

# GTN TEXTILES LIMITED

## REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2023-24

### 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 7 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, 2024 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 31.3.2024 are as follows:

Category	Name of Directors
Promoter / Managing Director	Shri. B.K Patodia
Non-Executive /Non independent Director	Smt. Kalpana Mahesh Thakker
	Shri Umang Patodia
Independent Directors	Shri. B.L Singhal
	Shri N K Bafna
	Shri. V N Balakrishnan
	Shri C K Gopalakrishnan Nair

#### 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 Equity shares held as on 31.3.2024	Attendance particulars		No. of other Directorships and 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	0	3	Present	5	2	None	Relative of Shri.Umang Patodia
Shri.B L Singhal	00006433	9,680	5	Present	0	0	2	None
Shri N K Bafna	00019372	Nil	5	Present	3	4	1	None
Shri. V N Balakrishnan	08820393	270	4	Present	1	2	None	None
Shri C K Gopalakrishnan Nair	00521840	Nil	5	Present	1	2	None	None
Smt Kalpana Mahesh Thakker	08601866	100	5	Present	2	None	None	None
Shri Umang Patodia	00003588	0	5	Present	3	2	None	Relative of Shri.B.K. Patodia

#### Notes:

- i) In accordance with Regulation 26(b) of SEBI (LODR) Regulations 2015, Membership/Chairmanship of only the Audit Committees and Stakeholders Relationship Committees of all Public Limited Companies has been

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

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
2.	Shri. B.L.Singhal	None	None
3	Shri N K Bafna	Patspin India Limited	Independent Non-Executive Director
		Prime Urban Development India Ltd	Independent Non-Executive Director
4	Shri. V N Balakrishnan	Patspin India Limited	Independent Non-Executive Director
5	Shri C K Gopalakrishnan Nair	Patspin India Limited	Independent Non-Executive Director
6	Smt Kalpana Mahesh Thakker	Patspin India Limited	Non-Independent Non-Executive Woman Director
7	Shri Umang Patodia	Patspin India Limited	Promoter & 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)	20 <sup>th</sup> May 2023	7	7
2)	29 <sup>th</sup> May 2023	7	6
3)	14 <sup>th</sup> August 2023	7	7
4)	9 <sup>th</sup> November 2023	7	6
5)	14 <sup>th</sup> February 2024	7	6

All Board Meetings and Committee Meetings in FY 2023-24 were held through Video Conferencing.

### 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 programme 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.gnttextiles.com](http://www.gnttextiles.com)

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

### 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.

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 N K Bafna	Shri V N Balakrishnan	Shri C K Gopalakrishnan Nair	Smt. Kalpana M Thakker	Shri Umang Patodia
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	✓					✓	
Competencies	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) 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

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

the attendance of Non – Independent Directors.

The meeting of Independent Directors held on 22.02.2024, 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

### **l) 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 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.

### **m) 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.gtnntextiles.com](http://www.gtnntextiles.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.

A. The role of the audit committee shall include the following

- (1) 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;
- (2) Recommendation for terms of appointment and remuneration of Auditors of the Company
- (3) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors
- (4) 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;
- (5) Reviewing, with the management the quarterly financial statements before submission to Board for approval;
- (6) 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.
- (7) Review and monitor Statutory Auditor's independence and performance and effectiveness of audit process;

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

- (8) Approval or any subsequent modification of transactions with related parties;
- (9) Scrutiny of Inter-Corporate Loans and Investments;
- (10) Valuation of undertakings or assets of the company, wherever it is necessary;
- (11) Evaluation of Internal Financial Controls and Risk Management Systems;
- (12) 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;
- (13) 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;
- (14) Discussion with internal auditors of any significant findings and follow up thereon
- (15) 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;
- (16) Discussion with statutory auditors before the audit commences, about the nature of scope of audit as well as cost audit discussion to ascertain any area of concern
- (17) 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;
- (18) Review the functioning of the whistle blower mechanism;
- (19) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- (21) To review the utilization of loans and / or advances from / investment by the holding company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower, if any
- (22) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc on the listed entity and its shareholders:

### B. The Audit Committee shall also review the following information

- (1) Management Discussion and Analysis of financial condition and results of operations;
- (2) Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- (3) Internal Audit Reports relating to internal control weaknesses and;
- (4) the appointment, removal and terms of remuneration of the Chief Internal Auditor
- (5) Statement of deviations:
  - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1)
  - 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, B.Com, FCA and Senior Partner of M/s B L Singhal & Associates, Chartered Accountants, Kolkata 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, 2024 are as under:

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

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	5	5
2)	Shri.N K Bafna	Non-Executive Independent Director	5	5
3)	Shri. V N Balakrishnan	Non-Executive Independent Director	5	4
4)	Shri C K Gopalakrishnan Nair	Non-Executive Independent Director	5	5
5)	Shri. B.K Patodia	Managing Director	5	3

The Audit Committee met five (5) times during the financial year 2023-24 and the gap between two meetings did not exceed 120 days. The dates on which Audit Committee Meetings held were: 20<sup>th</sup> May 2023, 29<sup>th</sup> May 2023, 14<sup>th</sup> August 2023, 9<sup>th</sup> November, 2023 and 14<sup>th</sup> February, 2024. 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, Internal Auditors as well as other Board Members also attended the Audit Committee meetings by invitation.

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

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

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

### Internal Audit and Control:

M/s Varma & Varma, Chartered Accountants, Kochi, Internal Auditors carried out Internal Audit of the Company.

Internal Audit Plan and their remuneration are being approved by the Audit Committee. The reports and findings of the Internal Auditors and the Internal Control Systems are periodically reviewed by the Audit Committee.

### Prevention of Insider Trading:

The 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.gnttextiles.com](http://www.gnttextiles.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.gnttextiles.com](http://www.gnttextiles.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 and during the year under review, the Committee met on 29.5.2023 and 14.8.2023.

The Committee comprises of Independent Directors, viz. Shri. B.L.Singhal as Chairman, Shri. N K Bafna, Shri. V N Balakrishnan and Shri C K Gopalakrishnan Nair as members.

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

Role of Committee shall, inter-alia include the following:

- (1) 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;
- (1A) For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and also on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as Independent Director shall have the capabilities referred identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - a. use the services of an external agencies, if required;
  - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c. consider the time commitments of the candidates
- (2) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (3) devising a policy on diversity of board of directors;
- (4) 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.
- (5) 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.
- (6) 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 also evaluated performance of the entire Board as per Regulation 19 of the SEBI (LODR), Regulations 2015.

### Remuneration to the Managing Director

The aggregate of salary and perquisites paid for the year ended 31st March, 2024 to the Managing Director is as follows: -

Shri. B K Patodia: Rs. 44.21 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;

The details of payment of sitting fee are as follows;

Meeting	Amount (in Rs)
Board	7500
Committee	5000

The Fee paid for the year ended 31<sup>st</sup> March, 2024 to the Non-Executive Directors is as follows:

Name of the Non-Executive Director	Sitting fee (Rs.)
Shri B L Singhal	82,500
Shri. N K Bafna	82,500
Shri.V N Balakrishnan	65,000
Shri.C K Gopalakrishnan	82,500
Smt. Kalpana Mahesh Thakker	37,500
Shri Umang Patodia	37,500
<b>Total</b>	<b>3,87,500</b>

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

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

### Remuneration Policy

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

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

### 5. Stakeholders Relationship Committee

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 role of the committee shall *inter-alia* include the following

- (1) 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.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) 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.
- (4) 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 B.L.Singhal as Chairman, Shri N K Bafna, Shri. V N Balakrishnan, Shri C K Gopalakrishnan Nair and Shri. B.K. Patodia as members

During the year, one meeting of the Stakeholders Relationship Committee was held as under: -

SN	Date	Committee Strength	No. of Directors present
1	22 February 2024	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 2023-24 through the Registrar M/s. Integrated 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	Nil
3.	Investor Correspondence / Complaints disposed during the year	Nil
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.

