The Committee has also approved remuneration package of Shri. B. K Patodia, Chairman & Managing Director for his balance tenure from 1.06.2018 to 18.12.2020 in accordance with Section 197 & 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 follow:

a) Salary:

₹ 3,00,000/- per month in the Scale ₹ 300000-10000-320000 for the balance period from 1st June, 2018 to 18th December, 2020.

b) Commission:

Subject to the overall limits laid down in Section 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.

REPORT ON CORPORATE GOVERNANCE (Contd...)

c) Perquisites as follows:

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

Perquisites not included in Managerial Remuneration

- a) Contribution to Provident Fund, Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961
- b) Gratuity payable at a rate not exceeding half a month 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, 2018 to the Managing Director is as follows: -

Shri. B K Patodia: ₹ 40.76 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, 2018 to the Non-Executive Directors is as follows:

Name of the Non-Executive Director	Sitting fee (₹)
Shri. B. L. Singhal	87500
Shri. Prem Malik	70000
Shri. S. Sundareshan	65000
Shri Mahesh C. Thakker	15000
Smt. Pamela Anna Mathew	20000
Total	257500

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

REPORT ON CORPORATE GOVERNANCE (Contd...)

Remuneration Policy

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

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

5. Stakeholders Relationship Committee

In terms of Section 178 (5) of the Act and Regulation 20 of the Listing Regulations, the terms of reference of the Stakeholders Relationship Committee as under:

- a) To consider and resolve the grievances of the security holders of the company, including complaints related to transfer of shares, non receipt of annual reports, non receipt of declared dividend, etc.
- b) To set for the policies relating to and to over see the implementation of the code of conduct for prevention of insider trading and to review the concerns received under the company's code of conduct.

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

Sl. No.	Date	Committee Strength	No. of Directors present
1)	18 th May, 2017	4	3
2)	10 th August, 2017	4	3
3)	21 st November, 2017	4	4
4)	10 th February, 2018	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 31.3.2018 is as under:-

Type of Complaints	No. of Complaints
Non-receipt of Annual Reports	2
Non-receipt of Dividend Warrants	1
Non-receipt of Share Certificates	2
Complaints in respect of Electronic Transfers	—
Complaints /queries received from Regulatory Agencies	—
Others	1
Total:	6

There were no outstanding complaints as on 31st March, 2018.

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 Practising Company Secretary has been submitted to the Stock Exchanges within the stipulated time.

6. Corporate Social Responsibility (CSR)

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

7. Disclosures:

• Basis of Related Party Transactions

- (i) The statements containing the transactions with related parties were submitted periodically to the Audit Committee.
- (ii) There are no Related Party Transactions that may have potential conflict with the interest of the company at large.
- (iii) There were no material individual transactions with related parties during the year, which were not in the normal course of business as well as not on arms' length basis.

REPORT ON CORPORATE GOVERNANCE (Contd...)

- (iv) The company has obtained Shareholders approval by way of special resolution to enter into Related Party Transactions.
- (v) There is no non compliance by the company and no penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital market, during the last three years.

- **Disclosure of Accounting Treatment**

The company has adopted Indian Accounting Standards (IND AS) effective 1st April 2017 (transition date being 1st April 2016) and accordingly, the financial statements for the Year 2017-18 and the previous year ended 31st March 2017 have been prepared in accordance with the recognition and measurement principle laid down in the IND AS prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India.

- **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.gntextiles.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 Practising 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 DEEPIKA [Regional News Paper].

- (ii) **Quarterly results**

The quarterly results are normally published in all India editions of BUSINESS STANDARD [National Daily] and DEEPIKA [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.gntextiles.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.

REPORT ON CORPORATE GOVERNANCE (Contd...)

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
2014-15	Hotel Periyar, Oceanic Hall Aluva-683101	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
2016-17	-do-	22.09.2017	Friday	12.15 pm	No

- B. No Extra-Ordinary General Meeting of the shareholders was held during the year
- C. During the year, members of the Company have approved the resolutions, stated in the below table by requisite majority, by means of Postal Ballot, including Electronic Voting (e-voting). The Postal Ballot Notice dated 31.10.2017 along with the Postal Ballot Form was sent in electronic form to the members whose e-mail addresses were registered with the Company / respective Depository Participants. In case of physical shareholding, copies of the Postal Ballot Notice along with Postal Ballot Form was sent in physical, by permitted mode. The Company had published a notice in the newspaper on November 20, 2017 in Business Standard (English) and Deepika (Malayalam) in compliance with the provisions of the Companies Act, 2013 and Secretarial Standard - 2. The voting period commenced from Monday, 20th November, 2017 at 9:00 a.m. and ended on Thursday, 19th December, 2017 at 5:00 p.m. The voting rights of members were reckoned on the paid-up value of shares registered in the name of member / beneficial owner (in case of electronic shareholding) as on 8.11.2017. The Board had appointed Shri M.R.L. Narasimha, FCS, a Practising Company Secretary, as Scrutiniser to conduct the postal ballot process in a fair and transparent manner and had engaged the services of Central Depository Services (India) Limited (CDSL) as the agency for the purpose of providing e-voting facility. Shri M.R.L. Narasimha, Scrutiniser, had submitted his report on the Postal Ballot to the Chairman on 19th December, 2017. On 20th December, 2017, the Chairman declared that all the resolutions were passed.

Resolution	Type of Resolution	% of votes in favour	% of votes against	Remarks
Alteration of the Objects Clause of the Memorandum of Association of the Company	Special	99.993	0.007	Passed with requisite majority
Amendment of the Liability Clause of the Memorandum of Association of the Company	Special	99.991	0.009	Passed with requisite majority
Adoption of new set of Articles of Association of the Company	Special	99.993	0.007	Passed with requisite majority

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. 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 2017-18.

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	:	Wednesday, 26 th September, 2018 at 11.45 am
b)	Venue	:	Oceanic Hall, Hotel Periyar, Aluva - 683101
c)	Book closure date	:	Friday, 21.09. 2018 to Wednesday, 26.09.2018
d)	Financial Calendar (tentative):		
	Annual General Meeting	:	Wednesday, 26 th September, 2018
	Results for quarter ending 30 th June, 2018	:	14 th August, 2018
	Results for quarter ending 30 th Sept., 2018	:	On or before 14 th November, 2018
	Results for quarter ending 31 st Dec., 2018	:	On or before 14 th February, 2019
	Results for Year ending 31 st March, 2019	:	On or before 30 th May, 2019

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. : Bombay Stock Exchange	:	532744
	Trading symbol : National Stock Exchange	:	GTNTEX
ii)	Demat ISIN Nos. in NSDL and CDSL for Equity Shares	:	INE302H01017

III) Stock market data :

(in ₹ per Share)

Month	BSE		NSE	
	High	Low	High	Low
April 2017	26.00	17.65	26.50	18.00
May	21.70	17.25	21.45	17.10
June	23.50	17.80	24.30	17.50
July	28.55	20.35	29.50	19.40
August	26.85	20.55	26.60	20.30
September	23.70	18.30	23.10	18.40
October	28.65	19.05	28.40	19.15
November	37.00	23.00	37.00	22.70
December	25.40	21.20	25.70	20.90
January 2018	27.00	19.95	26.35	19.80
February	22.85	19.20	22.75	17.95
March	19.60	14.65	20.00	14.40

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 : csdstd@integratedindia.in
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 Practising 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 31st March, 2018:

SL. No.	Category	No of shares (Issued Equity)	% age
01)	Promoters & Associates	7375739	63.36
02)	Indian Financial Institutions, Banks, Mutual Funds	90005	0.77
03)	Foreign Institutional Investors / NRIs	55890	0.48
04)	Others	4118844	35.39
	Total :	11640478	100.00

(b) Distribution of Shareholding as on 31.03.2018:

No. of shares held	No. of share-holders	% of share-holder	No. of shares (Issued Equity)	% of shareholding
Upto 100	20434	86.23	625064	5.37
101-500	2119	8.94	610205	5.24
501-1000	565	2.38	475252	4.08
1001-10000	528	2.23	1599907	13.75
10001-100000	38	0.16	739281	6.35
Above 100000	14	0.06	7590769	65.21
Total :	23698	100.00	11640478	100.00

VII) Dematerialization of shares and Liquidity:

95.77% of the equity shares of the company have been dematerialized (NSDL 83.40% and CDSL 12.37 %) as on 31st March, 2018. 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, 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	<p>a) For shares held in Physical Form:- M/s Integrated Registry Management Services Private Limited 2nd Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar, Chennai 600 017 Tel: 044 28140801-803 E-Mail : csdstd@integratedindia.in</p> <p>b) For share held on Demat form:- To the Depository Participants.</p>
(ii)	Any query on Annual Report	<p>Secretarial Department GTN TEXTILES LIMITED 5th Floor, Palal Towers, M G Road, Ravipuram, Ernakulam, Kochi – 682 016 E-Mail: cs@gtntextiles.com</p>

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 31st March, 2018,

Place: Kochi
Date: 14.08.2018

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

CEO/ CFO CERTIFICATION

We the undersigned, in our respective capacities of Chairman & 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, 2018 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: 14.08.2018

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of **GTN TEXTILES LIMITED**

1. We have examined the compliance of conditions of Corporate Governance by GTN Textiles Limited ("the Company") for the year ended 31st March, 2018 as stipulated in SEBI (LODR) Regulations, 2015.

Management Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the company's management. This responsibility includes designing, implementing and maintaining operating effectiveness of internal controls to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

Auditors Responsibility

3. Pursuant to the requirements of Listing Regulation, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the company has complied with the conditions of corporate governance as stated in paragraph 1 above. Our responsibility is limited to examine the procedures and implementation thereof, adopted by the company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
4. We have examined the relevant records of the company in accordance with the applicable General Accepted Auditing Standards in India, the guidance note on the certification of corporate governance issued by the Institute of Chartered Accounts of India (the ICAI), and the guidance note on report on certificate of special purposes issued by the ICAI which require that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
5. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for firms that performs audit and review of historical financial information, and other assurance and related services engagements.

Opinion

6. Basis on our examination of the relevant records and according to the information and explanation provided to us and the representations provided by the management, we certified that the company has complied with the conditions of corporate governance as stipulated in the listing regulations during the year ended 31st March, 2018

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 **L.U. KRISHNAN & CO.**
CHARTERED ACCOUNTANTS
ICAI FRN 001527S

Place : Kochi
Date : 14.08.2018

PK. MANOJ
PARTNER
M NO. 207550

GTN TEXTILES LIMITED

MANAGEMENT DISCUSSION & ANALYSIS (2017-18)

GLOBAL TEXTILE INDUSTRY

The global textile and clothing trade picked up to touch USD 755 billion during 2017, after continuous decline in the previous 2 years. All the top 10 markets showed growth including India. India's share at USD 37.4 billion (4.95%) showed increase by 5.38%. While China maintained its share at around USD 258 billion (34%), Germany, Vietnam, Spain and USA showed increase in their share by more than 10%.

Estimate of world cotton production in 2017-18 is 26.6 million tons, consumption 26.2 million ton and ending stocks at 19.3 million tons. This reflects 15% and 7% growth in global production and consumption respectively. Global trade in cotton is likely grow by 10%. The leading exporters of cotton may be USA, India, West Africa Region, Brazil and Australia. Over the last 10 years, area under cotton across the world averaged 32.4 million hectares, and is expected to grow moderately in coming season. India has world's largest area under cotton cultivation, around 40% of the total cotton area in the world, and is also the largest producer of cotton having around 25% share with more than 6 million tons of cotton being produced. It is relevant to mention here that in spite of world's largest area under cotton cultivation, the yield per hectare is at 486 kilograms, which is one of the lowest in the world. It is imperative that we make vigorous efforts to increase the yield per hectare to at least world average of 750 kilograms per hectare.

The cotton supplies in international market were tight as India, the major supplier, suffered yield loss due to boll-worm infestation and USA's cotton production was affected in certain parts on account of drought condition. The reference price reached 102 cents per pound against 20-year average of 73 cents per pound. The same is now averaging around 87 cents per pound and ICAC's forecast for 2017-18 is 86 cents per pound.

However, the ongoing trade war between USA and China, who have substantial presence in world trade, will impact this sector till the issues are resolved.

INDIAN TEXTILE INDUSTRY

The industry has missed the target of USD 45 billion for the year 2017-18 as the industry reeled under the impact of GST and tariff advantages enjoyed by the competing countries like Bangladesh and Vietnam. However, exports of Textiles & Clothing have marginally increased by 0.76 per cent, and reached a level of USD 37.4 billion. Though there was a decline in apparel exports, exports of cotton yarn, fabrics, and made-ups have grown by 5 per cent. During the Post-GST scenario, the export performance of textiles and clothing has deteriorated due to significant drop in export benefits, undue delay in releasing government dues etc., which affected the working capital requirements.

Exports of yarn, fabric, RMG and made-ups have dropped, and at the same time, the imports of yarn, fabric, RMG and made-ups have increased. This reflects that there is an urgent need for a special stimulus package as announced earlier to mitigate the challenges posed by global recession during 2008-09 to tide over the crisis faced by the industry due to GST/ Demonetisation impact apart from clearing all Government dues (TUF subsidy, RoSL and other benefits) on a fast track.

The Spinning capacity, Cotton yarn production and cotton yarn exports for last seven years are given below;

Year	Spindles	Production (Million Kg)	Exports (Million Kg)	Exports (USD Million)
2011-12	48.25	3126	738	2941
2012-13	49.17	3583	1096	3491
2013-14	49.64	3928	1303	4521
2014-15	50.14	4055	1243	3902
2015-16	51.26	4138	1292	3559
2016-17	52.45	4061	1140	3285
2017-18	52.47	4059	1080	3367

For increasing employment in textile sector as well as productivity and quality, the Ministry of Textiles introduced Textile Upgradation Fund Scheme (TUF) in April 1999. The said Scheme underwent many changes on different occasions with introduction of Modified TUF, Restructured TUF, Revised Restructured TUF and finally Amended TUF, covering different segments. The total investment attracted in the entire industry amounted to ₹ 312.1 thousand crores and subsidy reimbursement towards interest and capital subsidy amounted to ₹ 25.9 thousand crores, with employment generated to the tune of 47.65 lakhs. The spinning and composite segments of the textile sector are major beneficiaries under the Scheme. The package announced by the Government during 2016-17 in favour of garmenting and made-up sector was increased to ₹ 7148 thousand crores from ₹ 6000 thousand crores.

MANAGEMENT DISCUSSION & ANALYSIS (Contd...)

RAW COTTON SCENARIO

Global Cotton Production

Global production in 2017-18 reached a five year high of 26.87 Million tonnes, it was higher by 16.4% of previous year production, at the same time consumption has increased to 26.38 Million tonnes, 7.6% higher than previous year consumption. Cotton consumption has been steadily increasing from season to season. However, the consumption is lower than production. Cotton trade was estimated at 9.08 Million tonnes, 10.9% higher than previous season trade level. This has resulted in increasing year ending stock which was estimated at 19.26 Million tonnes, 2.6% higher than previous year ending stock.

For the cotton year 2018-19 with an opening stock of 19.29 Million tonnes and production of 25.89 Million tonnes, the global availability works out to 45.18 Million tonnes. However, the global consumption estimated at 27.46 Million tonnes is much higher than the previous two years. Therefore, the growing demand for cotton, changing trade policies and trade dispute between USA & China are contributing uncertainty in the global cotton outlook.

ICAC estimated season average Cotlook A Index to 88 cents/pound, 5 cents higher than previous season average of 83 cents/pound. As far as 2018-19 season is concerned while global production was anticipated to decline by 3.6%, consumption has been expected to grow by 4%. Global trade has also been expected to increase by 4.3%.

Domestic Production Scenario

2017-18 season has commenced with higher opening stock of 43.76 Lakh bales, 20% higher than previous season opening stock and higher production of 370 Lakh bales, 7.25% higher than previous season production. However cotton imports has been estimated at 15 Lakh bales, about half of previous season import of 30.94 Lakh bales, this had resulted in the availability of 428.76 Lakh bales, 3.97% higher than previous season availability of 412.38 Lakh bales, on the demand side domestic demand estimated at 315.50 Lakh bales, 1.64% higher than previous season demand of 310.41 Lakh bales. Global demand for cotton increased significantly and exports increased to 70 Lakh bales, 20.25% higher than previous season export of 58.21 Lakh bales. Season ending stock worked out to 43.27 Lakh bales, marginally lower than previous season ending stock of 43.76 Lakh bales.

As far as 2018-19 season is concerned the huge increase in MSP for medium staple cotton from ₹ 4,020 per quintal to ₹ 5,150 (28%) and long staple cotton from ₹ 4,320 to ₹ 5,450 (26%) as committed in the Union Budget 2018-19 (MSP to be fixed at 1.5 times of cost of production). During the current cotton season (October 2017 to July 2018), the kapas price for Gujarat Shankar-6 (major medium staple variety) varied between ₹ 5,091 to ₹ 5,828 per quintal and its lint price was lower by 6% to 22% when compared to the international price during the same period. Normally the MSP is increased by 1% to 4%. For the first time in the history, during the cotton season 2008-09, when the import duty of 14.2% on cotton was removed, the MSP was increased by 38.9% for medium staple and by 47.8% for long staple cotton that had a huge impact on the industry and Government for exercising MSP operation; during the year 2011-12 it was increased by 12% and 10% and in the very next year it was increased by 28.6% and 18.2% respectively for medium and long staple cotton. Though the steep increase in MSP would have some impact on the predominantly cotton based Indian textile industry and cotton exports in the short run, it would greatly help the farmers to sustain their financial viability (cultivating cotton) and retaining the area under cotton.

The Government has finally announced Amended Textile Up-gradation Fund Scheme (ATUFS) for giving required thrust to post spinning segment. However, spinning segment is kept out of TUF Schemes which is a matter of concern for units like ours which were set up in early 2000. These units require upgradation, modernization and or replacement. The government should seriously formulate such a scheme with fiscal support. It is estimated that 15-20 Million spindles may require such technical upgradation.

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 20's 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. The company has promoted Patspin India Limited, which has 2 plants at Palakkad in Kerala and Ponneri in Tamil Nadu.

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.

MANAGEMENT DISCUSSION & ANALYSIS (Contd...)

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.

Goods and Service Tax (GST) Scheme which was introduced from 1st July 2017 caused a lot of difficulties and financial burden resulting in substantial funds being held up with the government. However, with greater understanding and modification of the new GST system, the Textile Industry and Trade are in much comfortable state. It will eventually help the companies to work in a simplified tax regime instead of a plethora of taxes and varieties of laws. Strangely many of the benefits like interest subvention and MEIS which were available for exports of cotton yarn have been now denied to this sector. 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.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Please refer to Directors' Report on performance review.

