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# Annual Report

2019 / 2020



**Board of Directors**

B K Patodia	Chairman & Managing Director
B.L. Singhal	Independent Director
Prem Malik	Independent Director
Shri. N.K.Bafna	Additional Director (Independent Director Category w.e.f. 15.9.2020)
V.N.Balakrishnan	Additional Director (Independent Director Category w.e.f. 31.7.2020)
Shri. C.K.Gopalakrishnan	Additional Director (Independent Director Category w.e.f. 21.9.2020)
Smt. Kalpana Mahesh Thakker	Additional Director (Woman Director Category w.e.f. 14.11.2019)
Shri. Umang Patodia	Additional Director (Promoter Category w.e.f. 15.9.2020)
Mahesh C Thakker	Non Executive Director (up to 7.11.2019)
S.Sundareshan	Independent Director (up to 28.8.2020)
E.K. Balakrishnan	Vice President (Corporate Affairs) & Company Secretary
A.K. Warerker	Vice President (Finance) & CFO (up to 15.9.2020)
Arun S. Mohan	Chief Financial Officer (w.e.f. 15.9.2020)

**Bankers**

Central Bank of India  
State Bank of India

**Auditors**

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

**Legal Advisors**

M/s.Menon & Pai, Kochi

**Registered Office**

3rd Floor, Palal Towers,  
Ravipuram, M G Road,  
Ernakulam, Kochi-682 016

**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

## NOTICE

NOTICE is hereby given that the **FIFTEENTH (15<sup>TH</sup>)** Annual General Meeting of the Members of **GTN TEXTILES LIMITED** will be held on Friday, 30<sup>th</sup> October 2020 at 12.15 PM through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business.

### ORDINARY BUSINESS:

- 1) To receive, consider and adopt Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2020 together with the Reports of the Board of Directors and Auditors' thereon

### SPECIAL BUSINESS

- 2) To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 13, 61 and other applicable provisions, if any, of the Companies Act, 2013, read with rules made thereunder, (including any amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force), and subject to the provisions of the Articles of Association of the Company, consent of the Members be and is hereby accorded to increase the Authorized Share Capital of the Company from the existing ₹12,00,00,000 (Rupees Twelve Crores) divided into 1,20,00,000 (One Crore Twenty Lakhs) equity shares of ₹ 10 each to ₹ 17,10,00,000 (Rupees Seventeen Crores and ten lakhs only) comprising:

1. ₹12,00,00,000 (Rupees Twelve Crores) Equity Share Capital divided into 1,20,00,000 (One Crore Twenty Lakhs) Equity Shares of ₹ 10 each; and
2. ₹ 5,10,00,000 (Rupees five Crores and ten lakhs only) Redeemable Preference Share Capital divided into 5,10,000 Redeemable Preference Shares of ₹ 100/- (Rupees Hundred) each

Consequently, the Memorandum of Association of the Company be and is hereby altered by substituting the existing Capital Clause (Clause V) with the following:

- V. The Authorized Share Capital of the Company is ₹ 12,00,00,000 (Rupees Twelve Crores Only) divided into 1,20,00,000 (Rupees One Crore Twenty Lakhs Only) equity shares of ₹ 10/- (Rupees Ten Only) each and ₹ 5,10,00,000 (Rupees five Crores and ten lakhs only) Redeemable Preference Share Capital divided into 5,10,000 Redeemable Preference Shares of ₹ 100/- (Rupees Hundred) each

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall deem to include any of its duly constituted Committee) or any officer/ executive/ representative and/or any other person so authorized by the Board, be and is hereby authorized severally, on behalf of the Company, to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this

resolution, including to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company but not limited to settle any questions or resolve difficulties that may arise in this regard."

- 3) To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 23, 42, 55 and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Share Capital and Debentures) Rules, 2014, Companies (Prospectus and Allotment of Securities) Rules, 2014, (including any amendment(s), modification(s) or re-enactment(s) thereof), for the time being in force, and the provisions of the Memorandum and Articles of Association of the Company and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed in granting of such approvals, permissions and sanctions by any of the authorities, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company, hereinafter referred to as the "Board" which expression shall include any Committee constituted by the Board to exercise its powers, including powers conferred on the Board by this Resolution, to issue and allot 5,10,000 Redeemable Preference Shares of the Company of the face value of ₹ 100 each for an aggregate value not exceeding ₹ 5.10 crores (Rupees Five Crores Ten Lakhs only) for cash at par into Non-Cumulative, Non-Convertible, Non-Participating Redeemable Preference Shares ("NCRPS") on a private placement basis, to M/s. Seajuli Developers and Finance Limited, on such terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting.

"RESOLVED FURTHER THAT the Board or any officer/ executive/ representative and/or any other person so authorized by the Board, be and is hereby authorized severally, on behalf of the Company, to do all such acts, deeds and things and take all such steps and actions, execute all such deeds, documents and writings and also give such directions and delegations, as it may in its absolute discretion deem fit, including paying such fees and incurring such expenses in relation thereto and file documents, forms, etc. as required with the regulatory/ statutory authorities and authorize the officers of the Company for the aforesaid purpose, as deemed fit and to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the Members of the Company."

- 4) To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special**

## NOTICE (Contd...)

### Resolution:

**“RESOLVED THAT** in accordance with the provisions of Sections 196,197,198, 203 and any other applicable provisions of the Companies Act,2013 (the “Act”) and the Rules made thereunder read with Schedule V of the Companies Act,2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Shri. B.K. Patodia (DIN: 00003516), who has already attained the age of 75 years as Chairman & Managing Director of the Company, for a period of five years with effect from 19.12.2020, on the terms and conditions including remuneration as are set out and approved by the Nomination & Remuneration Committee and the Board of Directors. The draft remuneration structure placed before this meeting is specifically sanctioned with liberty to the Board of Directors (hereinafter referred to the “Board” which term shall be deemed to include the Nomination & Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and or remuneration and or agreement, subject to the same not exceeding the limits specified in Schedule V to the Companies Act, 2013 including any statutory re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri. B.K. Patodia”.

**“RESOLVED FURTHER THAT** pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Act, the remuneration payable to Shri. B.K. Patodia by way of salary, perquisites, commission and other allowance shall not in any event exceed 2% of the net profits of the Company in that financial year”.

**“RESOLVED FURTHER THAT** in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of Shri. B.K. Patodia, the remuneration, perquisites and other allowances shall be governed by the limits prescribed in Section II of Part II of Schedule V to the Act”.

**“RESOLVED FURTHER THAT** Shri B.K. Patodia shall not be liable to retire by rotation”

AND

**“FURTHER RESOLVED THAT** the Board be and is hereby authorized to take all such steps as may be necessary proper or expedient to give effect to this resolution”.

- 5) To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**

**“RESOLVED THAT** Shri N.K.Bafna (DIN:00019372), aged about 81 years who was appointed by the Board of Directors as an Additional Director in the capacity of Non-Executive Independent Director of the Company

with effect from 15.9.2020 and who holds office up to the date of this Annual General meeting of the Company in terms of Section 161 of the Companies Act 2013 (“Act”) and in respect of whom, the Company has received a notice in writing under Section 160 of the Act proposing his candidature as an Independent Director of the company pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, and Shri N.K.Bafna (DIN:00019372), who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 25(8) of the SEBI (LODR) Regulations, 2015 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a first term of five consecutive years commencing from the date of this Annual General Meeting i.e. 30<sup>th</sup> October 2020 to 29<sup>th</sup> October 2025.”

**“FURTHER RESOLVED THAT** pursuant to Regulation 17 (1A) of SEBI (LODR) (Amendment) Regulations, 2018, approval of the members of the company be and is hereby accorded to Shri N.K.Bafna (DIN:00019372), who has attained the age of 81 (eighty one) years, to continue as an Independent Director effective from the date of this Annual General Meeting i.e. from 30<sup>th</sup> October 2020 up to 29<sup>th</sup> October 2025”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company and / or Company Secretary of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

- 6) To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**

**“RESOLVED THAT** Shri. V.N.Balakrishnan (DIN 08820393) who was appointed by the Board of Directors as an Additional Director of the Company with effect from 31.7.2020 and who holds office up to the date of this Annual General meeting of the Company in terms of Section 161 of the Companies Act 2013 (“Act”) and in respect of whom, the Company has received a notice in writing under Section 160 of the Act proposing his candidature as an Independent Director of the company pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modification(s) or re-enactment

## NOTICE (Contd...)

thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, and Shri. V.N.Balakrishnan (DIN 08820393), who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 25(8) of the SEBI (LODR) Regulations, 2015 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a first term of five consecutive years commencing from the date of this Annual General Meeting i.e. 30<sup>th</sup> October 2020 to 29<sup>th</sup> October 2025.”

“FURTHER RESOLVED THAT pursuant to Regulation 17 (1A) of SEBI (LODR) (Amendment) Regulations, 2018, approval of the members of the company be and is hereby accorded to Shri. V.N.Balakrishnan (DIN 08820393) who has attained the age of 75 (seventy five) years, to continue as an Independent Director effective from the date of this Annual General Meeting i.e. from 30<sup>th</sup> October 2020 up to 29<sup>th</sup> October 2025”

“RESOLVED FURTHER THAT the Board of Directors of the Company and / or Company Secretary of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

- 7) To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**

“RESOLVED THAT Shri. C.K.Gopalakrishnan Nair (DIN 00521840) who was appointed by the Board of Directors as an Additional Director in the capacity of Independent Director of the Company with effect from 21.9.2020 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act 2013 (“Act”) and in respect of whom, the Company has received a notice in writing under Section 160 of the Act proposing his candidature as an Independent Director of the company pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, and Shri. C.K.Gopalakrishnan Nair (DIN 00521840), who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 25(8) of the SEBI (LODR) Regulations, 2015 and who is eligible for appointment,

be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a first term of five consecutive years commencing from the date of this Annual General Meeting i.e. 30<sup>th</sup> October 2020 to 29<sup>th</sup> October 2025.”

“RESOLVED FURTHER THAT pursuant to Regulation 17(1A) of the SEBI (LODR) (Amendment) Regulations, 2018 and other applicable provisions, if any of the Companies Act, 2013, as amended from time to time, approval of the members of the Company be and is hereby accorded for continuation of Directorship of Shri C.K Gopalakrishnan Nair (DIN 00521840) as the Independent Director of the Company, who will be above the age of 75 (Seventy Five) years during the year 2022”.

“RESOLVED FURTHER THAT the Board of Directors of the Company and / or Company Secretary of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

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

“RESOLVED THAT Smt. Kalpana Mahesh Thakker (DIN: 08601866) who was appointed as an Additional Director of the Company w.e.f. 14<sup>th</sup> November 2019 by the Board of Directors and who holds office upto the date of this Annual General Meeting in terms of Section 161 and other applicable provisions of the Companies Act, 2013 (“the Act”) read with Companies (Appointment and Qualification of Directors) Rules, 2014 and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, and being eligible, offer herself for appointment, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member signifying his intention to propose Smt. Kalpana Mahesh Thakker’s candidature for the office of the Director, be and is hereby appointed as a Non-executive, Non Independent Woman Director of the Company, liable to retire by rotation, with effect from the date of this Meeting.”

“RESOLVED FURTHER THAT the Board of Directors of the Company and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

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

“RESOLVED THAT Shri. Umang Patodia (DIN: 00003588) who was appointed as an Additional Director of the Company w.e.f. 15<sup>th</sup> September 2020 by the Board of Directors and who holds office upto the date

## NOTICE (Contd...)

of this Annual General Meeting in terms of Section 161 and other applicable provisions of the Companies Act, 2013 ("the Act") read with Companies (Appointment and Qualification of Directors) Rules, 2014 and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, and being eligible, offer himself for appointment, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member signifying his intention to propose Shri. Umang Patodia's candidature for the office of the Director, be and is hereby appointed as a Non-Executive, Non-Independent Director of the Company, liable to retire by rotation, with effect from the date of this Meeting."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

- 10) To consider and if thought fit, to pass with or without modification(s), the following as an **Ordinary Resolution** **"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or amendment(s) or re-enactments thereof for the time being in force), M/s. Hareesh K.N and Associates, Cost Accountants (Firm Reg. No. 101974), who have been appointed as Cost Auditors by the Board of Directors of the Company to conduct the Audit of the Cost records of the Company for the financial year ending on 31st March, 2021, be paid a remuneration of ₹ 35,000 (Rupees Thirty-Five Thousand Only) plus reimbursement of all out of pocket expenses as may be incurred in connection with the audit, be and is hereby ratified.

By Order of the Board of Directors

**E.K BALAKRISHNAN**

Company Secretary

Membership No. A7629

Place: Kochi

Date :21/09/2020

### NOTES:-

#### I. General Information:

1. In view of the ongoing COVID-19 pandemic, the MCA has vide its General Circular No. 20/2020 dated May 05, 2020 read with General Circular No. 14/2020 dated April 08, 2020 and General Circular No. 17/2020 dated April 13, 2020 (collectively referred to as 'MCA Circulars') permitted the holding of the AGM through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Act, SEBI Listing Regulations and MCA Circulars, the AGM of the Company is being held through VC/OAVM only. In accordance with the MCA Circulars,

special business mentioned at Item Nos. 2 to 10 of the Notice are considered as unavoidable in nature by the Board of Directors of the Company.

2. Since this AGM is being held through VC/OAVM, physical attendance of the Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.
3. Attendance of the Members participating in the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
4. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 and Regulation 36 of the SEBI (LODR) Regulations, 2015 in respect of the Special Business of the above Notice is annexed hereto.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Friday 23<sup>rd</sup> October 2020 to Friday 30<sup>th</sup> October 2020 (both days inclusive) for the purpose of AGM.
6. In compliance with the MCA Circulars and the Securities and Exchange Board of India ('SEBI') Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, Notice of the 15th AGM along with the Annual Report for Financial Year 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / Company's Registrar and Transfer Agent (RTA) . A copy of this Notice along with the Annual Report for Financial Year 2019-20 is uploaded on the Company's website [www.gtntextiles.com](http://www.gtntextiles.com), websites of the Stock Exchanges i.e. The BSE Limited ([www.bseindia.com](http://www.bseindia.com)) and The National Stock Exchange of India Limited ([www.nseindia.com](http://www.nseindia.com)) respectively.
7. In case the shareholder holding shares in physical mode has not registered his/her e-mail address with the Company/STA/Depositories, he/she may do so by sending a duly signed request letter to M/s. Integrated Registry Management Services Private Limited by providing Folio No. and Name of shareholder at 2<sup>nd</sup> Floor, Kences Towers, No.1, Ramakrishna Street, T Nagar, Chennai-600017, Tel: 044 28140801-803; E-Mail: [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in)
8. In the case of shares held in demat mode, the shareholder may contact the Depository Participant ('DP') and register the e-mail address in the demat account as per the process followed and advised by the DP.
9. Members seeking any information with regard to Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, Register of Contracts or Arrangements in which directors are interested under Section 189 of the Act, and relevant documents referred to in the accompanying Notice and in the Explanatory Statements are requested to write to the Company on or before Monday 26<sup>th</sup>

## NOTICE (Contd...)

- October, 2020, through email on [cs@gtnntextiles.com](mailto:cs@gtnntextiles.com). The same will be replied by the Company suitably.
10. With effect from April 01, 2019, in terms of SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 08, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) are not being processed unless the securities are held in the dematerialized form with the depositories. Therefore, Members holding shares in physical form are requested to dematerialize shares held in physical form at the earliest available opportunity
  11. In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the Company or its RTA in the following cases viz. Deletion of name, Transmission of shares and Transposition of shares. Shareholders are requested to furnish copy of PAN card for all the above mentioned transactions.
  12. Members are advised to avail the nomination facility in respect of shares held by them pursuant to the provisions of Section 72 of the Act. Members holding shares in physical form desiring to avail this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to IRMSPL. Members holding shares in dematerialized form may contact their respective DP for availing this facility.

### II. General Instruction

1. Pursuant to Section 108 of the Act, read with the Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI Listing Regulations, as amended from time to time, the Company is pleased to provide its Members the facility of remote e-voting to exercise their right to vote at the 15<sup>th</sup> AGM. CDSL will be providing facility for voting through remote e-voting, for participation in the AGM through VC/OAVM facility and e-voting during the AGM.
2. The cut-off date for the purpose of determining the Members eligible for participation in remote e-voting (e-voting from a place other than venue of the AGM) and voting at the AGM through e-voting system is Friday 23<sup>rd</sup> October 2020 ('Cut-off Date').
3. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice, holds shares as on Cut-off Date, may obtain the login ID and password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) with a copy marked to the Company on [cs@gtnntextiles.com](mailto:cs@gtnntextiles.com). However, if the Member is already registered with CDSL for remote e-voting, then he/she/it can use his/her/its existing User ID and password for casting the vote. Only a Member who is entitled to vote shall exercise his/her/its vote through e-voting and any recipient of this Notice who has no voting rights as on Cut-off Date should treat the same as intimation only.
4. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 and Regulation 36 of the SEBI (LODR) Regulations, 2015 in respect of the Special Business of the above Notice is annexed hereto.
5. Members who need technical assistance relating to attending the AGM through VC/OAVM or e-voting before / during the AGM, may contact Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
6. The Board of Directors of the Company has appointed Shri MRL Narasimha (Membership No.2851, CP.No 799), Practicing Company Secretary or failing him, Shri. Abhilash N.A, Practicing Company Secretary (Membership No. 22601 CP.No. 4524) as Scrutinizer for conducting the e-voting process in a fair and transparent manner in accordance with the provisions of Rule 22 of the Companies (Management and Administration) Rules, 2014
7. Corporate Members are required to scan and send a certified true copy of the Board Resolution, pursuant to Section 113 of the Act, authorizing their representatives to attend and vote on their behalf at the Meeting. The said Resolution/Authorization shall be sent to the Scrutinizer by e-mail through their registered e-mail address to [mrln54@outlook.com](mailto:mrln54@outlook.com) with a copy marked to the Company on [cs@gtnntextiles.com](mailto:cs@gtnntextiles.com).

### THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins on Tuesday, 27<sup>th</sup> October, 2020 a 9:00 a.m and ends on Thursday, 29<sup>th</sup> October, 2020 at 5:00 p.m.. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday 23<sup>rd</sup> October 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders" module.
- (v) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.

## NOTICE (Contd...)

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

	<b>For Shareholders holding shares in Demat Form and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <GTN TEXTILES LIMITED> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app "**m-Voting**". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

### **PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

- For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to RTA email id : [corpser@integratedindia.in](mailto:corpser@integratedindia.in)
- For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to RTA email id [corpser@integratedindia.in](mailto:corpser@integratedindia.in)
- The RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

### **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

The VC facility shall be kept open at least 15 minutes before the scheduled time of the AGM and shall not be closed till expiry of 15 minutes after the conclusion of the scheduled time for the AGM.

- Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
- Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.



## NOTICE (Contd...)

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **by Monday 26<sup>th</sup> October 2020** mentioning their name, demat account number/folio number, email id, mobile number at [cs@gtntextiles.com](mailto:cs@gtntextiles.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance by Monday 26<sup>th</sup> October 2020 mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

### **INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-**

1. **The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.**
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

### **(xx) Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at [mrln54@outlook.com](mailto:mrln54@outlook.com) and to the Company at the email address at [cs@gtntextiles.com](mailto:cs@gtntextiles.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

**NOTICE (Contd...)****Details of Directors seeking appointment/re-appointment at the forthcoming AGM  
in pursuance of Regulation 36 of SEBI (LODR) Regulations 2015**

Name of the Director	<b>Shri B.K. Patodia</b>		
DIN	<b>00003516</b>		
Age & Date of Birth	75 years, 1.1.1945		
Nationality	Indian		
Qualification	B.E. (Birla Institute of Science and Technology, Pilani)		
Expertise	Shri. B.K.Patodia (00003516) is the past Chairman of the Cotton Textiles Export Promotion Council, (Texprocil), Mumbai, the Indian Cotton Mills' Federation, (now known as Confederation of Indian Textile Industry) and Southern India Mills' Association, Coimbatore. He has also served as President of Cochin Chamber of Commerce and Industry, Kochi and Employers' Federation of Southern India, Chennai. He is the past Chairman of the Joint Cotton Committee of International Textile Manufacturers Federation (ITMF), Zurich. He is a member of the Advisory Board on the Committee of Management of ITMF. He is also a member of the Spinners Committee of ITMF. Shri. B.K. Patodia is Director on the Boards of several leading Companies and was also Member of several Government Committees including the Cotton Advisory Board and Cotton Yarn Advisory Board appointed by the Ministry of Textiles, Government of India. He was also actively involved in the Sub-Group on Cotton to formulate National Fibre Policy of the Ministry of Textiles..		
Date of Appointment in the Company	20.09.1991		
Other Directorships (Listed / Public Co.)	Patspin India Limited Hind Rectifiers Limited GTN Enterprises Limited India Thermit Corporation Limited		
Membership / Chairman in other Committees	GTN Enterprise Limited	Audit Committee	- Member
	India Thermit Corporation Limited	1. Audit Committee 2. Nomination and Remuneration Committee 3. CSR Committee	- Member - Member - Member
Shareholding in the Company	11,95,580 Equity Shares of ₹10 each		
Relationship between Directors Inter -se Directors	Related to Shri. Umang Patodia, Director		

Name of the Director	<b>Shri. N.K Bafna</b>		
DIN	<b>00019372</b>		
Age & Date of Birth	81 years, 03.07.1939		
Nationality	Indian		
Qualification	B.Com, FCA, Law Graduate		
Expertise	Practicing Chartered Accountant and a Senior Partner of M/s. Lodha & Co. Chartered Accountants, Mumbai. Besides his proficiency in Finance and Accounts, he is also an expert in Company Law matters.		
Date of Appointment in the Company	15.9.2020		
Other Directorships (Listed / Public Co.)	Patspin India Limited Prime Urban Development India Ltd		
Membership / Chairman in other Committees	Patspin India Limited	1. Audit Committee 2. Stakeholders Relationship Committee 3. Nomination and Remuneration Committee	- Chairman - Member - Chairman
	Prime Urban Development India Ltd	1. Stakeholders Relationship Committee 2. Audit Committee	- Chairman - Member
Shareholding in the Company	NIL		
Relationship between Directors Inter -se Directors	NIL		

**NOTICE (Contd...)**

Name of the Director	<b>Shri V.N.Balakrishnan</b>		
DIN	08820393		
Age & Date of Birth	75 years, 30.10.1945		
Nationality	Indian		
Qualification	Diploma in Textile Technology Engineering		
Expertise	Shri V.N. Balakrishnan, having more than 5 decades of experience in Textile Industry., a qualified Textile Technology Engineer from Govt. Polytechnic, Cannanore. Worked in Various Textile Companies like M/s Meenakshi Mills, Madurai and M/s RBM Mills, Pune. He was in employment with M/s GTN Textiles Ltd. from year 1974 to year 2013 and retired as Plant in Charge, designated as Vice President (Technical). Thereafter, he Continued as Group Technical Advisor till 31 <sup>st</sup> December 2016. He was also actively associated with Textile Research Institutions like ATIRA, SITRA, BTRA and also SIMA		
Date of Appointment in the Company	31.7.2020		
Other Directorships (Listed / Public Co.)	Patspin India Limited		
Membership / Chairman in other Committees	Patspin India Ltd	1. Audit Committee 2. Stakeholders Relationship Committee 3. Nomination & Remuneration Committee	- Member - Member - Member
Shareholding in the Company	270 equity shares		
Relationship between Directors Inter -se Directors	NIL		

Name of the Director	<b>Shri C.K.Gopalakrishnan Nair</b>		
DIN	00521840		
Age & Date of Birth	73 years, 17.1.1947		
Nationality	Indian		
Qualification	Diploma in Textile Technology Engineering, CTex ATI		
Expertise	Shri. C.K.Gopalakrishnan Nair, aged 73 years, is a Textile Engineer having professional experience over 35 years as Senior positions in Textile Industry and also 10 years in the capacity of Managing Director of public sector companies viz. M/s. Malappuram Co Operative Spinning Mills, M/s. Sitaram Textiles and M/s. Kerala State Textiles Corporation. He was also actively associated with Textile Institute Manchester, I R C Textiles and Kerala Management Association, Palakkad..		
Date of Appointment in the Company	21.9.2020		
Other Directorships (Listed / Public Co.)	Patspin India Limited		
Membership / Chairman in other Committees	NIL		
Shareholding in the Company	NIL		
Relationship between Directors Inter -se Directors	NIL		

**NOTICE (Contd...)**

<b>Name of the Director</b>	<b>Smt. Kalpana Mahesh Thakker</b>
DIN	08601866
Age & Date of Birth	57 years, 10.1.1963
Nationality	Indian
Qualification	Graduate
Expertise	Mrs. Kalpana Mahesh Thakker (DIN 08601866), aged 57 years, possessed qualification in Bachelor of Arts. She is the Managing Director of M/s. Purav Trading Limited engaged in procurement of raw cotton both from domestic and overseas markets. In addition to the same, she is partner in M/s. Perfect Cotton Company, M/s Patcot Company, and Standard Cotton Company, Mumbai, leading players in raw cotton market. Her family is in the Business of Raw Cotton Procurement for the last 4 to 5 Decades and have special expertise in Import and Export of Raw Cotton. She is actively involved in her family business for last many years. Presently, she is controlling the whole family business.
Date of Appointment in the Company	14.11.2019
Other Directorships (Listed / Public Co.)	Patspin India Limited Purav Trading Limited
Membership / Chairman in other Committees	NIL
Shareholding in the Company	17351 equity shares
Relationship between Directors Inter -se Directors	NIL

<b>Name of the Director</b>	<b>Shri. Umang Patodia</b>		
DIN	00003588		
Age & Date of Birth	51 years, 17.6.1969		
Nationality	Indian		
Qualification	Graduate		
Expertise	Shri. Umang Patodia, aged 51 years, is the Managing Director of Patspin India Limited since August 1994. He is a Commerce Graduate and has over 2 decades of experience in the textile business and has a successful presence in the textile business segment. He was Executive Director (Exports) in GTN Textiles Limited before he took over the post of Managing Director of Patspin India Limited. Presently, he is holding Directorship in the Confederation of Indian Textile Industry (CITI), New Delhi and The Cotton Textiles Export Promotion Council (TEXPROCIL), Mumbai. He was past Chairman of CII, Kerala State Council and member of various Committees, including Southern India Mills Association (SIMA).		
Date of Appointment in the Company	15.9.2020		
Other Directorships (Listed / Public Co.)	Patspin India Limited		
Membership / Chairman in other Committees	Patspin India Limited	1. Audit Committee 2. Stakeholders Relationship Committee	- Member - Member
Shareholding in the Company	835120 equity shares		
Relationship between Directors Inter -se Directors	Related to Shri. B.K. Patodia, Managing Director		

By Order of the Board of Directors

Place: Kochi  
Date :21/09/2020**E.K BALAKRISHNAN**  
Company Secretary  
Membership No.A 7629

## NOTICE (Contd...)

### Statement pursuant to Section 102 of the Companies Act, 2013 and Regulation 36 of SEBI (LODR) Regulations, 2018

#### Item No. 2

The Present Authorised Share Capital of the Company is ₹ 12,00,00,000 (Rupees Twelve Crores) divided into 1,20,00,000 (one crore twenty lakhs) Equity Shares of ₹ 10 (Rupees Ten) each.