### Corporate Social Responsibility (CSR)

As per the provisions of Section 135 read with the Section 198 of the Companies Act 2013, the company do not have CSR obligation for the year 2023-24. Accordingly, there has been no meeting of CSR Committee held during the year under review

### Senior Management

Senior Management includes Managing Director, Chief Executive, Chief Financial Officer, Company Secretary and Heads of Department viz; Finance & Accounts, Production, Human Resources, Information & Technology, Marketing & Logistics and Corporate Affairs.

There is no change since the close of the financial year.

### 6. Disclosures:

#### Basis of Related Party Transactions

All transaction entered into by the Company with related parties, during the financial year 2023-24, were in ordinary course of business and on arm's length basis. The Company has formulated a framework for Related Party Transactions



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

as displayed on the Company's website [www.gtn textiles.com](http://www.gtn textiles.com) 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

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

The company has stopped cotton yarn manufacturing operations effective from 13.06.2022 and is in the process of selling its assets and repaying the bank dues fully. Due to classification of account as sub-standard, the lenders have not made available any credit facilities to the company. In view of the aforesaid, the external credit rating was not carried out during the year 2023-24.

### 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 authority has been annexed to this Report.

### Management Discussion and Analysis Report

The Management Discussion and Analysis Report have not been included separately in the Annual Report to the shareholders, as explained in Board's Report..

### 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
- (2) 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.

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

### 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 News Paper and displayed on company's website www.gtnntextiles.com
- (ii) The Annual Report of the Company for the financial year 2023-24 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 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 SEBI (LODR) Regulations 2015 and other applicable Regulations issued by SEBI.

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 BSE Ltd in the requisite format duly signed by the compliance officer. Pursuant to Regulation 27 of SEBI (LODR) Regulations, 2015, the Practicing Company Secretary's certificate in compliance on conditions of Corporate Governance is published elsewhere in the Annual Report.

### 9. General Body Meetings:

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

Year	Location	Date	Day	Time	Whether any Special Resolution passed in previous AGM
2022-23	Registered Office of the company through Video Conferencing (VC)/Other Audio Visual Means (OAVM)	29.9.2023	Friday	12.15PM	1. Shifting of Company's registered office from Door No VIII/911 Erumathala Post, Aluva, Ernakulam - 683105 to 6th Floor, Palal Towers, MG Road, Ravipuram, Ernakulam, Kochi- 682016 2. To fix remuneration of Shri. B.K. Patodia (DIN: 00003516), who has already attained the age of 75 years as Chairman & Managing Director of the Company, for his balance tenure from 1.10.2023 to 18.12.2025
2021-22	-do-	30.09.2022	Friday	12.15PM	Sale / lease / transfer / assign or otherwise dispose of the whole, or substantially the whole of the undertaking including disposal of land, building and plant & machinery either together or separately in piecemeal, situated at Erumathala PO, Keezhumad Village, Aluva 683112, Ernakulam District, Kerala State
2020-21	-do-	29.09.2021	Wednesday	12.15PM	NIL

- 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.

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

### 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.

#### e) Total fees for all services paid by the listed entity to the statutory auditor

Total Fees paid to Statutory Auditors is Rs. 2.95 Lakhs including fee for certification

#### f) Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries

The listed entity has no material subsidiaries. However, the Company has an Associate Company, M/s Patspin India Ltd.

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

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	Thursday 12th September 2024 at 11.30 AM
b.	Venue	The Company is conducting meeting through VC/ OAVM pursuant to the MCA Circular dated 13th January 2021 and as such there is no requirement to have a venue for the AGM
c.	Book closure date	6th September 2024 to 12th September 2024
	Financial calendar (tentative):	
	Annual General Meeting	12th September 2024
	Results for quarter ended 30th June, 2024	13 <sup>th</sup> August 2024
	Results for quarter ending 30th Sept.,2024	On or before 14th November, 2024
	Results for quarter ending 31st Dec., 2024	On or before 14th February, 2024
	Results for Year ending 31st March, 2025	On or before 30th May, 2025

#### II. Listing

a)	Listing of Equity Shares on Stock Exchanges at	:	BSE Limited (BSE).
b)	Listing Fee	:	Annual Listing fee for the year 2024-25 have been duly paid to the Stock Exchange within prescribed time limit.
c)	Stock Code: Scrip Code No.: Bombay Stock Exchange	:	532744
d)	Demat ISIN Nos. in NSDL and CDSL for Equity Shares	:	INE302H01017