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

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

Industrial relations were cordial and satisfactory.

As on 31st March, 2018, the Company has about 831 employees in its various offices and factory.

CAUTIONARY STATEMENT

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

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

TO THE MEMBERS OF GTN TEXTILES LIMITED

Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of GTN Textiles Limited ('the Company'), which comprise the Balance sheet as at 31st March 2018, the Statement of profit and loss (including other comprehensive income), Cash flow statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the 'standalone Ind AS financial Statements').

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income) cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the relevant rules issued thereunder. 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS 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 of the Standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncement issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2018.
- (ii) In the case of the Statement of Profit and Loss (comprising of other comprehensive income), of the loss for the year ended on that date;
- (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date; and
- (iv) Changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. **As required by Section 143 (3) of the Act, we report that:**
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

Independent Auditors' Report (Contd.)

- (c) The Balance sheet, the Statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder;
- (e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company does not have any pending litigations which would impact its financial position in its standalone Ind AS financial statements;
 - (ii) In our opinion and as per the information and explanations provides to us, the Company has not entered into any long-term contracts including derivative contracts, requiring provision under applicable laws or accounting standards, for material foreseeable losses, and
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For L. U. Krishnan & Co
Chartered Accountants
ICAI FRN – 001527S

P. K. Manoj
Partner

Place: Kochi
Date : 30th May, 2018

Membership No.207550

“ANNEXURE – A” TO THE INDEPENDENT AUDITOR’S REPORT

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even due date to the Standalone Ind AS financial statements of the Company for the year ended 31st March, 2018:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals in accordance with regular programme of verification. According to the information and explanation given to us, no material discrepancies were noticed 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 as disclosed in Note 3 on Property, Plant and Equipment to the standalone Ind AS financial statements 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, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act('the Act') Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- (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, investments, guarantees and security.
- (v) The Company has not accepted any deposits from the public in accordance with the provisions of Section 73 to 76 of the Act and Rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under sub-section (1) of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (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, goods and service 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. Further, no undisputed amounts payable in respect thereof were outstanding at the year 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 of 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 case of year end dues as on Balance Sheet date remains outstanding on account of default and remained payable are as under:

Particulars	Amount of defaults as at the balance sheet date – ₹ in lakhs	Due Date	Period of default	Remarks if any
EXIM Bank	₹ 17.50	20/02/2018	77 days	Paid on 08/05/2018
Axis Bank	₹ 40.62	31/03/2018		Repayment was pending as on the date of report.
Bank of India	₹ 65.50	31/03/2018		

Term loan interest of ₹ 28.64 lakhs due on 31st March 2018 out of this ₹ 19.03 lakhs was paid subsequently on various dates and balance of ₹ 9.61 lakhs is payable as on the date of report.

- (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 to the Company.
- (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 to the Company.
- (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 Note No. 33 to the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (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 to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For L. U. Krishnan & Co.
Chartered Accountants
ICAI FRN – 001527S

P. K. Manoj
Partner

Membership No. 207550

Place: Kochi

Date : 30th May, 2018

“ANNEXURE – B” TO THE INDEPENDENT AUDITOR’S REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

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

We have audited the internal financial controls over financial reporting of GTN Textiles Limited (“the Company”) as on 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

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

Auditor's 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 and understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as on 31 March 2018, 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 L. U. Krishnan & Co.
Chartered Accountants
ICAI FRN – 001527S

Place: Kochi
Date : 30th May, 2018

P. K. Manoj
Partner
Membership No. 207550

GTN TEXTILES LIMITED

BALANCE SHEET

	Note No.	As at 31.03.2018 (₹ in lakhs)	As at 31.03.2017 (₹ in lakhs)	As at 01.04.2016 (₹ in lakhs)
I. ASSETS				
1 Non-current assets				
(a) Property, Plant and Equipment	3	12,926.75	13,462.31	13,124.05
(b) Intangible assets	4	4.41	3.59	6.29
(c) Financial Assets				
(i) Investments	5	1,964.86	1,964.94	1,964.86
(ii) Others	6	9.11	14.71	17.86
(d) Deferred tax assets (net)	7	366.96	330.17	103.33
(e) Other Non-Current tax assets	8	68.58	32.35	44.18
Sub-Total		15,340.67	15,808.07	15,260.57
2 Current assets				
(a) Inventories	9	4,776.87	3,208.94	3,855.61
(b) Financial Assets				
(i) Trade receivables	10	1,220.59	1,371.45	1,666.71
(ii) Cash and Cash equivalents	11	21.36	117.29	103.38
(iii) Bank balances other than (ii) above	12	279.33	233.32	219.05
(iv) Other financial assets	13	24.17	32.01	3.28
(c) Other Current Assets	14	466.15	458.05	879.96
Sub-Total		6,788.47	5,421.06	6,727.99
TOTAL ASSETS		22,129.14	21,229.13	21,988.56
II. EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	15	1,164.05	1,164.05	1,164.05
(b) Other Equity	16	9,071.82	9,267.64	9,299.56
Sub-Total		10,235.87	10,431.69	10,463.61
Liabilities				
1 Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	17	511.90	967.98	1,417.63
(b) Other non-current liabilities	18	278.78	294.86	—
Sub-Total		790.68	1,262.84	1,417.63
2 Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	17	5,466.51	4,657.40	5,182.20
(ii) Trade payables	19	5,270.70	4,583.29	4,670.34
(iii) Other financial liabilities	20	87.68	116.59	72.92
(b) Other current liabilities	21	155.76	63.02	55.16
(c) Provisions	22	121.94	114.30	126.70
Sub-Total		11,102.59	9,534.60	10,107.32
TOTAL EQUITY AND LIABILITIES		22,129.14	21,229.13	21,988.56

Significant accounting policies

1 & 2

The accompanying Notes 1 to 39 are an integral part of the financial statements

As per our report of even date attached

For and on behalf of the Board

For **L.U. KRISHNAN & Co.**
Chartered Accountants
(ICAI FRN 001527S)

B. K. PATODIA
Chairman & Managing Director
DIN. 00003516

B. L. SINGHAL
Director
DIN. 00006433

P. K. MANOJ
Partner
(M. NO. 207550)

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

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

Place : Kochi

Date : 30th May, 2018

GTN TEXTILES LIMITED

STATEMENT OF PROFIT AND LOSS

	Note No.	Year ended March 31, 2018 (₹ in Lakhs)	Year ended March 31, 2017 (₹ in Lakhs)
Revenue:			
Revenue From Operations	23	14,278.69	11,363.19
Other income	24	43.09	39.20
Total Revenue		14,321.78	11,402.39
Expenses:			
Cost of materials consumed	25	8,037.02	6,271.09
Changes in inventories of finished goods, work in progress and waste	26	(196.10)	163.11
Employee benefits expense	27	2,276.79	2,008.83
Finance costs	28	1,060.02	989.43
Depreciation and amortization expense		370.63	391.65
Other expenses	29	2,974.27	2,269.81
Total Expenses		14,522.63	12,093.92
Profit/(Loss) before exceptional items and tax		(200.85)	(691.53)
Exceptional items	30	64.83	165.36
Profit/(Loss) before tax		(265.68)	(856.89)
Tax expense / (Credit) :			
Current tax		—	—
Deferred tax charge / (Credit)		(47.20)	(226.84)
Profit / (Loss) for the year (A)		(218.48)	(630.05)
Other Comprehensive income (Net of Tax)			
Items that will not be reclassified into Profit or loss			
(a) Re-measurement of defined benefit Obligation		38.65	(177.86)
(b) MTM of forward contract		(7.40)	15.38
Total Other Comprehensive Income (net of tax) - (B)		31.25	(162.48)
Total comprehensive Income /(Loss) for the year (A) + (B)		(187.23)	(792.53)
Earnings per Equity share of ₹ 10 each			
Basic and Diluted (in ₹)	31	(1.88)	(5.41)
Significant accounting policies	1 & 2		
The accompanying Notes 1 to 39 are an integral part of the financial statements			

As per our report of even date attached

For and on behalf of the Board

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Company Secretary

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

Place : Kochi
Date : 30th May, 2018

GTN TEXTILES LIMITED

CASH FLOW STATEMENT

	2017-18 (₹ in Lakhs)	2016-17 (₹ in Lakhs)
A. Cash flow from operating activities		
Net Profit / (loss) before Tax exceptional items	(200.85)	(691.53)
Adjustments for:		
Depreciation and Amortization expense	370.63	391.65
Profit / (loss) on sale / Disposal / Discarded of Property, Plant and Equipments (Net)	133.61	14.09
Exchange difference (Net)	24.33	(56.08)
Gain (Loss) on other comprehensive income (net)	31.25	(177.86)
Finance Costs	915.35	866.60
Interest Income	(25.95)	(24.25)
Operating profit before working capital changes	1,248.37	322.62
Changes in working Capital:		
Increase / (Decrease) in Trade Payables	663.08	(30.98)
Increase / (Decrease) in Other Liabilities	47.74	346.41
Increase / (Decrease) in Provision for Employee benefit	7.64	(12.41)
(Increase) / Decrease in Trade receivables	150.86	295.26
(Increase) / Decrease in Inventories	(1,566.00)	647.20
(Increase) / Decrease in Other Assets	5.33	411.18
(Increase) / Decrease in Balance in Margin Money / Deposit accounts	(46.01)	(14.27)
Cash generated from operations	511.01	1,965.01
Income Taxes Paid (net)	(36.23)	11.83
Net cash generated from operations before exceptional items	474.78	1,976.84
Less: Exceptional items	64.83	165.36
Net cash generated from operating activities	409.95	1,811.48
B. Cash flow from investing activities		
Purchase of property, Plant and Equipments, including capital working progress and capital advances.	(28.88)	(25.74)
Proceeds from sale of property, Plant and Equipement	59.38	44.97
Interest Income	25.95	24.25
Net cash generated / (used) from investing activities	56.45	43.48
C. Cash flow from financing activities		
Repayment of Long term borrowings	(501.09)	(749.65)
Increase / (Decrease) in Short term borrowings	831.11	(824.80)
Interest and other borrowing cost paid	(915.35)	(866.60)
Inter corporate Deposits/ Loans (net)	23.00	600.00
Net cash generated/ (used) from financing activities	(562.33)	(1,841.05)
Net increase / (decrease) in cash and cash equivalents	(95.93)	13.91
Cash and cash equivalents at the beginning of the year	117.29	103.38
Cash and cash equivalents at the end of the year	21.36	117.29

Note:

The above cash flow statement has been prepared by using the indirect method as per the Accounting Standard (Ind AS 7) - Statement of Cash Flows.

The accompanying Notes 1 to 39 are an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board

For **L.U. KRISHNAN & Co.**
Chartered Accountants
(ICAI FRN 001527S)

B. K. PATODIA
Chairman & Managing Director
DIN. 00003516

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

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

Place : Kochi
Date : 30th May, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

	Other Equity						Total equity attributable to equity share holders of the Company	
	Equity Share Capital	General Reserves	Retained Earnings	Revaluation surplus	Equity instrument through other comprehensive income	Items of Other Comprehensive Income / (Expenses)		Total
As at 01 st April, 2016	1164.05	2,092.36	(1,261.87)	8,469.13	(0.06)	-	9,299.56	10,463.61
Revaluation of Land	-	-	-	760.54	-	-	760.54	760.54
FVTOCI - Investment	-	-	-	-	0.07	-	0.07	0.07
Remeasurement of the defined benefit obligation, net of tax effect	-	-	-	-	-	(177.86)	(177.86)	(177.86)
Impact of MTM net of tax effect	-	-	-	-	-	15.38	15.38	15.38
Profit / (Loss) for the year ended 31.03.2017	-	-	(630.05)	-	-	-	(630.05)	(630.05)
Balance at the 31.03.2017	1,164.05	2,092.36	(1,891.92)	9,229.67	0.01	(177.86)	9,267.64	10,431.69
FVTOCI - Investment	-	-	-	-	(0.08)	-	(0.08)	(0.08)
Deferred tax impact on MTM	-	-	6.87	-	-	-	6.87	6.87
Remeasurement of the defined benefit obligation, net of tax effect	-	-	-	-	-	38.65	38.65	38.65
Impact of MTM net of tax effect	-	-	-	-	-	(22.78)	(22.78)	(22.78)
Profit / (Loss) for the year ended 31.03.2018	-	-	(218.48)	-	-	-	(218.48)	(218.48)
Balance at the 31.03.2018	1164.05	2,092.36	(2,103.53)	9,229.67	(0.07)	(139.21)	9,071.82	10,235.87

The accompanying Notes 1 to 39 are an integral part of the financial statements

As per our report of even date attached

For and on behalf of the Board

For L. U. KRISHNAN & Co.
Chartered Accountants
(ICAI FRN 001527S)

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

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

Place : Kochi
Date : 30th May, 2018

GTN TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Significant Accounting Policies and notes forming part of the Financial statements for the year ended 31st March, 2018.

1 Corporate Information:

GTN Textiles Limited ('the company') is a Public Limited company incorporated and domiciled in India, and has its registered office at Erumathala, Aluva, Cochin, Kerala State, India. The company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The company is engaged mainly in the business of manufacture and Export of Fine and super fine combed cotton yarn

2 Significant Accounting Policies

2.1 Basis of preparation of financial statements:

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act.

2.2 Rounding of amount

These standalone financial statements are presented in Indian Rupees, which is also the Company's functional currency. All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

2.3 Historical Cost convention

The financial statements have been prepared under the historical cost convention, on the basis of a going concern and on accrual basis except for the following items –

- a. Certain Financial Assets and Liabilities (including derivative instruments) are measured at Fair value
- b. Defined benefit employee plan - Plan assets measured at fair value

2.4 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 the reporting period. The recognition, measurement, classification or disclosure of an item or information in the financial statements is made relying on these estimates.

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of the future events) that the Company believes to be reasonable under the existing circumstances. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively.

2.5 Classification of Assets and Liabilities

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 realisations 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.

2.6 Property, Plant and Equipment:

All items of property, plant and equipment are stated at cost net of accumulated depreciation and impairment, if any. The cost comprises its purchase price and any cost directly attributable to bringing the Property, Plant and Equipment to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in the statement of profit and loss. Property, plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Losses arising from the retirement of and gains or losses arising from disposal of Property, plant and equipment are recognised in the statement of profit and loss.

The cost of property, plant and equipment which are not ready for their intended use before such date, are disclosed as capital work-in-progress.

The Company assesses at each Balance Sheet date whether there is any indication that any property, plant and equipment may be impaired, if any such indication exists, the carrying value of such property, plant and equipment is

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

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 indication that a previously assessed impairment loss no longer exists, then such loss is reversed, and the asset is restated to that extent.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1st April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment except Free hold Land for which the company had adopted revaluation model pursuant to the para 29 to 31 of Ind AS 16 and recognised revalued cost as its deemed cost as at 1st April 2016.

Revaluation of freehold land would be carried at sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

2.7 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.

Depreciation is provided pro-rata from the date of capitalisation. Depreciation is calculated on the carrying amount, which is the cost of an asset less its residual value.

2.8 Intangible Assets

Intangible assets are carried at cost, net of accumulated amortization and impairment losses, if any. Cost of an intangible asset comprises of purchase price and attributable expenditure on making the asset ready for its intended use.

The company assesses at each Balance sheet date whether there is any indication that any intangible asset may be impaired, if any such indication exists, the carrying value of such intangible asset 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 indication that a previously assessed impairment loss no longer exists, then such loss is reversed, and the asset is restated to that extent.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its Intangible Assets recognized as at 1st April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of Intangible Assets.

2.9 Amortization:

Intangible assets are amortized based on their estimated useful lives.

2.10 Investments

The Company has elected to measure investment in equity shares of associate company at deemed cost, which is previous GAAP carrying amount. Accordingly, under Ind AS, the Company has recognised investment as follows:

Equity shares of associate company - At deemed cost.

Quoted equity shares in other Company - At fair value.

Unquoted Equity shares - At fair value through profit and loss (FVTPL)

2.11 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, freight, taxes and duties and is net of input credit where ever applicable, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Raw Material is stated at "weighted average" cost method and finished goods at "Specific identification" cost method.

2.12 Financial Assets / Liability Policy:

a. Financial Assets

Classification and Measurement

All the financial assets are initially measured at fair value. Transactions costs that are directly attributable to the acquisition of financial asset (other than financial assets carried at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset.

Subsequent measurement

Subsequent measurement of financial assets depends on the classification i.e. financial assets carried at amortised cost or fair value (either through other comprehensive income or through profit and loss). Such classification is determined on the basis of Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company's financial assets primarily consists of cash and cash equivalents, trade receivables, balance with statutory authority, loans and advances and security deposits etc. which are classified as financial assets carried at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

A gain or loss on financial asset that is subsequently measured at amortised cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is recognized using the effective interest rate method.

Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. For trade receivables, the company provides for lifetime expected credit losses recognized from initial recognition of the receivables.

De-recognition of financial assets

A financial assets is de-recognised only when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

b. Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction cost.

The Company's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through statement of profit and loss :

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risks are recognized in OCI. These gains/losses are subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit and loss.

De-recognition

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the term of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount is recognized in the statement of profit or loss.

Derivative financial instruments:

Derivative financial instruments such as future contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Statement of Profit and Loss in the period when they arise.

2.13 Fair Value Measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.14 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Sale of Goods:

Revenue from sale of goods are recognised on transfer of significant risk and rewards of ownership to the buyer which generally coincides with shipment. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rendering of Services:

Service revenues are recognised when services are rendered, and when the outcome of the transaction can be estimated reliably.

Dividend, Interest income, Claims:

Dividend income from investments is recognised when the Company's right to receive dividend is established provided it is probable that the economic benefits associated with the dividend will flow to the Company as also the amount of dividend income can be measured reliably.

Interest income from a financial asset is recognised on a time basis, by reference to the principal outstanding using the effective interest method provided it is probable that the economic benefits associated with the interest will flow to the Company and the amount of interest can be measured reliably.

Insurance and other Claims are accounted for when no significant uncertainties are attached to their eventual receipt.

2.15 Borrowing

Borrowings are initially recognised at net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method.

2.16 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.