In order to meet the additional fund requirement, it is proposed to increase the Authorized Share Capital of the Company as 12,00,00,000 (Rupees Twelve Crores) divided into 1,20,00,000 (one crore twenty lakhs) Equity Shares of ₹ 10 (Rupees Ten) each and 5,10,000 (Five lakhs ten thousand) Redeemable Preference Shares of ₹ 100 (Rupees hundred) each.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution set out at Item no. 2.

Board recommends the passing of this Resolution at Item No. 2 of the accompanying Notice in the interest of the Company.

#### Item No. 3

Your Company is engaged in business of manufacture of high-quality combed cotton yarn both for domestic and international markets. The Company has suffered substantial losses over the last few years due to external challenges in the form of fluctuating cotton prices, demand constraints and tight liquidity conditions, therefore, the margins of the Company have been under pressure. In view of the same, for augmenting Working Capital Resources of the Company, the Board of Directors at their meeting held on 15<sup>th</sup> September 2020 have taken decision to raise long term funds through issue of Non-Cumulative Non-Convertible Non-Participating Redeemable Preference Shares (NCRPS) on private placement basis. M/s. Seajuli Developers and Finance Limited has consented to subscribing the entire issue of Non-Cumulative, Non-convertible, Non-Participating Redeemable, Preference Shares ('NCRPS') of ₹ 5.10 Crores under this offer. Accordingly, approval of the members is being sought by way of Special Resolution under Section 42, 55 and other applicable provisions of the Companies Act, 2013 read with Rules made there under for issue of Non-Cumulative Non-Convertible, Non - Participating Redeemable Preference Shares (NCRPS) aggregating to not exceeding ₹ 5.10 crores under this offer and allot the 'NCRPS' on a Private Placement basis to M/s. Seajuli Developers & Finance Limited on the terms and conditions as set hereunder:

The size of the issue and number of preference shares to be issued and nominal value of each share	5,10,000 (Five Lakhs Ten Thousand) Non-Cumulative, Non-Convertible, Non-Participating Redeemable Preference Shares of ₹ 100 each
The nature of such shares	Non-Cumulative, Non-Convertible, Non-Participating, Redeemable Preference Shares (NCRPS) shall carry a preferential right, vis-a- vis equity shares of the Company with respect to payment of dividend and repayment in case of winding up or repayment of capital  The NCRPS shall not be listed with any Stock Exchanges.
The objectives of the issue	For augmenting Working Capital Resources
Manner of issue of shares	The NCRPS are proposed to be issued on private placement basis to M/s. Seajuli Developers & Finance Limited, Kolkata
The price at which such shares are proposed to be issued	NCRPS are proposed to be issued at nominal value of ₹100 each.
Basis on which the price has been arrived	NCRPS will be issued at PAR.
The terms of issue, including terms and rate of dividend on each share, etc.	The NCRPS are proposed to be issued for a period not exceeding 15 years from the date of allotment and shall be fully redeemed at par at maturity. However, the Company shall have an option for early redemption either partially or fully at any time after two (2) years from the date of allotment by giving written notice to the Preference shareholders. The NCRPS may be redeemed in accordance with Section 55 of the Companies Act 2013 read with relevant rules frames thereunder.  Dividend on NCRPS is payable at 6.50% p.a.

**NOTICE (Contd...)**

The terms of redemption, including the tenure of redemption, redemption of shares at premium and if the preference shares are convertible, the terms of conversion	The NCRPS are proposed to be issued for a period not exceeding 15 years from the date of allotment and shall be fully redeemed at par at maturity. However, the Company shall have an option for early redemption either partially or fully at any time after two (2) years from the date of allotment by giving written notice to the Preference shareholders. The NCRPS may be redeemed in accordance with Section 55 of the Companies Act 2013 read with relevant rules frames thereunder.  The NCRPS are non-convertible and will be redeemed at par value.
The manner and modes of redemption	The NCRPS shall be redeemed in accordance with the provisions of the Companies Act, 2013 read with the relevant rules.
The expected dilution in equity share capital upon conversion of preference shares	Not applicable since the NCRPS are proposed to be issued on non-convertible basis.
Listing of Non-Cumulative, Non-Convertible, Non-Participating Redeemable Preference Shares	The NCRPS shall not be listed with any Stock Exchanges.

Further, as required under Rule 14(1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, additional disclosure for issue of preference shares on private placement basis are as follows:

Particulars of the offer including date of passing of Board resolution	The Board of Directors of the Company at its meeting held on 15 <sup>th</sup> September 2020 approved the issuance of 5,10,000 NCRPS to M/s. Seajuli Developers and Finance Limited, on a private placement basis, for an amount not exceeding ₹ 5.10 crore at a coupon rate of 6.50% per annum
Kinds of securities offered and the price at which security is being offered	The Company proposes to issue non-cumulative, non-convertible, non-participating redeemable preference shares at nominal value of ₹ 100 per share
Basis or justification for the price (including premium, if any) at which the offer or invitation is being made	The NCRPS will be issued at par.
Name and address of valuer who performed valuation	Not Applicable, since the Issue is at par
Amount which the Company intends to raise by way of such securities	The Company intends to raise up to ₹ 5.10 crores by way of issue of NCRPS.
Material terms of raising such securities, proposed time schedule, purposes or objects of offer, contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects; principle terms of assets charged as securities.	<ul style="list-style-type: none"><li>• The Company proposes to issue 5,10,000 non-cumulative, non-convertible, non-participating redeemable preference shares at a nominal value of ₹ 100 per share to M/s. Seajuli Developers &amp; Finance Limited on a private placement basis.</li><li>• The NCRPS are unsecured and do not carry any charge on the assets of the Company.</li><li>• The NCRPS are proposed to be issued for a period not exceeding 15 years from the date of allotment. However, the Company shall have an option for early redemption either partially or fully at any time after two (2) years from the date of allotment by giving written notice to the Preference shareholders.</li><li>• The redemption will be at par value.</li><li>• The proceeds of the issue will be utilized to augment working capital resources of the company.</li><li>• Neither the Promoters nor the Directors of the Company propose to participate in this issue.</li></ul>

## NOTICE (Contd...)

### Current and post issue Preference Shareholding Pattern of the Company

S. N.	Category	Pre issue		Post issue	
		No. of Preference Shares of ₹ 100 each	% of shareholding	No. of Preference Shares of ₹ 100 each	% of shareholding
1	Promoter holding				
	Indian	0	0	0	0
	Individuals	0	0	0	0
	Body Corporates	0	0	0	0
	Sub total (A)	0	0	0	0
2	Non Promoter holding				
	Body corporate	0	0	5,10,000	100
	Others	0	0	0	0
	Subtotal (B)	0	0	5,10,000	100
	Grand Total	0	0	5,10,000	100

### Current equity shareholding pattern

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

None of the Directors and/or Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financial or otherwise, in the resolution set out at Item No. 3 of the Notice.

The Board recommends passing of this Resolution at Item No.3 of the accompanying Notice in the interest of the Company.

#### Item No.4

The present term of office of Shri B.K. Patodia as Chairman & Managing Director will expire on 18<sup>th</sup> December, 2020. Subject to shareholders' approval, the Board of Directors, at their meeting held on 21.09.2020 have re-appointed him for a further period of five years from the expiry date of his term on the remuneration determined by the Nomination & Remuneration Committee of the Board of Directors.

In accordance with the provisions of Section 203 and Schedule V of the Companies Act, 2013 (the Act), a person who has attained the age of 70 years can be appointed as Managing Director only by passing a Special Resolution, in which case, the explanatory statement annexed to the Notice for such motion shall indicate the justification for appointing such person.

Shri. B.K.Patodia (DIN 00003516) aged 75 years is an Engineering graduate from BITS, Pilani. He is the past Chairman of the Cotton Textiles Export Promotion Council, (TEXPROCIL), Mumbai, the Indian Cotton Mills' Federation, (now known as Confederation of Indian Textile Industry) and Southern India Mills' Association, Coimbatore. He has also served as President of Cochin Chamber of Commerce and Industry, Kochi and Employers' Federation of Southern India, Chennai. Shri. B.K. Patodia is the past Chairman of the Joint Cotton Committee of International Textile Manufacturers Federation (ITMF), Zurich. He is a member of the Advisory Board on the Committee of Management of ITMF. He is also a member of the Spinners Committee of ITMF. Shri. B.K. Patodia is a Director on the Boards of several leading Companies and is also a Member of several Government Committees including the Cotton Advisory Board and Cotton Yarn Advisory Board appointed by the Ministry of Textiles, Government of India. He was also actively involved in the Sub-Group on Cotton to formulate National Fibre Policy of the Ministry of Textiles.

The Board of Directors is of the opinion that the B.K.Patodia is a person of integrity, possess relevant expertise and vast experience. The guidance in the past is notable and supportive to the Company in dealing with the complex matters. Accordingly, it is felt that his association as Chairman & Managing Director will be beneficial and in the best interest of the company. Therefore, it is proposed to appoint Shri. B.K.Patodia as Chairman & Managing Director of the Company for a further period of 5 years and fixing his remuneration for a period of 3 years pursuant to Schedule V to the Companies Act, 2013.

## NOTICE (Contd...)

Nomination & Remuneration Committee constituted by the Board had met on 21.9.2020 and approved and recommended remuneration package of Shri. B.K. Patodia, Managing Director for a period of three years, in accordance with Schedule V to the Companies Act, 2013

In terms of Section II Part II of the Schedule V of the Companies Act 2013, where in any financial year during the currency of tenure of a managerial person, a company has no profits or its profits are inadequate, it may, pay remuneration to the managerial person not exceeding, the limits under (A) and (B) given below

A	Where the effective capital is	Yearly limit do not exceed (Rupees in lakhs)
i.	Negative or less than 5 crores	60.00
ii.	5 crores and above but less than 100 crores	84.00
iii.	100 crores and above but less than 250 crores	120.00
iv.	250 crores and above	120 lakhs plus 0.01% of the effective capital in excess of ₹ 250 crores

Provided that the remuneration in excess of above limits may be paid if the resolution passed by the shareholders is a special resolution

B.

(B) In case of a managerial person who is functioning in a professional capacity, [remuneration as per item (A) may be paid], if such managerial person is not having any interest in the capital of the company or its holding company or any of its subsidiaries directly or indirectly or through any other statutory structures and not having any, direct or indirect interest or related to the directors or promoters of the company or its holding company or any of its subsidiaries at any time during the last two years before or on or after the date of appointment and possesses graduate level qualification with expertise and specialised knowledge in the field in which the company operates:

Provided that any employee of a company holding shares of the company not exceeding 0.5% of its paid up share capital under any scheme formulated for allotment of shares to such employees including Employees Stock Option Plan or by way of qualification shall be deemed to be a person not having any interest in the capital of the company;

### Note:

Provided further that the above limits shall apply if;

- Payment of remuneration is approved by a resolution passed by the Nomination & Remuneration Committee and the Board of Directors;
- The company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of appointment of such managerial person;
- a special resolution has been passed at the general meeting of the company for payment of remuneration for a period not exceeding three years; and
- a statement along with notice calling the General Meeting referred to in Clause(iii) is given to the shareholders containing certain information as specified in the Schedule V.

Shri. B.K.Patodia was drawing a monthly salary of ₹ 3,00,000/- in the scale of ₹ 3,00,000- ₹ 10,000- ₹ 3,20,000, plus usual perquisites. Under his leadership, the company has recorded significant growth. Therefore, the Nomination and remuneration committee unanimously recommended to retain the remuneration of ₹3,00,000/- per month in the scale of ₹3,00,000- ₹ 10,000- ₹3,20,000 plus usual perquisites to Shri. B.K. Patodia, Chairman & Managing Director for a period of three (3) years from 1<sup>st</sup> October 2020 to 30<sup>th</sup> September 2023

- Salary:**  
₹3,00,000/- per month in the Scale ₹300000–10000–320000 for a period of 3 years from 1<sup>st</sup> October 2020 to 30<sup>th</sup> September 2023.
- Commission:**  
Subject to the overall limits laid down in Sections 197 of the Companies Act, 2013 such percentage of the Net Profit of the Company or such quantum as may be fixed by the Board of Directors for each financial year not exceeding 2% of the Net Profits of the Company, each year, restricted to an overall limit of ₹60 lacs per annum.
- Perquisites as follows:**
  - 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 appointee's salary shall be



## NOTICE (Contd...)

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 months 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.

Furthermore, approval of the members in general meeting by way of a special resolution is required to be obtained for payment of minimum remuneration, by way of salary and perquisites and allowance as specified above in the event of absence or inadequacy of profits in any financial year during the tenure of Shri B.K Patodia, Chairman & Managing Director of the Company.

### Information require to be disclosed in terms of Schedule V of the Companies Act, 2013

#### General information:

i. **Nature of industry:**

Textiles Industry- the company is mainly engaged in manufacture and exports of cotton yarn in the segment of medium, fine and superfine combed yarns.

ii. **Date or expected date of commencement of commercial production**

The commercial production has commenced during October 1964

iii. **In the case of new companies, expected date of commercial activities as per project approved by financial appearing in the prospectus**

Not Applicable

iv. **Financial performance:**

(₹ In lakhs)

Particulars	FY 2017-18	FY 2018-19	FY 2019-20
Revenue from Operations	14278	14226	13100
Other income	43	36	40
Operating Profit	1229	438	45
Finance Costs	1060	949	858
PBDT	169	(511)	(813)
Profit /(Loss)Before Tax	(201)	(840)	(1136)
Profit / (Loss)After Tax	(218)	(733)	(873)
Amount of Equity Dividend Paid	Nil	Nil	Nil
Rate of Dividend Declared (%)	Nil	Nil	Nil

Note : The company has a negative effective capital as on 31.3.2020

The company has not made any default in the repayment on its dues or interest payments thereon. The company has not accepted any deposits from the public. The company has also not issued any debentures.

## NOTICE (Contd...)

### v) Export performance and net foreign exchange contribution: (₹ In lakhs)

Financial Year	Export Turnover
2017-18	6623
2018-19	5937
2019-20	5792

### vi) Foreign investments or Collaboration, if any:

The company does not have any Foreign Exchange Collaboration

### II. Information about the appointee: Shri. B.K. Patodia

Vide item No 4 of the notice of this Annual General Meeting of the company the approval of the members is being sought for fixation the remuneration of Shri. B.K Patodia, Managing Director effective from 1.10.2020 for a period of 3 (three) years upto 30.9.2023. Shri. B.K Patodia, aged 75 years is a citizen of India, holds the Engineering Degree from Birla Institute of Science and Technology, Pilani, is the past Chairman of the Cotton Textiles Export Promotion Council, (TEXPROCIL), Mumbai. He is also the past Chairman of the Indian Cotton Mills' Federation, (now known as Confederation of Indian Textile Industry) and Southern India Mills' Association, Coimbatore. He has also served as President of Cochin Chamber of Commerce and Industry, Cochin and Employers' Federation of Southern India, Chennai.

Shri. B.K Patodia is the past Chairman of the Joint Cotton Committee of International Textile Manufacturers Federation (ITMF), Zurich. He is a member of the Advisory Board on the Committee of Management of ITMF. He is also a member of the Spinners Committee of ITMF.

Shri.B.K Patodia is Director on the Boards of several leading Companies and was also Member of several Government Committees including the Cotton Advisory Board and Cotton Yarn Advisory Board appointed by the Ministry of Textiles, Government of India. He was also actively involved in the Sub-Group on Cotton to formulate National Fibre Policy of the Ministry of Textiles.

During the financial year 2019-20, he was paid the following remuneration

Salary	Commission	Perquisites	P.F/Gratuity/ Superannuation	Total
36,00,000	-	6,24,740	5,39,052	47,63,792

**Pecuniary Relationship:** The Company had not entered into any transaction of material in nature with any of the related parties which were in conflict with the interest of the company. Further, all transactions with the related parties were in the ordinary course of business and at arm's length

### III. Other information

The Directors Report forming part of the Annual Report mentioned in details" Other Information" as required under Schedule V of the Companies Act, 2013

Draft agreement referred in the resolution would be available for inspection by the members at the Registered Office of the Company during normal business hours on all working days up to the date of the Annual General Meeting.

Shri. B K Patodia is deemed to be interested in the resolution mentioned in Item No.4 of the notice. None of the other Directors, Key Managerial Personnel and their relatives except Shri. Umang Patodia, Director are in any way concerned or interested, financial or otherwise in the resolution.

The terms and conditions mentioned in Item No 4 of the notice may also be taken as an abstract of the agreement to be made by the company with Shri. B.K Patodia, pursuant to Section 190 of the Companies Act, 2013.

The Board recommends the Special Resolution set out at Item No. 4 of the Notice for approval by the members.

### Item No. 5

The Board of Directors of the Company at the meeting held on 15.9.2020 have appointed Shri N.K.Bafna (DIN: 00019372) as an Additional Director in the capacity of Non Executive Independent Director of the Company to hold office with effect from 15.9.2020 upto the date of the next Annual General Meeting of the Company.

As an Additional Director, Shri N.K.Bafna holds office till the date of the AGM and is eligible for being appointed as an Independent Director. The Company has received necessary declaration(s) from him confirming that he meets the criteria as prescribed under the Companies Act, 2013 (the Act) and SEBI (LODR) Regulations, 2015. Shri N.K.Bafna is not disqualified from being appointed as a Director under provisions of Section 164 of the Companies Act, 2013, nor debarred from holding the office of director by virtue of any SEBI order or any other such authority and has given his consent to act as a Director of the Company.

Regulation 17(1A) of SEBI (LODR) Regulations, 2015 mandates that no listed entity shall appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of seventy five years unless a Special

## **NOTICE (Contd...)**

Resolution is passed to that effect. The Company has received individual notice in writing from Member of the Company under the provisions of Section 160(1) of the Companies Act, 2013 as amended by the Companies (Amendment) Act, 2017, proposing the candidature of Shri N.K.Bafna (DIN: 00019372) for the office of Director of the Company for his first term of five years effective from the date of this Annual General Meeting i.e. 30.10.2020.

Shri. N.K.Bafna is a Practising Chartered Accountant and more than 6 decades of experience in the field of Finance & Accounts. He is the Senior Partner of M/s. Lodha & Co. Chartered Accountants, Mumbai. Besides his proficiency in Finance and Accounts, he is also an expert in Company Law matters. The Board of Directors of the Company, based on recommendation of the Nomination & Remuneration Committee meeting held on 21<sup>st</sup> September, 2020, approved the appointment of Shri. N.K.Bafna, as Non-Executive Independent Director of the Company for first term of five years from the date of this Annual General Meeting i.e. 30.10.2020 to 29.10.2025, as mentioned in the Resolutions set out under Item No. 5. The Board considers that Shri. N.K.Bafna have requisite expertise, versatility, extensive and enriched experience that will be of benefit to the company. In the opinion of the Board, Shri. N.K.Bafna fulfils the conditions for his appointment as an Independent Director as specified in the Act and Listing Regulations and is independent of the management.

Copy of the draft letter of appointment of Shri. N.K.Bafna as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company between 11 a.m. to 1 p.m. on all days except Saturdays, Sundays and public holidays, till the conclusion of the ensuing Annual General Meeting. The same is also available at the Company's website at [www.gtnntextiles.com](http://www.gtnntextiles.com).

None of the other Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested in the said Resolution.

The Board recommends the Special Resolution set out at Item No. 5 of the Notice for approval by the members.

### **Item No. 6**

The Board of Directors of the Company at the meeting held on 31.7.2020 have appointed Shri V.N. Balakrishnan (DIN 08820393) as an Additional Director of the Company to hold office with effect from 31.7.2020 upto the date of the next Annual General Meeting of the Company.

As an Additional Director, Shri V.N. Balakrishnan holds office till the date of the AGM and is eligible for being appointed as an Independent Director. The Company has received necessary declaration(s) from him confirming that he meets the criteria as prescribed under the Companies Act, 2013 (the Act) and SEBI (LODR) Regulations, 2015. Shri V.N. Balakrishnan is not disqualified from being appointed as a Director under provisions of Section 164 of the Companies Act, 2013, nor debarred from holding the office of director by virtue of any SEBI order or any other such authority and has given his consent to act as a Director of the Company.

Regulation 17(1A) of SEBI (LODR) Regulations, 2015 mandates that no listed entity shall appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of seventy five years unless a Special Resolution is passed to that effect. The Company has received individual notice in writing from Member of the Company under the provisions of Section 160(1) of the Companies Act, 2013 as amended by the Companies (Amendment) Act, 2017, proposing the candidature of Shri V.N. Balakrishnan for the office of Director of the Company for his first term of five years effective from the date of this Annual General Meeting i.e. 30.10.2020.

Shri. V.N.Balakrishnan has rich experience in the field of textile technology and has worked over 5 decades in textile industry. He was also actively associated with Textile Research Institutions like ATIRA, SITRA, BTRA and also SIMA. The Board of Directors of the Company, based on recommendation of the Nomination & Remuneration Committee meeting held on 21<sup>st</sup> September, 2020, approved the appointment of Shri V.N. Balakrishnan, as Non-Executive Independent Director of the Company for first term of five years from the date of this Annual General Meeting i.e. 30.10.2020 to 29.10.2025, as mentioned in the Resolutions set out under Item No. 6.

The Board considers that Shri. V.N. Balakrishnan have requisite expertise, versatility, extensive and enriched experience that will be of benefit to the company. In the opinion of the Board, Shri. V.N. Balakrishnan fulfils the conditions for his appointment as an Independent Director as specified in the Act and Listing Regulations and is independent of the management.

Copy of the draft letter of appointment of Shri. V.N.Balakrishnan as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company between 11 a.m. to 1 p.m. on all days except Saturdays, Sundays and public holidays, till the conclusion of the ensuing Annual General Meeting. The same is also available at the Company's website at [www.gtnntextiles.com](http://www.gtnntextiles.com).

None of the other Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested in the said Resolution.

The Board recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the members.

### **Item No.7**

The Board of Directors of the Company at the meeting held on 21.9.2020 have appointed Shri CK Gopalakrishnan Nair (DIN00521840) as an Additional Director in the capacity of Independent Director of the Company to hold office with effect from 21.09.2020 upto the date of the next Annual General Meeting of the Company.

## **NOTICE (Contd...)**

As an Additional Director, Shri C.K.Gopalakrishnan Nair holds office till the date of the AGM and is eligible for being appointed as an Independent Director. The Company has received necessary declaration(s) from him confirming that he meets the criteria as prescribed under the Companies Act, 2013 (the Act) and SEBI (LODR) Regulations, 2015. Shri C.K.Gopalakrishnan Nair is not disqualified from being appointed as a Director under provisions of Section 164 of the Companies Act, 2013, nor debarred from holding the office of director by virtue of any SEBI order or any other such authority and has given his consent to act as a Director of the Company.

Shri. C.K.Gopalakrishnan Nair will be completing 75 years of age during the year 2022. In compliance with Regulation 17(1A) of SEBI (LODR) (Amendment) Regulations, 2018, approval of members by Special Resolution is necessary to continue as Non-Executive Independent Director of the Company after attaining age of 75 years.

The Company has received individual notice in writing from Member of the Company under the provisions of Section 160(1) of the Companies Act, 2013 as amended by the Companies (Amendment) Act, 2017, proposing the candidature of Shri C.K.Gopalakrishnan Nair for the office of Director of the Company for his first term of five years effective from the date of this Annual General Meeting i.e. 30.10.2020.

Shri. C.K.Gopalakrishnan Nair, aged 73 years, is a Textile Engineer having professional experience over 35 years as Senior positions in Textile Industry and also 10 years in the capacity of Managing Director of public sector companies viz. M/s. Malappuram Co Operative Spinning Mills, M/s. Sitaram Textiles and M/s. Kerala State Textiles Corporation. He was also actively Associated with Textile Institute, Manchester, I R C Textiles and Kerala Management Association, Palakkad

The Board of Directors of the Company, based on recommendation of the Nomination & Remuneration Committee meeting held on 21<sup>st</sup> September, 2020, approved the appointment of Shri C.K.Gopalakrishnan Nair, as Non-Executive Independent Director of the Company for first term of five years from the date of this Annual General Meeting i.e. 30.10.2020 to 29.10.2025, as mentioned in the Resolutions set out under Item No. 7.

The Board considers that Shri. C.K.Gopalakrishnan Nair have requisite expertise, versatility, extensive and enriched experience that will be of benefit to the company. In the opinion of the Board, Shri. C.K.Gopalakrishnan Nair fulfils the conditions for his appointment as an Independent Director as specified in the Act and Listing Regulations and is independent of the management.

Copy of the draft letter of appointment of Shri. C.K.Gopalakrishnan Nair as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company between 11 a.m. to 1 p.m. on all days except Saturdays, Sundays and public holidays, till the conclusion of the ensuing Annual General Meeting. The same is also available at the Company's website at [www.gtntextiles.com](http://www.gtntextiles.com).

None of the other Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested in the said Resolution.

The Board recommends the Special Resolution set out at Item No. 7 of the Notice for approval by the members.

### **Item No. 8**

The Board of Directors, at their meeting held on 14<sup>th</sup> November 2019 had appointed Smt. Kalpana Mahesh Thakker (08601866) as an Additional Director (Non-executive, Non Independent Woman Director) from the date of that meeting. In terms of Section 161(1) of the Companies Act, 2013 read with Articles of Association of the Company, Smt. Kalpana Mahesh Thakker (08601866) holds office as an Additional Director only up to the date of the forthcoming Annual General Meeting. Smt. Kalpana Mahesh Thakker, being eligible has offered herself for appointment as a Director.