2.17 Short-term 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:

Company's contributions paid/payable during the year to Provident and Family Pension Funds, and Employees State Insurance are recognized in the Statement of Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

Defined Benefit Plans:

The Employees' Gratuity Fund Scheme covered by the Group Gratuity cum-Life Assurance Policy of LIC of India is a Defined Benefit Plan. The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method which recognizes each period of service as giving rise to additional amount of employees benefit entitlement and measures each unit separately to build up the final obligation.

2.18 Foreign currency Transactions

Initial recognition:

Transactions in Foreign Currencies entered into by the Company are accounted at the exchange rate prevailing on the date of the transaction.

Measurement:

Foreign Currency monetary items of the Company outstanding at the balance sheet date are restated at year end exchange rates.

Non-monetary items carried at historical cost are translated using the exchange rates at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on transaction of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Treatment of exchange difference

Exchange differences arising on settlement/restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expenses in the Statement of Profit and Loss.

2.19 Taxation

- a Current tax is made on the basis of estimated taxable income for the year or computed in accordance with the Income-Tax Act, 1961 and recognized in the statement of Profit and Loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.
- b Deferred tax on account of timing differences, between taxable income and accounting income is recognized using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets are recognized to the extent there is reasonable certainty that these would be realized in future.
- c Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.20 Provisions and Contingent Liabilities:

Provisions: Provisions are recognized when there is a present legal or constructive 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. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities:

Contingent liabilities is a possible obligation in the normal course of business 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.

The Company does not recognise a contingent liability but discloses its existence in the financial statements.

2.21 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / loss before extraordinary items and tax for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments. Cash flows from operating, investing and financing activities of the Company are segregated.

2.22 Cash and Cash equivalents Policy:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

2.23 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. 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.

2.24 Exceptional Items:

When an item of income or expense within profit or loss from ordinary is of such size, nature or incidence that their disclosure is relevant to explain the performance of the company for the year, the nature and amount of such items is disclosed as exceptional items.

3 Property, Plant and equipment

₹ in Lakhs

Gross carrying amount	Freehold Land	Buildings	Plant and Equipment	Furniture	Office Equipment	Vehicles	Total
Deemed cost as at 1st April 2016	8,493.47	1,889.22	10,483.59	91.13	249.54	94.44	21,301.39
Additions	-	-	25.46	-	0.43	-	25.89
Disposal /adjustments	-	-	212.31	-	0.47	7.63	220.41
Revaluation of Assets	760.54	-	-	-	-	-	760.54
As at 31st March 2017	9,254.01	1,889.22	10,296.74	91.13	249.50	86.81	21,867.41
Additions	-	-	15.99	-	2.04	7.61	25.64
Disposal /Discarded / adjustments	-	-	782.16	-	-	4.43	786.59
As at 31st March 2018	9,254.01	1,889.22	9,530.57	91.13	251.54	89.99	21,106.46
Accumulated depreciation							
Balance as at 1st April 2016	-	1,344.66	6,428.91	87.74	236.71	79.32	8,177.34
Disposal /adjustments	-	-	155.47	-	0.39	5.35	161.21
Depreciation expense	-	39.98	339.25	0.58	4.79	4.37	388.97
As at 31st March 2017	-	1,384.64	6,612.69	88.32	241.11	78.34	8,405.10
Disposal /Discarded/ adjustments	-	-	589.51	-	-	4.20	593.71
Depreciation expense	-	36.67	323.05	0.45	3.35	4.80	368.32
As at 31st March 2018	-	1,421.31	6,346.23	88.77	244.46	78.94	8,179.71
Net Carrying Amount							
As at 1 st April, 2016	8,493.47	544.56	4,054.68	3.39	12.83	15.12	13,124.05
As at 31 st March, 2017	9,254.01	504.58	3,684.05	2.81	8.39	8.47	13,462.31
As at 31 st March, 2018	9,254.01	467.91	3,184.34	2.36	7.08	11.05	12,926.75

Note:

The Company has opted to continue with net carrying value of all Property, Plant and Equipment as at 1st April 2016, as per previous GAAP and use that as the deemed cost, except Freehold land.

As per the provisions of Para 29 to 31 of the Ind AS 16, the company has adopted Revaluation model for Free hold Land and has determined its fair value on the transition date of 1st April 2016 on the basis of valuation report of Chartered Engineer. The details are given below:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

Class of Asset - Freehold Land	₹ in Lakhs
Carried value as at 31 st March, 2016	24.34
Revalued amount as at 1 st April, 2016	8493.47
Revaluation surplus recognised in Other Equity as at 1 st April, 2016	8469.13
Deemed cost as at 1 st April, 2016	8493.47
Revalued amount as at 31 st March, 2017	9254.01
Revaluation surplus recognised in Other Equity as at 1 st April, 2017	760.54
Carried value as at 31 st March, 2017	9254.01

	As at 31.03.2018 (₹ in lakhs)	As at 31.03.2017 (₹ in lakhs)	As at 01.04.2016 (₹ in lakhs)
4 Intangible assets			
Gross carrying amount			
As at beginning of the year	251.93	251.93	251.93
Additions during the year	3.13	—	—
Discarded/Disposal during the year	—	—	—
Balance as at end of the year	255.06	251.93	251.93
Accumulated depreciation			
As at beginning of the year	248.34	245.64	245.64
Amortisation for the year	2.31	2.70	—
Disposal/adjustment	—	—	—
Balance as at end of the year	250.65	248.34	245.64
Net Carrying Amount	<u>4.41</u>	<u>3.59</u>	<u>6.29</u>

Financial Assets

5 Non-Current Investment

(A) Quoted equity instruments

Associate

Patspin India Limited (1,42,87,068 Equity shares of ₹ 10 each)	1,964.26	1,964.26	1,964.26
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Others:

Central Bank of India (243 Equity shares of ₹ 10 each)	0.19	0.27	0.19
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Sub - Total (A)	<u>1,964.45</u>	<u>1,964.53</u>	<u>1,964.45</u>
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Market value of Quoted instrument	1,886.07	2,321.91	1,128.86
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(B) Unquoted equity instruments

GTN Consumer Co-operative stores Limited (2100 Shares of ₹ 10 each)	0.21	0.21	0.21
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GTN Textiles Employees Credit Co-operative Society Limited (200 Equity shares of ₹ 10 each)	0.20	0.20	0.20
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Sub - Total (B)	<u>0.41</u>	<u>0.41</u>	<u>0.41</u>
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TOTAL (A) + (B)	<u>1,964.86</u>	<u>1,964.94</u>	<u>1,964.86</u>
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	As at 31.03.2018 (₹ in lakhs)	As at 31.03.2017 (₹ in lakhs)	As at 01.04.2016 (₹ in lakhs)
6 Other Financial Assets			
Security Deposits	9.11	14.71	17.86
	<u>9.11</u>	<u>14.71</u>	<u>17.86</u>
7 Deferred tax asset (net)			
a Deferred Tax Asset			
Unabsorbed Depreciation and Business loss	1,027.99	1070.33	938.37
Others	11.89	0.90	0.90
	<u>1039.88</u>	<u>1071.23</u>	<u>939.27</u>
b Deferred Tax Liability			
Related to Property plant and Equipment	750.92	819.06	913.94
Total (a) - (b)	<u>288.96</u>	<u>252.17</u>	<u>25.33</u>
c Minimum Alternate Tax Credit entitlement	78.00	78.00	78.00
Net Deferred Tax Asset (a - b + c)	<u>366.96</u>	<u>330.17</u>	<u>103.33</u>
8 Other Non-Current tax assets			
Income Tax (Net of Provision ₹ 204.67 lacs ; Previous year ₹ 204.67 lacs)	68.58	32.35	44.18
	<u>68.58</u>	<u>32.35</u>	<u>44.18</u>
9 Inventories			
Method of valuation - Refer Note No. 2.11 of Significant Accounting Policy			
Stores, Spares and Packing Materials	36.67	39.17	48.16
Raw Materials	2,368.25	993.92	1,466.46
Goods-in-Process	471.96	535.85	583.25
Finished Goods	1,887.41	1,638.26	1,753.68
Waste Stock	12.58	1.74	4.06
	<u>4,776.87</u>	<u>3,208.94</u>	<u>3,855.61</u>
10 Trade Receivables			
Unsecured, considered good	1,220.59	1,371.45	1,666.71
Unsecured, considered doubtful	16.22	2.91	2.91
Less: Provision for Doubtful debts	(16.22)	(2.91)	(2.91)
	<u>1,220.59</u>	<u>1,371.45</u>	<u>1,666.71</u>
11 Cash and Cash equivalents			
Cash on Hand	3.66	2.40	2.48
Balances with banks in Current Accounts	17.70	114.89	100.90
	<u>21.36</u>	<u>117.29</u>	<u>103.38</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	As at 31.03.2018 (₹ in lakhs)	As at 31.03.2017 (₹ in lakhs)	As at 01.04.2016 (₹ in lakhs)
12 Bank balances other than 11 above			
Margin Money Deposit Accounts	279.33	233.32	219.05
	<u>279.33</u>	<u>233.32</u>	<u>219.05</u>
13 Other Financial Assets			
Income Receivables	24.17	32.01	3.28
	<u>24.17</u>	<u>32.01</u>	<u>3.28</u>
14 Other Current Assets			
Incentive Receivable	9.46	75.84	139.58
Security Deposits	146.68	146.68	146.68
Prepaid Expenses	47.04	55.42	37.66
Balances with Statutory Authorities	122.31	19.63	24.83
Other Advances	140.66	160.48	531.21
	<u>466.15</u>	<u>458.05</u>	<u>879.96</u>
15 Equity Share Capital			
(a) Authorised:			
120,00,000 Equity shares of ₹ 10 each	1,200.00	1,200.00	1,200.00
(b) Issued, Subscribed and fully paid up shares			
116,40,478 Equity shares of ₹ 10 each	1,164.05	1,164.05	1,164.05
	<u>1,164.05</u>	<u>1,164.05</u>	<u>1,164.05</u>

The Company has a single class of equity shares having a par value of ₹ 10 each. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to their share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

- (c) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting years :

Particulars	As at 31.03.2018		As at 31.03.2017		As at 31.03.2016	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
At the beginning of the year	1 16 40 478	1164.05	1 16 40 478	1164.05	1 16 40 478	1164.05
Shares allotted during the year	—	—	—	—	—	—
At the end of the year	1 16 40 478	1164.05	1 16 40 478	1164.05	1 16 40 478	1164.05

- (d) Details of Shareholders holding more than 5% of total number of equity shares.

Particulars	As at 31 st March, 2018		As at 31 st March, 2017		As at 31 st March, 2016	
	No. of shares	% of Holding	No. of shares	% of Holding	No. of shares	% of Holding
Mr. Binod Kumar Patodia	11 95 580	10.27%	11 95 580	10.27%	11 95 580	10.27%
Mr. Umang Patodia	8 35 120	7.17%	8 35 120	7.17%	8 35 120	7.17%
Mr. Ankur Patodia	7 32 331	6.29%	7 32 331	6.29%	7 32 331	6.29%
Mrs. Prabha Patodia	6 82 418	5.86%	6 82 418	5.86%	6 82 418	5.86%
Binod Kumar Patodia HUF	11 58 880	9.96%	11 58 880	9.96%	11 58 880	9.96%
Beekaypee Credit Private Limited	8 22 311	7.06%	8 22 311	7.06%	8 22 311	7.06%
Patodia Exports & Investments Private Limited	7 74 487	6.65%	7 74 487	6.65%	6 72 986	5.78%
Umang Finance Private Limited	7 33 052	6.30%	7 33 052	6.30%	7 33 052	6.30%

- (e) There are nil number of shares (Previous year Nil) reserved for issue under option and contracts or commitments for the sale of shares or disinvestment.
- (f) There are 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.
- (g) There are Nil number of shares (Previous year Nil) in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiary or associates of the holding company or the ultimate holding company in aggregate.
- (h) During the year ended 31.03.2018 and in the previous year no securities convertible into Equity/Preferential shares.
- (i) During the year ended 31.03.2018 and in the previous year there are no calls unpaid including calls unpaid by Directors and officers as on balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	As at 31.03.2018 (₹ in lakhs)	As at 31.03.2017 (₹ in lakhs)	As at 01.04.2016 (₹ in lakhs)
16 Other Equity			
(i) Reserve & Surplus			
(a) General Reserve			
Balance as at the beginning and the end of the year	2,092.36	2,092.36	2,092.36
(b) Retained earnings			
Balance as at the beginning of the year	(1,891.92)	(1,261.87)	(528.23)
Less: Profit/(Loss) for the year from the Statement of Profit and Loss	(218.48)	(630.05)	(733.65)
Deferred tax impact on MTM	6.87	-	-
Balance as at the end of the year	(2,103.53)	(1,891.92)	(1,261.87)
(ii) Revaluation surplus			
Balance as at the beginning of the year	9,229.67	8,469.13	-
Revaluation surplus of land	-	760.54	8,469.13
Balance as at the end of the year	9,229.67	9,229.67	8,469.13
(iii) Other Comprehensive income			
Balance as at the beginning of the year	(162.47)	(0.06)	-
Changes during the current year	15.79	(162.41)	(0.06)
Balance as at the end of the year	(146.68)	(162.47)	(0.06)
Total	<u><u>9,071.82</u></u>	<u><u>9,267.64</u></u>	<u><u>9,299.56</u></u>

(i) General Reserve

The general reserve is used from time to time to transfer profit from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of their comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

(ii) Retained earnings

Retained earnings represents the Company's undistributed earnings/(losses) after taxes.

(iii) Revaluation surplus

Revaluation surplus represents the surplus over cost against market value on revaluation of freehold land of the Company pursuant to recognition of freehold land on revaluation model as per the provisions para 29 to 31 of the Ind AS 16 - Property, Plant and Equipment. This surplus is not considered for distribution of dividend to equity shareholders.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	As at 31.03.2018 (₹ in lakhs)		As at 31.03.2017 (Rupees in lakhs)		As at 01.04.2016 (Rupees in lakhs)	
	Non Current	Current	Non Current	Current	Non Current	Current
17 Borrowings						
Secured						
Term Loans						
Banks	162.51	555.92	612.61	872.10	1,288.38	896.51
Financial Institutions	—	70.00	52.50	87.50	122.50	87.50
Vehicle loan						
Banks	4.39	3.55	2.87	3.09	6.75	5.36
Working Capital facilities						
Banks	—	3,559.04	—	2,394.71	—	3,192.83
Un secured						
Loan from a Director	89.50	—	78.00	—	—	—
Loan from relatives of Director	255.50	—	222.00	—	—	—
Loan from corporates	—	1,278.00	—	1,300.00	—	1,000.00
	511.90	5,466.51	967.98	4,657.40	1,417.63	5,182.20

Term Loans:

Term loans are from Banks and Financial Institution and total outstanding of ₹ 788.43 lakhs (Previous year - ₹1624.71 lakhs) are secured by pari passu 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 ₹ 365.63 lakhs (Previous year end - ₹ 835.63 lakhs).

Re-payment terms of Term Loan from Banks:

₹ 352.80 Lakhs (Previous year ₹ 591.50 Lakhs)	Repayable in 38 quarterly instalments starting from 31 December 2009 and last instalment due in 31 March 2019. Rate of Interest 13.60% p.a. as at year end. (Previous year end 15.20% p.a.). Outstanding as on 31 March 2018 includes ₹ 65.50 Lakhs instalments due on 31 st March 2018.
₹ 365.63 Lakhs (Previous year ₹ 528.11 Lakhs)	Repayable in 16 quarterly instalments starting from 30 June 2016 and last instalment due in 30 June 2020. Rate of Interest 12.90% p.a. as at year end (Previous year end 12.90% p.a.). Outstanding as on 31 March 2018 includes ₹ 40.62 Lakhs instalments due on 31 st March 2018.
₹ Nil (Previous year ₹ 307.25 Lakhs)	Repaid in February 2018. Rate of interest 13.60% p.a. (Previous year end 13.60% p.a.)
₹ Nil (Previous year ₹ 57.85 Lakhs)	Repaid in April 2017. Rate of interest 11.95% p.a. (Previous year end 11.95% p.a.)

Loan from Financial Institution outstanding of ₹ 70 Lakhs (Previous year ₹ 140 Lakhs) is further secured by Corporate guarantee of M/s Patspin India Limited to the extent of ₹ 175 Lakhs (Previous year ₹ 175 Lakhs).

Re-payment terms of Term Loan from Financial Institutions:

₹ 70 Lakhs (Previous year ₹ 140 Lakhs)	Repayable in 20 quarterly installments starting from 20 February 2014 and last instalment due in 20 November 2018. Rate of Interest 11.50% p.a. as at year end (Previous year end 11.95% p.a.). Outstanding as on 31 March 2018 includes ₹ 17.50 Lakhs installments due on 20 th February 2018 which has been paid on 08 May 2018.
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

Vehicle loan:

Finance Lease Obligations are relating to vehicles and are secured against respective vehicles hypothecated costing ₹ 21.63 lakhs (Previous year end ₹ 21.11 lakhs).

Repayable in Equated Monthly Instalments, last instalment due on April 2022. Average interest rate is 9.25% (Previous year 10.35%)

Working Capital facilities:

Working Capital Loans from Banks are secured by pari passu 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.

Average rate of interest rate is 11.54% p.a. (Previous year 10.19% p.a)

Non-fund based limits sanctioned by the bankers are secured by extension of pari passu 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 ₹1533 lakhs (Previous year ₹ 2029 lakhs).

Loan from Director and relatives of Directors:

As per the borrowal terms, the company has the right to repay the amount fully or partly in case it does not require the same to meet its working capital requirements. The Company proposes that repayment will be on long term basis and hence classified as long term borrowings.

Rate of interest at 11.50% p.a. (Previous year 11.50% p.a.)

Loan from Corporates:

Loan from corporates are repayable on demand carrying interest rate ranging from 13.00% p.a. to 16.00% p.a. (Previous year ranging from 12.00% to 16.00%)

Period and amount of delay as on the balance sheet date in repayment of borrowings and interest

Particulars	Amount Due as on 31.03.2018	Amount paid subsequently	Date of payment	Balance payable
Principal	123.62	17.50	08-May-18	106.12
Interest	28.64	19.03	Various dates	9.61

	As at 31.03.2018 (₹ in lakhs)	As at 31.03.2017 (₹ in lakhs)	As at 01.04.2016 (₹ in lakhs)
18 Other Non Current liabilities			
Employee benefit - Gratuity	<u>278.78</u>	<u>294.86</u>	<u>-</u>
19 Trade payables			
Due to Micro, Small and Medium Enterprises (MSME's) *	—	3.87	—
Due to Others	<u>5,270.70</u>	<u>4,579.42</u>	<u>4670.34</u>
	<u>5,270.70</u>	<u>4,583.29</u>	<u>4,670.34</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

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

	As at 31.03.2018 (₹ in lacs)	As at 31.03.2017 (₹ in lacs)
The principal amount due thereon remaining unpaid as on the Balance sheet date	Nil	3.87
Interest due thereon remaining unpaid	Nil	Nil
Interest paid along with the amount of the payment during the year	Nil	Nil
Interest due and payable but without adding the interest specified in the above-mentioned act.	Nil	Nil
Interest accrued and remaining unpaid at the end of the year.	Nil	Nil
Amount of interest remaining due and payable in subsequent years, and such interest actually paid to and deductible expenditure under section 23 of the said act.	Nil	Nil

* The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at reporting date has been made in the financial statements based on information received and available with the Company and has been relied upon by the auditors.

Further, in the view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro Small and Medium Enterprises Development Act, 2006 ("the MSMED Act") is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

	As at 31.03.2018 (₹ in lakhs)	As at 31.03.2017 (₹ in lakhs)	As at 01.04.2016 (₹ in lakhs)
20 Other financial liabilities			
Interest accrued on borrowings	87.68	116.59	72.92
	<u>87.68</u>	<u>116.59</u>	<u>72.92</u>
21 Other Current liabilities			
Statutory payable and other dues	144.42	62.37	54.80
Other liabilities	11.34	0.65	0.36
	<u>155.76</u>	<u>63.02</u>	<u>55.16</u>
22 Provisions			
Provision for Employee benefits	121.94	114.30	126.70
	<u>121.94</u>	<u>114.30</u>	<u>126.70</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	Year ended 31.03.2018 (₹ in lakhs)	Year ended 31.03.2017 (₹ in lakhs)
23 Revenue from operations		
(A) Sale of Products (Net of Tax)		
Finished Goods :		
Exports	6,530.69	3,373.47
Local	6,137.22	7,266.54
Waste Sales:		
Local	839.45	568.04
TOTAL (A)	<u>13,507.36</u>	<u>11,208.05</u>
(B) Other Operating Income		
Commission Income	679.74	-
Export Incentive	91.59	155.14
TOTAL (B)	<u>771.33</u>	<u>155.14</u>
TOTAL (A) + (B)	<u>14,278.69</u>	<u>11,363.19</u>
24 Other income		
Interest Income	25.95	24.25
Sale of scrap	15.93	13.75
Miscellaneous receipts	1.21	1.20
TOTAL	<u>43.09</u>	<u>39.20</u>
25 Cost of raw materials consumed		
(A) Raw materials Consumed		
Opening Stock	993.92	1,466.46
Add : Purchases during the Year	8,660.73	6,429.07
Less: Sale of Cotton	417.62	770.43
Less: Closing Stock	1,392.45	993.92
TOTAL (A)	<u>7,844.58</u>	<u>6,131.18</u>
(B) Packing Material Consumed		
Opening Stock	17.76	18.35
Add :Purchases during the Year	192.82	139.32
Less:Closing Stock	18.14	17.76
TOTAL (B)	<u>192.44</u>	<u>139.91</u>
TOTAL (A) + (B)	<u>8,037.02</u>	<u>6,271.09</u>
26 Changes in inventory of finished goods, work in progress and waste		
(A) Stock at the beginning of the year:		
Finished goods	1,638.26	1751.65
Goods-in-process	535.85	583.25
Waste	1.74	4.06
TOTAL (A)	<u>2,175.85</u>	<u>2,338.96</u>
(B) Less : Stock at the end of the year:		
Finished goods	1,887.41	1,638.26
Goods-in-process	471.96	535.85
Waste	12.58	1.74
TOTAL (B)	<u>2,371.95</u>	<u>2,175.85</u>
Decrease /(Increase) in inventory (A)-(B)	<u>(196.10)</u>	<u>163.11</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	Year ended 31.03.2018 (₹ in lakhs)	Year ended 31.03.2017 (₹ in lakhs)
27 Employee benefit expenses		
Salaries, Wages and Bonus	1,922.15	1,771.56
Contribution to Provident and Other Funds	260.07	141.96
Welfare Expenses	94.57	95.31
TOTAL	<u><u>2,276.79</u></u>	<u><u>2,008.83</u></u>
28 Finance cost		
Interest Expenses	915.35	866.60
Other borrowing costs	144.67	122.83
TOTAL	<u><u>1,060.02</u></u>	<u><u>989.43</u></u>
29 Other expenses		
Power and fuel	1,470.66	1,249.55
Process charges expenses	361.15	349.28
Consumption- Stores and Spares	78.54	43.85
Repairs & Maintenance- Building	1.34	1.00
Repairs & Maintenance- Plant & Machinery	199.44	142.05
Commission and Brokerage	167.48	120.44
Other selling expenses	179.33	81.35
Insurance	48.81	20.09
Rates and Taxes	4.85	23.40
Rent	10.59	9.76
Directors Sitting Fee	2.66	3.42
Payment to Auditors		
Audit Fee	1.75	1.75
Tax Audit Fee	-	0.77
Certification and other charges	-	1.16
Out of Pocket Expenses	0.09	0.70
(Net gain) / Net loss on foreign currency transaction and translation	62.24	(21.86)
Loss on disposal/discard of Property, Plant and Equipments (Net)	133.61	14.09
Miscellaneous Expenses	251.73	229.01
TOTAL	<u><u>2,974.27</u></u>	<u><u>2,269.81</u></u>
30 Exceptional items shown in Statement of Profit and Loss represents VRS compensation paid to workmen		
	31.03.2018 (₹ in lakhs)	31.03.2017 (₹ in lakhs)
31 Earning per share		
Net profit /(Loss) as per statement of profit and loss	(218.48)	(630.05)
Weighted average Number of Equity Shares (₹ 10 per share)	Nos 11640478	11640478
Basic and diluted Earning Per Share	₹ (1.88)	(5.41)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

32 Employee Benefits Plan

Gratuity:

In accordance with the applicable laws, the Company provides for Gratuity, a defined benefit retirement plan ("The Gratuity Plan") covering eligible employees. The Gratuity plan provides for a lump sum payment to vested employees on retirement (subject to the completion of 5 years of continuous employment), death, incapacitation or termination of the employment based on last drawn salary and tenure of employment.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date and the Company makes annual contribution to the Gratuity Fund administered by Life Insurance Corporation of India, which is basically a year-on-year cash accumulation plan. Though the Company has not fully funded to LIC, adequate provision has been made in the books of accounts. As part of the scheme the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity settlements during the year subject to sufficiency of funds under the policy.

	Gratuity Plan 2017-18 ₹ in Lakhs	Gratuity Plan 2016-17 ₹ in Lakhs
Change in Defined Benefit Obligation (DBO) during the year		
1 Present value of DBO at the beginning of the year	1018.93	777.85
2 Current Service cost	33.37	33.1
3 Interest cost	69.24	62.18
4 Actuarial (gain)/loss arising from changes in experience assumptions	(27.83)	49.94
5 Actuarial (gain)/ loss arising from changes in experience adjustments	(27.14)	360.19
6 Benefits paid	(138.09)	(264.33)
Present value of DBO at the end of the year	928.48	1,018.93
Change in fair value of plan assets during the year		
1 Fair value of plan assets at the beginning of the year	724.07	920.06
2 Interest income	49.20	73.55
3 Employer contributions	13.56	1.05
4 Benefits paid	(138.09)	(264.33)
5 Remeasurements - return on plan assets (excluding interest income)	0.96	(6.26)
Present value of DBO at the end of the year	649.70	724.07
Amounts recognised in the Balance Sheet		
1 Present value of DBO at the end of the year	928.48	1,018.93
2 Fair value of plan assets at the end of the year	649.70	724.07
Funded status of the plans - Surplus / (Deficit)	(278.78)	(294.86)
Assets and (Liability) recognised in the Balance sheet	(278.78)	(294.86)
Components of employer expense		
1 Current service cost	33.37	33.10
2 Interest cost / (income) on net defined benefit obligation	20.04	(11.37)
Expense recognised in Statement of Profit and Loss	53.41	21.73
Remeasurements on the net defined benefit obligation		
Return on plan assets(excluding interest income)	(0.96)	6.36
Actuarial (gain) / loss arising from changes in financial assumptions	(27.83)	49.94
Actuarial (gain) / loss arising from changes in experience adjustments	(27.14)	360.19
Remeasurements recognised in other comprehensive income	(55.93)	416.49
Total defined benefit cost recognised	(2.52)	438.22
Nature and extent of investment details of the plan assets		
State and Central Securities	-	-
Bonds	-	-
Special Deposits	-	-
Insurer Managed funds	100%	100%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	Gratuity Plan	
	As at 31.03.2018	As at 31.03.2017
Assumptions		
Discount rate	7.50%	6.80%
Expected rate of salary increase	3.00%	3.00%
Sensitivity analysis - DBO at the end of the year (in lakhs)		
Discount rate + 100 basis points	892.18	976.58
Discount rate - 100 basis points	969.24	1,066.67
Salary Growth rate + 1%	970.70	1,068.04
Salary Growth rate - 1%	890.34	974.71
Attrition rate +50%	936.38	1,026.73
Attrition rate -50%	920.03	1,010.55
Weighted average duration of DBO	4 years	4 years
Expected cash flows (in lakhs)		
1. Expected employer contribution in the next year	303.84	
2. Expected benefit payments		
Year 1	336.91	
Year 2 to year 5	404.66	
Year 6 to year 10	250.23	
Beyond 10 years	426.31	

33 Related Party Disclosures pursuant to Ind AS 24

(a) Names of Related parties and nature of relationships.

i. Associate:

Patspin India Ltd

ii. Companies under joined control as per para 9 (b) vi of Ind AS 24

GTN Enterprises Ltd

Beekaypee Credit Private Ltd

Umang Finance Private Ltd

iii. Key Management Personnel:

Shri B.K. Patodia – Chairman & Managing Director

Shri A. K. Warerkar - Vice President (Finance) & Chief Financial Officer

Shri E.K. Balakrishnan - Vice President (Corporate Affairs) & Company Secretary

iv. Relatives of Key Management Personnel:

1. Smt. Prabha Patodia, Wife of Sri. B.K. Patodia

2. Shri. Umang Patodia, Son of Sri. B.K. Patodia

3. Shri. Ankur Patodia, Son of Sri. B.K. Patodia

4. Smt. Mala Patodia, Daughter in Law of Sri. B.K. Patodia

5. Smt. Swati Patodia, Daughter in Law of Sri. B.K. Patodia

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

(b) Transactions / Balances

	Associates		Company under joint control under para 9 (b) vi of Ind AS 24		Key Management Personnel		Relatives of Key Management Personnel	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Sale of goods	424.72	820.76	620.39	1,129.99	—	—	—	—
Purchase of goods	1,160.08	1,292.80	1,963.71	2,279.34	—	—	—	—
Sale of fixed assets	9.75	28.11	—	—	—	—	—	—
Rendering of services	1.32	1.32	1.20	1.20	—	—	0.12	0.09
Receiving of services	173.26	133.77	64.78	147.16	—	—	3.60	3.60
Remuneration paid	—	—	—	—	44.71	44.69	—	—
Un Secured Loans taken	—	—	3.00	—	11.50	78.00	33.50	222.00
Interest Paid	—	—	—	—	11.50	—	33.50	—
Balances as at year end								—
Trade Payables	876.85	805.07	943.82	1,309.16	—	—	—	—
Trade Receivables	—	—	—	—	—	—	—	—
Loans Outstanding	—	—	3.00	—	89.50	78.00	255.50	222.00
Interest Payable	—	—	0.33	—	0.78	4.67	1.44	13.29
Investments	1,964.26	1,964.26	—	—	—	—	—	—
Guarantees provided for	300.00	300.00	—	—	—	—	—	—
Guarantees received	175.00	175.00	—	—	—	—	—	—

(c) Disclosure in respect of transactions with related parties during the year

		Transactions	
		2017-18	2016-17
(i)	Sale of goods		
	a) Cotton		
	i) GTN Enterprises LTD	323.84	567.60
	ii) Patspin India LTD	97.38	283.25
	b) Cotton Yarn		
	i) GTN Enterprises LTD	294.76	560.80
	ii) Patspin India LTD	321.07	533.91
	c) Store Items		
	i) GTN Enterprises LTD	—	1.59
	ii) Patspin India LTD	5.53	3.60
	d) Waste		
	i) Patspin India LTD	0.60	—
	e) Machinery		
	i) Patspin India LTD	9.75	28.11
	f) Packing Materials		
	i) GTN Enterprises LTD	1.79	—
	ii) Patspin India LTD	0.14	—
(ii)	Purchase of goods		
	a) Cotton		
	i) GTN Enterprises LTD	1,294.92	2,000.09
	ii) Patspin India LTD	1,125.52	1,086.57
	b) Cotton Yarn		
	i) GTN Enterprises LTD	668.34	277.67
	ii) Patspin India LTD	33.15	203.70

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	Transactions	
	2017-18	2016-17
c) Store Items		
i) GTN Enterprises LTD	—	1.58
ii) Patspin India LTD	0.09	2.45
d) Packing Materials		
i) GTN Enterprises LTD	0.46	—
ii) Patspin India LTD	1.32	0.08
(iii) Rendering of services		
a) Rent		
i) GTN Enterprises LTD	1.20	1.20
ii) Patspin India LTD	1.32	1.32
iii) Smt. Mala Patodia	0.12	0.09
(iv) Receiving of services		
a) Rent		
i) Prabha Patodia	1.80	1.80
ii) Mala Patodia	0.90	0.90
iii) Swati Patodia	0.90	0.90
b) Processing Charges		
i) GTN Enterprises LTD	64.78	147.16
ii) Patspin India LTD	173.26	133.77
(v) Remuneration paid		
SRI. B. K. PATODIA	44.71	44.69
(vi) Un Secured Loans taken		
i) Shri. B.K. Patodia	11.50	76.00
ii) Binod Kumar Patodia HUF		2.00
iii) Smt. Prabha Patodia	9.50	62.00
iv) Shri. Umang Patodia	7.50	50.00
v) Shri. Ankur Patodia	9.50	62.00
vi) Smt. Mala Patodia	4.50	30.00
vii) Smt. Swati Patodia	2.50	18.00
viii) M/s Beekaypee Credit Pvt Ltd	1.25	—
ix) M/s Umang Credit Private Ltd	1.75	—
(x) Interest Paid		
i) Shri. B.K. Patodia	11.50	-
ii) Smt. Prabha Patodia	9.50	-
iii) Shri. Umang Patodia	7.50	-
iv) Shri. Ankur Patodia	9.50	-
v) Smt. Mala Patodia	4.50	-
vi) Smt. Swati Patodia	2.50	-
(xi) Guarantees provided for Patspin India Limited	300.00	300.00
(xii) Guarantees received from Patspin India Limited	175.00	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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

34 The accounts of certain Trade Receivables, Trade Payables, Loans & Advances and Banks are subject to formal confirmations/reconciliation and consequent adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation/adjustments.

35 In term of Ind AS -108 - Operating segments, the company operates materially only in one business segment viz., Yarn. During the year the Company has earned income of ₹ 679.74 Lakh from other business segment viz, Commission Agency. As there is no deployment of any direct resources or material expenses to this segment, a separate disclosure under segment reporting for the above additional business has not been made.

36 Finance Lease assets, loan repayable and future payments disclosure.

Particulars	As at 31.03.2018			As at 31.03.2017		
	Total Minimum payments Outstanding (₹ in Lakhs)	Future Interest on outstanding (₹ in Lakhs)	Present value of minimum payments (₹ in Lakhs)	Total Minimum payments Outstanding (₹ in Lakhs)	Future Interest on outstanding (₹ in Lakhs)	Present value of minimum payments (₹ in Lakhs)
1. Due within one year	3.53	0.57	4.10	3.09	0.46	2.63
2. Between one year to five years	4.42	0.58	5.00	2.87	0.20	2.67
Total	7.95	1.15	9.10	5.96	0.66	5.30

37 Contingent liabilities and commitments

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 Lakhs (Previous year ₹ 300 Lakhs) 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 ₹1054.50 Lakhs. (Previous year ₹ 1318.12 Lakhs)

38 a. Financial risks management

In the course of business, amongst others, the Company is exposed to several financial risks such as Credit Risk, Liquidity Risk, Interest Rate Risk and Exchange Risk. These risks may be caused by the internal and external factors resulting into impairment of the assets of the Company causing adverse influence on the achievement of Company's strategies, operational and financial objectives, earning capacity and financial position.

The Company has formulated an appropriate policy and established a risk management framework which encompass the following process.

- identify the major financial risks which may cause financial losses to the company
- assess the probability of occurrence and severity of financial losses
- mitigate and control them by formulation of appropriate policies, strategies, structures, systems and procedures
- Monitor and review periodically the adherence, adequacy and efficacy of the financial risk management system.

The Company enterprise risk management system is monitored and reviewed at all levels of management, Internal Auditors, Audit Committee and the Board of Directors from time to time.

Credit Risk

Credit Risk refers to the risks that arise on default by the counter party on its contractual obligation resulting into financial loss to the company. The company may carry this Risk on Trade and other receivables, liquid assets and some of the non current financial assets.

In case of Trade receivables, the company has framed appropriate policy for extending credits period & limit to each customer based on their profile, financial position etc. The collections of trade dues are strictly monitored . In case of Export customers, even credit guarantee insurance is also obtained wherever required.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

Company's exposure to Credit Risk is also influenced by the concentration of risk from top five customers. The details in respect of the% of sales generated from the top customer and top five customers are given hereunder.

Particulars	Current Year	Previous Year
Revenue from Top Customer	12.86%	8.97%
Revenue from Top Five Customers	35.26%	31.42%

The credit risk on cash & cash equivalent, investment in fixed deposits, liquid funds and deposits are insignificant as counterparties are banks with high credit ratings assigned by the rating agencies of international repute.

Liquidity Risk

Liquidity Risk arises when the company is unable to meet its short term financial obligations.

The company maintains liquidity in the system so as to meet its financial liabilities.

Contractual maturities of financial liabilities are given as under:

Particulars	As at 31 st March 2018	Due within 12 months from Balance sheet Date	Due beyond 12 months of Balance Sheet Date
Borrowings	5,978.41	5,466.51	511.90
Trade payables	5,270.70	5,270.70	-
Other Financial Liabilities	87.68	87.68	-

Interest Rate Risk

Generally market linked financial instruments are subject to interest rate risk. The company does not have any market linked financial instruments both on the asset side as well liability side. Hence there is no interest rate risk linked to market rates.