The Board of Directors of the Company based on the recommendation of Nomination and Remuneration Committee at its meeting held on 21.9.2020 approved the appointment of Smt. Kalpana Mahesh Thakker pursuant to provisions of Section 161 of the Companies Act 2013 as well as 17 (1) of SEBI (LODR) Regulations 2015 as amended up to date. The Board considers that Smt. Kalpana Mahesh Thakker have requisite expertise, versatility, extensive and enriched experience that will be of benefit to the company.

None of the other Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the members.

### **Item No. 9**

Pursuant to SEBI Regulation 17(1) (c) of Listing Regulations stipulated the composition of Board of Directors of the top 2000 listed entities, with effect from April 1, 2020, shall comprise of not less than six (6) Directors. Considering the same, the Board of Directors, at their meeting held on 15<sup>th</sup> September 2020 had appointed Shri. Umang Patodia (00003588) as an Additional Director (Non-executive, Non Independent Director) from the date of that meeting. In terms of Section 161(1) of the Companies Act, 2013 read with Articles of Association of the Company, Shri. Umang Patodia (00003588) holds office as an Additional Director only up to the date of the forthcoming Annual General Meeting. Shri. Umang Patodia, being eligible has offered himself for appointment as a Director.

## **NOTICE (Contd...)**

Shri. Umang Patodia, aged 51 years, is the Managing Director of Patspin India Limited since August 1994. He is a Commerce Graduate and has over 2 decades of experience in the textile business and has a successful presence in the textile business segment. He was Executive Director (Exports) in GTN Textiles Limited before he took over the post of Managing Director of Patspin India Limited. Presently, he is holding Directorship in the Confederation of Indian Textile Industry (CITI), New Delhi and The Cotton Textiles Export Promotion Council (TEXPROCIL), Mumbai. He was past Chairman of CII, Kerala State Council and member of various Committees, including Southern India Mills Association (SIMA).

The Board of Directors of the Company based on the recommendation of Nomination and Remuneration Committee at its meeting held on 21.9.2020 approved the appointment of Shri. Umang Patodia pursuant to provisions of Section 161 of the Companies Act 2013 as well as 17 (1) of SEBI (LODR) Regulations 2015 as amended up to date. The Board considers that Shri. Umang Patodia have requisite expertise, versatility, extensive and enriched experience that will be of benefit to the company.

None of the Directors, Key Managerial Personnel and their relatives except Shri. B.K. Patodia, Managing Director are in any way, concerned or interested in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 9 of the Notice for approval by the members.

### **Item No.10**

The Board of Directors of the company, on the recommendation of the Audit Committee, approved the appointment of M/s Hareesh K.N & Associates, Cost Accountants as Cost Auditors to conduct the audit of the cost records of the company's textile units at a remuneration of ₹ 35,000 (Rupees thirty five thousand only) plus applicable taxes and reimbursement of travelling and out of pocket expenses incurred by them for the financial year 2020-21

In terms of the provisions of section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Cost Records & Audit) Rules, 2014, the remuneration payable to the cost auditor has to be ratified by the members of the company. Accordingly, consent of the shareholders is sought for passing an Ordinary Resolution as set out at Item No 10 of the notice for ratification of remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March 2021.

None of the Directors and / or Key Managerial Personnel of the company and their relatives is concerned or interested, financial or otherwise in the resolution set out at Item No 10

The Board recommends the Special Resolution set out at Item No. 10 of the Notice for approval by the members.

By Order of the Board of Directors

Place: Kochi  
Date: 21/09/2020

**E.K BALAKRISHNAN**  
Company Secretary  
Membership No. A7629

# GTN TEXTILES LIMITED

## DIRECTORS' REPORT

To the Members,

Your Directors present the 15<sup>TH</sup> (**FIFTEENTH**) Annual Report together with the Audited Statement of Accounts (Standalone & Consolidated) for the year ended 31<sup>st</sup> March, 2020

### 1. FINANCIAL RESULTS

Amount ₹Lakhs

	Standalone		Consolidated	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Revenue	13,139.60	14,261.91	13,139.60	14,261.91
EBITDA	17.29	433.20	17.29	433.20
Finance cost	858.23	948.87	858.23	948.87
Depreciation	322.68	329.09	322.68	329.09
Profit / (Loss) / before Tax and share of Associate	(1163.63)	(844.76)	(1163.63)	(844.76)
Share of Profit / (Loss) of Associate	--	--	(136.44)	(109.06)
Profit / (Loss) before tax	--	--	(1300.07)	(953.82)
Tax expense / (Credit) – including Deferred tax	(290.38)	(111.42)	(290.38)	(111.42)
Profit / (Loss) after tax	(873.25)	(733.33)	(1009.69)	(842.39)

### 2. FINANCIAL PERFORMANCE

During the year under review, performance of Textile Industry in general was impacted due to various adversities. India's yarn exports during FY 2019-20 were significantly Lower at 0.96 Mn.mt. as against 1.31 Mn.mt in FY 2018-19, reflecting substantial reduction by 26%. Due to lower demand, cotton prices slightly came down, but remained higher than international prices due to MSP. However, the yarn prices sharply decreased due to glut in the market on account of reduction in exports. Lower sale volumes with reduced price realisations severely affected the performance of Spinning industry in FY 2019-20.

The industry, which was already under tremendous pressure during the year 2019-20 on account of slowdown in exports, sagging operating margins, liquidity constraints, further slipped into distress due to impact of Covid-19 pandemic outbreak worldwide since January 2020. This has led to substantial drop in production and dispatches across the world in entire textile value chain, added to the woes of Indian Spinning Industry. The Indian textile and apparel industry have been adversely impacted in the short to medium term due to lockdown and lower consumer spends. The sector is reeling under liquidity and cost pressure as well due to the unprecedented damage caused by COVID-19 Pandemic. Therefore, your company's performance may be perused in the aforesaid circumstances to have a balanced view.

As a result of above given background, your company's Standalone Income from Operations during the year decreased to ₹13,139.60 lacs from ₹ 14,261.91 lacs in the previous year. Whilst Exports during the year was marginally lower at ₹5792.07 lacs as against ₹5937.34 lacs in the previous year, the decrease was mainly in Domestic sales, which during the year was at ₹7076.02 lacs compared to ₹8288.76 lacs in the previous year. During the year, Realty business segment has recorded a Revenue of ₹231.78 lacs from the sale of 7 plots out of 15 plots developed at 1.23 acres of surplus Land in company's Aluva unit.

Standalone Operating Profit / EBITDA was lower at ₹ 17.29 lacs as against ₹ 433.20 lacs of the previous year. Finance Cost was lower ₹858.23 lacs as against ₹948.87 lacs in the previous year. Depreciation for the year was marginally lower at ₹322.68 lacs for the year as against ₹329.09 lacs in the previous year. The Net Loss recorded before tax and share of Loss of Associate was higher at ₹1163.63 lacs as against ₹844.76 lacs in the previous year and the Net loss after Tax Credit including deferred tax Adjustments was at ₹873.25 Lacs as against ₹733.33 Lacs in the previous year.

Your company was registered as "Medium Enterprise Manufacturing" under the MSME Act with effect from 14th August 2020 in terms of the certificate issued by Ministry of Micro, Small and Medium Enterprises

### 3. IMPACT OF COVID 19 PANDEMIC

Towards the end of the Financial Year 2019-20, the operations of the company were suspended due to the nationwide lockdown imposed by Government to contain the COVID 19 pandemic outbreak. The Company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these financial results, to determine the impact on the Company's revenue from operations for foreseeable future and the recoverability and carrying value of certain assets such as property, plant and equipment, investments, inventories and trade receivables. Based on such assessment, management is confident that no indications of impairment of carrying values of property, plant and equipment and investments exist as on the date of approval of these financial statements.

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

As the situation is unprecedented, the impact of COVID-19 pandemic on the overall economic environment remains uncertain and may be different from what we have estimated as of the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

It may be worth mentioning here that, there have been series of interventions from the governments across the world, and recovery curve post COVID-19, is likely to be based on perceived national priorities and technological strength of each country. However, in the labour intensive textile sector like in India, the recovery would happen sooner than later, with measures like policy support for innovative strategies, leveraging new international partnerships and providing stimulus for adoption of new technology. The important levers of change are likely to be ownership of value chain, technology push, operating flexibility, supply chain resilience and adaptable cost models. Already reports are available about growing demand for cotton yarn, dyed fabrics and home textiles where, the data for the month of July 2020 shows that exports of cotton textiles from India grew by 16.4%, giving hopes of recovery.

### **4. SUSPENSION OF OPERATIONS**

As a result of the nationwide lockdown imposed by the Government of India due to Covid-19 pandemic outbreak, manufacturing operations at Company's Aluva Plant was suspended from the second half of March 2020 and continued for most part of the 1st quarter. As a result, the business operations of the Company were severely disrupted impacting production and sales. The operations at company's Aluva plant could only resume with effect from 27<sup>th</sup> May 2020 in a phased manner adhering to the safety norms / guidelines issued by the relevant regulatory authorities.

Again, the manufacturing operations at Company's Plant was suspended from 10th July 2020 to 12th August 2020 due to Directions from District Collector, Ernakulam, Govt of Kerala declaring wards where company's plant is situated in Aluva as Covid-19 Containment zone/ curfew. Due to suspension of manufacturing operations for significant period of the Current Financial year on account of Covid-19 pandemic outbreak as aforesaid, the business conditions have become adverse impacting day to day operations and cash flows severely. Therefore, the plant operations for the time being have been suspended with effect from 14th August, 2020. Board of Directors of company continues to closely monitor business and economic conditions and exploring all possibilities to resuming operations.

### **5. DIVIDEND**

In view of the losses for the financial year ended 31<sup>st</sup> March 2020, the Board of Directors regret their inability to recommend any dividend for the year 2019-20

and accordingly, has not recommended / proposed declaration of any dividend.

### **6. CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements, prepared in accordance with the applicable Indian Accounting Standards issued by the Institute of Chartered Accountants of India and Regulation 33 of the SEBI (LODR) Regulations, 2015 together with Auditors Report. The Auditors report on the consolidated financial statements also attached. The same is with unmodified opinion (unqualified).

### **7. 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.

### **8. MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis Report on the operations of the Company, as required under the SEBI (LODR) Regulations, 2015 (hereinafter referred to as "Listing Regulations") is provided in a separate section and forms an integral part of this Report.

### **9. PUBLIC DEPOSITS**

The Company does not have "Deposits" as contemplated under Clause V of the Companies Act 2013. Further, the company has not accepted any such deposits during the year ended 31<sup>st</sup> March 2020.

### **10. CORPORATE GOVERNANCE**

The Company has taken the requisite steps to comply with the recommendations concerning Corporate Governance.

As per Regulation 34 (3) read with Schedule V of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015, a separate statement on Corporate Governance practices followed by the Company, together with a Certificate from the Practicing Company Secretary confirming compliance, forms an integral part of this Report.

### **11. DIRECTORS AND KEY MANAGERIAL PERSONS**

1. Shri N.K.Bafna (DIN 00019372) has been inducted as an Additional Director in the independent Director category effective from 15.9.2020 and hold office only up to the date of forth coming Annual General Meeting of the company. Based on the recommendation of Nomination and Remuneration Committee, the Board recommends and seeks shareholders approval for appointment of Shri N.K.Bafna (DIN 00019372) as an Independent Director for a period of 5 years.

Pursuant to Securities and Exchange Board of India (LODR) (Amendment) Regulations, 2018, consent of the Members by way of Special Resolution is required for continuation of a Non-Executive and Independent Directors beyond the age of 75 years w.e.f. April 1, 2019. Since Shri N.K.Bafna,

## DIRECTORS' REPORT (Contd...)

Independent Director is aged 81 years, the Board recommends your approval by Special Resolution for his continuance in the Board.

2. Shri V.N. Balakrishnan (DIN 08820393) has been inducted as an Additional Director effective from 31.7.2020 and hold office only up to the date of forth coming Annual General Meeting of the company. Based on the recommendation of Nomination and Remuneration Committee, the Board recommends and seeks shareholders' approval for appointment of Shri V.N. Balakrishnan (DIN 08820393) as an Independent Director for a period of 5 years.

Pursuant to Securities and Exchange Board of India (LODR) (Amendment) Regulations, 2018, consent of the Members by way of Special Resolution is required for continuation of a Non-Executive and Independent Directors beyond the age of 75 years w.e.f. April 1, 2019. Shri V.N. Balakrishnan, Independent Director will be completing 75 years during year 2021. The Board recommends your approval by Special Resolution for his continuance in the Board.

3. Shri CK Gopalakrishnan Nair (DIN 00521840) has been inducted as an Additional Director in the capacity of Independent Director effective from 21.9.2020 and hold office only up to the date of forth coming Annual General Meeting of the company. Based on the recommendation of Nomination and Remuneration Committee, the Board recommends and seeks shareholders' approval for appointment of Shri CK Gopalakrishnan Nair (DIN 00521840) as an Independent Director for a period of 5 years.

Pursuant to Regulation 17(1A) of the SEBI (LODR) (Amendment) Regulations, 2018 and other applicable provisions, if any of the Companies Act, 2013, as amended from time to time, approval of the members of the Company be and is hereby accorded for continuation of Directorship of Shri CK Gopalakrishnan Nair (DIN 00521840) as the Independent Director of the Company, who will be above the age of 75 (Seventy Five) years during the year 2022".

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of the independence as prescribed both under section 149(6) of the Companies Act, 2013 and under Regulation 16 (1) (b) of SEBI (LODR) Regulations, 2015.

In accordance with the provisions of Companies Act 2013, none of the Independent Directors are liable to retire by rotation

4. Smt. Kalpana Mahesh Thakker (DIN 08601866) has been inducted as an Additional Director in the category of Non-Executive Non-Independent Woman Director effective from 14.11.2019 and hold office only up to the date of forth coming

Annual General Meeting of the company. The Board of Directors on the recommendation of the Nomination and Remuneration Committee commends her appointment at the ensuing AGM. Her appointment is liable to retire by rotation.

5. Shri. Umang Patodia (DIN 00003588) has been inducted as an Additional Director in the category of Non-Executive Non-Independent Director effective from 15.9.2020 and hold office only up to the date of forth coming Annual General Meeting of the company. The Board of Directors on the recommendation of the Nomination and Remuneration Committee recommends his appointment at the ensuing AGM. His appointment is liable to retire by rotation.

The required information of the Directors being appointed, pursuant to the provisions of the Listing Regulations, forms part of the Annual Report.

Shri. Mahesh Thakker, Non-Executive Non-Independent Director, had resigned from the Board due to personal reasons on 7.11.2019. However, the Board regret to note his sad demise on 24.11.2019 and remembers his valuable contribution during his long association with the company.

Shri. S.Sundareshan, Non-Executive Independent Director, has resigned from the Board due to personal reasons with effect from 28.8.2020. The Board records its sincere appreciation for his valuable contribution during his long association with the company.

Shri. A.K.Warekar, Chief Financial Officer was superannuated and retired from the services of the Company with effect from 15.09.2020 and the Board appointed Shri. Arun S Mohan in his place in the Board meeting held on 15.9.2020.

There is no change in the composition of the Board of Directors and the Key Managerial Personnel, except as stated above

### 12. KEY MANAGERIAL PERSONNEL

Shri B.K. Patodia, Managing Director, Shri. A K Warekar, Chief Financial Officer and Shri E.K.Balakrishnan, Company Secretary were the Key Managerial Personnel of your Company, in accordance with the provisions of Section 203 of the Companies Act 2013 during the year under review.

### 13. NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met 5 (five) time during the financial year 2019 – 20. The details of the meetings of the Board of Directors of the Company convened and attended by the Directors during the financial year 2019-20 are given in the Corporate Governance Report which forms part of this Annual Report.

### 14. MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met once during the Financial Year under review. The Meeting was conducted without



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

the presence of the Non-Independent Directors and members of management.

### **15. DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors acknowledge the responsibility for ensuing compliances with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 in the preparation of annual accounts for the year ended on 31<sup>st</sup> March, 2020 and state that:

1. in the preparation of the Annual Accounts, the applicable Indian Accounting Standards have been followed and there are no material departures from the same;
2. the Directors 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 31<sup>st</sup> March 2020 and of the profit or loss of the company for that period;
3. the Directors 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;
4. the Directors have prepared the Annual Accounts on a going concern basis;
5. the Directors 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
6. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **16. BOARD EVALUATION**

Pursuant to the provisions of Companies Act and Listing Regulations, annual evaluation of the Board, the Directors individually as well as working of its constituted committees has been carried out from time to time.

### **17. FAMILIARISATION PROGRAMME FOR DIRECTORS**

At the time of appointing a Director, a formal letter of appointment is given, which interalia explains the role, function, duties and responsibilities expected as a Director of the Company. This is to provide insights into the Company to enable the Independent Directors to understand its business in depth, to familiarize them with the process, business and functionalities of the Company and to assist them in performing their role as Independent Directors of the Company. The Director is also explained in detail the Compliance required 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.

### **18. AUDITORS**

M/s. L.U.Krishnan & Co. (Regn.No.001527S) Chartered Accountants, Chennai were appointed as the Auditors of the Company at the 12<sup>th</sup> Annual General Meeting (AGM) held on 22<sup>nd</sup> September, 2017 to hold office till the conclusion of the 17<sup>th</sup> AGM of the Company for a term of 5 years, subject to ratification of the appointment by the members at every Annual General Meeting. The requirement of seeking ratification of the members for continuance of their appointment has been withdrawn consequent up on the changes made by the Companies (Amendment) Act 2017 with effect from May 07, 2018.

The Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Statutory Auditors.

Reports issued by the Statutory Auditors on the Standalone and Consolidated financial statements for the year ended 31<sup>st</sup> March 2020 are with unmodified opinion (unqualified).

### **19. SECRETARIAL AUDIT REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made there under, the Company has appointed Shri. MRL Narasimha (C.P No. 799), Practicing Company Secretary to undertake the Secretarial Audit of the Company.

Secretarial Audit Report issued by Shri. MRL Narasimha, Practicing Company Secretary in Form MR-3 forms part to this report **Annexure I**. The said report does not contain any observation or qualification requiring explanation or adverse remark

### **20. COST AUDITORS**

Pursuant to Section 148 of the Act read with Rule 14 of the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records of the Company are required to be audited. The Directors, on the recommendation of the Audit Committee, appointed M/s. Hareesh K.N and Associates, Cost Accountants (Firm Reg. No. 101974) Cost Accountants, to audit the cost accounts of the Company for the FY ending 31<sup>st</sup> March, 2021, on a remuneration as mentioned in the Notice convening the 15<sup>th</sup> Annual General Meeting for conducting the audit of the cost records maintained by the company.

### **21. 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.

### **22. RELATED PARTY TRANSACTIONS**

All transactions entered with related parties were on arm's length basis and in the ordinary course of business.

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

There were no materially significant transactions with the related parties during the financial year and were not in conflict with the interest of the company. Thus, a disclosure in Form AOC -2 in terms of Section 134 of the Companies Act 2013 is not required. All related party transactions are placed before the Audit Committee as also before the Board for approval.

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 Regulations. This Policy has been uploaded on the website of the Company.

### **23. 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.

### **24. CREDIT RATING**

During the year, Infomercials Valuation and Rating Pvt. Ltd. (Infomercials) has assigned - "IVR BB -" (IVR Double BB minus with stable outlook) credit rating for the long term facilities and "IVR A4" (IVR A Four) credit rating for short term facilities of the company

### **25. 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.

### **26. 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](http://www.gtntextiles.com)).

### **27. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Even though the provisions of Section 135 (5) 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.

### **28. 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 III** forming part of this report.

### **29. 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.

### **30. NOMINATION & REMUNERATION POLICY**

The Board of Directors has framed a policy which lays down a framework 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.

### **31. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**

In accordance with the applicable provisions of Companies Act, 2013 (hereinafter referred to as "the Act") read with Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as the "IEPF Rules"), all unclaimed dividends are required to be transferred by the Company to the IEPF, after completion of seven (7) years. Further, according to IEPF Rules, the shares on which dividend has not been claimed by the shareholders for seven (7) consecutive years or more shall be transferred to the demat account of the IEPF Authority. The details relating to shares on which dividends were unclaimed are provided in the General Shareholders Information section of Corporate Governance report forming part of this Annual Report.

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

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

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

The Company has not received any complaints under this policy during the year ended 31<sup>st</sup> March, 2020.

### **33. PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134 (3) (q) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

The information required pursuant to section 134 (3) (q) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the company will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered office of the company during business hours on working days of the company up to the date of the ensuing Annual General meeting. If any Member is interested in obtaining a copy thereof, such member may write to the company in this regard.

### **34. PERSONNEL & INDUSTRIAL RELATIONS**

Industrial Relations were cordial and satisfactory. There were no employees whose particulars are to be given in terms of Section 134(3)(q) of the companies Act,2013 read with Rule 5(2) and 5(3) of the companies (Appointment and Remuneration of Managerial personnel) Rules, 2014.

### **35. 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.

### **36. 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.

### **37. ACKNOWLEDGEMENT**

Your Directors place on record their gratitude to Central Bank of India, State Bank of India 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: Mumbai  
Date: 21/09/2020

**B K PATODIA**  
(DIN:00003516)  
Chairman

## Annexure - I

### FORM MR - 3

#### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2020 [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

G T N TEXTILES LIMITED

(CIN: L18101KL2005PLC018062.)

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

I am issuing this report based on my verification of the books, papers, minutes books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company, during the financial year ended 31<sup>st</sup> March, 2020 and also after 31<sup>st</sup> March, 2020 but before the issue of this report and the information provided by the Company, its officers, agents and authorized representatives during my conduct of secretarial audit.

I hereby report that, in my opinion, during the audit period covering the financial year ended on 31<sup>st</sup> March 2020 (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 Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.
  - iii. The Depositories Act, 1996 and the regulations and bye-laws framed there under.
  - iv. 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.
  - v. The following laws, that are specifically applicable to the Company:
    - (a) Essential Commodities Act 1955, with reference to "Hank Yarn Packing Notification 2003" (No.2/TDRO/8/2003 dated 17<sup>th</sup> April, 2003).
2. I am informed that, during the year the Company was not required to maintain any books, papers, minute books or other records or to file any forms / returns according to the provisions of:
  - i. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - ii) The following Regulations and Guidelines prescribed under the SEBI Act:
    - (a) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
    - (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.
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. However, I have observed from the minutes of previous Annual General Meeting dt 20/09/2019, that the Chairman of the Audit Committee did not attend the said meeting due to his other pre-occupation and granted leave of absence.

## Annexure - I (Contd...)

5. During the period under review, and also considering the compliance related action taken by the Company after 31<sup>st</sup> March, 2020 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. Attention is invited to
- a) Para-4 titled 'Key Audit matters' of Report on Audit of the Standalone/Consolidated Financial statements, regarding the guarantee of ₹300 lacs, for loans taken by Patspin India Limited an associate company.
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.

**M.R.L.Narasimha**

Place: Coimbatore  
Date: 21/09/2020  
UDIN:F002851B000741446

**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 of  
G T N TEXTILES LIMITED  
(CIN: L18101KL2005PLC018062)**  
**My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31<sup>st</sup> March, 2020 is to be read along with this letter.**

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also taken into consideration the compliance related action taken by the Company after 31<sup>st</sup> March, 2020 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..

Date : 21/09/2020  
Place : Coimbatore  
UDIN:F002851B000741446

**M.R.L.Narasimha**  
Practising Company Secretary  
Membership No:2851  
Certificate of Practice:799  
Place, 34-C, 3rdCross, R.L.Nagar  
K.K.Pudur, Coimbatore - 641038.