However the interest rate in respect of major portion of borrowings by the Company from the banks and Financial institution are linked with the MCLR / Base Prime lending rate of the respective lender. Any fluctuation in the same either on higher side or lower side will result into financial loss or gain to the company.

The amount which is subjected to the change in the interest rate is of ₹ 4347.47 lakhs out of the total debt of ₹ 5978.41 lakhs

Based on the Structure of the debt as at year end, a half percentage point increase in the interest rate would cause an additional expense in the net financing cost of ₹ 21.74 Lakhs on annual basis.

Foreign Currency Risk

The company is exposed to the foreign currency risk from transactions & translation. Transactional exposures are arising from the transactions entered in foreign currency. Management keeps a close watch of the maturity of the financial assets in foreign currency and payment obligations of the financial liabilities.

Particulars of un- hedged Foreign Currency exposures as at 31.03.2018 are given below:

Particulars	As at 31.03.2018			As at 31.03.2017		
	Amount in Lakhs	Exchange Rate ₹	Amount (₹ in lacs)	Amount in Lakhs	Exchange Rate ₹	Amount (₹ in lacs)
Accounts payable	USD 20.19	65.18	1316.40	USD 16.00	64.86	1038.01

Based on one percentage point variations in the exchange rate, the profit before tax for the year based on the unhedged foreign currency transaction entered during the period will be effected by ₹ 13.16 Lacs

38 b. Capital risk management

The Company's objectives when managing capital are to :

- Create value for its shareholders and other stake holders
- maintain an optimal capital structure to reduce the cost of capital through a fair mix of equity with combination of short term / Long term as may be appropriate

The Company decides the amount of capital required on the basis of annual business and long-term operating plans which includes capital and other strategic investments. The Company's intention is to maintain a stable and strong capital structure so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

The details of capital employed is given below:

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Total equity	10,235.87	10,431.69
Net Debt	5,957.05	5,508.09
Total Capital (Borrowings and Equity)	16,192.92	15,939.78

- (i) Net debt represents total borrowings (non-current & current) as reduced by cash and cash equivalents.
- (ii) Equity comprises of all components including other comprehensive income.

39 First time adoption of Ind AS

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1st April, 2017, with a transition date of 1st April, 2016. The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements for the year ended 31st March, 2018, be applied retrospectively and consistently for all financial years presented. However, in preparing these Ind AS financial statements, the Company has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity).

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A. Optional Exemptions

(i) Deemed Cost

The Company has elected to continue with the carrying value of all of its plant and equipment and intangible assets recognised as of 1st April, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date, except Freehold land for which the Company had adopted the revaluation model pursuant to the para 29 to 31 of Ind AS 16 and recognised revalued cost as its deemed cost as at 1st April 2016.

(ii) Designation of previously recognised financial instruments

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

(iii) De-recognition of financial assets and financial liabilities

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April, 2016 (the transition date).

B. Mandatory Exceptions

(a) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company make estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

- Investment in equity instruments carried at cost;
- Impairment of financial assets based on expected credit loss model.

(b) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

C. Transition to Ind AS - Re-conciliations

The following re-conciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS in accordance with Ind AS 101:

- (i) Reconciliation of Balance sheet as at April 1, 2016 (Transition Date)
- (ii) A. Reconciliation of Balance sheet as at March 31, 2017
B. Reconciliation of Statement of total Comprehensive Income for the year ended March 31, 2017
- (iii) A. Reconciliation of Equity as at April 1, 2016 and March 31, 2017
B. Reconciliation of Income Statement March 31, 2017
- (iv) Adjustments to Statement of Cash Flows

The presentation requirements under Previous GAAP differs from Ind AS and hence Previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The Regrouped Previous GAAP information is derived from the Financial Statements of the Company prepared in accordance with Previous GAAP.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Reconciliation of balance sheet items

		As at date of transition 1 April 2016			As at 31 March 2017		
Assets	Note	Previous GAAP	Adjustment on transition on Ind AS	Ind AS	Previous GAAP	Adjustment on transition on Ind AS	Ind AS
Non-current assets							
Property, Plant and Equipment	a	4,654.92	8,469.13	13,124.05	4,232.65	9,229.66	13,462.31
Intangible Assets		6.29	-	6.29	3.59	-	3.59
Financial Assets							
(i) Investments	b	1,964.92	(0.06)	1,964.86	1,964.92	0.01	1,964.94
(ii) Others		17.86	-	17.86	14.71	-	14.71
Deferred Tax Assets (net)	c	25.33	78.00	103.33	252.17	78.00	330.17
Non-Current tax assets	c	122.18	(78.00)	44.18	110.35	(78.00)	32.35
Sub-Total		6,791.50	8,469.07	15,260.57	6,578.39	9,229.67	15,808.06
Current assets							
Inventories		3,855.61	-	3,855.61	3,208.94	-	3,208.94
Financial assets							
(i) Trade Receivables		1,666.71	-	1,666.71	1,371.45	-	1,371.45
(ii) Cash and Cash equivalents		103.38	-	103.38	117.29	-	117.29
(iii) Bank balances		219.05	-	219.05	233.32	-	233.32
(iv) Other financial assets	d	3.28	-	3.28	16.62	15.39	32.01
Other Current Assets		879.96	-	879.96	458.05	-	458.05
Sub-Total		6,727.99	-	6,727.99	5,405.67	15.39	5,421.06
TOTAL ASSETS		13,519.49	8,469.07	21,988.56	11,984.06	9,245.06	21,229.12
EQUITY AND LIABILITIES							
Equity							
Equity share capital		1,164.05	-	1,164.05	1,164.05	-	1,164.05
Other Equity	a, b & d	830.49	8,469.07	9,299.56	182.76	9,084.87	9,267.64
Sub-Total		1,994.54	8,469.07	10,463.61	1,346.81	9,084.87	10,431.68
Liabilities							
Non current liabilities							
Financial liabilities							
Borrowings		1,417.63	-	1,417.63	967.98	-	967.98
Other non current liabilities	e	-	-	-	-	294.86	294.86
Sub-Total		1,417.63	-	1,417.63	967.98	294.86	1,262.84
Current liabilities							
Financial liabilities							
(i) Borrowings		5,182.20	-	5,182.20	4,657.40	-	4,657.40
(ii) Trade payables	e	4,670.34	-	4,670.34	4,717.96	(134.67)	4,583.29
(iii) Other financial liabilities		72.92	-	72.92	116.59	-	116.59
Other current liabilities		55.16	-	55.16	63.02	-	63.02
Provisions		126.70	-	126.70	114.30	-	114.30
Sub-Total		10,107.32	-	10,107.32	9,669.28	(134.67)	9,534.60
TOTAL EQUITY AND LIABILITIES		13,519.49	8,469.07	21,988.56	11,984.06	9,245.06	21,229.12

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Reconciliation of Total Comprehensive income

	Note	Year ended 31 March 2017		
		Previous GAAP	Adjustment on transition on Ind AS	Ind AS
REVENUE:				
Revenue From Operations		11,363.19	-	11,363.19
Other income		39.20	-	39.20
Total Revenue		11,402.39	-	11,402.39
EXPENSES:				
Cost of materials consumed		6,271.09	-	6,271.09
Changes in inventories of finished goods, work in progress and waste		163.11	-	163.11
Employee benefits expense	e	2,026.51	(17.68)	2,008.83
Finance costs		989.43	-	989.43
Depreciation and amortization expense		391.65	-	391.65
Other expenses		2,269.81	-	2,269.81
Total Expenses		12,111.60	(17.68)	12,093.92
Profit / (Loss) before exceptional items and tax		(709.21)	17.68	(691.53)
Exceptional items		165.36	-	165.36
Profit / (Loss) before tax		(874.57)	17.68	(856.89)
Deferred tax charge / (Credit)		(226.84)	-	(226.84)
Profit / (Loss) for the year (A)		(647.73)	17.68	(630.05)
Other Comprehensive income (Net of Tax)				
Items that will not be reclassified subsequently to statement of Profit or loss				
(a) Re-measurement of defined benefit Obligation	e	-	(177.86)	(177.86)
(b) MTM of forward contract	d	-	15.38	15.38
Other Comprehensive Income for the year (B)		-	(162.48)	(162.49)
Total comprehensive income for the year (A) + (B)		(647.73)	(144.80)	(792.53)

Note: Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note

Notes to first time adoption:

a. Property, plant and Equipment

In accordance with the option available under Ind AS 101-First time adoption of Indian Accounting Standards, the company has opted to continue with net carrying values of all Property, plant and Equipment as at 1st April 2016 as per the previous GAAP and use that as the Deemed cost excepting Freehold Land. The Company has adopted cost model as their accounting policy for subsequent measurement and recognition of Property, plant and equipment.

For Freehold Land, as per the provisions of Para 29 to 31 of the Ind AS 16, the company has adopted Revaluation model and has determined its fair value on the transition date of 1st April 2016 on the basis of valuation report of external valuer and considered the same as its Deemed cost. The fair value of the land amounted to ₹ 8493.47 Lakhs (Cost ₹ 24.34 Lakhs) as at 1 April 2016. Impact of the fair value changes as on the date of transition, is recognised in opening reserves/separate component of other equity, as the case may be.

b. Fair valuation of Financial Assets - Investments

In previous GAAP, investments were measured at cost. Under Ind AS, the Company has valued financial assets - investments at cost or at fair value i.e, either through Profit and Loss or Other Comprehensive Income. Impact of fair value changes as on the date of transition, is recognised in opening reserves/ separate component of other equity and changes thereafter are recognised in Statement of Profit and Loss or Other Comprehensive Income, as the case may be.

c. Deferred Tax

Under previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profit and accounting profits for the year. Under Ind AS, deferred tax is recognised following balance sheet approach on the temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base.

d. Re-measurement of forward contracts

In the previous GAAP, outstanding forward exchange contracts covering the exchange risk on Export and Import transactions were not marked to market at the year-end. Under Ind AS, the outstanding forward exchange contracts were re-measured based on the spot rates prevailing at the year -end and impact is recognised in the financial statements of the year.

e. Defined benefits Liabilities:

Under Ind AS Re-measurements i.e. Actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in Other comprehensive income instead of profit and loss in previous GAAP.

Signature to Note 1 to 39
As per our report of even date attached

For and on behalf of the Board

For **L.U. KRISHNAN & Co.**
Chartered Accountants
(ICAI FRN 001527S)

B. K. PATODIA
Chairman & Managing Director
DIN. 00003516

B. L. SINGHAL
Director
DIN. 00006433

P. K. MANOJ
Partner
(M. NO. 207550)

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

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

Place : Kochi
Date : 30th May, 2018

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

Report on the Audit of Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **GTN Textiles Limited** ('the Holding Company') and its associate Company (collectively referred to as 'the Group'), which comprise the consolidated balance sheet as at 31 March 2018, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity, the consolidated statement of cash flow for the year then ended, and summary of the significant accounting policies and other explanatory information (collectively referred to as the 'consolidated Ind AS financial statements').

Management's Responsibility for the Consolidated Ind AS 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 preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the state of affairs (consolidated financial position), profit or loss (consolidated financial performance, including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the relevant rules issued thereunder.

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 consolidated Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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 thereunder.

We conducted our audit of the consolidated Ind AS financial statements 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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 Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS 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 (consolidated financial position) of the Group as at 31 March 2018, their consolidated loss (consolidated financial performance including other comprehensive income), their consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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 Ind AS financial statements;

Independent Auditors' Report (Contd.)

- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books;
- (c) The consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of changes in equity and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder;
- (e) on the basis of the written representations received from the directors of the Holding Company and its Associate Company as on 31 March 2018, and taken on record by the Board of Directors of the Holding Company and its associate Company, none of the directors of the Group's is disqualified as on 31 March 2018 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 with reference to financial statements of the Holding Company, its associate Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. There were no pending litigations which would impact the consolidated financial position of the Group.
 - ii. 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;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

For L. U. Krishnan & Co
Chartered Accountants
ICAI FRN – 0015275

P. K. Manoj
Partner

Membership No.20755

Place: Kochi

Date : 30th May, 2018

“ANNEXURE – A” TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

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 Ind AS financial statements of the Company as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of GTN Textiles Limited ('the Holding Company') and its Associate Company (collectively referred to as 'the Group') as on 31st March 2018.

Management's Responsibility for Internal Financial Controls

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

Auditor's 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") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section

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

143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 unauthorized 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 and its Associate Company incorporated in India, 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 at 31 March 2018, 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 L. U. Krishnan & Co
Chartered Accountants
ICAI FRN – 001527S

Place: Kochi
Date : 30th May, 2018

P. K. Manoj
Partner
Membership No. 207550

GTN TEXTILES LIMITED

CONSOLIDATED BALANCE SHEET

		Note No.	As at 31.03.2018 (₹ in lakhs)	As at 31.03.2017 (₹ in lakhs)	As at 01.04.2016 (₹ in lakhs)
I. ASSETS					
1	Non-current assets				
(a)	Property, Plant and Equipment	3	12,926.75	13,462.31	13,124.05
(b)	Intangible assets	4	4.41	3.59	6.29
(c)	Financial Assets				
(i)	Investments	5	314.92	515.82	87.13
(ii)	Others	6	9.11	14.71	17.86
(d)	Deferred tax assets (net)	7	366.96	330.17	103.33
(e)	Other Non-Current tax assets	8	68.58	32.35	44.18
	Sub-Total		13,690.73	14,358.95	13,382.84
2	Current assets				
(a)	Inventories	9	4,776.87	3,208.94	3,855.61
(b)	Financial Assets				
(i)	Trade receivables	10	1,220.59	1,371.45	1,666.71
(ii)	Cash and Cash equivalents	11	21.36	117.29	103.38
(iii)	Bank balances other than (ii) above	12	279.33	233.32	219.05
(iv)	Other financial assets	13	24.17	32.01	3.28
(c)	Other Current Assets	14	466.15	458.05	879.96
	Sub-Total		6,788.47	5,421.06	6,727.99
	TOTAL ASSETS		20,479.20	19,780.01	20,110.83
II. EQUITY AND LIABILITIES					
Equity					
(a)	Equity share capital	15	1,164.05	1,164.05	1,164.05
(b)	Other Equity	16	7,421.88	7,818.52	7,421.83
	Sub-Total		8,585.93	8,982.57	8,585.88
Liabilities					
1	Non-current liabilities				
(a)	Financial liabilities				
(i)	Borrowings	17	511.90	967.98	1,417.63
(b)	Other non-current liabilities	18	278.78	294.86	—
	Sub-Total		790.68	1,262.84	1,417.63
2	Current liabilities				
(a)	Financial Liabilities				
(i)	Borrowings	17	5,466.51	4,657.40	5,182.20
(ii)	Trade payables	19	5,270.70	4,583.29	4,670.34
(iii)	Other financial liabilities	20	87.68	116.59	72.92
(b)	Other current liabilities	21	155.76	63.02	55.16
(c)	Provisions	22	121.94	114.30	126.70
	Sub-Total		11,102.59	9,534.60	10,107.32
	TOTAL EQUITY AND LIABILITIES		20,479.20	19,780.01	20,110.83

Significant accounting policies

1 & 2

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

As per our report of even date attached

For and on behalf of the Board

For **L. U. KRISHNAN & Co.**
Chartered Accountants
(ICAI FRN 001527S)

B. K. PATODIA
Chairman & Managing Director
DIN. 00003516

B. L. SINGHAL
Director
DIN. 00006433

P. K. MANOJ
Partner
(M. NO. 207550)

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

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

Place : Kochi

Date : 30th May, 2018

GTN TEXTILES LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Note No.	Year ended March 31, 2018 (₹ in Lakhs)	Year ended March 31, 2017 (₹ in Lakhs)
Revenue:			
Revenue From Operations	23	14,278.69	11,363.19
Other income	24	43.09	39.20
Total Revenue		14,321.78	11,402.39
Expenses:			
Cost of materials consumed	25	8,037.02	6,271.09
Changes in inventories of finished goods, work in progress and waste	26	(196.10)	163.11
Employee benefits expense	27	2,276.79	2,008.83
Finance costs	28	1,060.02	989.43
Depreciation and amortization expense		370.63	391.65
Other expenses	29	2,974.27	2,269.81
Total Expenses		14,522.63	12,093.92
Profit/(Loss) before exceptional items and tax		(200.85)	(691.53)
Exceptional items	30	64.83	165.36
Profit/(Loss) before tax and share of Associate		(265.68)	(856.89)
Share of Profit / (Loss) of Associate		(200.82)	462.35
Current tax		—	—
Deferred tax charge / (Credit)		(47.20)	(226.84)
Profit / (Loss) for the year (A)		(419.30)	(167.70)
Other Comprehensive income (Net of Tax)			
Items that will not be reclassified in to Profit or loss			
(a) Re-measurement of defined benefit Obligation		38.65	(177.86)
(b) MTM of forward contract		(7.40)	15.38
(c) Share of OCI of Associates		-	(33.74)
Total Other Comprehensive Income (net of tax) - (B)		31.25	(196.22)
Total comprehensive Income /(Loss) for the year (A) + (B)		(388.05)	(363.92)
Earnings per Equity share of ₹ 10 each			
Basic and Diluted (in ₹)	31	(3.60)	(1.44)
Significant accounting policies	1 & 2		
The accompanying Notes 1 to 41 are an integral part of the consolidated financial statements			

As per our report of even date attached

For and on behalf of the Board

For **L. U. KRISHNAN & Co.**
Chartered Accountants
(ICAI FRN 001527S)

B. K. PATODIA
Chairman & Managing Director
DIN. 00003516

B. L. SINGHAL
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Partner
(M. No. 207550)

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

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

Place : Kochi
Date : 30th May, 2018

GTN TEXTILES LIMITED

STATEMENT OF CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2018

	2017-18 (₹ in Lakhs)	2016-17 (₹ in Lakhs)
A. Cash flow from operating activities		
Net Profit / (loss) before Tax exceptional items	(200.85)	(691.53)
Adjustments for:		
Depreciation and Amortization expense	370.63	391.65
Profit / (loss) on sale / Disposal / Discarded of Property, Plant and Equipments (Net)	133.61	14.09
Exchange difference (Net)	24.33	(56.08)
Gain (Loss) on other comprehensive income (net)	31.25	(177.86)
Finance Cost	915.35	866.60
Interest Income	(25.95)	(24.25)
Operating profit before working capital changes	<u>1,248.36</u>	<u>322.62</u>
Changes in working Capital:		
Increase / (Decrease) in Trade Payables	663.08	(30.98)
Increase / (Decrease) in Other Liabilities	47.74	346.41
Increase / (Decrease) in Provision for Employee benefit	7.64	(12.41)
(Increase) / Decrease in Trade receivables	150.86	295.26
(Increase) / Decrease in Inventories	(1,566.00)	647.20
(Increase) / Decrease in Other Assets	5.34	411.18
(Increase) / Decrease in Balance in Margin Money / Deposit accounts	(46.01)	(14.27)
Cash generated from operations	<u>511.02</u>	<u>1,965.01</u>
Income Taxes Paid (net)	(36.23)	11.83
Net cash generated from operations before exceptional items	<u>474.78</u>	<u>1,976.84</u>
Less: Exceptional items	64.83	165.36
Net cash generated from operating activities	<u>409.95</u>	<u>1,811.48</u>
B. Cash flow from investing activities		
Purchase of property, Plant and Equipments, including capital working progress and capital advances.	(28.88)	(25.74)
Proceeds from sale of property, Plant and Equipments	59.38	44.97
Interest Income	25.95	24.25
Net cash generated / (used) from investing activities	<u>56.45</u>	<u>43.48</u>
C. Cash flow from financing activities		
Repayment of Long term borrowings	(501.09)	(749.65)
Increase / (Decrease) in Short term borrowings	831.11	(824.80)
Interest and other borrowing cost paid	(915.35)	(866.60)
Inter corporate Deposits / Loans (net)	23.00	600.00
Net cash generated / (used) from financing activities	<u>(562.33)</u>	<u>(1,841.05)</u>
Net increase / (decrease) in cash and cash equivalents	<u>(95.93)</u>	<u>13.91</u>
Cash and cash equivalents at the beginning of the year	<u>117.29</u>	<u>103.38</u>
Cash and cash equivalents at the end of the year	<u>21.36</u>	<u>117.29</u>

Note:

The above cash flow statement has been prepared by using the indirect method as per the Accounting Standard (Ind AS 7) - Statement of Cash Flows.

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

As per our report of even date attached

For and on behalf of the Board

For **L. U. KRISHNAN & Co.**
Chartered Accountants
(ICAI FRN 001527S)

B. K. PATODIA
Chairman & Managing Director
DIN. 00003516

B. L. SINGHAL
Director
DIN. 00006433

P. K. MANOJ
Partner
(M. NO. 207550)

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

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

Place : Kochi
Date : 30th May, 2018

GTN TEXTILES LIMITED

CONSOLIDATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

	Equity Share Capital				Other Equity				Total equity attributable to equity share holders of the Company
	Reserve and Surplus		Revaluation surplus	Equity instrument through other comprehensive income	Items of Other Comprehensive Income		Total		
	General Reserves	Retained Earnings		Impact on MTM of Forward Contract					
As at 01 st April, 2016	1,164.05	-	2,092.36	(3,139.60)	8,469.13	-	-	7,421.83	8,585.88
Revaluation of Land	-	-	-	-	760.54	-	-	760.54	760.54
FVTOCI - Investment	-	-	-	-	-	0.07	-	0.07	0.07
Remeasurement of the defined benefit obligation, net of tax effect	-	-	-	-	-	-	(177.86)	(177.86)	(177.86)
Impact of MTM net of tax effect	-	-	-	-	-	-	-	-	-
Share of OCI of Associates	-	-	-	(33.74)	-	-	-	(33.74)	(33.74)
Profit / (Loss) for the year ended 31.03.2017	-	-	-	(167.70)	-	-	-	(167.70)	(167.70)
Balance as at 31.03.2017	1,164.05	-	2,092.36	(3,341.04)	9,229.67	0.01	(177.86)	7,818.52	8,982.57
FVTOCI - Investment	-	-	-	-	-	(0.08)	-	(0.08)	(0.08)
Deferred tax impact on MTM	-	-	-	6.87	-	-	-	6.87	6.87
Remeasurement of the defined benefit obligation, net of tax effect	-	-	-	-	-	-	38.65	38.65	38.65
Impact of MTM net of tax effect	-	-	-	-	-	-	-	-	-
Profit / (Loss) for the year ended 31.03.2018	-	-	-	(419.30)	-	-	(22.78)	(22.78)	(22.78)
Balance as at 31.03.2018	1,164.05	-	2,092.36	(3,753.47)	9,229.67	(0.07)	(7.40)	7,421.88	8,585.93

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

As per our report of even date attached

For and on behalf of the Board

For L. U. KRISHNAN & Co.
Chartered Accountants
(ICAI FRN 001527S)

B. K. PATODIA
Chairman & Managing Director
DIN. 00003516

B. L. SINGHAL
Director
DIN. 00006433

P. K. MANOJ
Partner
(M. NO. 207550)

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

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

Place : Kochi
Date : 30th May, 2018

GTN TEXTILES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Significant Accounting Policies and notes forming part of the Consolidated Financial statements for the year ended 31st March, 2018.

1 Corporate Information:

The consolidated Financial statements comprise financial statements of GTN Textiles Limited and its Associate, PATSPIN INDIA LIMITED for the year ended 31 March, 2018. GTN Textiles Limited is holding 46.21% of equity share capital of Patspin India Limited.

GTN Textiles Limited ('the company') is a Public Limited company incorporated and domiciled in India, and has its registered office at Erumathala, Aluva, Cochin, Kerala State, India. The company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange(BSE) in India. The Company is engaged mainly in the business of manufacture and Export of Fine and super fine combed cotton yarn.

2 Significant Accounting Policies

2.1 Basis of preparation of consolidated financial statements:

The consolidated financial statements of the group have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act 2013 read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act.

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statement of GTN Textiles Limited and its Associate, Patspin India Limited (collectively referred as "the Group") as at 31st March, 2018.

The results and assets and liabilities of associate are incorporated in these consolidated financial statements using the equity method of accounting.

Under the equity method, investment in associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the group's share of losses of associate exceeds the group's interest in that associate (Which includes any long -term interests that, in substance, form part of the Group's net investment in the associate), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associate is eliminated to the extent of the group's interest in this entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

2.3 Rounding of amount

These consolidated financial statements are presented in Indian Rupees, which is also the group's functional currency. All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

2.4 Historical Cost convention

The financial statements have been prepared under the historical cost convention, on the basis of a going concern and on accrual basis except for the following items –

- a. Certain Financial Assets and Liabilities (including derivative instruments) are measured at Fair value
- b. Defined benefit employee plan - Plan assets measured at fair value

2.5 Use of Estimates

The preparation of consolidated 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 consolidated financial statements and reported amounts of revenue and expenses of the reporting period. The recognition, measurement, classification or disclosure of an item or information in the consolidated financial statements is made relying on these estimates.

The estimates and judgements used in the preparation of the consolidated financial statements are continuously evaluated by the group and are based on historical experience and various other assumptions and factors (including expectations of the future events) that the group believes to be reasonable under the existing circumstances. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively.

2.6 Classification of Assets and Liabilities

All assets and liabilities have been classified as current or non-current as per the group'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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

between the acquisition of assets for processing and their realisations in cash and cash equivalents, the group has ascertained its operating cycle as 12 (twelve) months for the purpose of current and non-current classification of assets and liabilities.

2.7 Property, Plant and Equipment:

All items of property, plant and equipment are stated at cost net of accumulated depreciation and impairment, if any. The cost comprises its purchase price and any cost directly attributable to bringing the Property, Plant and Equipment to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in the consolidated statement of profit and loss. Property, plant and equipment are eliminated from consolidated financial statements, either on disposal or when retired from active use. Losses arising from the retirement of and gains or losses arising from disposal of Property, plant and equipment are recognised in the consolidated statement of profit and loss.

The cost of property, plant and equipment which are not ready for their intended use before such date, are disclosed as capital work-in-progress.

The Group assesses at each Balance Sheet date whether there is any indication that any property, plant and equipment may be impaired, if any such indication exists, the carrying value of such property, plant and equipment is reduced to recoverable amount and the impairment loss is charged to consolidated statement of profit and loss. If at the consolidated Balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed, and the asset is restated to that extent.

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1st April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment except Free hold Land for which the Group had adopted revaluation model pursuant to the para 29 to 31 of Ind AS 16 and recognised revalued cost as its deemed cost as at 1st April 2016. Revaluation of freehold land would be carried at sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

2.8 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.

Depreciation is provided pro-rata from the date of capitalisation. Depreciation is calculated on the carrying amount, which is the cost of an asset less its residual value.

2.9 Intangible Assets

Intangible assets are carried at cost, net of accumulated amortization and impairment losses, if any. Cost of an intangible asset comprises of purchase price and attributable expenditure on making the asset ready for its intended use.

The Group assesses at each Consolidated Balance sheet date whether there is any indication that any intangible asset may be impaired, if any such indication exists, the carrying value of such intangible asset is reduced to recoverable amount and the impairment loss is charged to consolidated statement of profit and loss. If at the Consolidated Balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed, and the asset is restated to that extent.

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its Intangible Assets recognized as at 1st April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of Intangible Assets.

2.10 Amortization:

Intangible assets are amortized based on their estimated useful lives.

2.11 Investments

The Group has elected to measure investment in equity shares of associate company at deemed cost, which is previous GAAP carrying amount. Accordingly, under Ind AS, the Group has recognised investment as follows:

Equity shares of associate company - At deemed cost.

Quoted equity shares in other Company - At fair value.

Unquoted Equity shares - At fair value through profit and loss (FVTPL)

2.12 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, freight taxes and duties and is net of input credit where applicable, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Raw Material is stated at "weighted average" cost method and for finished goods "Specific identification" cost method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

2.12 Financial Assets / Liability Policy:

a. Financial Assets

Classification and Measurement

All the consolidated financial assets are initially measured at fair value. Transactions costs that are directly attributable to the acquisition of financial asset (other than financial assets carried at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset.

Subsequent measurement

Subsequent measurement of financial assets depends on the classification i.e financial assets carried at amortised cost or fair value (either through other comprehensive income or through profit and loss). Such classification is determined on the basis of Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group's financial assets primarily consists of cash and cash equivalents, trade receivables, balance with statutory authority, loans and advances and security deposits etc which are classified as financial assets carried at amortised cost.

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

A gain or loss on a financial asset that is subsequently measured at amortised cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is recognized using the effective interest rate method.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. For trade receivables, the group provides for lifetime expected credit losses recognized from initial recognition of the receivables.

De-recognition of financial assets

A financial asset is de-recognised only when the Group has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

b. Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction cost.

The Group's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through Consolidated statement of profit and loss :

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through consolidated statement of profit and loss are designated as such at the initial date of recognition and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risks are recognized in OCI. These gains/losses are subsequently transferred to consolidated statement of profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the consolidated statement of profit and loss.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the term of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount is recognized in the consolidated statement of profit and loss.

Derivative financial instruments:

Derivative financial instruments such as future contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Consolidated Statement of Profit and Loss in the period when they arise.

2.14 Fair Value Measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.15 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Sale of Goods:

Revenue from sale of goods are recognised on transfer of significant risk and rewards of ownership to the buyer which generally coincides with shipment. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rendering of Services:

Service revenues are recognised when services are rendered, and when the outcome of the transaction can be estimated reliably.

Dividend, Interest income, Claims:

Dividend income from investments is recognised when the Group's right to receive dividend is established provided it is probable that the economic benefits associated with the dividend will flow to the Group as also the amount of dividend income can be measured reliably.

Interest income from a financial asset is recognised on a time basis, by reference to the principal outstanding using the effective interest method provided it is probable that the economic benefits associated with the interest will flow to the Group and the amount of interest can be measured reliably.

Insurance and other Claims are accounted for when no significant uncertainties are attached to their eventual receipt.

2.16 Borrowing

Borrowings are initially recognised at net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated Statement of Profit and Loss over the period of the borrowings using the effective interest method.

2.17 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 Consolidated Statement of Profit and Loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

2.18 Short-term 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:

Group's contributions paid/payable during the year to Provident and Family Pension Funds, and Employees State Insurance are recognized in the Consolidated Statement of Profit and Loss.

Defined Benefit Plans:

The Employees' Gratuity Fund Scheme covered by the Group Gratuity cum-Life Assurance Policy of LIC of India is a Defined Benefit Plan. The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method which recognizes each period of service as giving rise to additional amount of employees benefit entitlement and measures each unit separately to build up the final obligation.

2.19 Foreign currency Transactions

Initial recognition:

Transactions in Foreign Currencies entered into by the Group are accounted at the exchange rate prevailing on the date of the transaction.

Measurement:

Foreign Currency monetary items of the Group outstanding at the consolidated balance sheet date are restated at year end exchange rates.

Non-monetary items carried at historical cost are translated using the exchange rates at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on transaction of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Treatment of exchange difference

Exchange differences arising on settlement/restatement of foreign currency monetary assets and liabilities of the Group are recognised as income or expenses in the Consolidated Statement of Profit and Loss.

2.20 Taxation

- a Current tax is made on the basis of estimated taxable income for the year or computed in accordance with the Income-Tax Act, 1961 and recognized in the statement of Consolidated statement of Profit and Loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.
- b Deferred tax on account of timing differences, between taxable income and accounting income is recognized using the tax rates and laws that have been substantively enacted as of the consolidated balance sheet date. Deferred tax assets are recognized to the extent there is reasonable certainty that these would be realized in future
- c Current and deferred tax are recognised in Consolidated statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.21 Provisions and Contingent Liabilities:

Provisions: Provisions are recognized when there is a present legal or constructive 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. These are reviewed at each consolidated balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities:

Contingent liabilities is a possible obligation in the normal course of business 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 group 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.

The Group does not recognise a contingent liability but discloses its existence in the Consolidated financial statements.

2.22 Consolidated Cash Flow Statement:

Consolidated Cash flows are reported using the indirect method, whereby profit / loss before extraordinary items and tax for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments. Cash flows from operating, investing and financing activities of the Group are segregated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

2.23 Cash and Cash equivalents Policy:

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.24 Earnings per Share:

Basic earnings per share is calculated by dividing the consolidated net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the consolidated 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.

2.25 Exceptional Items:

When an item of income or expense within profit or loss from ordinary is of such size, nature or incidence that their disclosure is relevant to explain the performance of the group for the year, the nature and amount of such items is disclosed as exceptional items.

3 Property, Plant and equipment

(₹ in lakhs)

Gross carrying amount	Freehold Land	Buildings	Plant and Equipment	Furniture	Office Equipment	Vehicles	Total
Deemed cost as at 1st April 2016	8,493.47	1,889.22	10,483.59	91.13	249.54	94.44	21,301.39
Additions	—	—	25.46	—	0.43	—	25.89
Disposal /adjustments	—	—	212.31	—	0.47	7.63	220.41
Revaluation of Assets	760.54	—	—	—	—	—	760.54
As at 31st March 2017	9,254.01	1,889.22	10,296.74	91.13	249.50	86.81	21,867.41
Additions	—	—	15.99	—	2.04	7.61	25.64
Disposal /Discarded / adjustments	—	—	782.16	—	—	4.43	786.59
Balance as at 31st March 2018	9,254.01	1,889.22	9,530.57	91.13	251.54	89.99	21,106.46
Accumulated depreciation							
Balance as at 1st April 2016	—	1,344.66	6,428.91	87.74	236.71	79.32	8,177.34
Disposal /adjustments	—	—	155.47	—	0.39	5.35	161.21
Depreciation for the year	—	39.98	339.25	0.58	4.79	4.37	388.97
As at 31st March 2017	—	1,384.64	6,612.69	88.32	241.11	78.34	8,405.10
Disposal /adjustments	—	—	589.51	—	—	4.20	593.71
Depreciation for the year	—	36.67	323.05	0.45	3.35	4.80	368.32
As at 31st March 2018	—	1,421.31	6,346.23	88.77	244.46	78.94	8,179.71
Net Carrying Amount							
As at 1 st April, 2016	8,493.47	544.56	4,054.68	3.39	12.83	15.12	13,124.05
As at 31 st March, 2017	9,254.01	504.58	3,684.05	2.81	8.39	8.47	13,462.31
As at 31 st March, 2018	9,254.01	467.91	3,184.34	2.36	7.08	11.05	12,926.75

Note:

The Company has opted to continue with net carrying value of all Property, Plant and Equipment as at 1st April 2016, as per previous GAAP and use that as the deemed cost, except Freehold land.