**ANNEXURE - II**

**FORM NO. MGT.9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31/03/2020**

[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:**

Company Identification Number (CIN)	L18101KL2005PLC018062
Registration Date	28/03/2005
Name of the Company	GTN TEXTILES LIMITED
Category / Sub-Category of the Company	PUBLIC, HAVING SHARE CAPITAL

Address of the registered office and contact details:	
NAME	GTN TEXTILES LIMITED
Address	DOOR NO.VIII/911, ERUMATHALA PO, ALUVA, ERNAKULAM
Town / City	ERNAKULAM
State	KERALA
Pin Code:	683112
Country Name	INDIA
Country Code	91
Whether listed company	YES

**Name, Address and Contact details of Registrar and Transfer Agent, if any**

Registrar & Transfer Agents ( RTA ):-	M/s Integrated Registry Management Service Private Ltd
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	corpse@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)

SN	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]]

SN	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	APPLICABLE SECTION
1	Patspin India Limited,3rdFloor, Palal Towers, Ravipuram,Ernakulam 682016	L18101KL1991PLC006194	ASSOCIATE	SECTION 2(6)

## Annexure - II (Contd...)

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

#### A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 1st April -2019]				No. of Shares held at the end of the year[As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
<b>A. Shareholding Of Promoter And Promoter Group</b>									
<b>(1)Indian</b>									
Individual/Hindu Undivided Family	5045889	0	5045889	43.350	5045889	0	5045889	43.350	0.000
Central Government	0	0	0	0.000	0	0	0	0	0.000
State Government	0	0	0	0.000	0	0	0	0	0.000
Bodies Corporate	2329850	0	2329850	20.010	2329850	0	2329850	20.010	0.000
Financial Institutions/Banks	0	0	0	0.000	0	0	0	0	0.000
Any other(specify)	0	0	0	0.000	0	0	0	0	0.000
<b>SUB TOTAL A(1)</b>	<b>7375739</b>	<b>0</b>	<b>7375739</b>	<b>63.36</b>		<b>0</b>	<b>7375739</b>	<b>63.36</b>	<b>0.000</b>
<b>(2)Foreign</b>									
Individual(Non resident/foreign)	0	0	0	0.000	0	0	0	0	0.000
Bodies corporate	0	0	0	0.000	0	0	0	0	0.000
Institutions	0	0	0	0.000	0	0	0	0	0.000
Qualified Foreign Investor	0	0	0	0.000	0	0	0	0	0.000
Any other(specify)	0	0	0	0.000	0	0	0	0	0.000
<b>SUB TOTAL A(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.000</b>	<b>0.000</b>
<b>Total Shareholding of promoter and Promoter Group(A)=A(1)+A(2)</b>	<b>7375739</b>	<b>0</b>	<b>7375739</b>	<b>63.36</b>	<b>7375739</b>	<b>0</b>	<b>7375739</b>	<b>63.36</b>	<b>0.000</b>
<b>B.Public Shareholding</b>									
<b>(1)Institutions</b>									
Mutual funds/UTI	300	1486	1786	0.016	300	500	800	0.007	0.000
Financial Institutions/Banks	800	42	842	0.007	902	0	902	0.008	0.000
Central Government	0	0	0	0.000	0	0	0	0	0.000
State Government(s)	0	0	0	0.000	0	0	0	0	0.000
Venture Capital Funds	0	0	0	0.000	0	0	0	0	0.000
Insurance Companies	87277	100	87377	0.750	87277	100	87377	0.751	0.000
Foreign Institutional Investors	0	1900	1900	0.016	0	0	0	0.00	0.000
Foreign Venture Capital Investors	0	0	0	0.000	0	0	0	0	0.000
Qualified Foreign Investor	0	0	0	0.000	0	0	0	0	0.000
Any other(specify)	0	0	0	0.000	0	0	0	0	0.000
<b>SUB TOTAL B(1)</b>	<b>88377</b>	<b>3528</b>	<b>91905</b>	<b>0.789</b>	<b>88479</b>	<b>600</b>	<b>89079</b>	<b>0.766</b>	<b>0.000</b>
<b>(2)Non-Institutions</b>									
Bodies Corporate (Indian/foreign/Overseas)	308074	11577	319651	2.748	221091	3199	224290	1.927	-0.819
Individuals(Resident/NRI/Foreign National)	0	0	0	0.000	0	0	0	0	0.000
Individual shareholders holding Nominal share Capital upto ₹1 Lakh	2584724	444528	3029252	26.020	2609319	248109	2857428	24.547	-1.476
Individual shareholders holding Nominal share Capital above ₹1 Lakh	706258	17700	723958	6.220	812352	17700	830052	7.131	0.911
Any other(specify)	0	0	0	0.000	0	0	0	0	0.000
Clearing Member	56794	0	56794	0.490	16555	0	16555	0.142	-0.346
NRI	42179	0	42179	0.362	44202	0	44202	0.380	0.017
IEPF	0	0	0	0	202133	0	202133	1.737	0
LLP	800	0	800	0.006	800	0	800	0.007	0
TRUST	200	0	200	0.000	200	0	200	0.000	0
<b>SUB TOTAL B(2)</b>	<b>3699029</b>	<b>473805</b>	<b>4172834</b>	<b>35.846</b>	<b>3906652</b>	<b>269008</b>	<b>4175660</b>	<b>35.871</b>	<b>0.000</b>
<b>Total Public Share Holding (B)=B(1)+B(2)</b>	<b>3787406</b>	<b>477333</b>	<b>4264739</b>	<b>36.64</b>	<b>3995131</b>	<b>269608</b>	<b>4264739</b>	<b>36.64</b>	<b>0.000</b>
<b>GRAND TOTAL (A)+(B)</b>	<b>11163145</b>	<b>477333</b>	<b>11640478</b>	<b>100.000</b>	<b>11370870</b>	<b>269608</b>	<b>11640478</b>	<b>100.000</b>	<b>0.000</b>

## Annexure - II (Contd...)

### B) Shareholding of Promoter-

SI No	Shareholder's Name	Shareholding at the beginning of the year (01.04.2019)			Shareholding at the end of the year(31.03.2020)			% 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	UmangPatodia	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	169660	1.46	0	169660	1.46	0	0.00
6	Swati Patodia	271900	2.33	0	271900	2.33	0	0.00
7	Binod Kumar Patodia HUF	1158880	9.96	0	1158880	9.96	0	0.00
8	M/s Beekayee Credit P Ltd	822311	7.06	0	822311	7.06	0	0.00
9	M/s Patodia Export and Investments P Ltd	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
	<b>Total</b>	<b>7375739</b>	<b>63.36</b>	<b>0</b>	<b>7375739</b>	<b>63.36</b>	<b>0</b>	<b>0.00</b>

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

Particulars	Shareholding at the beginning of the year (01.04.2019)		Cumulative Shareholding during the year(31.03.2020)	
	No. of shares	% of total shares of the Co.	No. of shares	% of total shares of the Co.
At the beginning of the year	7375739	63.36	7375739	63.36
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No Changes during the year			
At the end of the year			<b>7375739</b>	<b>63.36</b>

### D) Shareholding Pattern of top ten Shareholders: (other than Directors, Promoters and Holders of GDR and ADR)

SN	NAME OF THE SHAREHOLDERS	PARTICULARS	Shareholding at the beginning of the year(01.04.2019)		Cumulative Shareholding during the Year (31.03.2020)	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Tanvi Jignesh Mehta	At the beginning of the year	108986	0.936	108986	0.936
		Changes during the year	Sold 28001 shares on 14.2.2019	0.24	80985	0.696
			Sold 20 shares on 21.2.2020	0.00	80965	0.696
		<b>At the end of the year</b>			<b>80965</b>	<b>-0.696</b>
2	Tradelink Exim India Private Limited	At the beginning of the year	107789	0.926	107789	0.926
		Changes during the year	Sold 37665 shares on 27.3.2020	0.324	70124	0.602
					<b>70124</b>	<b>-0.602</b>
		<b>At the end of the year</b>				
3	The Oriental Insurance Company Ltd	At the beginning of the year	54657	0.470	54657	0.470
		Changes during the year	No changes			
					<b>54657</b>	<b>0.470</b>
		<b>At the end of the year</b>				



## Annexure - II (Contd...)

SN	NAME OF THE SHAREHOLDERS	PARTICULARS	Shareholding at the beginning of the year(01.04.2019)		Cumulative Shareholding during the Year (31.03.2020)	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4.	Mathew CC	At the beginning of the year	47250	0.406	47250	0.406
		Changes during the year	Sold 886 share on 5.4.2019	0.008	48136	-0.414
			Buy 1 share on 12.4.2019	0.000	48137	0.414
			Buy 550 shares on 26.4.2019	0.005	48687	0.418
			Buy 1313 shares on 3.5.2019	0.011	50000	0.430
			Buy 2000 shares on 10.5.2019	0.017	52000	0.447
			Buy 2000 shares on 24.05.2019	0.017	54000	0.464
			Buy 100 0 shares on 7.6.2019	0.009	55000	0.472
			Buy 2000 shares on 16.6.2019	0.017	57000	0.490
	Buy 100 shares on 5.7.2019	0.001	57100	0.491		
	<b>At the end of the year</b>			57100	0.491	
5	Jitendra Sampatlal Sanghavi	At the beginning of the year	40999	0.344	40999	0.344
		Changes during the year	Sold 1200 shares on 4.10.2019	-0.010	38899	0.334
			Sold 609 shares 18.10.2019	-0.005	38290	0.329
			Sold 2500 shares on 8.11.2019	-0.021	35790	0.307
			Sold 1722 shares on 22.11.2019	-0.015	34068	0.293
	Sold 1500 shares 17.1.2020	-0.013	32568	0.280		
	<b>At the end of the year</b>			<b>32568</b>	<b>0.280</b>	
6	Sabita Prasad	At the beginning of the year	36968	0.318	36968	0.318
		Changes during the year	No changes			
		<b>At the end of the year</b>			<b>36968</b>	<b>0.318</b>
7	Alok Nagory	At the beginning of the year	33530	0.288	33530	0.288
		Changes during the year	No changes			
		<b>At the end of the year</b>			<b>33530</b>	<b>0.288</b>
8.	National Insurance Company Ltd	At the beginning of the year	32620	0.280	32620	0.280
		Changes during the year	No changes			
		<b>At the end of the year</b>			<b>33530</b>	<b>0.288</b>
9	Jayasinh Jivandas Negandhi	At the beginning of the year	30199	0.259	30199	0.259
		Changes during the year	No changes			
		<b>At the end of the year</b>			<b>30199</b>	<b>0.259</b>
10	Kottaru Lakshimi Parameswara Rao	At the beginning of the year	27403	0.235	27403	0.259
		Changes during the year	Buy 1230 shares on 30.09.2019	0.011	28633	0.246
			Buy 999 shares on 22.11.2019	0.009	29632	0.255
	<b>At the end of the year</b>			<b>29632</b>	<b>0.255</b>	

## Annexure - II (Contd...)

### E) Shareholding of Directors and Key Managerial Personnel:

SN	NAME OF THE KMP/ DIRECTORS	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (01.04.2019)		Cumulative Shareholding during the year (31.03.2020)	
			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	KALPANA M THAKKER	At the beginning of the year	10198	0.09	10198	0.09
		Changes during the year	Buy 1230 shares on 30.09.2019	0.011	28633	0.246
		Buy 999 shares on 22.11.2019	0.009	29632	0.255	
At the end of the year			17351	0.15		
7	ARUN KAMLA KAR WARERKAR	At the beginning of the year	170	0.00	170	0.00
		Changes during the year	No Changes			
		At the end of the year			170	0.00
8.	E.K BALAKRISHNAN	At the beginning of the year	160	0.00	160	0.00
		Changes during the year	No Changes			
		At the end of the year			160	0.00

### V) INDEBTEDNESS -

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01-04-2019)				
i) principal Amount	37,40,23,582	14,52,50,000	3,80,00,000	55,72,73,582
ii) interest due but not paid	38,88,877			38,88,877
iii) interest accrued but not due	0	72,29,808	39,67,500	1,11,97,308
TOTAL (i + ii + iii)	37,79,12,459	15,24,79,808	4,19,67,500	57,23,59,767
Change in Indebtedness during the financial year				
Addition	105,38,06,800	33,20,00,000	2,37,00,000	140,95,06,800
Reduction	105,89,14,211	26,13,04,015	26,66,969	132,28,85,195
Net Change	(51,07,411)	7,06,95,985	2,10,33,031	8,66,21,605
Indebtedness at the end of the financial year (31.03.2020)				
i) principal Amount	36,86,71,975	21,22,50,000	6,17,00,000	64,26,21,975
ii) interest due but not paid	41,33,073			41,33,073
iii) interest accrued but not due		1,09,25,793	13,00,531	1,22,26,324
TOTAL (i + ii + iii)	37,28,05,048	22,31,75,793	6,30,00,531	65,89,81,372

## 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 (Managing Director)	Whole Time Director	Manger	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	6,24,740	--	--	6,24,740
	(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)	<b>42,24,740</b>	--	--	<b>42,24,740</b>
	Ceiling as per the Act	60,00,000	--	--	

#### B. Remuneration to other directors

(Amount in ₹)

SN	Particulars of Remuneration	Name of Directors			
		B.L Singhal	Prem Maik	S. Sundareshan	Total
1	<b>Independent Directors</b>				
	Fee for attending board / committee meetings	65000	60000	62500	<b>187500</b>
	Commission				
	Others, please specify				
	Total (1)				
2	<b>Other Non-Executive Directors</b>	<b>Kalpna M Thakker</b>			
	Fee for attending board committee meetings	15000			<b>15000</b>
	Commission				
	Others, please specify				
	Total (2)				
	Total (B) = (1+2)				
	Total Managerial Remuneration				<b>202500</b>
	Overall Ceiling as per the Act				

#### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Amount in ₹)

SN	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16,69,257	10,33,200	27,02,457
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	99,269	4,89,120	5,88,389
	(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	<b>17,68,526</b>	<b>15,22,320</b>	<b>32,90,846</b>

**Annexure - II (Contd...)****VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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

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

Place :Mumbai  
Date : 21/09/2020

## Annexure - III

### ANNEXURE TO THE DIRECTOR'S 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-

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>(i) The step taken or impact on conservation of energy</li><li>ii) The steps taken by the company for utilizing alternate sources of energy</li><li>(iii) The capital investments on energy conservation Equipment</li></ul> | <ul style="list-style-type: none"><li>(i) During the year, we have taken the following steps on energy conservation.<ul style="list-style-type: none"><li>a) 36W conventional fluorescent tubes used of lighting in production depts has been replaced with 18W LED energy efficient tube lights in a phased manner in 50% of the plants.</li><li>b) Continued the exercise of Power conservation in humidification plants by stopping / adjusting the fresh and return air fans.</li><li>c) Re-erected the Ring frames in C Shed to reduce the area of humidification to 50 % which resulted in equal energy savings.</li><li>d) Good condition 12 nos Autoconers are re-erected in the main shed and very old 3 nos in the old shed. This helped us to save energy by the controlled usage of old shed plant and machineries.</li><li>e) Installed Centralized Duct System (CDS) in compact ring frames resulting in savings in energy consumption.</li><li>f) Utilisation and energy loss in Ring frame variator drive system is being solved by replacing the same with inverter drives in a phased manner.</li><li>g) Purchased a new air dryer to save the energy in compressor.</li></ul></li></ul> |
|--|--|

#### (B) Technology absorption:

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>a) The efforts made towards technology absorption</li><li>b) The benefits derived like product improvement, cost reduction, product development or import substitution</li></ul> | <ul style="list-style-type: none"><li>: Technology absorption is a continuous process, adapted new developments in this front.<br/>Replaced Ring frame Variator drive system with inverter drive system for energy saving, reduction in maintenance cost and better utilization.</li><li>• Indigenous CDS system in Ring frames by replacing the imported CDS system with inverters achieved cost saving, energy saving and better Utilisation.</li><li>• Spinning geometry conversion (short stretch conversion) have been done in 4 nos LG5/1 Ring frames which helped to improve the productivity by 2.5% in addition to improvement in yarn quality in terms of reduced weak places.</li><li>• Muratec 21 C Autoconer provided new kink preventers to reduce hard waste generation.</li></ul> |
|--|---|

## Annexure - III (Contd...)

- c) In case of imported technology (imported during : NIL the last three years reckoned from the beginning of the financial year)
- a) the details of technology imported
  - b) the year of import;
  - c) whether the technology been fully absorbed
  - d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof
- d) The expenditure incurred on Research and Development : To reach new customers with new products we spent around ₹5.0 Lacs through different sample developments.

The Foreign Exchange earned in terms of actual inflow during the year ₹5534.55 Lakhs

The Foreign Exchange outgo during the year in terms of actual outflows ₹ 3859.20 Lakhs

For and on behalf of the Board of Directors

**B K PATODIA**

Chairman

(DIN:00003516)

Place: Mumbai

Date:21/09/2020

# GTN TEXTILES LIMITED

## REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2019-20

### 1. Company's Philosophy on Code of Corporate Governance

Your company is committed to the adoption of and adherence to the best corporate governance practices at all times. The Corporate Governance guidelines are in compliance with the requirements of schedule V of SEBI (LODR), Regulations, 2015 (Listing Regulations). The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, professionalism and accountability, in all facets of its operations, and in all its interactions with its stake holders, including shareholders, employees, the Government and Lenders.

### 2. Board of Directors

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

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

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

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

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

**Notes:**

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

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

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

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

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

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

The details of the Board Meetings are as under:

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

### f) Disclosure of Relationships between Directors inter-se

Please refer 2 (b) of the Report

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

Please refer 2 (b) of the Report

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

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

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

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

Policy on Familiarization programme imparted is available on our website [www.gnttextils.com](http://www.gnttextils.com)

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

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



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

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

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

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

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

### j) Confirmation of Board regarding Independent Directors

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

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

### l) Separate meeting of Independent Directors

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

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

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

### m) Evaluation of the Board's Performance

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

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

satisfaction with the evaluation process.

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

### n) Code of Conduct

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

### 3. Audit Committee

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

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

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

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

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

### Internal Audit

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

### Composition and Attendance during the year

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

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

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

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

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

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

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

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

### Internal Audit and Control:

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

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

### **Prevention of Insider Trading:**

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

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

### **Vigil Mechanism**

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

## **4. Nomination and Remuneration Committee**

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

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

### **The broad terms of reference of the Committee include;**

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

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

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

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

#### **a) Salary:**

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

#### **b) Commission:**

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

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

c) **Perquisites as follows:**

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

Perquisites not included in Managerial Remuneration

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

d) **Overall Remuneration:**

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

e) **Minimum Remuneration:**

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

**Remuneration to the Managing Director**

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

Shri. B K Patodia: ₹ 42.25 lacs

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

**Remuneration to Non-Executive Directors:**

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

The details of payment of sitting fee are as follows;

Meeting	Amount (in ₹)
Board	7500
Committee	5000

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

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

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

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

The Company has not granted any stock option to any of its Directors.

### Remuneration Policy

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

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

### 5. Stakeholders Relationship Committee

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

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

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

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

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

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

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

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

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

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

### 6. Disclosures:

#### Basis of Related Party Transactions

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

#### Disclosure of Accounting Treatment

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

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

### **Board Disclosures - Risk Management:**

The Company has laid down procedures to inform the Board of Directors about the risk assessment and minimization procedures. The Audit Committee and the Board of Directors review these procedures, periodically.

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

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

### **Credit Rating**

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

### **Annual Secretarial Compliance**

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

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

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

### **Certificate from Practicing Company Secretary**

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

### **Management Discussion and Analysis Report**

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

### **Shareholders Information**

- (1) The quarterly results approved by the Audit Committee / Board of Directors are put on the Company's website [www.gtn textiles.com](http://www.gtn textiles.com) under "investor info" section
- (1) The Company has also send Annual Report through email to those shareholders who have registered their email ids with Depository Participants

### **Reconciliation of Share Capital Audit**

A qualified Practicing Company Secretary has carried out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical forms and the total number of dematerialized shares held with NSDL and CDSL.

### **Means of communication**

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

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

the Annual Report.

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

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

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

### 7. MD and CFO Certification

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

### 8. Compliance on Corporate Governance

The quarterly compliance report has been submitted to the Stock Exchanges at BSE & NSE in the requisite format duly signed by the compliance officer. Pursuant to Regulation 27 of SEBI (LODR) Regulations, 2015, the Practicing Company Secretary's certificate in compliance on conditions of Corporate Governance is published elsewhere in the Annual Report.

### 9. General Body Meetings:

#### A. Location, date and time of the Annual General Meetings held during the preceding 3 years and special resolution passed:

Year	Location	Date	Day	Time	Whether any <b>Special Resolution</b> passed in previous AGM
2016-17	Hotel Periyar, Aluva - 683 101	22.09.2017	Friday	12:15 pm	No
2017-18	-do-	26.09.2018	Friday	12:15 pm	Fixed remuneration to Shri B.K Patodia (DIN: 00003516), as Chairman and Managing Director of the Company for his balance tenure
2018-19	-do-	20.09.019	Friday	12:15 pm	Reappointment of Shri. Prem Malik (DIN 00023051), Shri. B.L.Singhal (DIN 006433), Shri. S.Sundareshan (DIN 01675195) as Independent Directors of the Company

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

C. Whether Special Resolutions were put through postal ballot, last year? - No

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

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

### 10. Compliance in respect of non-mandatory requirements

#### a) The Board

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

#### b) Shareholder Rights

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

#### c) Audit Qualifications

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

#### d) Reporting of internal Auditor

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

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



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

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

### 11. General Shareholder information:

#### I) Annual General Meeting:

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

#### II) Listing

a)	Listing of Equity Shares on Stock Exchanges at	:	BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE)
b)	Listing Fee	:	Annual Listing fee for the year 2020-21 have been duly paid to the said Stock Exchanges.
i)	Stock Code: Scrip Code No.: Bombay Stock Exchange	:	532744
	Trading symbol: National Stock Exchange	:	GTNTEX
ii)	Demat ISIN Nos. in NSDL and CDSL for Equity Shares	:	INE302H01017

#### III) Stock market data:

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

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

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

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

(a) Shareholding pattern as on 31<sup>st</sup> March, 2020:

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

(b) Distribution of Shareholding as on 31.03.2020:

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

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

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

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

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

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

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

### VII) Dematerialization of shares and Liquidity:

97.68% of equity shares of the company have been dematerialized (NSDL 84.56% and CDSL 13.12%) as on 31<sup>st</sup> March, 2020. The company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited whereby shareholders have an option to dematerialize their shares with either of the depositories

Liquidity of shares:

The shares of the Company are actively traded in BSE Limited (BSE) and on The National Stock Exchange of India Limited (NSE).

VIII)	Plant Location:-	Door No.VIII/911, Erumathala Post, Aluva, Ernakulam District Kerala – 683 112
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### IX) Address for communication

i) Investor Correspondence:-			
	For transfer / dematerialization of shares, payment of dividend on shares and any other query relating to the shares of the Company	a)	For shares held in Physical Form: - M/s Integrated Registry Management Service Private Ltd. 2 <sup>nd</sup> Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar, Chennai 600 017 Tel: 044 28140801-803 E-Mail : <a href="mailto:corpseiv@integratedindia.in">corpseiv@integratedindia.in</a>
		b)	For share held on Demat form:- To the Depository Participants.
(ii)	Any query on Annual Report		Secretarial Department GTN TEXTILES LIMITED 5 <sup>th</sup> Floor, Palal Towers, M G Road, Ravipuram, Ernakulam, Kochi – 682 016 E-Mail: <a href="mailto:cs@gtntextiles.com">cs@gtntextiles.com</a>

#### i. Compliance Certificate from the Practicing Company Secretary

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

## DECLARATIONS

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

As provided under Regulation 26(3) of the SEBI (LODR) Regulations, 2015, all the Board members and Senior Management Personnel have affirmed compliance with GTN TEXTILES LIMITED Code and Ethics for the year ended 31st March, 2020..

For **GTN TEXTILES LIMITED**

**B K PATODIA**

Chairman & Managing Director  
(DIN:00003516)

Place: Mumbai  
Date:21/09/2020

## CEO/ CFO CERTIFICATION

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

- a. We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2020 and that to the best of our knowledge and belief, we state that:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal, or violation of the Company's Code of Conduct
- c. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting of the company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit committee
  - i. Significant changes, if any, in internal control over financial reporting during the year;
  - ii. Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control systems over financial reporting.

For **GTN TEXTILES LIMITED**

**B.K. PATODIA**

Chairman & Managing Director  
(DIN 00003516)

**A.K. WARERKAR**

Chief Financial Officer

Place:Mumbai  
Date: 21/09/2020

## **CERTIFICATE**

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

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

**MRL Narasimha**  
Practicing Company Secretary  
MNo 2851 CP No:799

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### **Certificate on Corporate Governance**

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

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

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

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

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

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

**MRL Narasimha**  
Practicing Company Secretary  
MNo 2851 CP No:799

# GTN TEXTILES LIMITED

## MANAGEMENT DISCUSSION & ANALYSIS

### Global Textile Industry

It was earlier estimated that the global textile and clothing trade would touch USD 1205 billion by 2025 from USD 801 billion in 2018. However, the Covid pandemic which started sometime in the beginning of 2020, has upset all the economies of the world, with many of them expected to report negative growth in near term, like USA at -5.9% and Europe at -9.1%. As per recent estimates, India as well is expected to show negative growth during coming year. Under the circumstances, global trade in textile and clothing during 2019-20 is estimated at **USD 797** billion, requiring reassessment of its future growth prospects.

During the five year period from 2014-15 to 2018-19, India's exports of textile and Apparel stagnated at around USD 37 Billion, and during the year 2019-20, exports declined to **USD 34.2** billion, due to adverse impact of pandemic beginning January 2020. Over the years, China has substantially gained market share in global trade, which stands at around 35%. Even countries like Bangladesh and Vietnam which had less than 1% share have increased the same to around 5%, and are now at the same level as India.

The worldwide production of cotton during 2019-20 is estimated at 25.9 million kgs and consumption at 24.9 million kgs. India was the highest producer of cotton with 6.2 million kgs, while China and USA at second and third position, having produced 5.8 and 4.3 million kgs. On consumption side, China consumed 8.1 million kgs, almost one third of world consumption, while India 5 million kgs. India has around 40% of the total cotton area in the world under cultivation, and is also the largest producer of cotton having around 25% share with around 6 million tons of cotton being produced. However, in spite of world's largest area under cotton cultivation, the yield per hectare is only at 495 kilograms, which is one of the lowest in the world. India must make efforts to increase the yield per hectare to at least world average of 750 kilograms per hectare, when China is able to achieve a yield of 1720 kgs.

### INDIAN TEXTILE INDUSTRY

Earlier study undertaken had indicated that the overall market for Indian Textiles and Clothing Industry will touch USD 225 billion by 2024, with CAGR of 14.2%. However with the setback received due to Covid pandemic from the very beginning of year 2020, the data needs to be looked in to with more caution. With regard to export sector, the industry showed negative growth by 8.5% as compared to previous year, registering lower exports of USD 33.7 billion during 2019-20. The de-growth in Cotton Yarn segment was amongst the highest, at 29%, where exports fell from USD 3.89 billion to USD 2.76 billion. Fabrics/made-ups and Garments maintained their exports in the year at around USD 5.9 billion and 8.6 billion respectively, in comparison with previous year. Some of the reasons for decline in country's export performance were, higher cotton prices in India compared to international market and increasing competition from Vietnam and Pakistan.

The data relating to Spinning capacity, Cotton yarn production and cotton yarn exports for last Six years is given below:-

Year Spindles (Millions)// Production (Million Kg)// Exports (Million Kg)// Exports

(USD Million)

Year	Spindles (Millions)	Production (Million Kg)	Exports (Million Kg)	Exports (USD Million)
2014-15	49.44	4055	1243	3902
2015-16	50.14	4138	1292	3559
2016-17	51.18	4055	1140	3285
2017-18	52.42	4064	1080	3367
2018-19	52.47	4208	1230	3805
2019-20	NA	3332*	936	2699

#### • Apr-Jan

For increasing employment in textile sector as well as productivity and quality, the Ministry of Textiles introduced Textile Upgradation Fund Scheme (TUFS) in April 1999. The said Scheme underwent many changes on different occasions with introduction of Modified TUFS, Restructured TUFS, Revised Restructured TUFS and finally Amended TUFS, covering different segments. The total investment attracted in the entire industry amounted to ₹324.5 thousand crores and subsidy reimbursement towards interest and capital subsidy amounted to ₹26.5 thousand crores, with employment generated to the tune of 47.65 lakhs as reported last. 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, was available up to March, 2019

### ADVANCING BEYOND COVID-19

The COVID-19 pandemic has rapidly developed in to a global crisis, and has adversely affected the Indian textiles and clothing sector as also many other sectors of the Indian Economy. The contagion has transformed into an unprecedented challenge with very severe socio-economic and health consequences not only for India but for countries around the world. ,

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

The crisis has also strained global relations, disrupted supply chains and has created a trust deficit. All estimates indicate that the scale of the economic damage caused by the COVID-19 pandemic will be far greater than that caused by the 2008 global financial crisis.

In the aftermath, there is bound to be a paradigm shift in the patterns of socio-economic structures, global cooperation and supply chain management. This crisis also presents an opportunity, even though the impact and imperatives of emerging out of this pandemic are expected to shape a new World order. The current pandemic is global but the solutions to the challenge need to be local. The important levers of change are likely to be ownership of value chain, technology push, operating flexibility, supply chain resilience and adaptable cost models. India, which has a labour intensive textile sector, the road to recovery would be through measures like policy support for innovative strategies, leveraging new international partnerships and providing stimulus for adoption of new technology.

Recent reports of India's remarkable achievement in production of PPE SUITS, where our country achieved self-sufficiency in 90 days is a testimony to the entrepreneurial skills and spirit and the ability to rise to the occasion and live up to the demands of time. Already reports are available about growing demand for cotton yarn, dyed fabrics and home textiles and data for the month of July 2020, which also shows that the exports of cotton textiles grew by around 16.4%, (inclusive of Raw Cotton). As the world recovers from the impact of the worst health crisis after the Spanish Flu which took place a hundred years ago, we need to push the past behind us and look ahead with renewed resilience and resurgence.

### **RAW COTTON SCENARIO IN INDIA**

The 2019-20 Cotton season commenced with opening stock of 32 Lakh bales. Cotton Crop during the season is estimated at 354 Lakh bales, as against 312 lakh bales during previous season. Total cotton consumption of the country is estimated at 250 lakh bales, far lower than 311 lakh bales during previous season. Cotton imports and exports are estimated at 16 lakh bales and 50 lakh bales respectively. With this, season ending stocks are estimated to be very high, at 103 lakh bales. Such unexpected stock results are due to adverse impact on Cotton consumption of the mills due to Covid pandemic, which was further aggravated by shortage of labour during this challenging period.

In the above described scenario, the cotton prices did come down by around 10% or so during the year. However, due to substantial reduction in Cotton Yarn prices, as reflected in steep fall of around 29% in yarn exports, realisations fell sharply, leading to had much higher impact. This negated the advantage of falling cotton prices, and as such, the performance of spinning industry was adversely affected during the year.

### **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 other 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 180's. Permutations and combinations in spinning and finishing process results in yarns of varied qualities for specific end users. The company was amongst the first in India to manufacture compact yarn using the breakthrough technology of compact spinning, and also uses state-of-art machineries across its plants. Presently, the Company has a capacity of 51,808 spindles at Aluva, Kerala, consisting of 27600 compact spinning and 24208 ring spinning. The Company has promoted Patspin India Ltd., which has 2 plants at Palakkad in Kerala and Ponneri in Tamil Nadu having a capacity of 1,14,000 spindles, consisting of 70,752 Compact Spinning and 43,248 Ring Spinning, and also capacity for value added products i.e. Twisting, Gassing and Soft winding.

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 4 decades. The company has built up an excellent customer base over the years by supplying consistent quality and timely deliveries of yarns. With flexibility to produce varied counts of cotton yarns, carded, combed, single and twisted, multi fold and gassed, the company is able to retain its customers

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

The Government had announced Amended Textile Up-gradation Fund Scheme (ATUFS) for giving required thrust to post spinning segment. However, spinning segment has been kept out of TUF Schemes which is a matter of concern for units which were set up in early 2000. The capacity of units which need upgradation, modernization and or replacement is estimated at 15-20 Million spindles, requiring immediate financial assistance. Also, TUF S has pending undisbursed subsidies which need to be cleared as early as possible, where backlog is estimated at around ₹ 9,000 crores under various TUF Schemes.

In order to enhance cotton yarn exports from India, the govt should attempt to sign Free Trade Agreements (FTAs) or Preferential Trade Agreements (PTAs) with large global markets to provide a level playing field to the industry. Further, the Govt should consider extending RoSCTL benefit to the spinning industry as well.

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

### **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 ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that all transactions are authorized, recorded and reported correctly. The internal control is supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

### **DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

Please refer to Directors' Report on performance review.

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

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

Industrial relations were cordial and satisfactory.

As on 31<sup>st</sup> March, 2020, the Company has about 706 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 Ltd

Report on the Audit of the Standalone Financial Statements

### Opinion

1. We have audited the accompanying financial statements of **GTN Textiles Ltd** (the “**Company**”), which comprise the Balance Sheet as at **31<sup>st</sup> March, 2020**, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information. (Hereinafter referred to as “**Standalone financial statements**”).
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements for the year ended 31<sup>st</sup> March, 2020 give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31<sup>st</sup> March, 2020, and loss, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matters to be communicated in our report.

S.No	Description of Key Audit Matter	Auditor's Response
1.	<b>Guarantee for loans given to Patspin India Ltd (Associate)</b> The company has given guarantee of ₹ 300 Lakhs for the loans taken by Patspin India Ltd under restructured TUF scheme from EXIM Bank also the company has not charged any commission for the same	<b>Our audit procedures on Guarantee for loans given to Patspin India Ltd included:</b> (i) An Enquiry for not charging commission- Management informed us that commission has not been charged as Patspin is an associate of GTN and it has substantial interest in the undertaking. (ii) We observed that as on 31 <sup>st</sup> March, 2020 Patspin India Limited has defaulted in payment towards loan repayment for Q3. Also, the company has availed moratorium as permitted by RBI vide circular RBI/2019-20/186 & RBI/2019-20/250. We have also verified the transaction in essence of section 185 and 186 of Companies Act 2013

### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

5. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. The above information is not available to us as on the date of our report.

## **INDEPENDENT AUDITOR'S REPORT (Contd...)**

### **Management's Responsibility for the Standalone Financial Statements:**

6. 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 of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Standalone) specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
8. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements:**

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - (i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - (ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - (iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - (v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about

## INDEPENDENT AUDITOR'S REPORT (Contd...)

the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

14. On account of the COVID 19 related lockdown restrictions, Management was not able to perform the year end physical verification of inventories in aggregating to ₹ 2668.83 lakhs at certain locations. Consequently, We have performed alternative audit procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence – Specific consideration to selective items" which includes physical verification done by the management during the year and their supporting documents relating to purchases, construction and sales and have obtained sufficient audit evidence to issue our unmodified opinion on these standalone financial statements.

### Report on Other Legal and Regulatory Requirements:

15. As required by Section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss (Including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2020 taken on record by the board of directors, none of the directors are disqualified as on 31<sup>st</sup> March, 2020 from being appointed as directors 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 Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financials controls with reference to financial statements.
  - g) In our opinion, According to the information and explanations given to us and based on our examination of the records of the company, the Company has paid/provided for managerial remuneration for the year ended on March 31, 2020 has paid/provided by the Company to its directors in accordance with the provisions of the section 197 of the Act read with Schedule V to the Act.
  - h) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company did not have any pending litigations on its financial position in its Standalone financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - i) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
16. 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 Companies Act, 2013, we give in "Annexure - B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

For **L U Krishnan & Co.**  
Chartered Accountants  
Firm's Registration No: 001527S

**P K Manoj**  
Partner

Place: Chennai  
Date: 31/07/2020

Membership No.207550  
UDIN: 20207550AAAABR8742

## **INDEPENDENT AUDITOR'S REPORT (Contd...)**

### **Annexure - A to the Independent Auditors' Report**

**(Referred to in paragraph(f) under 'Report on Other Legal and Regulatory Requirements' section of our report)  
Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of **GTN Textiles Ltd** ("the Company") as at 31<sup>st</sup> March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended and as at 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 with reference to financial statements 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.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

#### **Meaning of Internal Financial Controls with reference to financial statements.**

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 authorizations 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 with reference to financial statements.**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **INDEPENDENT AUDITOR'S REPORT (Contd...)**

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31<sup>st</sup> March 2020, based on the internal control with reference to financial statements 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  
Firm's Registration No: 001527S

Place: Chennai  
Date: 31/07/2020

**P K Manoj**  
Partner  
Membership No.207550  
UDIN: 20207550AAAABR8742

## INDEPENDENT AUDITOR'S REPORT (Contd...)

### Annexure - B to the Independent Auditors' Report

#### (Referred to in paragraph 16 under 'Report on Other Legal and Regulatory Requirements' section of our report)

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Standalone financial statements for the year ended 31 March, 2020 we report that:

- (i) Property Plant and Equipment
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of property Plant and Equipment.
  - (b) The Property, Plant & Equipment have been physically verified by the Management at reasonable intervals in accordance with regular programme of verification. According to the information and explanations given to us, no material discrepancies were found on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) During this year, Inventories has been physically verified by the management and there were no material discrepancies were noticed during such verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to any company, firm, Limited Liability Partnership or other parties listed in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, clauses from (iii) (a) to (iii) (c) of paragraph 3 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 no loans, investments, guarantee and security which meets the requirements of section 185 and 186 of the Act.
- (v) According to the information and explanations given to us, the Company has not accepted deposits and does not have any unclaimed deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of the clause 3 (v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the company pursuant to rules prescribed by the 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 maintained. However, we have not made a detailed examination of the records.
- (vii) a) According to the information and explanations given to us and according to the records as produced and examined by us, in our opinion, the Company is regular in depositing with appropriate authorities the undisputed statutory dues including income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess and other material statutory dues applicable to it and there are no arrears of outstanding statutory dues as at 31<sup>st</sup> March, 2020 for a period of more than six months from date they become payable.
  - b) According to the information and explanations given to us, there were no dues in respect of income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess and other material statutory dues which have not been deposited on account of dispute and the same being contested by the company.
- (viii) According to the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank and government. The Company has not issued any debentures during the year and does not have any outstanding dues in respect of debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during our audit.
- (xi) According to the information and explanations given 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 the section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

## INDEPENDENT AUDITOR'S REPORT (Contd...)

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares of fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **L U Krishnan & Co.**  
Chartered Accountants  
Firm's Registration No: 001527S

Place: Chennai  
Date: 31/07/2020

**P K Manoj**  
Partner  
Membership No.207550  
UDIN: 20207550AAAABR8742

# GTN TEXTILES LIMITED

## BALANCE SHEET

		As at 31.03.2020 (₹ in lacs)	As at 31.03.2019 (₹ in lacs)
<b>I. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, Plant and Equipment	3	12,137.03	12,450.76
(b) Capital Work in Progress	4	-	28.08
(c) Intangible Assets	5	25.61	3.30
(d) Financial Assets			
(i) Investments	6	1,964.70	1,964.76
(ii) Others	7	9.24	8.91
(e) Deferred Tax Assets (net)	8	768.76	478.38
(f) Other Non-Current tax assets	9	35.07	72.23
<b>Sub-Total</b>		<u>14,940.41</u>	<u>15,006.42</u>
<b>2 Current assets</b>			
(a) Inventories	10	2,668.83	4,296.85
(b) Financial Assets			
(i) Trade Receivables	11	1,096.39	1,413.62
(ii) Cash and Cash equivalents	12	526.42	60.50
(iii) Bank balances other than (ii) above	13	145.68	196.66
(iv) Other financial assets	14	17.26	12.44
(c) Other Current Assets	15	439.10	573.34
<b>Sub-Total</b>		<u>4,893.68</u>	<u>6,553.41</u>
<b>TOTAL ASSETS</b>		<u><b>19,834.09</b></u>	<u><b>21,559.83</b></u>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	16	1,164.05	1,164.05
(b) Other Equity	17	8,225.51	9,141.64
<b>Sub-Total</b>		<u>9,389.56</u>	<u>10,305.69</u>
<b>Liabilities</b>			
<b>1 Non current liabilities</b>			
(a) Financial liabilities			
Borrowings	18	418.50	382.80
(b) Other non current liabilities	19	326.91	263.48
<b>Sub-Total</b>		<u>745.41</u>	<u>646.28</u>
<b>2 Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	6,007.72	5,189.94
(ii) Trade payables	20	3,196.82	4,815.56
(iii) Other financial liabilities	21	185.69	103.10
(b) Other current liabilities	22	182.75	385.73
(c) Provisions	23	126.14	113.53
<b>Sub-Total</b>		<u>9,699.12</u>	<u>10,607.86</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>19,834.09</b></u>	<u><b>21,559.83</b></u>

Significant accounting policies

1 & 2

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

As per our report of even date attached

For and on behalf of the Board

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

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

**P. K. MANOJ**  
Partner  
(M. No. 207550)

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

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

Place : Chennai  
Date : 31<sup>st</sup> July 2020

Place : Mumbai  
Date : 31<sup>st</sup> July 2020

Place : Kochi  
Date : 31<sup>st</sup> July 2020



# GTN TEXTILES LIMITED

## STATEMENT OF PROFIT AND LOSS

	Note No.	Year ended <b>March 31, 2020</b> (₹ in lacs)	Year ended March 31, 2019 (₹ in lacs)
<b>REVENUE:</b>			
Revenue From Operations	24	13,099.87	14,226.10
Other income	25	39.73	35.81
<b>Total Revenue</b>		<b>13,139.60</b>	14,261.91
<b>EXPENSES:</b>			
Cost of materials consumed	26	7,163.82	9,039.58
Changes in inventories of finished goods, work in progress and waste	27	964.44	(88.16)
Cost of Land, plots, and other costs incurred during the year	28	186.30	-
Employee benefits expense	29	2,070.29	2,111.54
Finance costs	30	858.23	948.87
Depreciation and amortization expense		322.68	329.09
Other expenses	31	2,710.29	2,761.77
<b>Total Expenses</b>		<b>14,276.05</b>	15,102.69
<b>Profit/(Loss) before exceptional items and tax</b>		<b>(1,136.45)</b>	(840.78)
Exceptional items	32	27.18	3.98
<b>Profit/(Loss) before tax</b>		<b>(1,163.63)</b>	(844.76)
Tax expense / (Credit) :			
Current tax		-	-
Deferred tax charge / (Credit)		(290.38)	(111.42)
<b>Profit / (Loss) for the year (A)</b>		<b>(873.25)</b>	(733.34)
Other Comprehensive income (Net of Tax)			
Items that will not be reclassified in to Profit or loss			
(a) Re-measurement of defined benefit Obligation		(14.82)	49.67
(b) MTM of forward contract		(22.79)	2.19
(c) Impact on revaluation of Land		-	734.25
<b>Total Other comprehensive income (B)</b>		<b>(37.61)</b>	786.11
<b>Total comprehensive income / (loss) for the year (A) + (B)</b>		<b>(910.86)</b>	52.77
<b>EARNINGS PER EQUITY SHARES OF ₹10 EACH</b>			
Basic and Diluted (in ₹)	33	(7.50)	(6.30)
Significant accounting policies	1 & 2		

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

As per our report of even date attached

For and on behalf of the Board

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

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

**P. K. MANOJ**  
Partner  
(M. No. 207550)

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

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

Place : Chennai  
Date : 31<sup>st</sup> July 2020

Place : Mumbai  
Date : 31<sup>st</sup> July 2020

Place : Kochi  
Date : 31<sup>st</sup> July 2020

# GTN TEXTILES LIMITED

## CASH FLOW STATEMENT

	2019-20 (₹ In Lacs)	2018-19 (₹ In Lacs)
<b>A. Cash flow from operating activities</b>		
Net Profit / (loss) before Tax exceptional items	(1,136.45)	(840.78)
Adjustment for :		
Depreciation and Amortization expense	322.68	329.09
Profit / (loss) on sale / Disposal / Discarded of Property, Plant and Equipments (Net)	0.16	(16.50)
Exchange difference (Net)	0.69	2.13
Gain / (Loss) on other comprehensive income (net)	(42.82)	69.15
Finance Cost	749.00	809.81
Interest Income	(29.48)	(22.88)
<b>Operating profit before working capital changes</b>	<u>(136.22)</u>	<u>330.02</u>
Changes in working Capital:		
Increase / (Decrease) in Trade Payables	(1,619.43)	(457.28)
Increase / (Decrease) in Other Current Liabilities	(56.95)	222.58
Increase / (Decrease) in Provision for Employee benefit	12.60	(8.40)
(Increase) / Decrease in Trade receivables	317.23	(193.03)
(Increase) / Decrease in Inventories	1,628.02	879.76
(Increase) / Decrease in Other Current Assets	129.09	(87.85)
(Increase) / Decrease in Balance in Margin Money / Deposit accounts	50.98	82.67
<b>Cash generated from operations</b>	<u>325.32</u>	<u>768.47</u>
Income Taxes refund / (paid) (net)	37.17	(3.65)
<b>Net cash generated from operations before exceptional items</b>	<u>362.49</u>	<u>764.82</u>
Less: Exceptional items	27.18	3.98
<b>Net cash generated from operating activities (A)</b>	<u>335.31</u>	<u>760.84</u>
<b>B Cash flow from investing activities</b>		
Purchase of property, Plant and Equipments, including capital work in progress and capital advances.	(4.37)	(53.97)
Proceeds from sale of property, Plant and Equipement	1.03	524.87
Interest Income	29.48	22.88
<b>Net cash generated / (used) from/in investing activities (B)</b>	<u>26.14</u>	<u>493.78</u>
<b>C Cash flow from financing activities</b>		
Repayment of Long term borrowings	(1.30)	(164.10)
Increase / (Decrease) in Short term borrowings	447.77	(451.07)
Interst and other borrowing cost paid	(749.00)	(809.81)
Inter corporate Deposits/ Loans (net)	407.00	209.50
<b>Net cash generated / (used) from/in financing activities (C)</b>	<u>104.47</u>	<u>(1,215.48)</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)</b>	<u>465.92</u>	<u>39.14</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>60.50</u>	<u>21.36</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>526.42</u>	<u>60.50</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 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 No. 00003516

**P. K. MANOJ**  
Partner  
(M. No. 207550)

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

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

Place : Chennai  
Date : 31<sup>st</sup> July 2020

Place : Mumbai  
Date : 31<sup>st</sup> July 2020

Place : Kochi  
Date : 31<sup>st</sup> July 2020

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

₹ in Lacs

	Equity Share Capital		Other Equity					Total equity attributable to equity share holders of the Company
	General Reserves	Retained Earnings	Revaluation surplus	Equity instrument through other comprehensive income	Items of Other Comprehensive Income		Total	
					Re-measurement of Employee Benefit	Impact on MTM of Forward Contract		
<b>Balance as at 31.03.2018</b>	<b>2,092.36</b>	<b>(2,103.53)</b>	<b>9,229.67</b>	<b>(0.07)</b>	<b>(139.21)</b>	<b>(7.40)</b>	<b>9,071.82</b>	
FVTOCI - Investment				(0.10)			(0.10)	
Revaluation of Land			734.25				734.25	
Transfer to retained earnings		418.93	(418.93)				-	
Tax impact on OCI		17.16					17.16	
Remeasurement of the defined benefit obligation, net of tax effect					49.66		49.66	
Impact of MTM net of tax effect						2.19	2.19	
Profit/(Loss) for the year ended 31.03.2019		(733.34)					(733.34)	
<b>Balance as at 31.03.2019</b>	<b>2,092.36</b>	<b>(2,400.78)</b>	<b>9,544.99</b>	<b>(0.17)</b>	<b>(89.55)</b>	<b>(5.21)</b>	<b>9,141.64</b>	
FVTOCI - Investment				(0.06)			(0.06)	
Transfer to retained earnings		172.52	(172.52)				-	
Tax impact on OCI		(5.21)					(5.21)	
Remeasurement of the defined benefit obligation, net of tax effect					(14.82)		(14.82)	
Impact of MTM net of tax effect						(22.79)	(22.79)	
Profit/(Loss) for the year ended 31.03.2020		(873.25)					(873.25)	
<b>Balance as at 31.03.2020</b>	<b>2,092.36</b>	<b>(3,106.72)</b>	<b>9,372.47</b>	<b>(0.23)</b>	<b>(104.37)</b>	<b>(28.00)</b>	<b>8,225.51</b>	

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

As per our report of even date attached For and on behalf of the Board

**P. K. MANOJ**  
Partner  
(M. No. 207550)

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

**E. K. BALAKRISHNAN**  
Vice President (Finance) & Chief Financial Officer

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

Place : Chennai  
Date : 31<sup>st</sup> July 2020

Place : Mumbai  
Date : 31<sup>st</sup> July 2020

Place : Kochi  
Date : 31<sup>st</sup> July 2020

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Significant Accounting Policies and notes forming part of the Financial statements as at and for the year ended 31st March, 2020.

### 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 The Companies Act, 1956 and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Company is engaged primarily in the business of manufacture and Sale 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 lacs as per the requirement of Schedule III, of the Companies Act 2013, 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 reduced to recoverable amount and the impairment loss is charged to statement of profit and loss. If at the Balance sheet

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)**

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.

Realty business segment:

Land which is considered as Stock In Trade under realty business segment is valued at lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs of necessary to make the sale.

### **2.12 Financial Assets / Liability Policy:**

#### **a. Financial Assets**

##### **Classification and Measurement**

All the financial assets are initially measured at fair value. Transaction 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

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.

### **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 asset 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 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 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 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 2020 (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.

#### **Revenue from sale of land and plots:**

In respect of realty business segment the revenue from sale of land and plots is recognised in the year in which the underlying sale deed is executed and there exists no uncertainty in the ultimate collection of consideration from buyers.

#### **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 Borrowings

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 in the year in which they are incurred.

### 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

### 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.

### 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 2020 (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 lacs)

Gross cost / deemed cost	Freehold Land	Buildings	Plant and Equipment	Furniture	Office Equipment	Vehicles	Total
<b>Balance as at 31st March 2018</b>	<b>9,254.01</b>	<b>1,889.22</b>	<b>9,530.57</b>	<b>91.13</b>	<b>251.54</b>	<b>89.99</b>	<b>21,106.46</b>
Additions	-	-	19.92	-	5.93	-	25.85
Disposal /adjustments	842.66	141.23	24.05	1.56	12.06	-	1,021.56
Revaluation of Assets	734.25	-	-	-	-	-	734.25
<b>Balance as at 31st March 2019</b>	<b>9,145.60</b>	<b>1,747.99</b>	<b>9,526.44</b>	<b>89.57</b>	<b>245.41</b>	<b>89.99</b>	<b>20,845.00</b>
Additions	-	-	4.18	-	0.19	-	4.37
Disposal /adjustments	-	-	4.56	-	2.25	-	6.81
<b>Balance as at 31st March 2020</b>	<b>9,145.60</b>	<b>1,747.99</b>	<b>9,526.06</b>	<b>89.57</b>	<b>243.35</b>	<b>89.99</b>	<b>20,842.56</b>
<b>Accumulated depreciation and impairment</b>							
Balance as at 31st March 2018	-	1,421.31	6,346.23	88.77	244.46	78.94	8,179.71
Disposal /adjustments	-	77.89	23.53	1.32	10.71	-	113.45
Depreciation expense	-	32.47	288.82	0.31	3.06	3.32	327.98
Balance as at 31st March 2019	-	1,375.89	6,611.52	87.76	236.81	82.26	8,394.24
Disposal /adjustments	-	-	3.82	-	1.80	-	5.62
Depreciation expense	-	27.79	283.84	0.20	2.86	2.22	316.91
<b>Balance as at 31st March 2020</b>	<b>-</b>	<b>1,403.68</b>	<b>6,891.54</b>	<b>87.96</b>	<b>237.87</b>	<b>84.48</b>	<b>8,705.53</b>

#### Net Book Value

As at 31st March, 2019	9,145.60	372.10	2,914.92	1.81	8.60	7.73	12,450.76
As at 31st March, 2020	9,145.60	344.31	2,634.52	1.61	5.48	5.51	12,137.03

#### 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:

Class of Asset - Freehold Land	₹ in Lacs
Carried value as at 31st March, 2016	24.34
Revalued amount as at 1s April, 2016	8493.47
Revaluation surplus recognised in Other Equity as at 1st April, 2016	8469.13
Deemed cost as at 1st April, 2016	8493.47
Revalued amount as at 31st March, 2017	9254.01
Revaluation surplus recognised in Other Equity as at 1st April, 2017	760.54
Carried value as at 31st March, 2017	9254.01
Disposal / Adjustments	842.66
Revalued amount as at 31st March, 2019	9145.60
Revaluation surplus recognised in Other Equity as at 31st March, 2019	734.25
Book Value as at 31st March, 2020	9145.60

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

	As at 31.03.2020 (₹ in lacs)	As at 31.03.2019 (₹ in lacs)
<b>4 Capital Work in progress</b>		
Capital Work in Progress	-	28.08
<b>5 Intangible assets</b>		
<b>Gross Cost/ Deemed Cost</b>		
As at beginning of the year	255.06	255.06
Additions during the year	28.08	-
Discarded/Disposal during the year	-	-
Balance as at end of the year	283.14	255.06
<b>Accumulated depreciation</b>		
As at beginning of the year	251.76	250.65
Amortisation for the year	5.77	1.11
Disposal/adjustment	-	-
Balance as at end of the year	257.53	251.76
<b>Net Carrying Amount</b>	<u>25.61</u>	<u>3.30</u>
<b>Financial Assets</b>		
<b>6 Non - Current Investments</b>		
<b>(A) Quoted equity instruments</b>		
<b>Associate</b>		
Patspin Inida Limited (1,42,87,068 Equity shares of ₹10 each)	1,964.26	1,964.26
Others:		
Central Bank of India (243 Equity shares of ₹ 10 each)	0.03	0.09
<b>Sub - Total (A)</b>	<u>1,964.29</u>	<u>1,964.35</u>
Market value of Quoted instrument	342.92	1,478.80
<b>(B) Unquoted equity instruments</b>		
GTN Consumer Co-operative stores Limited (2100 Shares of ₹ 10 each)	0.21	0.21
GTN Textiles Employees Credit Co-operative Society Limited (200 Equity shares of ₹ 100 each)	0.20	0.20
<b>Sub - Total (B)</b>	<u>0.41</u>	<u>0.41</u>
<b>TOTAL (A) + (B)</b>	<u>1,964.70</u>	<u>1,964.76</u>
<b>7 Other Financial Assets</b>		
Security Deposits	9.24	8.91
	<u>9.24</u>	<u>8.91</u>
<b>8 Deferred Tax Asset (Net)</b>		
<b>a Deferred Tax Asset</b>		
Unabsorbed Depreciation & Business Loss	1228.95	980.73
Others	9.98	18.00
	<u>1238.93</u>	<u>998.73</u>
<b>b Deferred Tax Liability</b>		
Related to Propety plant and Equipment	548.17	598.35
	<u>548.17</u>	<u>598.35</u>
<b>c Minimum Alternate Tax Credit entitlement</b>	78.00	78.00
<b>Net Deferred Tax Asset (a - b + c)</b>	<u>768.76</u>	<u>478.38</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