As per the provisions of Para 29 to 31 of the Ind As 16, the company has adopted Revaluation model for Free hold Land and has determined its fair value on the transition date of 1st April 2016 on the basis of valuation report of Chartered Engineer. The details are given below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

As per the provisions of Para 29 to 31 of the Ind AS 16, the company has adopted Revaluation model for Free hold Land and has determined its fair value on the transition date of 1st April 2016 on the basis of valuation report of Chartered Engineer. The details are given below:

Class of Asset - Freehold Land	₹ in Lakhs
Carried value as at 31 st March, 2016	24.34
Revalued amount as at 1 st April, 2016	8493.47
Revaluation surplus recognised in Other Equity as at 1 st April, 2016	8469.13
Deemed cost as at 1 st April, 2016	8493.47
Revalued amount as at 31 st March, 2017	9254.01
Revaluation surplus recognised in Other Equity as at 1 st April, 2017	760.54
Carried value as at 31 st March, 2017	9254.01

	As at 31.03.2018 (₹ in lakhs)	As at 31.03.2017 (₹ in lakhs)	As at 01.04.2016 (₹ in lakhs)
4 Intangible assets			
Gross Carrying Amount			
As at beginning of the year	251.93	251.93	251.93
Additions during the year	3.13	—	—
Discarded/Disposal during the year	—	—	—
Balance as at end of the year	255.06	251.93	251.93
Accumulated depreciation			
As at beginning of the year	248.34	245.64	245.64
Amortisation for the year	2.31	2.70	—
Disposal/adjustment	—	—	—
Balance as at end of the year	250.65	248.34	245.64
Net Carrying Amount	<u>4.41</u>	<u>3.59</u>	<u>6.29</u>
Financial Assets			
5 Non-Current Investment			
(A) Quoted equity instruments			
Associate			
Patspin Inida Limited (1,42,87,068 Equity shares of ₹ 10 each)	314.32	515.14	86.53
Others:			
Central Bank of India (243 Equity shares of ₹ 10 each)	0.19	0.27	0.19
Sub - Total (A)	<u>314.51</u>	<u>515.41</u>	<u>86.72</u>
Market value of Quoted instrument	1,886.07	2,321.91	1,128.86
(B) Unquoted equity instruments			
GTN Consumer Co-operative stores Limited (2100 Shares of ₹ 10 each)	0.21	0.21	0.21
GTN Textiles Employees Credit Co-operative Society Limited (200 Shares of ₹ 100 each)	0.20	0.20	0.20
Sub - Total (B)	<u>0.41</u>	<u>0.41</u>	<u>0.41</u>
TOTAL (A) + (B)	<u>314.92</u>	<u>515.82</u>	<u>87.13</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	As at 31.03.2018 (₹ in lakhs)	As at 31.03.2017 (₹ in lakhs)	As at 01.04.2016 (₹ in lakhs)
6 Other Financial Assets			
Security Deposits	9.11	14.71	17.86
	<u>9.11</u>	<u>14.71</u>	<u>17.86</u>
7 Deferred tax asset (net)			
a Deferred Tax Asset			
Unabsorbed Depreciation and Business loss	1,027.99	1070.33	938.37
Other Disallowances	11.89	0.90	0.90
	<u>1039.88</u>	<u>1071.23</u>	<u>939.27</u>
b Deferred Tax Liability			
Related to Property, Plant and Equipment	750.92	819.06	913.94
Total (a) - (b)	<u>288.96</u>	<u>252.17</u>	<u>25.33</u>
c Minimum Alternate Tax Credit entitlement	78.00	78.00	78.00
Net Deferred Tax Asset (a - b + c)	<u>366.96</u>	<u>330.17</u>	<u>103.33</u>
8 Other Non-Current tax assets			
Income Tax (Net of Provision ₹ 204.67 lacs ; Previous year ₹ 204.67 lacs)	68.58	32.35	44.18
	<u>68.58</u>	<u>32.35</u>	<u>44.18</u>
9 Inventories			
Method of valuation - Refer Note No. 2.12 of Significant Accounting Policy			
Stores, Spares and Packing Materials	36.67	39.17	48.16
Raw Materials	2,368.25	993.92	1,466.46
Goods-in-Process	471.96	535.85	583.25
Finished Goods	1,887.41	1,638.26	1,753.68
Waste Stock	12.58	1.74	4.06
	<u>4,776.87</u>	<u>3,208.94</u>	<u>3,855.61</u>
10 Trade Receivables			
Unsecured, considered good	1,220.59	1,371.45	1,666.71
Unsecured, considered doubtful	16.22	2.91	2.91
Less: Provision for Doubtful debts	(16.22)	(2.91)	(2.91)
	<u>1,220.59</u>	<u>1,371.45</u>	<u>1,666.71</u>
11 Cash and Cash equivalents			
Cash on Hand	3.66	2.40	2.48
Balances with banks in Current Accounts	17.70	114.89	100.90
	<u>21.36</u>	<u>117.29</u>	<u>103.38</u>
12 Bank balances other than 11 above			
Margin Money Deposit Accounts	279.33	233.32	219.05
	<u>279.33</u>	<u>233.32</u>	<u>219.05</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	As at 31.03.2018 (₹ in lakhs)	As at 31.03.2017 (₹ in lakhs)	As at 01.04.2016 (₹ in lakhs)
13 Other Financial Assets			
Income Receivables	24.17	32.01	3.28
	<u>24.17</u>	<u>32.01</u>	<u>3.28</u>
14 Other Current Assets			
Incentive Receivable	9.46	75.84	139.58
Security Deposits	146.68	146.68	146.68
Prepaid Expenses	47.04	55.42	37.66
Balances with Statutory Authorities	122.31	19.63	24.83
Other Advances	140.66	160.48	531.21
	<u>466.15</u>	<u>458.04</u>	<u>879.96</u>
15 Equity			
(a) Authorised:			
120,00,000 Equity shares of ₹ 10 each	1,200.00	1,200.00	1,200.00
(b) Issued ,Subscribed and fully paid up shares			
116,40,478 Equity shares of ₹ 10 each	1,164.05	1,164.05	1,164.05
	<u>1,164.05</u>	<u>1,164.05</u>	<u>1,164.05</u>

The Company has a single class of equity shares having a par value of ₹ 10 each. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to their share of the paid -up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

(c) Reconciliation of the equity shares and amount outstanding at the beginning and at the end of the reporting periods:

Particulars	Year ended 31.03.2018		Year ended 31.03.2017		Year ended 31.03.2016	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
At the beginning of the year	1 16 40 478	1164.05	1 16 40 478	1164.05	1 16 40 478	1164.05
Shares allotted during the year	—	—	—	—	—	—
At the end of the year	1 16 40 478	1164.05	1 16 40 478	1164.05	1 16 40 478	1164.05

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

(d) Shares in the company held by each shareholders holding more than 5% shares.

Particulars	As at 31 st March, 2018		As at 31 st March, 2017		As at 31 st March, 2016	
	No. of shares	% of Holding	No. of shares	% of Holding	No. of shares	% of Holding
Mr. Binod Kumar Patodia	11 95 580	10.27%	11 95 580	10.27%	11 95 580	10.27%
Mr. Umang Patodia	8 35 120	7.17%	8 35 120	7.17%	8 35 120	7.17%
Mr. Ankur Patodia	7 32 331	6.29%	7 32 331	6.29%	7 32 331	6.29%
Mrs. Prabha Patodia	6 82 418	5.86%	6 82 418	5.86%	6 82 418	5.86%
Binod Kumar Patodia HUF	11 58 880	9.96%	11 58 880	9.96%	11 58 880	9.96%
Beekaypee Credit Private Limited	8 22 311	7.06%	8 22 311	7.06%	8 22 311	7.06%
Patodia Exports & Investments Private Limited	7 74 487	6.65%	7 74 487	6.65%	6 72 986	5.78%
Umang Finance Private Limited	7 33 052	6.30%	7 33 052	6.30%	7 33 052	6.30%

- (e) There are nil number of shares (Previous year Nil) reserved for issue under option and contracts or commitments for the sale of shares or disinvestment.
- (f) There are 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.
- (g) There are Nil number of shares (Previous year Nil) in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiary or associates of the holding company or the ultimate holding company in aggregate.
- (h) During the year ended 31.03.2018 and in the previous year no securities convertible into Equity/Preferential shares.
- (i) During the year ended 31.03.2018 and in the previous year there are no calls unpaid including calls unpaid by Directors and officers as on balance sheet date.

	As at 31.03.2018 (₹ in lakhs)	As at 31.03.2017 (₹ in lakhs)	As at 01.04.2016 (₹ in lakhs)
16 Other Equity			
(i) Reserves and Surplus			
(a) General Reserve			
Balance as at the beginning and the end of the year	2,092.36	2,092.36	2,092.36
(b) Retained earnings			
Balance as at the beginning of the year	(3,341.04)	(3,139.60)	(2,441.78)
Less: Profit/(Loss) for the year from the Statement of Profit and Loss	(419.30)	(201.44)	(697.82)
Defferred tax impact on MTM	6.87	-	-
Balance as at the end of the year	(3,753.47)	(3,341.04)	(3,139.60)
(ii) Revaluation surplus			
Balance as at the beginning of the year	9,229.67	8,469.13	-
Revaluation surplus of land	-	760.54	8,469.13
Balance as at the end of the year	9,229.67	9,229.67	8,469.13
(iii) Other Comprehensive income			
Balance as at the beginning of the year	(162.47)	(0.06)	-
Changes during the current year	15.79	(162.41)	(0.06)
Balance as at the end of the year	(146.68)	(162.47)	(0.06)
Total	7,421.88	7,818.52	7,421.83

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

(i) General Reserve

The general reserve is used from time to time to transfer profit from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of their comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

(ii) Retained earnings

Retained earnings represents the Company's undistributed earnings/(losses) after taxes

(iii) Revaluation surplus

Revaluation surplus represents the surplus over cost against market value on revaluation of freehold land of the Company pursuant to recognition of freehold land on revaluation model as per the provisions para 29 to 31 of the Ind AS 16 - Property, Plant and Equipment. This surplus is not considered for distribution of dividend to equity shareholders.

	As at 31.03.2018 (₹ in lakhs)		As at 31.03.2017 (Rupees in lakhs)		As at 01.04.2016 (Rupees in lakhs)	
	Non Current	Current	Non Current	Current	Non Current	Current
17 Borrowings						
Secured						
Term Loans						
Banks	162.51	555.92	612.61	872.10	1,288.38	896.51
Financial Institutions	—	70.00	52.50	87.50	122.50	87.50
Vehicle loan						
Banks	4.39	3.55	2.87	3.09	6.75	5.36
Working Capital facilities						
Banks	—	3,559.04	—	2,394.71	—	3,192.83
Un secured						
Loan from a Director	89.50	—	78.00	—	—	—
Loan from relatives of Director	255.50	—	222.00	—	—	—
Loan from corporates	—	1,278.00	—	1,300.00	—	1,000.00
	<u>511.90</u>	<u>5,466.51</u>	<u>967.98</u>	<u>4,657.40</u>	<u>1,417.63</u>	<u>5,182.20</u>

Term Loans:

Term loans are from Banks and Financial Institution and total outstanding of ₹ 788.43 lakhs (Previous year - ₹1624.71 lakhs) are secured by pari passu 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 ₹365.63 lakhs (Previous year end - ₹835.63 lakhs).

Re-payment terms of Term Loan from Banks:

₹ 352.80 Lakhs (Previous year ₹ 591.50 Lakhs)

Repayable in 38 quarterly installments starting from 31 December 2009 and last installment due in 31 March 2019. Rate of Interest 13.60% p.a. as at year end. (Previous year end 15.20% p.a). Outstanding as on 31 March 2018 includes ₹ 65.50 Lakhs installments due on 31st March 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

₹ 365.63 Lakhs (Previous year ₹ 528.11 Lakhs) Repayable in 16 quarterly instalments starting from 30 June 2016 and last instalment due in 30 June 2020. Rate of Interest 12.90% p.a. as at year end (Previous year end 12.90% p.a). Outstanding as on 31 March 2018 includes ₹ 40.62 Lakhs instalments due on 31st March 2018.

₹ Nil (Previous year ₹ 307.25 Lakhs) Repaid in February 2018. Rate of interest 13.60% p.a. (Previous year end 13.60% p.a.)

₹ Nil (Previous year ₹ 57.85 Lakhs) Repaid in April 2017. Rate of interest 11.95% p.a. (Previous year end 11.95% p.a.)

Loan from Financial Institution outstanding of ₹ 70 Lakhs (Previous year ₹ 140 Lakhs) is further secured by Corporate guarantee of M/s Patspin India Limited to the extent of ₹ 175 lakhs (Previous year ₹ 175 Lakhs).

Re-payment terms of Term Loan from Financial Institutions:

₹ 70 Lakhs (Previous year ₹ 140 Lakhs) Repayable in 20 quarterly installments starting from 20 February 2014 and last instalment due in 20 November 2018. Rate of Interest 11.50% p.a. as at year end (Previous year end 11.95% p.a). Outstanding as on 31 March 2018 includes ₹ 17.50 Lakhs installments due on 20th February 2018 which has been paid on 08 May 2018.

Vehicle loan:

Finance Lease Obligations are relating to vehicles and are secured against respective vehicles hypothecated costing ₹ 21.63 Lakhs (Previous year end ₹ 21.11 lakhs).

Repayable in Equated Monthly Instalments, last installment due on April 2022. Average interest rate is 9.25% (Previous year 10.35%)

Working Capital facilities:

Working Capital Loans from Banks are secured by pari passu 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.

Average rate of interest rate is 11.54% p.a. (Previous year 10.19% p.a)

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 ₹1533 lakhs (Previous year ₹ 2029 lakhs).

Loan from Director and relatives of Directors:

As per the borrowal terms, the company has the right to repay the amount fully or partly in case it does not require the same to meet its working capital requirements. The Company proposes that repayment will be on long term basis and hence classified as long term borrowings.

Rate of interest at 11.50% p.a. (Previous year 11.50% p.a.)

Loan from Corporates:

Loan from corporates are repayable on demand carrying interest rate ranging from 13.00% p.a. to 16.00% p.a. (Previous year ranging from 12.00% to 16.00%)

Period and amount of default as on the balance sheet date in repayment of borrowings and interest

Particulars	Amount Due as on 31.03.2018	Amount paid subsequently	Date of payment	Balance payable
Principal	123.62	17.50	08-May-18	106.12
Interest	28.64	19.03	Various dates	9.61

As at 31.03.2018 (₹ in lakhs)	As at 31.03.2017 (₹ in lakhs)	As at 01.04.2016 (₹ in lakhs)
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18 Other Non Current liabilities

Employee benefit - Gratuity

278.78	294.86	-
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	As at 31.03.2018 (₹ in lakhs)	As at 31.03.2017 (₹ in lakhs)	As at 01.04.2016 (₹ in lakhs)
19 Trade payables			
Due to Micro, Small and Medium Enterprises (MSME's)*	-	3.87	-
Due to Others	<u>5,270.70</u>	<u>4,579.42</u>	<u>4670.34</u>
	<u>5,270.70</u>	<u>4,583.29</u>	<u>4,670.34</u>

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

	As at 31.03.2018 (₹ in lacs)	As at 31.03.2017 (₹ in lacs)
The principal amount due thereon remaining unpaid as on the Balance sheet date	Nil	3.87
Interest due thereon remaining unpaid	Nil	Nil
Interest paid along with the amount of the payment during the year	Nil	Nil
Interest due and payable but without adding the interest specified in the above-mentioned act.	Nil	Nil
Interest accrued and remaining unpaid at the end of the year.	Nil	Nil
Amount of interest remaining due and payable in subsequent years, and such interest actually paid to and deductible expenditure under section 23 of the said act.	Nil	Nil

* The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at reporting date has been made in the financial statements based on information received and available with the Company and has been relied upon by the auditors.

Further, in the view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro Small and Medium Enterprises Development Act, 2006 ("the MSMED Act") is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

	As at 31.03.2018 (₹ in lakhs)	As at 31.03.2017 (₹ in lakhs)	As at 01.04.2016 (₹ in lakhs)
20 Other financial liabilities			
Interest accrued on borrowings	<u>87.68</u>	<u>116.59</u>	<u>72.92</u>
	<u>87.68</u>	<u>116.59</u>	<u>72.92</u>
21 Other Current liabilities			
Statutory payable and other dues	<u>144.42</u>	<u>62.37</u>	<u>54.80</u>
Other liabilities	<u>11.34</u>	<u>0.65</u>	<u>0.36</u>
	<u>155.76</u>	<u>63.02</u>	<u>55.16</u>
22 Provisions			
Provision for Employee benefits	<u>121.94</u>	<u>114.30</u>	<u>126.70</u>
	<u>121.94</u>	<u>114.30</u>	<u>126.70</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

		Year ended 31.03.2018 (₹ in lakhs)		Year ended 31.03.2017 (₹ in lakhs)
23 Revenue from operations				
(A) Sale of Products (Net of Tax)				
Finished Goods :				
Exports		6,530.69		3,373.47
Local		6,137.22		7,266.54
Waste Sales:				
Local		<u>839.45</u>		<u>568.04</u>
	TOTAL (A)	<u>13,507.36</u>		<u>11,208.05</u>
(B) Other Operating Income				
Commission Income		679.74		-
Export Incentive		91.59		155.14
	TOTAL (B)	<u>771.33</u>		<u>155.14</u>
	TOTAL (A) + (B)	<u>14,278.69</u>		<u>11,363.19</u>
24 Other income				
Interest Income		25.95		24.25
Sale of scrap		15.93		13.75
Miscellaneous receipts		<u>1.21</u>		<u>1.20</u>
	TOTAL	<u>43.09</u>		<u>39.20</u>
25 Cost of raw materials consumed				
(A) Raw materials Consumed				
Opening Stock		993.92		1,466.46
Add :Purchases during the Year	8,660.73		6,429.07	
Less: Sale of Cotton	<u>417.62</u>	8,243.11	<u>770.43</u>	5,658.64
Less: Closing Stock		<u>1,392.45</u>		<u>993.92</u>
	TOTAL (A)	<u>7,844.58</u>		<u>6,131.18</u>
(B) Packing Material Consumed				
Opening Stock		17.76		18.35
Add :Purchases during the Year		192.82		139.32
Less: Closing Stock		18.14		17.76
	TOTAL (B)	<u>192.44</u>		<u>139.91</u>
	TOTAL (A) + (B)	<u>8,037.02</u>		<u>6,271.09</u>
26 Changes in inventory of finished goods, work in progress and waste				
(A) Stock at the beginning of the year:				
Finished goods		1,638.26		1751.65
Goods-in-process		535.85		583.25
Waste		<u>1.74</u>		<u>4.06</u>
	TOTAL (A)	<u>2,175.85</u>		<u>2,338.96</u>
(B) Less : Stock at the end of the year:				
Finished goods		1,887.41		1,638.26
Goods-in-process		471.96		535.85
Waste		<u>12.58</u>		<u>1.74</u>
	TOTAL (B)	<u>2,371.95</u>		<u>2,175.85</u>
	Decrease /(Increase) in inventory (A)-(B)	<u>(196.10)</u>		<u>163.11</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	Year ended 31.03.2018 (₹ in lakhs)	Year ended 31.03.2017 (₹ in lakhs)
27 Employee benefit expenses		
Salaries, Wages and Bonus	1,922.15	1,771.56
Contribution to Provident and Other Funds	260.07	141.96
Welfare Expenses	94.57	95.31
TOTAL	<u><u>2,276.79</u></u>	<u><u>2,008.83</u></u>
28 Finance cost		
Interest Expenses	915.35	866.60
Other borrowing costs	144.67	120.34
Net Loss / (Gain) on foreign currency transaction and translation	—	2.49
TOTAL	<u><u>1,060.02</u></u>	<u><u>989.43</u></u>
29 Other expenses		
Power and fuel	1,470.66	1,249.55
Process charges expenses	361.15	349.28
Consumption- Stores and Spares	78.54	43.85
Repairs & Maintenance- Building	1.34	1.00
Repairs & Maintenance- Plant & Machinery	199.44	142.05
Commission and Brokerage	167.48	120.44
Other selling expenses	179.33	81.35
Insurance	48.81	20.09
Rates and Taxes	4.85	23.40
Rent	10.59	9.76
Directors Sitting Fee	2.66	3.42
Payment to Auditors		
Audit Fee	1.75	1.75
Tax Audit Fee	-	0.77
Certification and other charges	-	1.16
Out of Pocket Expenses	0.09	0.70
(Net gain) / Net loss on foreign currency transaction and translation	62.24	(21.86)
Loss on disposal/discard of fixed assets (Net)	133.61	14.09
Miscellaneous Expenses	251.73	229.01
TOTAL	<u><u>2,974.27</u></u>	<u><u>2,269.81</u></u>
30 Exceptional items shown in Statement of Profit and Loss represents VRS compensation paid to workmen		
	31.03.2018	31.03.2017
	(₹ in lakhs)	(₹ in lakhs)
31 Earning per share		
Net profit /(Loss) as per consolidated statement of profit and loss	(419.30)	(167.70)
Weighted average Number of Equity Shares (₹ 10 per share)	Nos 11640478	11640478
Basic and diluted Earning Per Share	₹ (3.60)	(1.44)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

32 Employee Benefits Plan

Gratuity:

In accordance with the applicable laws, the Group provides for Gratuity, a defined benefit retirement plan ("The Gratuity Plan") covering eligible employees. The Gratuity plan provides for a lump sum payment to vested employees on retirement (subject to the completion of 5 years of continuous employment), death, incapacitation or termination of the employment based on last drawn salary and tenure of employment.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date and the Company makes annual contribution to the Gratuity Fund administered by Life Insurance Corporation of India, which is basically a year-on-year cash accumulation plan. Though the Company has not fully funded to LIC, adequate provision has been made in the books of accounts. As part of the scheme the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity settlements during the year subject to sufficiency of funds under the policy.

	Gratuity Plan 2017-18 ₹ in Lakhs	Gratuity Plan 2016-17 ₹ in Lakhs
Change in Defined Benefit Obligation (DBO) during the year		
1 Present value of DBO at the beginning of the year	1018.93	777.85
2 Current Service cost	33.37	33.10
3 Interest cost	69.24	62.18
4 Actuarial (gain) / loss arising from changes in experience assumptions	(27.83)	49.94
5 Actuarial (gain) / loss arising from changes in experience adjustments	(27.14)	360.19
6 Benefits paid	(138.09)	(264.33)
Present value of DBO at the end of the year	928.48	1,018.93
Change in fair value of plan assets during the year		
1 Fair value of plan assets at the beginning of the year	724.07	920.06
2 Interest income	49.20	73.55
3 Employer contributions	13.56	1.05
4 Benefits paid	(138.09)	(264.33)
5 Remeasurements - return on plan assets (excluding interest income)	0.96	(6.26)
Present value of DBO at the end of the year	649.70	724.07
Amounts recognised in the Balance Sheet		
1 Present value of DBO at the end of the year	928.48	1,018.93
2 Fair value of plan assets at the end of the year	649.70	724.07
Funded status of the plans - Surplus / (Deficit)	(278.78)	(294.86)
Assets and (Liability) recognised in the Balance Sheet	(278.78)	(294.86)
Components of employer expense		
1 Current service cost	33.37	33.10
2 Interest cost / (income) on net defined benefit obligation	20.04	(11.37)
Expense recognised in Statement of Profit and Loss	53.41	21.73
Remeasurements on the net defined benefit obligation		
Return on plan assets(excluding interest income)	(0.96)	6.36
Actuarial loss arising from changes in financial assumptions	(27.83)	49.94
Actuarial loss arising from changes in experience adjustments	(27.14)	360.19
Remeasurements recognised in other comprehensive income	(55.93)	416.49
Total defined benefit cost recognised	(2.52)	438.22
Nature and extent of investment details of the plan assets		
State and Central Securities	-	-
Bonds	-	-
Special Deposits	-	-
Insurer Managed funds	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

	Gratuity Plan	
	As at 31.03.2018	As at 31.03.2017
Assumptions		
Discount rate	7.50%	6.80%
Expected rate of salary increase	3.00%	3.00%
Sensitivity analysis - DBO at the end of the year (in lakhs)		
Discount rate + 100 basis points	892.18	976.58
Discount rate - 100 basis points	969.24	1,066.67
Salary Growth rate + 1%	970.70	1,068.04
Salary Growth rate - 1%	890.34	974.71
Attrition rate +50%	936.38	1,026.73
Attrition rate -50%	920.03	1,010.55
Weighted average duration of DBO	4 years	4 years
Expected cash flows(in lakhs)		
1. Expected employer contribution in the next year	303.84	
2. Expected benefit payments		
Year 1	336.91	
Year 2 to year 5	404.66	
Year 6 to year 10	250.23	
Beyond 10 years	426.31	

33 Related Party Disclosures pursuant to Ind AS 24

(a) Names of Related parties and nature of relationships.

i. Associate:

Patspin India Ltd

ii. Companies under joined control as per para 9 (b) vi of Ind AS 24

GTN Enterprises Ltd

Beekaypee Credit Private Ltd

Umang Finance Private Ltd

iii. Key Management Personnel:

Shri B.K. Patodia – Chairman & Managing Director

Shri A. K. Warerkar - Vice President Finance & CFO

Shri E.K. Balakrishnan - Vice President Corporate Affairs & Company Secretary

iv Relatives of Key Management Personnel:

1. Smt. Prabha Patodia, Wife of Sri. B.K. Patodia

2. Shri. Umang Patodia, Son of Sri. B.K. Patodia

3. Shri. Ankur Patodia, Son of Sri. B.K. Patodia

4. Smt. Mala Patodia, Daughter in Law of Sri. B.K. Patodia

5. Smt. Swati Patodia, Daughter in Law of Sri. B.K. Patodia

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

(b) Transactions / Balances

	Associates		Company under joint control under para 9 (b) vi of Ind AS 24		Key Management Personnel		Relatives of Key Management Personnel	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Sale of goods	424.72	820.76	620.39	1,129.99	-	-	-	-
Purchase of goods	1,160.08	1,292.80	1,963.71	2,279.34	-	-	-	-
Sale of fixed assets	9.75	28.11	-	-	-	-	-	-
Rendering of services	1.32	1.32	1.20	1.20	-	-	0.12	0.09
Receiving of services	173.26	133.77	64.78	147.16	-	-	3.60	3.60
Remuneration paid	-	-	-	-	44.71	44.69	-	-
Un Secured Loans taken	-	-	3.00	-	11.50	78.00	33.50	222.00
Interest Paid	-	-	-	-	11.50	-	33.50	-
Balances as at year end								
Trade Payables	876.85	805.07	943.82	1,309.16	-	-	-	-
Trade Receivables		-	-	-	-	-	-	-
Loans Outstanding	-	-	3.00	-	89.50	78.00	255.50	222.00
Interest Payable	-	-	0.33	-	0.78	4.67	1.44	13.29
Investments	1,964.26	1,964.26	-	-	-	-	-	-
Guarantees provided for	300.00	300.00	-	-	-	-	-	-
Guarantees received	175.00	175.00	-	-	-	-	-	-

(c) Disclosure in respect of transactions with related parties during the year

		Transactions	
		2017-18	2016-17
(i) Sale of goods			
a) Cotton			
i) GTN Enterprises LTD		323.84	567.60
ii) Patspin India LTD		97.38	283.25
b) Cotton Yarn			
i) GTN Enterprises LTD		294.76	560.80
ii) Patspin India LTD		321.07	533.91
c) Store Items			
i) GTN Enterprises LTD		—	1.59
ii) Patspin India LTD		5.53	3.60
d) Waste			
i) Patspin India LTD		0.60	—
e) Machinery			
i) Patspin India LTD		9.75	28.11
f) Packing Materials			
i) GTN Enterprises LTD		1.79	—
ii) Patspin India LTD		0.14	—
(ii) Purchase of goods			
a) Cotton			
i) GTN Enterprises LTD		1,294.92	2,000.09
ii) Patspin India LTD		1,125.52	1,086.57
b) Cotton Yarn			
i) GTN Enterprises LTD		668.34	277.67
ii) Patspin India LTD		33.15	203.70
c) Store Items			
i) GTN Enterprises LTD		—	1.58
ii) Patspin India LTD		0.09	2.45

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

		Transactions	
		2017-18	2016-17
d) Packing Materials			
	i) GTN Enterprises LTD	0.46	—
	ii) Patspin India LTD	1.32	0.08
(iii) Rendering of services			
a) Rent			
	i) GTN Enterprises LTD	1.20	1.20
	ii) Patspin India LTD	1.32	1.32
	iii) Smt. Mala Patodia	0.12	0.09
(iv) Receiving of services			
a) Rent			
	i) Prabha Patodia	1.80	1.80
	ii) Mala Patodia	0.90	0.90
	iii) Swati Patodia	0.90	0.90
b) Processing Charges			
	i) GTN Enterprises LTD	64.78	147.16
	ii) Patspin India LTD	173.26	133.77
(v) Remuneration paid			
	SRI. B. K. PATODIA	44.71	44.69
(vi) Un Secured Loans taken			
	i) Shri. B.K. Patodia	11.50	76.00
	ii) Binod Kumar Patodia HUF		2.00
	iii) Smt. Prabha Patodia	9.50	62.00
	iv) Shri. Umang Patodia	7.50	50.00
	v) Shri. Ankur Patodia	9.50	62.00
	vi) Smt. Mala Patodia	4.50	30.00
	vii) Smt. Swati Patodia	2.50	18.00
	viii) M/s Beekaypee Credit Pvt Ltd	1.25	—
	ix) M/s Umang Finance Private Ltd	1.75	—
(vii) Interest Paid			
	i) i) Shri. B.K. Patodia	11.50	-
	ii) ii) Smt. Prabha Patodia	9.50	-
	iii) iii) Shri. Umang Patodia	7.50	-
	iv) iv) Shri. Ankur Patodia	9.50	-
	v) v) Smt. Mala Patodia	4.50	-
	vi) vi) Smt. Swati Patodia	2.50	-
(viii) Guarantees provided for Patspin India Limited		300.00	300.00
(ix) Guarantees received from Patspin India Limited		175.00	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.

34 The accounts of certain Trade Receivables, Trade Payables, Loans & Advances and Banks are subject to formal confirmations/reconciliations and consequent adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation/adjustments.

35 In term of Ind AS -108 - Operating segments, the Group operates materially only in one business segment viz., Textile industry. During the year the Group has earned income of ₹ 679.74 Lakh from other business segment viz, Commission Agency. As there is no deployment of any direct resources or material expenses to this segment, a separate disclosure under segment reporting for the above additional business has not been made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

36 Finance Lease assets, loan repayable and future payments disclosure.

Particulars	As at 31.03.2018			As at 31.03.2017		
	Total Minimum payments Outstanding (₹ in Lakhs)	Future Interest on outstanding (₹ in Lakhs)	Present value of minimum payments (₹ in Lakhs)	Total Minimum payments Outstanding (₹ in Lakhs)	Future Interest on outstanding (₹ in Lakhs)	Present value of minimum payments (₹ in Lakhs)
1. Due within one year	3.53	0.57	4.10	3.09	0.46	2.63
2. Between one year to five years	4.42	0.58	5.00	2.87	0.20	2.67
Total	7.95	1.15	9.10	5.96	0.66	5.30

37 Contingent liabilities and commitments

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 ₹1054.50 Lacs. (Previous year ₹ 1318.12 Lacs)

38 a. Financial risks management

In the course of business, amongst others, the Group is exposed to several financial risks such as Credit Risk, Liquidity Risk, Interest Rate Risk and Exchange Risk. These risks may be caused by the internal and external factors resulting into impairment of the assets of the Group causing adverse influence on the achievement of Group's strategies, operational and financial objectives, earning capacity and financial position.

The Group has formulated an appropriate policy and established a risk management framework which encompass the following process.

- identify the major financial risks which may cause financial losses to the Group
- assess the probability of occurrence and severity of financial losses
- mitigate and control them by formulation of appropriate policies, strategies, structures, systems and procedures
- monitor and review periodically the adherence, adequacy and efficacy of the financial risk management system.

The Group enterprise risk management system is monitored and reviewed at all levels of management, Internal Auditors, Audit Committee and the Board of Directors from time to time.

Credit Risk

Credit Risk refers to the risks that arise on default by the counterparty on its contractual obligation resulting into financial loss to the Group. The Group may carry this Risk on Trade and other receivables, liquid assets and some of the non current financial assets.

In case of Trade receivables, the Group has framed appropriate policy for extending credits period & limit to each customer based on their profile, financial position etc. The collections of trade dues are strictly monitored . In case of Export customers, even credit guarantee insurance is also obtained wherever required.

Group's exposure to Credit Risk is also influenced by the concentration of risk from top five customers. The details in respect of the% of sales generated from the top customer and top five customers are given hereunder.

Particulars	Current Year	Previous Year
Revenue from Top Customer	12.86%	8.97%
Revenue from Top Five Customers	35.26%	31.42%

The credit risk on cash & cash equivalent, investment in fixed deposits, liquid funds and deposits are insignificant as counterparties are banks with high credit ratings assigned by the rating agencies of international repute.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

Liquidity Risk

Liquidity Risk arises when the company is unable to meet its short term financial obligations.

The company maintains adequate liquidity in the system so as to meet its all financial liabilities timely.

Contractual maturities of financial liabilities are given as under:

Particulars	As at 31 st March 2018	Due within 12 months from Balance sheet Date	Due beyond 12 months of Balance Sheet Date
Borrowings	5,978.41	5,466.51	511.90
Trade payables	5,270.70	5,270.70	—
Other Financial Liabilities	87.68	87.68	—

Interest Rate Risk

Generally market linked financial instruments are subject to interest rate risk. The Group does not have any market linked financial instruments both on the asset side as well liability side. Hence there is no interest rate risk linked to market rates.

However the interest rate in respect of major portion of borrowings by the Group from the banks and others are linked with the MCLR / Base Prime lending rate of the respective lender. Any fluctuation in the same either on higher side or lower side will result into financial loss or gain to the Group.

The amount which is subjected to the change in the interest rate is of ₹ 4347.47 lakhs out of the total debt of ₹ 5978.41 Lakhs

Based on the Structure of the debt as at year end, a half percentage point increase in the interest rate would cause an additional expense in the net financing cost of ₹ 21.74 Lakhs on annual basis.

Foreign Currency Risk

The Group is exposed to the foreign currency risk from transactions & translation. Transactional exposures are arising from the transactions entered into foreign currency. Management keeps a close watch of the maturity of the financial assets in foreign currency and payment obligations of the financial liabilities.

Particulars of un- hedged Foreign Currency exposures as at 31.03.2018 are given below:

Particulars	As at 31.03.2018			As at 31.03.2017		
	Amount in Lakhs	Exchange Rate ₹	Amount (₹ in lakhs)	Amount in Lakhs	Exchange Rate ₹	Amount (₹ in Lakhs)
Accounts payable	USD 20.19	65.18	1316.40	USD 16.00	64.86	1038.01

Based on one percentage point variations in the exchange rate, the profit before tax for the year based on the un hedged foreign currency transaction entered during the period will be effected by ₹ 13.16 Lacs.

38 b. Capital risk management

The Group's objectives when managing capital are to :

- Create value for its shareholders and other stake holders
- maintain an optimal capital structure to reduce the cost of capital through a fair mix of equity with combination of short term / Long term as may be appropriate

The Group decides the amount of capital required on the basis of annual business and long-term operating plans which includes capital and other strategic investments. The Group's intention is to maintain a stable and strong capital structure so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business.

The details of capital employed is given below:

Particulars	As at March 31, 2018	As at March 31, 2017
Total equity	8,585.94	8,982.57
Net Debt	5,957.05	5,508.09
Total Capital (Borrowings and Equity)	14,542.99	14,490.66

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

- (i) Net debt represents total borrowings (non-current & current) as reduced by cash and cash equivalents.
- (ii) Equity comprises of all components including other comprehensive income.

39 First time adoption of Ind AS

The Group has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1st April, 2017, with a transition date of 1st April, 2016. The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements for the year ended 31st March, 2018, be applied retrospectively and consistently for all financial years presented. However, in preparing these Ind AS financial statements, the Group has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity).

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A. Optional Exemptions

(i) Deemed Cost

The Group has elected to continue with the carrying value of all of its plant and equipment and intangible assets recognised as of 1st April, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date, except Freehold land for which the Group had adopted the revaluation model pursuant to the para 29 to 31 of Ind AS 16 and recognised revalued cost as its deemed cost as at 1st April 2016.

(ii) Designation of previously recognised financial instruments

The Group has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

(iii) De-recognition of financial assets and financial liabilities

The Group has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April, 2016 (the transition date).

B. Mandatory Exceptions

(a) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group make estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at cost;
- Impairment of financial assets based on expected credit loss model.

(b) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

40 Notes to accounts as required in accordance Schedule III and Companies (Indian Accounting standard) Rules 2015 being similar to that disclosed in the standalone financial statements, are not been appended hereto.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

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

	Net Assets ie, total assets minus total liabilities		Share in Profit or Loss	
	As % of Consolidated net assets	Amount (in Lakh)	As % of Consolidated Profit or Loss	Amount (in Lakh)
Parent				
GTN Textiles Limited	95.96%	8,271.61	48.25%	(187.23)
Subsidiaries				
Indian - NIL				
Foreign - NIL				
Associates (Investment as per the equity method)				
Indian - PATSPIN INDIA LIMITED	4.04%	348.07	51.75%	(200.82)
Foreign - NIL				
Joint Ventures				
Indian - NIL				
Foreign - NIL				

Annexure A

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

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

Part - A - Subsidiaries None

Part - B - Associates and Joint Ventures

Sl. No	Name of Associates	Latest Audited Balance sheet date	Amount of investment in Associates	Extent of holding	Networth attributable to shareholders as per latest balance sheet (₹ lakhs)	Considered in Consolidation (₹ lakh)	Not considered in consolidation (₹ lakhs)	Description of how there is influence significant	Rason why the associate is not considered
1	Patspin India Limited	31.03.2018	1964.26	46.21%	348.07	(200.82)	—	There is significant influence due to percentage (%) of Share capital	—

Signature to Note 1 to 41

As per our report of even date attached

For and on behalf of the Board

For **L.U. KRISHNAN & Co.**
Chartered Accountants
(ICAI FRN 001527S)

B. K. PATODIA
Chairman & Managing Director
DIN. 00003516

B. L. SINGHAL
Director
DIN. 00006433

P. K. MANOJ
Partner
(M. NO. 207550)

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

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

Place : Kochi

Date : 30th May, 2018



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

An ISO 9001: 2015 & ISO 14001:2015 Certified Company
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