	As at <b>31.03.2020</b> (₹ in lacs)	As at 31.03.2019 (₹ in lacs)
<b>9 Other Non-Current tax assets</b>		
Income Tax (Net of Provision)	35.07	72.23
	<u>35.07</u>	<u>72.23</u>
<b>10 Inventories</b>		
<b>(A) Textiles Segment</b>		
Stores, Spares and Packing Materials	38.42	25.97
Raw Materials	907.53	1,411.03
Goods-in-Process	467.60	486.24
Finished Goods	1009.91	1,970.55
Waste Stock	18.16	3.33
	<b>Sub Total (A)</b>	<b>3,897.11</b>
	<u>2441.62</u>	<u>3,897.11</u>
<b>(B) Realty Segment</b>		
Stock in Trade - Land	227.21	399.74
	<b>Total (A) + (B)</b>	<b>4,296.85</b>
	<u>2668.83</u>	<u>4,296.85</u>
<p>During the FY 2018-19, Company has ventured into real estate business and started a new business segment "Realty Segment". Out of total land of 29.37 acres in Company's aluva plant having book value of ₹ 9545.35 lacs, Company has identified surplus land of 1.23 acres having book value of ₹ 399.74 lacs and converted it as on 31.03.2019 into Stock In Trade based on its carrying value on the date of conversion for development /sale under the said Realty business segment. Out of this 0.53 acres of land having book value of ₹ 172.52 lac was sold during the FY 2019-20. The balance is continued as Stock In Trade.</p>		
<b>11 Trade Receivables</b>		
Unsecured, considered good	1,096.39	1413.62
Unsecured, considered doubtful	13.31	13.31
Less: Provision for Doubtful debts	(13.31)	(13.31)
	<u>1,096.39</u>	<u>1,413.62</u>
<b>12 Cash and Cash equivalents</b>		
Cash on Hand	1.49	1.88
Balance with Banks - In Current Accounts	524.93	58.62
	<u>526.42</u>	<u>60.50</u>
<b>13 Bank balances other than 12 above</b>		
Margin Money Deposit Accounts	145.68	196.66
	<u>145.68</u>	<u>196.66</u>
<b>14 Other Financial Assets</b>		
Income Receivables	17.26	12.44
	<u>17.26</u>	<u>12.44</u>
<b>15 Other Current Assets</b>		
Incentive Receivable	7.79	15.47
Security Deposits	146.68	146.68
Prepaid Expenses	36.38	37.43
Balances with Statutory Authorities	160.00	297.83
Other Advances	88.25	75.93
	<u>439.10</u>	<u>573.34</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

	As at 31.03.2020 (₹ in lacs)	As at 31.03.2019 (₹ in lacs)
<b>16 Equity Share Capital</b>		
(a) <b>Authorised:</b>		
120,00,000 Equity shares of ₹ 10 each	1,200.00	1,200.00
(b) <b>Issued ,Subscribed and fully paid up shares</b>		
116,40,478 Equity shares of ₹ 10 each	1,164.05	1,164.05
	<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 number of equity shares and amount outstanding at the beginning and at the end of the reporting years :**

Particulars	As at 31.03.2020		As at 31.03.2019	
	No. of shares	Rupees in lakhs	No. of shares	Rupees in lakhs
At the beginning of the year	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

**(d) Shareholders holding more than 5% shares of the Company are set out below:**

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of shares	% of Holding	No. of shares	% of Holding
Mr. Binod Kumar Patodia	11 95 580	10.27%	11 95 580	10.27%
Mr. Umang Patodia	8 35 120	7.17%	8 35 120	7.17%
Mr. Ankur Patodia	7 32 331	6.29%	7 32 331	6.29%
Mrs. Prabha Patodia	6 82 418	5.86%	6 82 418	5.86%
Binod Kumar Patodia HUF	11 58 880	9.96%	11 58 880	9.96%
Beekaypee Credit Private Limited	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%
Umang Finance Private Limited	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 31.03.2020 and in the previous year no securities convertible into Equity/Preferential shares.
- (i) During the year ended 31.03.2020 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 2020 (Contd.)

	As at 31.03.2020 (₹ in lacs)	As at 31.03.2019 (₹ in lacs)
<b>17 Other Equity</b>		
<b>(i) Reserve &amp; Surplus</b>		
<b>(a) General Reserve</b>		
Balance as at the beginning and the end of the year	2,092.36	2,092.36
<b>(b) Retained earnings</b>		
Balance as at the beginning of the year	(2,400.78)	(2,103.53)
(Add)/Less: Profit/(Loss) for the year from the Statement of Profit and Loss	(873.25)	(733.34)
Transfer from Revaluation Surplus	172.52	418.93
Deferred tax impact on OCI	(5.21)	17.16
Balance as at the end of the year	(3,106.72)	(2,400.78)
<b>(ii) Revaluation surplus</b>		
Balance as at the beginning of the year	9,544.99	9,229.67
Revaluation Surplus	-	734.25
Transfer to Retained Earnings	(172.52)	(418.93)
Balance as at the end of the year	9,372.47	9,544.99
<b>(iii) Other Comprehensive income</b>		
Balance as at the beginning of the year	(94.93)	(146.68)
Changes during the current year	(37.67)	51.75
Balance as at the end of the year	(132.60)	(94.93)
<b>Total</b>	<b>8,225.51</b>	<b>9141.64</b>

**(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 other comprehensive income.

**(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 2020 (Contd.)

	As at 31.03.2020 (₹ in lacs)		As at 31.03.2019 (₹ in lacs)	
	Non Current	Current	Non Current	Current
<b>18 Borrowings</b>				
<b>Secured</b>				
Term Loans				
Banks	-	-	-	162.38
Vehicle loan				
Banks	1.50	1.30	2.80	1.60
Working Capital facilities				
Banks	-	3,683.92	-	3,573.46
<b>Un secured</b>				
Loan from a Director	108.25	-	98.50	-
Loan from relatives to Director	308.75	-	281.50	-
Loan from Corporates	-	1,622.50	-	1,452.50
Short Term Loan from Related Parties	-	500.00	-	-
Deposit From Director	-	200.00	-	-
	<b>418.50</b>	<b>6,007.72</b>	<b>382.80</b>	<b>5,189.94</b>

### Term Loans:

Term loans are from Banks and Financial Institution and total outstanding of ₹ Nil (Previous year - ₹ 162.38 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 ₹ Nil (Previous year end - ₹ 162.38 lakhs).

### Re-payment terms of Term Loan from Banks:

₹ Nil (Previous year ₹ 162.38 Lakhs)

Term loans are fully repaid in March 2020. Rate of Interest 12.90% p.a. as at year end (Previous year end 12.90% p.a).

### Vehicle loan:

Finance Lease Obligations are relating to vehicles and are secured against respective vehicles hypothecated costing ₹ 7.61 lakhs (Previous year end ₹ 21.63 lakhs).

Repayable in Equated Monthly Installments, last installment due on April 2022. Average interest rate is 9.37% (Previous year 9.25% )

### 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 as well as two Promoters of the Company.

Average rate of interest is 12.05% p.a. (Previous year 11.56% 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 ₹ 1496.11 lakhs (Previous year ₹ 1949.30 lakhs).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

### 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 repayble on demand carrying interest rate ranging from 13.00% p.a. to 16.00% p.a. ( Previous year ranging from 13.00% to 16.00%)

### Short Term Loan from Related parties:

Interest free Short Term Loan from related parties are repayble on demand.

### Deposit from Director:

Deposit from Director are repayble on demand carrying interest rate ranging from 8.25% p.a.

	As at 31.03.2020 (₹ in lacs)	As at 31.03.2019 (₹ in lacs)
<b>19 Other Non Current liabilities</b>		
Employee benefit - Gratuity	<u>326.91</u>	<u>263.48</u>
<b>20 Trade payables</b>		
Due to Micro, Small and Medium Enterprises (MSME's)	6.59	0.30
Due to Others	<u>3,190.23</u>	<u>4,815.26</u>
	<u>3,196.82</u>	<u>4,815.56</u>

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

The principal amount due thereon remaining unpaid as on the Balance sheet date	6.59	0.30
Interest due thereon remaining unpaid	0.16	0.00
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.	<u>0.16</u>	<u>-</u>
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.	<u>0.16</u>	<u>-</u>

\* 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

	As at 31.03.2020 (₹ in lacs)	As at 31.03.2019 (₹ in lacs)
<b>21 Other financial liabilities</b>		
Interest accrued but not due on borrowings	157.69	97.89
Impact on MTM	28.00	5.21
	<b>185.69</b>	<b>103.10</b>
<b>22 Other Current liabilities</b>		
Statutory payable and other dues	88.56	224.18
Other liabilities	87.70	65.27
Advance received for Land Sale	6.49	96.28
	<b>182.75</b>	<b>385.73</b>
<b>23 Provisions</b>		
Provision for Employee benefits	126.14	113.53
	<b>126.14</b>	<b>113.53</b>
	<b>Year ended</b>	<b>Year ended</b>
	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>(₹ in lacs)</b>	<b>(₹ in lacs)</b>
<b>24 Revenue from operations</b>		
<b>(A) Sale of Products ( Net of Tax)</b>		
<b>Finished Goods :</b>		
Exports	5,578.49	5,861.32
Local	6,546.87	7,369.49
<b>Waste Sales:</b>		
Exports	120.54	-
Local	529.15	919.27
<b>TOTAL (A)</b>	<b>12,775.05</b>	<b>14,150.08</b>
<b>(B) Other Operating Income</b>		
Sale of Land, Plots	231.78	-
Export Incentive	93.04	76.02
<b>TOTAL (B)</b>	<b>324.82</b>	<b>76.02</b>
<b>TOTAL (A) +(B)</b>	<b>13,099.87</b>	<b>14,226.10</b>
<b>25 Other income</b>		
Interest Income	29.48	22.88
Sale of scrap	9.05	11.73
Miscellaneous receipts	1.20	1.20
<b>TOTAL</b>	<b>39.73</b>	<b>35.81</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

	Year ended 31.03.2020 (₹ in lacs)	Year ended 31.03.2019 (₹ in lacs)
<b>26 Cost of raw materials consumed</b>		
<b>(A) Raw materials Consumed</b>		
Opening Stock	1,411.03	1,392.45
Add :Purchases during the Year	8,040.00	10,004.19
Less:Sale of Cotton	1,578.36	1,150.87
Less:Closing Stock	907.53	1,411.03
<b>TOTAL (A)</b>	<b>6,965.14</b>	<b>8,834.74</b>
<b>(B) Packing Material Consumed</b>		
Opening Stock	13.58	18.14
Add :Purchases during the Year	210.17	200.28
Less:Closing Stock	25.07	13.58
<b>TOTAL (B)</b>	<b>198.68</b>	<b>204.84</b>
<b>TOTAL (A) + (B)</b>	<b>7,163.82</b>	<b>9,039.58</b>
<b>27 Changes in inventory of finished goods, work in progress and waste</b>		
<b>(A) Stock at the beginning of the year:</b>		
Finished goods	1,970.54	1,887.41
Goods-in-process	486.24	471.96
Waste	3.33	12.58
<b>TOTAL (A)</b>	<b>2,460.11</b>	<b>2,371.95</b>
<b>(B) Less : Stock at the end of the year:</b>		
Finished goods	1,009.91	1,970.54
Goods-in-process	467.60	486.24
Waste	18.16	3.33
<b>TOTAL (B)</b>	<b>1,495.67</b>	<b>2,460.11</b>
<b>Decrease /(Increase) in inventory (A)-(B)</b>	<b>964.44</b>	<b>(88.16)</b>
<b>28 Cost of Land, Plot and other costs</b>		
Cost of Land	172.53	-
Land Development Expenses	10.34	-
Commission and Brockerage	3.43	-
<b>TOTAL</b>	<b>186.30</b>	<b>-</b>
<b>29 Employee benefit expenses</b>		
Salaries, Wages and Bonus	1,766.08	1,778.07
Contribution to Provident and Other Funds	207.36	242.48
Welfare Expenses	96.85	90.99
<b>TOTAL</b>	<b>2,070.29</b>	<b>2,111.54</b>
<b>30 Finance cost</b>		
Interest Expenses	749.00	809.81
Other borrowing costs	109.23	139.06
<b>TOTAL</b>	<b>858.23</b>	<b>948.87</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

	Year ended 31.03.2020 (₹ in lacs)	Year ended 31.03.2019 (₹ in lacs)
<b>31 Other expenses</b>		
Power and fuel	1,366.45	1,525.02
Process charges expenses	400.02	337.03
Consumption- Stores and Spares	33.77	49.27
Repairs & Maintenance- Building	-	1.66
Repairs & Maintenance- Plant & Machinery	125.03	172.37
Commission and Brokerage	118.24	140.37
Other selling expenses	231.45	162.66
Insurance	81.67	45.00
Rates and Taxes	9.86	12.35
Rent	23.87	15.82
Directors Sitting Fee	2.03	2.68
Payment to Auditors		
Audit Fee	1.75	1.75
Out of Pocket Expenses	0.92	0.67
(Net gain) / Net loss on foreign currency transaction and translation	127.00	108.15
(Profit) / Loss on disposal/discard of fixed assets (Net)	0.16	(16.50)
Miscellaneous Expenses	188.07	203.47
<b>TOTAL</b>	<b>2,710.29</b>	<b>2,761.77</b>

**32** Exceptional items shown in Statement of Profit and Loss represents VRS compensation paid to workmen

### **33 Earning per share**

	31.03.2020 (₹ in lacs)	31.03.2019 (₹ in lacs)
Net profit /(Loss) as per statement of profit and loss	(873.25)	(733.34)
Weighted average Number of Equity Shares (₹ 10 per share)	Nos 11640478	11640478
Basic and diluted Earning Per Share	₹ (7.50)	(6.30)

### **34 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

	<b>Gratuity Plan</b>	Gratuity Plan
	<b>2019-20</b>	2018-19
	(₹ in lacs)	(₹ in lacs)
<b>Change in Defined Benefit Obligation (DBO) during the year</b>		
1 Present value of DBO at the beginning of the year	<b>865.57</b>	928.48
2 Current Service cost	<b>26.59</b>	30.63
3 Interest cost	<b>65.06</b>	69.59
4 Actuarial (gain)/ loss arising from changes in demographic assumptions	<b>(0.34)</b>	-
5 Actuarial (gain)/ loss arising from changes in financial assumptions	<b>46.35</b>	(35.13)
6 Actuarial (gain)/ loss arising from changes in experience adjustments	<b>(25.97)</b>	(32.88)
7 Benefits paid	<b>(164.09)</b>	(95.11)
<b>Present value of DBO at the end of the year</b>	<b>813.17</b>	865.57
<b>Change in fair value of plan assets during the year</b>		
1 Fair value of plan assets at the beginning of the year	<b>602.09</b>	649.70
2 Interest income	<b>45.26</b>	48.69
3 Employer contributions	<b>3.00</b>	0.82
4 Benefits paid	<b>(164.09)</b>	(95.11)
5 Remeasurements - return on plan assets (excluding interest income)	<b>-</b>	(2.01)
<b>Present value of DBO at the end of the year</b>	<b>486.26</b>	602.09
<b>Amounts recognised in the Balance Sheet</b>		
1 Present value of DBO at the end of the year	<b>813.17</b>	865.57
2 Fair value of plan assets at the end of the year	<b>486.26</b>	602.09
Funded status of the plans - Surplus / (Deficit)	<b>(326.91)</b>	(263.48)
<b>Assets and (Liability) recognised in the Balance sheet</b>	<b>(326.91)</b>	(263.48)
<b>Components of employer expense</b>		
1 Current service cost	<b>26.59</b>	30.63
2 Interest cost / (income) on net defined benefit obligation	<b>19.80</b>	20.89
<b>Expense recognised in Statement of Profit and Loss</b>	<b>46.39</b>	51.52
<b>Remeasurements on the net defined benefit obligation</b>		
Return on plan assets(excluding interest income)	<b>-</b>	2.01
Actuarial (gain) / loss arising from changes in demographic assumptions	<b>(0.34)</b>	-
Actuarial (gain) / loss arising from changes in financial assumptions	<b>46.35</b>	(35.13)
Actuarial (gain) / loss arising from changes in experience adjustments	<b>(25.97)</b>	(32.88)
<b>Remeasurements recognised in other comprehensive income</b>	<b>20.04</b>	(60.00)
<b>Total defined benefit cost recognised</b>	<b>66.43</b>	(14.48)
<b>Nature and extent of investment details of the plan assets</b>		
State and Central Securities	<b>-</b>	-
Bonds	<b>-</b>	-
Special Deposits	<b>-</b>	-
Insurer Managed funds	<b>100%</b>	100%

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

	Gratuity Plan 2019-20 (₹ in lacs)	Gratuity Plan 2018-19 (₹ in lacs)
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### Assumptions

Discount rate	6.20%	7.50%
Expected rate of salary increase	2.00%	2.00%

### Sensitivity analysis - DBO at the end of the year (₹ in lacs)

Discount rate + 100 basis points	776.73	835.63
Discount rate - 100 basis points	853.99	899.15
Salary Growth rate + 1%	855.34	900.71
Salary Growth rate - 1%	774.96	833.81
Attrition rate +50%	819.93	873.75
Attrition rate -50%	805.96	856.86

### Weighted average duration of DBO

	4 years	4 years
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### Expected cash flows (₹ in lacs)

1. Expected employer contribution in the next year	348.77	283.96
2. Expected benefit payments		
Year 1	311.54	390.28
Year 2 to year 5	330.39	323.32
Year 6 to year 10	164.89	200.68
Beyond 10 years	349.51	350.43

## 35 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 joint control as per para 9 (b) vi of Ind AS 24

GTN Enterprises Ltd

Beekaypee Credit Private Ltd

Umang Finance Private Ltd

Patodia Exports and Investments Private Ltd

#### iii. Other Related Parties

Shri B.K. Patodia – Chairman & Managing Director

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

### (b) Transactions / Balances

	Associates		Company under joint control under para 9 (b) vi of Ind AS 24		Other Related Parties	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Sale of goods	1,725.60	1,629.19	581.11	1,077.24	-	-
Purchase of goods	1,954.78	1,887.82	2,125.48	1,692.32	-	-
Sale of fixed assets	-	-	-	-	-	511.00
Rendering of services	-	0.88	1.20	1.20	-	-
Receiving of services	214.13	183.43	187.98	129.93	12.60	6.60
Remuneration paid	-	-	-	-	47.64	46.22
Un Secured Loans taken	-	-	500.00	19.50	237.00	35.00
Interest Paid	-	-	0.27	0.33	40.97	37.21
Balances as at year end						
Trade Payables	577.94	1,205.49	620.80	1,097.43	-	-
Trade Receivables			-	-	-	-
Loans Outstanding	-	-	522.50	22.50	617.00	380.00
Interest Payable	-	-	5.14	2.48	18.48	4.67
Investments	1,964.26	1,964.26	-	-	-	-
Guarantees provided for	300.00	300.00	-	-	-	-
Guarantees received	-	-	-	-	-	-

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

	Transactions	
	2019-20	2018-19
<b>(i) Sale of goods</b>		
<b>a) Cotton</b>		
i) GTN Enterprises LTD	285.50	475.17
ii) Patspin India LTD	763.39	701.05
<b>b) Cotton Yarn</b>		
i) GTN Enterprises LTD	295.33	601.29
ii) Patspin India LTD	960.75	925.37
<b>c) Store Items</b>		
i) GTN Enterprises LTD	0.01	-
ii) Patspin India LTD	0.92	2.77
<b>d) Packing Materials</b>		
i) GTN Enterprises LTD	0.27	0.78
ii) Patspin India LTD	0.54	-
<b>e) Land and Building</b>		
i) Other Related Parties	-	511.00

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

	Transactions	
	2019-20	2018-19
<b>(ii) Purchase of goods</b>		
<b>a) Cotton</b>		
i) GTN Enterprises LTD	1,742.70	1,221.43
ii) Patspin India LTD	1,613.11	1,518.98
<b>b) Cotton Yarn</b>		
i) GTN Enterprises LTD	376.30	447.56
ii) Patspin India LTD	340.66	368.83
<b>c) Store Items</b>		
i) Patspin India LTD	0.10	-
<b>d) Packing Materials</b>		
i) GTN Enterprises LTD	6.48	23.33
ii) Patspin India LTD	0.91	0.01
<b>(iii) Rendering of services</b>		
<b>a) Rent</b>		
i) GTN Enterprises LTD	1.20	1.20
ii) Patspin India LTD	-	0.88
<b>(iv) Receiving of services</b>		
<b>a) Rent</b>		
i) Other Related Parties	12.60	6.60
<b>b) Processing Charges</b>		
i) GTN Enterprises LTD	187.98	129.93
ii) Patspin India LTD	214.13	183.43
<b>(v) Remuneration paid</b>		
i) Other Related Parties	47.64	46.22
<b>(vi) Unsecured Loans taken</b>		
i) M/s Beekaypee Credit Pvt Ltd	350.00	6.00
ii) M/s Umang Finance Private Ltd	150.00	4.00
iii) M/s Patodia Exports & Investments Private Ltd	-	9.50
iv) Other Related Parties	237.00	35.00
<b>(vii) Interest Paid</b>		
i) M/s Beekaypee Credit Pvt Ltd	0.09	0.14
ii) M/s Umang Finance Private Ltd	0.07	0.19
iii) M/s Patodia Exports & Investments Private Ltd	0.11	-
iv) Other Related Parties	40.97	37.21
<b>(viii) Guarantees provided for Patspin India Limited</b>	300.00	300.00

### 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.

**36** 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

**37** In term of Ind AS -108 - Operating segments of the company are: Textiles, Commission agency and Realty segments.

1. Segment Revenue	<b>31.03.2020</b>	31.03.2019
(Net sales / Income)		
(a) Yarn	<b>12,868.09</b>	14,226.10
(b) Commission Agency	-	-
(c) Realty	<b>231.78</b>	-
Total	<b>13,099.87</b>	14,226.10
Less: Inter Segment Revenue	-	-
Net Sales / Income from Operations	<b>13,099.87</b>	14,226.10
2. Segment Results		
(Profit (+) / Loss (-) before tax and interest)		
(a) Yarn	<b>(390.61)</b>	68.30
(b) Commission Agency		
(c) Realty	<b>45.48</b>	-
Total	<b>(345.13)</b>	68.30
Less: (i) Interest	<b>858.23</b>	948.87
(ii) Other Un-allocable Expenditure net off	-	-
Add: (i) Un-allocable Income	<b>39.73</b>	35.81
Total Profit Before Tax	<b>(1,163.63)</b>	(844.76)
3. Segment Assets		
(a) Yarn	<b>19,597.91</b>	21,146.54
(b) Commission Agency	-	-
(c) Realty	<b>236.18</b>	413.29
Total Assets	<b>19,834.09</b>	21,559.83
3. Segment Liabilities		
(a) Yarn	<b>10,438.04</b>	11,157.87
(b) Commission Agency	-	-
(c) Realty	<b>6.49</b>	96.28
Total Liabilities	<b>10,444.53</b>	11,254.15
3. Capital Employed		
(Segment Assets - Segment Liabilities)		
(a) Yarn	<b>9,159.87</b>	9,988.67
(b) Commission Agency	-	-
(c) Realty	<b>229.69</b>	317.01
Total	<b>9,389.56</b>	10,305.68

**38** Finance Lease assets, loan repayable and future payments disclosure.

Particulars	As at 31.03.2020			As at 31.03.2019		
	Total Minimum payments Outstanding (₹ in Lacs)	Future Interest on outstanding (₹ in Lacs)	Present value of minimum payments (₹ in Lacs)	Total Minimum payments Outstanding (₹ in Lacs)	Future Interest on outstanding (₹ in Lacs)	Present value of minimum payments (₹ in Lacs)
1. Due within one year	<b>1.30</b>	<b>0.19</b>	<b>1.49</b>	1.60	0.30	1.90
2. Between one year to five years	<b>1.50</b>	<b>0.09</b>	<b>1.59</b>	2.80	0.28	3.08
Total	<b>2.80</b>	<b>0.28</b>	<b>3.08</b>	4.40	0.58	4.98

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

### 39 Contingent liabilities and commitments

#### Contingent liabilities

- 1 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 ₹ 607.14 Lacs. ( Previous year ₹ 832.10 Lacs)

### 40 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 counterparty 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.

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	11.69%	10.12%
Revenue from Top Five Customers	34.43%	31.58%

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:



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

Particulars	As at 31st March 2020	Due within 12 months from Balance sheet Date	Due beyond 12 months of Balance Sheet Date	As at 31st March 2019	Due within 12 months from Balance sheet Date	Due beyond 12 months of Balance Sheet Date
Borrowings	6,426.22	6,007.72	418.50	5,572.74	5,189.94	382.80
Trade payables	3,196.82	3,196.82	-	4,815.56	4,815.56	-
Other Financial Liabilities	185.69	185.69	-	103.10	103.10	-

### 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 ₹ 3683.92 lacs out of the total debt of ₹ 6426.22 Lacs

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 ₹ 18.42 Lacs 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 31.03.2019 are given below:

Particulars	As at 31.03.20120			As at 31.03.2019		
	Amount in Lacs	Exchange Rate ₹	Amount (₹in lacs)	Amount in lacs	Exchange Rate ₹	Amount (₹in lacs)
Accounts payable	USD 4.37	75.69	330.72	USD 3.29	69.12	227.40

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 ₹ 3.31 Lacs

### 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 2020 (Contd.)

The details of capital employed is given below:

<b>Particulars</b>	<b>As at March 31, 2020</b> ₹ in Lacs	As at March 31, 2019 ₹ in Lacs
Total equity	<b>9,389.56</b>	10,305.69
Net Debt	<b>5,899.80</b>	5,512.24
Total Capital (Borrowings and Equity)	<b>15,289.36</b>	15,817.93

(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.

### 41 Estimation of uncertainty relating to COVID-19 pandemic

Towards the end of the Financial Year 2019-20, the operations of the company were stopped due to the nationwide lockdown imposed by Government to contain the COVID 19 pandemic. The Company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these financial results, to determine the impact on the Company's revenue from operations for foreseeable future and the recoverability and carrying value of certain assets such as property, plant and equipment, investments, inventories and trade receivables. Based on such assessment, management is confident that no indications of impairment of carrying values of property, plant and equipment and investments exist as on the date of approval of these financial statements. The impact of COVID-19 pandemic on the overall economic environment remains uncertain and may be different from what we have estimated as of the date of approval of these standalone financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

Signature to Note 1 to 41

As per our report of even date attached

For **L.U. KRISHNAN & Co.**

Chartered Accountants  
(ICAI FRN 001527S)

**P. K. MANOJ**

Partner  
(M. No. 207550)

Place : Chennai

Date : 31<sup>st</sup> July 2020

For and on behalf of the Board

**B. K. PATODIA**

Chairman & Managing Director  
DIN No. 00003516

**A.K.WARERKAR**

Vice President (Finance) &  
Chief Financial Officer

Place : Mumbai

Date : 31<sup>st</sup> July 2020

**E.K.BALAKRISHNAN**

Vice President (Corporate Affairs) &  
Company Secretary

Place : Kochi

Date : 31<sup>st</sup> July 2020

## INDEPENDENT AUDITOR'S REPORT

To the Members of GTN Textiles Ltd

Report on the Audit of the Consolidated Financial Statements

### Opinion

1. We have audited the accompanying consolidated financial statements of **GTN Textiles Ltd** (the “**Parent Company**”), and its associate which comprise the consolidated balance sheet **as at 31<sup>st</sup> March, 2020**, the consolidated statement of profit and loss (including Other Comprehensive Income), the consolidated cash flow statement and, the consolidated statement of changes in equity and the Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information. (Hereinafter referred to as “**Consolidated Financial Statements**”).
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020 give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31<sup>st</sup> March, 2020, and loss, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S.No	Key Audit Matters	Auditor's Response
1.	<p><b>Guarantee for loans given to Patspin India Ltd (Associate)</b></p> <p>The company has given guarantee of ₹ 300 Lakhs for the loans taken by Patspin India Ltd under restructured TUF scheme from EXIM Bank also the company has not charged any commission for the same</p>	<p><b>Our audit procedures on Guarantee for loans given to Patspin India Ltd included:</b></p> <p>(i) An Enquiry for not charging commission- Management informed us that commission has not been charged as Patspin is an associate of GTN and it has substantial interest in the undertaking.</p> <p>(ii) We observed that as on 31<sup>st</sup> March, 2020 Patspin India Limited has defaulted in payment towards loan repayment for Q3. Also, the company has availed moratorium as permitted by RBI vide circular RBI/2019-20/186 &amp; RBI/2019-20/250.</p> <p>We have also verified the transaction in essence of section 185 and 186 of Companies Act 2013</p>

### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

5. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

## INDEPENDENT AUDITOR'S REPORT (Contd...)

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

The above information is not available to us as on the date of our report.

### Management's Responsibility for the Consolidated Financial Statements

6. 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 of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Consolidated) specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 accounting records, relevant to the preparation and presentation of the AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
8. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements:

9. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - (i) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - (ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - (iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - (v) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## INDEPENDENT AUDITOR'S REPORT (Contd...)

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Other Matter

13. On account of the COVID 19 related lockdown restrictions, Management was not able to perform the year end physical verification of inventories in aggregating to ₹ 2668.83 lakhs at certain locations. Consequently, We have performed alternative audit procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence – Specific consideration to selective items" which includes physical verification done by the management during the year and their supporting documents relating to purchases, construction and sales and have obtained sufficient audit evidence to issue our unmodified opinion on these standalone financial statements.

### Report on Other Legal and Regulatory Requirements:

14. As required by Section 143(3) of the Act, based on our audit, we report to the extent applicable that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books.
  - c) The consolidated financial statements dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of consolidated financial statements.
  - d) In our opinion, the aforesaid Consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e) On the basis of the written representations received from the directors of the Parent Company and taken on record by the Board of Directors of the Parent Company and the reports of the other statutory auditor of its Associate company covered under the Act, none of the Directors of the Group companies covered under the Act, are disqualified as on 31 March 2020 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Parent Company, and its Associate covered under the Act and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
  - g) In our opinion, According to the information and explanations given to us and based on our examination of the records of the company, the Company has paid/provided for managerial remuneration for the year ended on March 31, 2020 has paid/provided by the Company to its directors in accordance with the provisions of the section 197 of the Act read with Schedule V to the Act.
  - h) 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements/consolidated financial statements as also the other financial information of the subsidiaries and associates:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses, and
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For L U Krishnan & Co.**  
Chartered Accountants  
Firm's Registration No: 001527S

**P K Manoj**  
Partner

Membership No.207550  
UDIN: 20207550AAAABS3462

Place: Chennai  
Date: 31.07.2020

## **INDEPENDENT AUDITOR'S REPORT (Contd...)**

### **Annexure - A to the Independent Auditors' Report**

**(Referred to in paragraph 14(f) under 'Report on Other Legal and Regulatory Requirements' section of our report)**

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

We have audited the internal financial controls with reference to financial statements of GTN Textiles Ltd ("the Company") as at 31<sup>st</sup> March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended and as at 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 with reference to financial statements 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.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

#### **Meaning of Internal Financial Controls with reference to financial statements.**

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 authorizations 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 with reference to financial statements.**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **INDEPENDENT AUDITOR'S REPORT (Contd...)**

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31<sup>st</sup> March 2020,

based on the internal control with reference to financial statements 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

Firm's Registration No: 001527S

**P K Manoj**

Partner

Membership No.207550

UDIN: 20207550AAAABS3462

Place: Chennai

Date: 31.07.2020

# GTN TEXTILES LIMITED

## CONSOLIDATED BALANCE SHEET

		As at 31.03.2020 (₹ in lacs)	As at 31.03.2019 (₹ in lacs)
	Note No.		
<b>I. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, Plant and Equipment	3	12,137.03	12,450.76
(b) Capital Work in Progress	4	-	28.08
(c) Intangible Assets	5	25.61	3.30
(d) Financial Assets			
(i) Investments	6	0.43	136.94
(ii) Others	7	9.24	8.91
(e) Deferred Tax Assets (net)	8	768.76	478.38
(f) Other Non-Current tax assets	9	35.07	72.23
<b>Sub-Total</b>		<u>12,976.14</u>	<u>13,178.60</u>
<b>2 Current assets</b>			
(a) Inventories	10	2,668.83	4,296.85
(b) Financial Assets			
(i) Trade Receivables	11	1,096.39	1,413.62
(ii) Cash and Cash equivalents	12	526.42	60.50
(iii) Bank balances other than (ii) above	13	145.68	196.66
(iv) Other financial assets	14	17.26	12.44
(c) Other Current Assets	15	439.10	573.34
<b>Sub-Total</b>		<u>4,893.68</u>	<u>6,553.41</u>
<b>TOTAL ASSETS</b>		<u>17,869.82</u>	<u>19,732.01</u>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	16	1,164.05	1,164.05
(b) Other Equity	17	6,261.24	7,313.82
<b>Sub-Total</b>		<u>7,425.29</u>	<u>8,477.87</u>
<b>Liabilities</b>			
<b>1 Non current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	418.50	382.80
(b) Other non current liabilities	19	326.91	263.48
<b>Sub-Total</b>		<u>745.41</u>	<u>646.28</u>
<b>2 Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	6,007.72	5,189.94
(ii) Trade payables	20	3,196.82	4,815.56
(iii) Other financial liabilities	21	185.69	103.10
(b) Other current liabilities	22	182.75	385.73
(c) Provisions	23	126.14	113.53
<b>Sub-Total</b>		<u>9,699.12</u>	<u>10,607.86</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>17,869.82</u>	<u>19,732.01</u>

Significant accounting policies

1 & 2

The accompanying Notes 1 to 42 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 No. 00003516

**P. K. MANOJ**

Partner  
(M. No. 207550)

**A.K.WARERKAR**

Vice President (Finance) &  
Chief Financial Officer

**E.K.BALAKRISHNAN**

Vice President (Corporate Affairs) &  
Company Secretary

Place : Chennai

Date : 31<sup>st</sup> July 2020

Place : Mumbai

Date : 31<sup>st</sup> July 2020

Place : Kochi

Date : 31<sup>st</sup> July 2020



# GTN TEXTILES LIMITED

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Note No.	Year ended <b>March 31, 2020</b> (₹ in lacs)	Year ended March 31, 2019 (₹ in lacs)
<b>REVENUE:</b>			
Revenue From Operations	24	13,099.87	14,226.10
Other income	25	39.73	35.81
<b>Total Revenue</b>		<b>13,139.60</b>	14,261.91
<b>EXPENSES:</b>			
Cost of materials consumed	26	7,163.82	9,039.58
Changes in inventories of finished goods, work in progress and waste	27	964.44	(88.16)
Cost of Land, plots, and other costs incurred during the year	28	186.30	-
Employee benefits expense	29	2,070.29	2,111.54
Finance costs	30	858.23	948.87
Depreciation and amortization expense		322.68	329.09
Other expenses	31	2,710.29	2,761.77
<b>Total Expenses</b>		<b>14,276.05</b>	15,102.69
<b>Profit/(Loss) before exceptional items and tax</b>		<b>(1,136.45)</b>	(840.78)
Exceptional items	32	27.18	3.98
<b>Profit/(Loss) before tax and share of Associate</b>		<b>(1,163.63)</b>	(844.76)
Share of Profit / (Loss) of Associate		(136.44)	(109.06)
<b>Profit/(Loss) before tax</b>		<b>(1,300.07)</b>	(953.82)
Tax expense / (Credit) :			
Current tax		-	-
Deferred tax charge / (Credit)		(290.38)	(111.42)
<b>Profit / (Loss) for the year (A)</b>		<b>(1,009.69)</b>	(842.40)
Other Comprehensive income (Net of Tax)			
Items that will not be reclassified in to Profit or loss			
(a) Re-measurement of defined benefit Obligation		(14.82)	49.67
(b) MTM of forward contract		(22.79)	2.19
(c) Impact on Revaluation of Land		-	734.25
(d) Share of OCI of Associates		-	(68.83)
<b>Total Other comprehensive income (net of tax) (B)</b>		<b>(37.61)</b>	717.28
<b>Total comprehensive income / (loss) for the year (A) + (B)</b>		<b>(1,047.30)</b>	(125.12)
<b>Earnings per Equity Share of ₹ 10 each</b>			
Basic and Diluted (in ₹)	33	(8.67)	(7.24)
Significant accounting policies	1 & 2		

The accompanying Notes 1 to 42 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  
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Vice President (Corporate Affairs) &  
Company Secretary

Place : Chennai  
Date : 31<sup>st</sup> July 2020

Place : Mumbai  
Date : 31<sup>st</sup> July 2020

Place : Kochi  
Date : 31<sup>st</sup> July 2020

# GTN TEXTILES LIMITED

## STATEMENT OF CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2020

	2019-20 (₹ In Lacs)	2018-19 (₹ In Lacs)
<b>A. Cash flow from operating activities</b>		
Profit / (loss) before Tax	(1,136.45)	(840.78)
Adjustment for :		
Depreciation and Amortization expense	322.68	329.09
Profit / (loss) on sale / Disposal / Discarded of Property, Plant and Equipments (Net)	0.16	(16.50)
Exchange difference (Net)	0.69	2.13
Gain / (Loss) on other comprehensive income (net)	(42.82)	69.15
Finance Cost	749.00	809.81
Interest Income	(29.48)	(22.88)
<b>Operating profit before working capital changes</b>	<u>(136.22)</u>	<u>330.02</u>
Changes in working Capital:		
Increase / (Decrease) in Trade Payables	(1,619.43)	(457.28)
Increase / (Decrease) in Other Current Liabilities	(56.95)	222.58
Increase / (Decrease) in Provision for Employee benefit	12.60	(8.40)
(Increase) / Decrease in Trade receivables	317.23	(193.03)
(Increase) / Decrease in Inventories	1,628.02	879.76
(Increase) / Decrease in Other Current Assets	129.09	(87.85)
(Increase) / Decrease in Balance in Margin Money / Deposit accounts	50.98	82.67
<b>Cash generated from operations</b>	<u>325.32</u>	<u>768.47</u>
Income Taxes refund / (Paid) (net)	37.17	(3.65)
<b>Net cash generated from operations before exceptional items</b>	<u>362.49</u>	<u>764.82</u>
Less: Exceptional items	27.18	-
<b>Net cash generated from operating activities (A)</b>	<u>335.31</u>	<u>764.82</u>
<b>B Cash flow from investing activities</b>		
Purchase of property, Plant and Equipments, including capital work in progress and capital advances.	(4.37)	(53.97)
Proceeds from sale of property, Plant and Equipments	1.03	524.87
Interest Income	29.48	22.88
<b>Net cash generated / (used) from/in investing activities (B)</b>	<u>26.14</u>	<u>493.78</u>
<b>C Cash flow from financing activities</b>		
Repayment of Long term borrowings	(1.30)	(164.10)
Increase / (Decrease) in Short term borrowings	447.77	(451.07)
Interest and other borrowing cost paid	(749.00)	(809.81)
Inter corporate Deposits/ Loans (net)	407.00	209.50
<b>Net cash generated / (used) from/in financing activities (C)</b>	<u>104.47</u>	<u>(1,215.48)</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)</b>	<u>465.92</u>	<u>43.12</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>60.50</u>	<u>21.36</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>526.42</u>	<u>60.50</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 42 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

Place : Chennai  
Date : 31<sup>st</sup> July 2020

Place : Mumbai  
Date : 31<sup>st</sup> July 2020

Place : Kochi  
Date : 31<sup>st</sup> July 2020

## CONSOLIDATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

₹ in Lacs

	Equity Share Capital		Other Equity				Items of Other Comprehensive Income		Total	Total equity attributable to equity share holders of the Company
	General Reserves	Retained Earnings	Revaluation surplus	Equity instrument through other comprehensive income	Re-measurement of Employee Benefit	Impact on MTM of Forward Contract	Total			
<b>Balance as at 31.03.2018</b>	<b>1,164.05</b>	<b>2,092.36</b>	<b>9,229.67</b>	<b>(0.07)</b>	<b>(139.21)</b>	<b>(7.40)</b>	<b>7,421.88</b>	<b>8,585.93</b>		
FVTOCI - Investment	-	-	-	(0.10)	-	-	(0.10)	(0.10)		
Revaluation of Land			734.25				734.25	734.25		
Transfer to retained earnings		418.93	(418.93)							
Deferred tax impact on MTM	-	17.16	-	-	-	-	17.16	17.16		
Remeasurement of the defined benefit obligation, net of tax effect	-	-	-	-	49.66	-	49.66	49.66		
Impact of MTM net of tax effect	-	-	-	-	-	2.19	2.19	2.19		
Share of OCI of Associates		(68.82)					(68.82)	(68.82)		
Profit / (Loss) for the year ended 31.03.2019	-	(842.40)	-	-	-	-	(842.40)	(842.40)		
<b>Balance as at 31.03.2019</b>	<b>1,164.05</b>	<b>2,092.36</b>	<b>9,544.99</b>	<b>(0.17)</b>	<b>(89.55)</b>	<b>(5.21)</b>	<b>7,313.82</b>	<b>8,477.87</b>		
FVTOCI - Investment				(0.06)			(0.06)	(0.06)		
Transfer to retained earnings			172.52							
Tax impact on MTM		(5.21)	(172.52)				(5.21)	(5.21)		
Remeasurement of the defined benefit obligation, net of tax effect					(14.82)		(14.82)	(14.82)		
Impact of MTM net of tax effect						(22.79)	(22.79)	(22.79)		
Profit / (Loss) for the year ended 31.03.2020		(1,009.69)					(1,009.69)	(1,009.69)		
<b>Balance as at 31.03.2020</b>	<b>1,164.05</b>	<b>2,092.36</b>	<b>9,372.47</b>	<b>(0.23)</b>	<b>(104.37)</b>	<b>(28.00)</b>	<b>6,261.24</b>	<b>7,425.29</b>		

The accompanying Notes 1 to 42 are an integral part of the consolidated financial statements

As per our report of even date attached

For and on behalf of the Board

**P. K. MANOJ**  
Partner  
(M. No. 207550)

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

**E. K. BALAKRISHNAN**  
Vice President (Finance) & Chief Financial Officer

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

Place : Chennai  
Date : 31<sup>st</sup> July 2020

Place : Mumbai  
Date : 31<sup>st</sup> July 2020

Place : Kochi  
Date : 31<sup>st</sup> July 2020

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

### Significant Accounting Policies and notes forming part of the Consolidated Financial statements as at and for the year ended 31st March, 2020.

#### 1 Corporate Information:

The Consolidated Financial statements comprise financial statements of GTN Textiles Limited and its Associate, PATSPIN INDIA LIMITED for the year ended 31st March, 2020. 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 The Companies Act, 1956 and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Company is engaged primarily in the business of manufacture and Sale 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, 2020.

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 lacs as per the requirement of Schedule III of the Companies Act 2013, unless otherwise stated.

##### 2.4 Historical Cost convention

The consolidated 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.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)**

### **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 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)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

### 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.

#### Realty business segment:

Land which is considered as Stock In Trade under the realty business segment is valued at lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs of necessary to make the sale.

### 2.13 Financial Assets / Liability Policy:

#### a. Financial Assets

##### Classification and Measurement

All the consolidated financial assets are initially measured at fair value. Transaction 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

### 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.

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.

#### Revenue from sale of land and plots:

In respect of realty business segment the revenue from sale of land and plots is recognised in the year in which the underlying sale deed is executed and there exists no uncertainty in the ultimate collection of consideration from buyers

#### Rendering of Services :

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

### **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 in the year in which they are incurred.

### **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.



## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)**

### **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 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.

### **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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)**
**3 Property ,Plant and equipment**

(₹ in lacs)

Gross cost / deemed cost	Freehold Land	Buildings	Plant and Equipment	Furniture	Office Equipment	Vehicles	Total
<b>Balance as at 31st March 2018</b>	<b>9,254.01</b>	<b>1,889.22</b>	<b>9,530.57</b>	<b>91.13</b>	<b>251.54</b>	<b>89.99</b>	<b>21,106.46</b>
Additions	-	-	19.92	-	5.93	-	25.85
Disposal /Discarded / adjustments	842.66	141.23	24.05	1.56	12.06	-	1,021.56
Revaluation of Assets	734.25	-	-	-	-	-	734.25
<b>Balance as at 31st March 2019</b>	<b>9,145.60</b>	<b>1,747.99</b>	<b>9,526.44</b>	<b>89.57</b>	<b>245.41</b>	<b>89.99</b>	<b>20,845.00</b>
Additions	-	-	4.18	-	0.19	-	4.37
Disposal /adjustments	-	-	4.56	-	2.25	-	6.81
<b>Balance as at 31st March 2020</b>	<b>9,145.60</b>	<b>1,747.99</b>	<b>9,526.06</b>	<b>89.57</b>	<b>243.35</b>	<b>89.99</b>	<b>20,842.56</b>
<b>Balance as at 31st March 2018</b>	-	1,421.31	6,346.23	88.77	244.46	78.94	8,179.71
Disposal /adjustments	-	77.89	23.53	1.32	10.71	-	113.45
Depreciation for the year	-	32.47	288.82	0.31	3.06	3.32	327.98
<b>Balance as at 31st March 2019</b>	-	<b>1,375.89</b>	<b>6,611.52</b>	<b>87.76</b>	<b>236.81</b>	<b>82.26</b>	<b>8,394.24</b>
Disposal /adjustments	-	-	3.82	-	1.80	-	5.62
Depreciation expense	-	27.79	283.84	0.20	2.86	2.22	316.91
<b>Balance as at 31st March 2020</b>	-	<b>1,403.68</b>	<b>6,891.54</b>	<b>87.96</b>	<b>237.87</b>	<b>84.48</b>	<b>8,705.53</b>

**Net Book Value**

As at 31st March, 2019	9,145.60	372.10	2,914.92	1.81	8.60	7.73	12,450.76
As at 31st March, 2020	9,145.60	344.31	2,634.52	1.61	5.48	5.51	12,137.03

**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:

Class of Asset - Freehold Land	₹ in Lacs
Carried value as at 31st March, 2016	24.34
Revalued amount as at 1s April, 2016	8,493.47
Revaluation surplus recognised in Other Equity as at 1st April, 2016	8,469.13
Deemed cost as at 1st April, 2016	8,493.47
Revalued amount as at 31st March, 2017	9,254.01
Revaluation surplus recognised in Other Equity as at 1st April, 2017	760.54
Carried value as at 31st March, 2017	9,254.01
Disposal / Adjustments	842.66
Revalued amount as at 31st March, 2019	9,145.60
Revaluation surplus recognised in Other Equity as at 31st March, 2019	734.25
Book Value as at 31st March, 2020	9,145.60

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)**

	As at 31.03.2020 (₹ in lacs)	As at 31.03.2019 (₹ in lacs)
<b>4 Capital Work in progress</b>		
Capital Work in Progress	<u>-</u>	<u>28.08</u>
<b>5 Intangible assets</b>		
<b>Gross Cost / Deemed Cost</b>		
As at beginning of the year	255.06	255.06
Additions during the year	28.08	-
Discarded/Disposal during the year	-	-
Balance as at end of the year	283.14	255.06
<b>Accumulated depreciation</b>		
As at beginning of the year	251.76	250.65
Amortisation for the year	5.77	1.11
Disposal/adjustment	-	-
Balance as at end of the year	257.53	251.76
<b>Net Carrying Amount</b>	<u>25.61</u>	<u>3.30</u>
<b>Financial Assets</b>		
<b>6 Non - Current Investments</b>		
<b>(A) Quoted equity instruments</b>		
<b>Associate:</b>		
Patspin India Limited (1,42,87,068 Equity shares of ₹ 10 each)	-	136.44
<b>Others:</b>		
Central Bank of India (243 Equity shares of ₹ 10 each)	0.02	0.09
<b>Sub Total (A)</b>	<u>0.02</u>	<u>136.53</u>
Market value of Quoted instrument		
<b>(B) Unquoted equity instruments</b>		
GTN Consumer Co-operative stores Limited (2100 Shares of ₹ 10 each)	0.21	0.21
GTN Textiles Employees Credit Co-operative Society Limited (200 Shares of ₹ 100 each)	0.20	0.20
<b>Sub total (B)</b>	<u>0.41</u>	<u>0.41</u>
<b>TOTAL (A) + (B)</b>	<u>0.43</u>	<u>136.94</u>
<b>7 Other Financial Assets</b>		
Security Deposits	9.24	8.91
	<u>9.24</u>	<u>8.91</u>
<b>8 Deferred Tax Asset (Net)</b>		
a Deferred Tax Asset		
Unabsorbed Depreciation and Business Loss	1,228.95	980.73
Other Disallowances	9.98	18.00
	<u>1,238.93</u>	<u>998.73</u>
b Deferred Tax Liability		
Related to Property, Plant and Equipment	548.17	598.35
	<u>548.17</u>	<u>598.35</u>
c Minimum Alternate Tax Credit entitlement	78.00	78.00
<b>Net Deferred Tax Asset (a - b + c)</b>	<u>768.76</u>	<u>478.38</u>
<b>9 Other Non-Current tax assets (Net)</b>		
Income Tax (Net of Provision)	35.07	72.23
	<u>35.07</u>	<u>72.23</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)**

	As at 31.03.2020 (₹ in lacs)	As at 31.03.2019 (₹ in lacs)
<b>10 Inventories</b>		
<b>(a) Textiles Segment</b>		
Stores, Spares and Packing Materials	38.42	25.97
Raw Materials	907.53	1,411.03
Goods-in-Process	467.60	486.24
Finished Goods	1,009.91	1,970.55
Waste Stock	18.16	3.33
<b>Sub Total (a)</b>	<u>2,441.62</u>	<u>3,897.11</u>
<b>(b) Realty Segment</b>		
Stock in Trade - Land (b)	227.21	399.74
<b>Total (a) + (b)</b>	<u>2,668.83</u>	<u>4,296.85</u>
<p>During the FY 2018-19, Company has ventured into real estate business and started a new business segment "Realty Segment". Out of total land of 29.37 acres in Company's aluva plant having book value of ₹ 9545.35 lacs, Company has identified surplus land of 1.23 acres having book value of ₹ 399.74 lacs and converted it as on 31.03.2019 into Stock In Trade based on its carrying value on the date of conversion for development /sale under the said Realty business segment. Out of this 0.53 acres of land having book value of ₹ 172.52 lac was sold during the FY 2019-20. The balance is continued as Stock in Trade.</p>		
<b>11 Trade Receivables</b>		
Unsecured, considered good	1,096.39	1413.62
Unsecured, considered doubtful	13.31	13.31
Less: Provision for Doubtful debts	<u>(13.31)</u>	<u>(13.31)</u>
	<u>1,096.39</u>	<u>1,413.62</u>
<b>12 Cash and Cash equivalents</b>		
Cash on Hand	1.49	1.88
Balance with Banks - In Current Accounts	524.93	58.62
	<u>526.42</u>	<u>60.50</u>
<b>13 Bank balances other than 12 above</b>		
Margin Money Deposit Accounts	145.68	196.66
	<u>145.68</u>	<u>196.66</u>
<b>14 Other Financial Assets</b>		
Income Receivables	17.26	12.44
	<u>17.26</u>	<u>12.44</u>
<b>15 Other Current Assets</b>		
Incentive Receivable	7.79	15.47
Security Deposits	146.68	146.68
Prepaid Expenses	36.38	37.43
Balances with Statutory Authorities	160.00	297.83
Other Advances	88.25	75.93
	<u>439.10</u>	<u>573.34</u>
<b>16 Equity Share Capital</b>		
<b>(a) Authorised:</b>		
120,00,000 Equity shares of ₹ 10 each	1,200.00	1,200.00
<b>(b) Issued, Subscribed and fully paid up shares</b>		
116,40,478 Equity shares of ₹ 10 each	1,164.05	1,164.05
	<u>1,164.05</u>	<u>1,164.05</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

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 there 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 31.03.2020		Year ended 31.03.2019	
	No. of shares	₹ in lacs	No. of shares	₹ in lacs
At the beginning of the year	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

### (d) Share holders holding more than 5% shares in the Company are set out below:

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of shares	% of Holding	No. of shares	% of Holding
Mr. Binod Kumar Patodia	11 95 580	10.27%	11 95 580	10.27%
Mr. Umang Patodia	8 35 120	7.17%	8 35 120	7.17%
Mr. Ankur Patodia	7 32 331	6.29%	7 32 331	6.29%
Mrs. Prabha Patodia	6 82 418	5.86%	6 82 418	5.86%
Binod Kumar Patodia HUF	11 58 880	9.96%	11 58 880	9.96%
Beekaypee Credit Private Limited	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%
Umang Finance Private Limited	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 31.03.2020 and in the previous year no securities convertible into Equity/Preferential shares.
- (i) During the year ended 31.03.2020 and in the previous year there are no calls unpaid including calls unpaid by Directors and officers as on balance sheet date.

	As at	As at
	31.03.2020	31.03.2019
	(₹ in lacs)	(₹ in lacs)

## 17 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

#### (b) Retained earnings

Balance as at the beginning of the year (4,228.60) (3,753.47)

(Add)/ Less: Profit/(Loss) for the year from the Statement of Profit and Loss (1,009.69) (842.40)

Transfer from Revaluation Surplus 172.52 418.93

Tax impact on MTM (5.21) 17.16

Share of OCI of Associates - (68.82)

Balance as at the end of the year (5,070.97) (4,228.60)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)**

	<b>As at 31.03.2020 (₹ in lacs)</b>	As at 31.03.2019 (₹ in lacs)
<b>(ii) Revaluation surplus</b>		
Balance as at the beginning and the end of the year	<b>9,544.99</b>	9,229.67
Revaluation Surplus	-	734.25
Transfer to Retained Earnings	<b>(172.52)</b>	(418.93)
Balance as at the beginning and the end of the year	<b>9,372.47</b>	9,544.99
<b>(iii) Other Comprehensive income</b>		
Balance as at the beginning of the year	<b>(94.93)</b>	(146.69)
Changes during the current year	<b>(37.67)</b>	51.76
Balance as at the end of the year	<b>(132.60)</b>	(94.93)
<b>Total</b>	<b><u>6,261.24</u></b>	<u>7,313.82</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 other comprehensive income.

**(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.

	<b>As at 31.03.2020 (₹ in lacs)</b>		As at 31.03.2019 (₹ in lacs)	
	<b>Non Current</b>	<b>Current</b>	Non Current	Current
<b>18 Borrowings</b>				
<b>Secured</b>				
<b>Term Loans</b>				
Banks	-	-	-	162.38
<b>Vehicle loan</b>				
Banks	<b>1.50</b>	<b>1.30</b>	2.80	1.60
<b>Working Capital facilities</b>				
Banks	-	<b>3,683.92</b>	-	3,573.46
<b>Un secured</b>				
Loan from a Director	<b>108.25</b>	-	89.50	-
Loan from relatives to Director	<b>308.75</b>	-	290.50	-
Fixed Deposit - from Corporates	-	<b>1,622.50</b>	-	1,452.50
Short Term Loan from Related Party	-	<b>500.00</b>	-	-
Deposit from Director	-	<b>200.00</b>	-	-
	<b><u>418.50</u></b>	<b><u>6,007.72</u></b>	<u>382.80</u>	<u>5,189.94</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)****Term Loans:**

Term loans are from Banks and Financial Institution and total outstanding of ₹ Nil (Previous year - ₹ 162.38 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 ₹ Nil (Previous year end - ₹ 162.38 lakhs).

**Re-payment terms of Term Loan from Banks:**

₹ Nil (Previous year ₹ 162.38 Lakhs)

Term loans are fully repaid in March 2020. Rate of Interest 12.90% p.a. as at year end (Previous year end 12.90% p.a).

**Vehicle loan:**

Finance Lease Obligations are relating to vehicles and are secured against respective vehicles hypothecated costing ₹ 7.61 lakhs (Previous year end ₹ 21.63 lakhs).

Repayable in Equated Monthly Installments, last installment due on April 2022. Average interest rate is 9.37% (Previous year 9.25% )

**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 as well as two Promoters of the Company.

Average rate of interest is 12.05% p.a. (Previous year 11.56% 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 ₹ 1496.11 lakhs (Previous year ₹ 1949.30 lakhs).

**Loan from Director and relatives to 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 13.00% to 16.00%)

**Short Term Loan from Related parties:**

Interest free Short Term Loan from related parties are repayable on demand.

**Deposit from Director:**

Deposit from Director are repayable on demand carrying interest rate ranging from 8.25% p.a.

	<b>As at</b>	As at
	<b>31.03.2020</b>	31.03.2019
	<b>(₹ in lacs)</b>	(₹ in lacs)
<b>19 Other Non Current liabilities</b>		
Employee benefit - Gratuity	<u><u>326.91</u></u>	<u><u>263.48</u></u>
<b>20 Trade payables</b>		
Due to Micro, Small and Medium Enterprises (MSME's)	<b>6.59</b>	0.30
Due to Others	<u><u>3,190.23</u></u>	<u><u>4,815.26</u></u>
	<u><u>3,196.82</u></u>	<u><u>4,815.56</u></u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)****DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AND DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES ACT, 2006**

	<b>As at 31.03.2020 (₹ in lacs)</b>	As at 31.03.2019 (₹ in lacs)
The principal amount due thereon remaining unpaid as on the Balance sheet date	<b>6.59</b>	0.30
Interest due thereon remaining unpaid	<b>0.16</b>	0.00
Interest paid along with the amount of the payment during the year	<b>Nil</b>	Nil
Interest due and payable but without adding the interest specified in the above-mentioned act.	<b>Nil</b>	Nil
Interest accrued and remaining unpaid at the end of the year.	<b>0.16</b>	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.	<b>0.16</b>	Nil
<p>* 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.</p> <p>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. 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.</p>		
<b>21 Other financial liabilities</b>		
Interest accrued on borrowings	<b>157.69</b>	97.89
Impact on MTM	<b>28.00</b>	5.21
	<b>185.69</b>	103.10
<b>22 Other Current liabilities</b>		
Statutory payable and other dues	<b>88.56</b>	224.18
Other liabilities	<b>87.70</b>	65.27
Advance received for Land Sale	<b>6.49</b>	96.28
	<b>182.75</b>	385.73
<b>23 Provisions</b>		
Provision for Employee benefits	<b>126.14</b>	113.53
	<b>126.14</b>	113.53



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)**

	Year ended 31.03.2020 (₹ in lacs)	Year ended 31.03.2019 (₹ in lacs)
<b>24 Revenue from operations</b>		
<b>(A) Sale of Products</b>		
<b>Finished Goods :</b>		
Exports	5,578.49	5,861.32
Local	6,546.87	7,369.49
<b>Waste Sales:</b>		
Exports	120.54	-
Local	529.15	919.27
<b>TOTAL (A)</b>	<u>12,775.05</u>	<u>14,150.08</u>
Less : Excise Duty	-	-
Net Sales	<u>12,775.05</u>	<u>14,150.08</u>
<b>(B) Other Operating Income</b>		
Sale of Land, Plots	231.78	-
Export Incentive	93.04	76.02
<b>TOTAL (B)</b>	<u>324.82</u>	<u>76.02</u>
<b>TOTAL (A) + (B)</b>	<u>13,099.87</u>	<u>14,226.10</u>
<b>25 Other income</b>		
Interest Income	29.48	22.88
Sale of scrap	9.05	11.73
Miscellaneous receipts	1.20	1.20
<b>TOTAL</b>	<u>39.73</u>	<u>35.81</u>
<b>26 Cost of raw materials consumed</b>		
<b>(A) Raw materials Consumed</b>		
Opening Stock	1,411.03	1,392.45
Add :Purchases during the Year	8,040.00	10,004.18
Less:Sale of Cotton	<u>1,578.36</u>	<u>1,150.87</u>
Less:Closing Stock	907.53	1,411.03
<b>TOTAL (A)</b>	<u>6,965.14</u>	<u>8,834.74</u>
<b>(B) Packing Material Consumed</b>		
Opening Stock	13.58	18.14
Add :Purchases during the Year	210.17	200.28
Less:Closing Stock	25.07	13.58
<b>TOTAL (B)</b>	<u>198.68</u>	<u>204.84</u>
<b>TOTAL (A) + (B)</b>	<u>7,163.82</u>	<u>9,039.58</u>
<b>27 Changes in inventory of finished goods, work in progress and waste</b>		
<b>(A) Stock at the beginning of the year:</b>		
Finished goods	1,970.55	1887.41
Goods-in-process	486.24	471.96
Waste	3.33	12.58
<b>TOTAL (A)</b>	<u>2,460.11</u>	<u>2,371.95</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)**

	Year ended 31.03.2020 (₹ in lacs)	Year ended 31.03.2019 (₹ in lacs)
<b>(B) Less : Stock at the end of the year:</b>		
Finished goods	1,009.91	1,970.54
Goods-in-process	467.61	486.24
Waste	18.16	3.33
<b>TOTAL (B)</b>	<b>1,495.67</b>	<b>2,460.11</b>
<b>Decrease /(Increase) in inventory (A)-(B)</b>	<b>964.44</b>	<b>(88.16)</b>
<b>28 Cost of Land, Plot and other costs</b>		
Cost of Land	172.53	-
Land Development Expenses	10.34	-
Commission and Brockerage	3.43	-
<b>TOTAL</b>	<b>186.30</b>	<b>-</b>
<b>29 Employee benefit expenses</b>		
Salaries, Wages and Bonus	1,766.08	1,778.07
Contribution to Provident and Other Funds	207.36	242.48
Welfare Expenses	96.85	90.99
<b>TOTAL</b>	<b>2,070.29</b>	<b>2,111.54</b>
<b>30 Finance cost</b>		
Interest Expenses	749.00	809.81
Other borrowing costs	109.23	139.06
<b>TOTAL</b>	<b>858.23</b>	<b>948.87</b>
<b>31 Other expenses</b>		
Power and fuel	1,366.45	1,525.02
Process charges expenses	400.02	337.03
Consumption- Stores and Spares	33.77	49.27
Repairs & Maintenance- Building	-	1.66
Repairs & Maintenance- Plant & Machinery	125.03	172.37
Commission and Brockerage	118.24	140.37
Other selling expenses	231.45	162.66
Insurance	81.67	45.00
Rates and Taxes	9.86	12.35
Rent	23.87	15.82
Directors Sitting Fee	2.03	2.68
Payment to Auditors		
Audit Fee	1.75	1.75
Out of Pocket Expenses	0.92	0.67
(Net gain) / Net loss on foreign currency transaction and translation	127.00	108.15
Loss on disposal/discard of fixed assets (Net)	0.16	(16.50)
Miscellaneous Expenses	188.07	203.47
<b>TOTAL</b>	<b>2,710.29</b>	<b>2,761.77</b>
<b>32 Exceptional items shwon in Statement of Profit and Loss represents VRS compensation paid to workmen</b>		

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)**

**33 Earning per share**

	<b>31.03.2020</b>	31.03.2019
	<b>(₹ in lacs)</b>	(₹ in lacs)
Net profit /(Loss) as per statement of profit and loss	<b>(1009.69)</b>	(842.40)
Weighted average Number of Equity Shares (₹ 10 per share)	Nos <b>11640478</b>	11640478
Basic and diluted Earning Per Share	₹ <b><u>(8.67)</u></b>	<u>(7.24)</u>

**34 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.

	<b>Gratuity Plan</b>	Gratuity Plan
	<b>2019-20</b>	2018-19
	<b>(₹ in lacs)</b>	(₹ in lacs)
<b>Change in Defined Benefit Obligation (DBO) during the year</b>		
1 Present value of DBO at the beginning of the year	<b>865.57</b>	928.48
2 Current Service cost	<b>26.59</b>	30.63
3 Interest cost	<b>65.06</b>	69.59
4 Actuarial (gain)/ loss arising from changes in demographic assumptions	<b>(0.34)</b>	-
5 Actuarial (gain)/ loss arising from changes in financial assumptions	<b>46.35</b>	(35.13)
6 Actuarial (gain)/ loss arising from changes in experience adjustments	<b>(25.97)</b>	(32.88)
7 Benefits paid	<b>(164.09)</b>	(95.11)
<b>Present value of DBO at the end of the year</b>	<b>813.17</b>	865.57
<b>Change in fair value of plan assets during the year</b>		
1 Fair value of plan assets at the beginning of the year	<b>602.09</b>	649.70
2 Interest income	<b>45.26</b>	48.69
3 Employer contributions	<b>3.00</b>	0.82
4 Benefits paid	<b>(164.09)</b>	(95.11)
5 Remeasurements - return on plan assets (excluding interest income)	<b>-</b>	(2.01)
<b>Present value of DBO at the end of the year</b>	<b>486.26</b>	602.09
<b>Amounts recognised in the Balance Sheet</b>		
1 Present value of DBO at the end of the year	<b>813.17</b>	865.57
2 Fair value of plan assets at the end of the year	<b>486.26</b>	602.09
<b>Funded status of the plans - Surplus / (Deficit)</b>	<b>(326.91)</b>	(263.48)
<b>Assets and (Liability) recognised in the Balance sheet</b>	<b>(326.91)</b>	(263.48)
<b>Components of employer expense</b>		
1 Current service cost	<b>26.59</b>	30.63
2 Interest cost / (income) on net defined benefit obligation	<b>19.80</b>	20.89
<b>Expense recognised in Statement of Profit and Loss</b>	<b>46.39</b>	51.52

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)**

	<b>Gratuity Plan 2019-20 (₹ in lacs)</b>	Gratuity Plan 2018-19 (₹ in lacs)
<b>Remeasurements on the net defined benefit obligation</b>		
Return on plan assets(excluding interest income)	-	2.01
Actuarial (gain) / loss arising from changes in demographic assumptions	<b>(0.34)</b>	-
Actuarial (gain) / loss arising from changes in financial assumptions	<b>46.35</b>	(35.13)
Actuarial (gain) / loss arising from changes in experience adjustments	<b>(25.97)</b>	(32.88)
<b>Remeasurements recognised in other comprehensive income</b>	<b>20.04</b>	(60.00)
<b>Total defined benefit cost recognised</b>	<b>66.43</b>	(14.48)
<b>Nature and extent of investment details of the plan assets</b>		
State and Central Securities	-	-
Bonds	-	-
Special Deposits	-	-
Insurer Managed funds	<b>100%</b>	100%
<b>Assumptions</b>		
Discount rate	<b>6.20%</b>	7.50%
Expected rate of salary increase	<b>2.00%</b>	2.00%
<b>Sensitivity analysis - DBO at the end of the year (₹in lacs)</b>		
Discount rate + 100 basis points	<b>776.73</b>	835.63
Discount rate - 100 basis points	<b>853.99</b>	899.15
Salary Growth rate + 1%	<b>855.34</b>	900.71
Salary Growth rate - 1%	<b>774.96</b>	833.81
Attrition rate +50%	<b>819.93</b>	873.75
Attrition rate -50%	<b>805.96</b>	856.86
<b>Weighted average duration of DBO</b>	<b>4years</b>	4years
<b>Expected cash flows(₹ in lacs)</b>		
<b>1. Expected employer contribution in the next year</b>	<b>348.77</b>	283.96
<b>2. Expected benefit payments</b>		
Year 1	<b>311.54</b>	390.28
Year 2 to year 5	<b>330.39</b>	323.32
Year 6 to year 10	<b>164.89</b>	200.68
Beyond 10 years	<b>349.51</b>	350.43

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)**

**35 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 joint control as per para 9 (b) vi of Ind AS 24**

GTN Enterprises Ltd

Beekaypee Credit Private Ltd

Umang Finance Private Ltd

Patodia Exports and Investments Private Ltd

**iii. Other Related Parties:**

Shri B.K. Patodia – Chairman & Managing Director

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

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

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

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

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

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

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

**(b) Transactions / Balances**

	Associates		Company under joint control under para 9 (b) vi of Ind AS 24		Other related Parties	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Sale of goods	1,725.60	1,629.19	581.11	1,077.24	-	-
Purchase of goods	1,954.78	1,887.82	2,125.48	1,692.32	-	-
Sale of fixed assets	-	-	-	-	-	511.00
Rendering of services	-	0.88	1.20	1.20	-	-
Receiving of services	214.13	183.43	187.98	129.93	12.60	6.60
Remuneration paid	-	-	-	-	47.64	46.22
Un Secured Loans taken	-	-	500.00	19.50	237.00	35.00
Interest Paid	-	-	0.27	0.33	40.97	37.21
Balances as at year end						
Trade Payables	577.94	1,205.49	620.80	1,097.43	-	-
Trade Receivables			-	-	-	-
Loans Outstanding	-	-	522.50	22.50	617.00	380.00
Interest Payable	-	-	5.14	2.48	18.48	4.67
Investments	1,964.26	1,964.26	-	-	-	-
Guarantees provided for	300.00	300.00	-	-	-	-
Guarantees received	-	-	-	-	-	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)**

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

	<b>Transactions</b>	
	<b>2019-20</b>	<b>2018-19</b>
<b>(i) Sale of goods</b>		
<b>a) Cotton</b>		
i) GTN Enterprises LTD	<b>285.50</b>	475.17
ii) Patspin India LTD	<b>763.39</b>	701.05
<b>b) Cotton Yarn</b>		
i) GTN Enterprises LTD	<b>295.33</b>	601.29
ii) Patspin India LTD	<b>960.75</b>	925.37
<b>c) Store Items</b>		
i) GTN Enterprises LTD	<b>0.01</b>	-
ii) Patspin India LTD	<b>0.92</b>	2.77
<b>d) Packing Materials</b>		
i) GTN Enterprises LTD	<b>0.27</b>	0.78
ii) Patspin India LTD	<b>0.54</b>	-
<b>e) Land and Building</b>		
i) Other Related Parties	-	511.00
<b>(ii) Purchase of goods</b>		
<b>a) Cotton</b>		
i) GTN Enterprises LTD	<b>1,742.70</b>	1,221.43
ii) Patspin India LTD	<b>1,613.11</b>	1,518.98
<b>b) Cotton Yarn</b>		
i) GTN Enterprises LTD	<b>376.30</b>	447.56
ii) Patspin India LTD	<b>340.66</b>	368.83
<b>c) Store Items</b>		
i) Patspin India LTD	<b>0.10</b>	-
<b>d) Packing Materials</b>		
i) GTN Enterprises LTD	<b>6.48</b>	23.33
ii) Patspin India LTD	<b>0.91</b>	0.01
<b>(iii) Rendering of services</b>		
<b>a) Rent</b>		
i) GTN Enterprises LTD	<b>1.20</b>	1.20
ii) Patspin India LTD	-	0.88
<b>(iv) Receiving of services</b>		
<b>a) Rent</b>		
i) Other Related Parties	<b>12.60</b>	6.60
<b>b) Processing Charges</b>		
i) GTN Enterprises LTD	<b>187.98</b>	129.93
ii) Patspin India LTD	<b>214.13</b>	183.43
<b>(v) Remuneration paid</b>		
i) Other Related Parties	<b>47.64</b>	46.22
<b>(vi) Unsecured Loans taken</b>		
i) M/s Beekaypee Credit Pvt Ltd	<b>350.00</b>	6.00
ii) M/s Umang Finance Private Ltd	<b>150.00</b>	4.00
iii) M/s Patodia Exports & Investments Private Ltd	-	9.50
iv) Other Related Parties	<b>237.00</b>	35.00
<b>(vii) Interest Paid</b>		
i) M/s Beekaypee Credit Pvt Ltd	<b>0.09</b>	0.14
ii) M/s Umang Finance Private Ltd	<b>0.07</b>	0.19
iii) M/s Patodia Exports & Investments Private Ltd	<b>0.11</b>	-
iii) Other Related Parties	<b>40.97</b>	37.21
<b>(viii) Guarantees provided for Patspin India Limited</b>	<b>300.00</b>	300.00

**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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)**

**36** 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.

**37** In term of Ind AS -108 - Operating segments of the Companies are: Textiles, Commission agency and Realty segments.

1. Segment Revenue	<b>31.03.2020</b>	31.03.2019
(Net sales / Income)		
(a) Yarn	<b>12,868.09</b>	14,226.10
(b) Commission Agency	-	-
(c) Realty	<b>231.78</b>	-
Total	<b>13,099.87</b>	14,226.10
Less: Inter Segment Revenue	-	-
Net Sales / Income from Operations	<b>13,099.87</b>	14,226.10
2. Segment Results		
(Profit (+) / Loss (-) before tax and interest		
(a) Yarn	<b>(527.05)</b>	(40.76)
(b) Commission Agency	-	-
(c) Realty	<b>45.48</b>	-
Total	<b>(481.57)</b>	(40.76)
Less: (i) Interest	<b>858.23</b>	948.87
(ii) Other Un-allocable Expenditure net off	-	-
Add: (i) Un-allocable Income	<b>39.73</b>	35.81
Total Profit Before Tax	<b>(1,300.07)</b>	(953.82)
3. Segment Assets		
(a) Yarn	<b>17,633.64</b>	19,318.72
(b) Commission Agency	-	-
(c) Realty	<b>236.18</b>	413.29
Total Assets	<b>17,869.82</b>	19,732.01
3. Segment Liabilities		
(a) Yarn	<b>10,438.04</b>	11,157.87
(b) Commission Agency	-	-
(c) Realty	<b>6.49</b>	96.28
Total Liabilities	<b>10,444.53</b>	11,254.15
3. Capital Employed		
(Segment Assets - Segment Liabilities)		
(a) Yarn	<b>7,195.60</b>	8,160.85
(b) Commission Agency	-	-
(c) Realty	<b>229.69</b>	317.01
Total	<b>7,425.29</b>	8,477.86

**38 Finance Lease assets, loan repayable and future payments disclosure.**

Particulars	As at 31.03.2020			As at 31.03.2019		
	Total Minimum payments Outstanding (₹ in Lacs)	Future Interest on outstanding (₹ in Lacs)	Present value of minimum payments (₹ in Lacs)	Total Minimum payments Outstanding (₹ in Lacs)	Future Interest on outstanding (₹ in Lacs)	Present value of minimum payments (₹ in Lacs)
1. Due within one year	<b>1.30</b>	<b>0.19</b>	<b>1.49</b>	1.60	0.30	1.90
2. Between one year to five years	<b>1.50</b>	<b>0.09</b>	<b>1.59</b>	2.80	0.28	3.08
Total	<b>2.80</b>	<b>0.28</b>	<b>3.08</b>	4.40	0.58	4.98

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

### 39 Contingent liabilities and commitments

#### Contingent liabilities

- 1 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 ₹ 607.14 Lacs. ( Previous year ₹ 832.10 Lacs)

### 40 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 counterparty 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.

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	11.69%	10.12%
Revenue from Top Five Customers	34.43%	31.58%

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 31st March 2020	Due within 12 months from Balance sheet Date	Due beyond 12 months of Balance Sheet Date	As at 31st March 2019	Due within 12 months from Balance sheet Date	Due beyond 12 months of Balance Sheet Date
Borrowings	6,426.22	6,007.72	418.50	5,572.74	5,189.94	382.80
Trade payables	3,196.82	3,196.82	-	4,815.56	4,815.56	-
Other Financial Liabilities	185.69	185.69	-	103.10	103.10	-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

### 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 ₹ 3683.92 lacs out of the total debt of ₹ 6426.22 Lacs

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 ₹ 18.42 Lacs 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 31.03.2020 are given below:**

Particulars	As at 31.03.2020			As at 31.03.2019		
	Amount in Lacs	Exchange Rate ₹	Amount (₹in lacs)	Amount in Lacs	Exchange Rate ₹	Amount (₹in lacs)
Accounts payable	USD 4.37	75.69	330.72	USD 3.29	69.12	227.40

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 ₹ 3.31 Lacs

### 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.

The details of capital employed is given below:

Particulars	As at March 31, 2020 ₹ in Lacs	As at March 31, 2019 ₹ in Lacs
Total equity	7,425.29	8,477.87
Net Debt	5,899.80	5,512.24
Total Capital (Borrowings and Equity)	13,325.09	13,990.11

(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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (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)
<b>Parent</b>				
GTN Textiles Limited	100.00%	7,425.30	86.97%	(910.86)
<b>Subsidiaries</b>				
Indian - NIL				
Foreign - NIL				
<b>Associates (Investment as per the equity method)</b>				
Indian - PATSPIN INDIA LIMITED	0.00%	-	13.03%	(136.44)
Foreign - NIL				
<b>Joint Ventures</b>				
Indian - NIL				
Foreign - NIL				

**Annexure A**

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

**SAILENT 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	31.03.2020	1964.26	46.21%	-	(136.44)		There is significant influence due to percentage (%) of Share capital	

**42 Estimation of uncertainty relating to COVID-19 pandemic**

Towards the end of the Financial Year 2019-20, the operations of the company were stopped due to the nationwide lockdown imposed by Government to contain the COVID 19 pandemic. The Company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these financial results, to determine the impact on the Company's revenue from operations for foreseeable future and the recoverability and carrying value of certain assets such as property, plant and equipment, investments, inventories and trade receivables. Based on such assessment, management is confident that no indications of impairment of carrying values of property, plant and equipment and investments exist as on the date of approval of these financial statements. The impact of COVID-19 pandemic on the overall economic environment remains uncertain and may be different from what we have estimated as of the date of approval of these standalone financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

Signature to Note 1 to 42

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 No. 00003516

**P. K. MANOJ**  
Partner  
(M. No. 207550)

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

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

Place : Chennai  
Date : 31<sup>st</sup> July 2020

Place : Mumbai  
Date : 31<sup>st</sup> July 2020

Place : Kochi  
Date : 31<sup>st</sup> July 2020





Registered Office: Door No. VIII/911, Erumathala P O., Aluva, Ernakulam 683 112  
Corporate Office: 43, Mittal Chambers, 4th Floor., 228, Nariman Point, Mumbai 400 021

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