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

### III. Stock market data:

Month	BSE	
	High	Low
April 2023	13.39	10.01
May	13.75	10.99
June	13.39	10.70
July	12.49	10.62
August	13.00	10.50
September	12.79	10.01
October	13.49	11.14
November	14.68	11.61
December	14.60	11.21
January 2024	15.00	11.00
February	14.50	12.27
March	14.40	10.62

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: csdstd@integratedindia.in
V.	Share Transfer Process	<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, 2024:

S.N.	Category	No of shares (Issued Equity)	%
01)	Promoters & Associates	7375739	63.36
02)	Indian Financial Institutions, Banks, Mutual Funds	56597	0.49
03)	Foreign Institutional Investors / NRIs	136802	1.18
04)	Others	4071340	34.98
	Total :	11640478	100.00

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

(b) Distribution of Shareholding as on 31.03.2024:

S N	No.of Shares held	No.of Shareholders	% of shareholder	No.of Shares	% of shareholding
1	Upto 100	12002	81.4910	405930	3.4872
2	101 - 500	1726	11.7192	485588	4.1715
3	501 - 600	86	0.5839	49155	0.4223
4	601 - 700	66	0.4481	44508	0.3824
5	701 - 800	62	0.4210	47742	0.4101
6	801 - 900	30	0.2037	26059	0.2239
7	901 - 1000	210	1.4259	209063	1.7960
8	1001 - 2000	234	1.5888	353479	3.0366
9	2001 - 5000	181	1.2290	599115	5.1468
10	5001 - 10000	74	0.5024	558128	4.7947
11	10001 - 20000	32	0.2173	452236	3.8850
12	20001 - 30000	3	0.0204	68055	0.5846
13	30001 - 40000	4	0.0272	133567	1.1474
14	40001 - 50000	2	0.0136	90956	0.7814
15	50001 - 100000	4	0.0272	307968	2.6457
16	ABOVE 100000	12	0.0815	7808929	67.0843
	Total	14728	100.00	11640478	100.00

### Communication sent to Physical Shareholders in compliance with SEBI Guidelines

The Company in terms of circular issued by SEBI time to time with respect to Updation of PAN and Bank details, mandating transfer of securities only in electronic form effective from 1st April, 2019, has communicated to the shareholders through notice of Annual General Meeting. Further, SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16th March, 2023, in supersession of earlier Circular(s) issued on the subject, has prescribed common and simplified norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC (contact details, bank details and specimen signature), and nomination details. In compliance of the aforesaid circular, the Company vide its letter dated 21<sup>st</sup> April, 2023 has informed all the shareholders of the Company holding equity shares in physical mode to furnish their PAN, KYC, Nomination Details etc., to the Registrars and Share Transfer Agent of the Company ie M/s Integrated Registry Management Service Private Ltd, 2nd Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar, Chennai 600 017 Tel: 044 28140801-803

### Outstanding GDRs / ADRs / Warrants or any Convertible instruments

As of date the Company has not issued these types of securities.

### 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, 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 FY 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, 202133 equity shares of the face value of Rs. 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

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

Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time

### Nodal Officer

Company Secretary is the Nodal Officer for the purpose of co-ordination with the IEPF Authority to ensure processing and verification of claim of the shareholders in a time bound manner.

### VII. Dematerialization of shares and Liquidity:

97.82% of equity shares of the company have been dematerialized (NSDL 74.74% and CDSL 23.08%) as on 31<sup>st</sup> March, 2024. 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

### VIII. Liquidity of shares:

The shares of the Company are actively traded in BSE Limited (BSE).

- IX. Plant Location\*:-** Door No.VIII/911,  
Erumathala Post, Aluva,  
Ernakulam District  
Kerala – 683 112

\*The Plant has since been shut down w.e.f 13.06.2022, no manufacturing activities has been carried out.

### X. Address for communication

Investor Correspondence:-			
i)	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 : csdstd@integratedindia.in
		b)	For Shares 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: cs@gtntextiles.com

### XI. 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.

### XII Details with respect to Demat Suspense Account/Unclaimed Suspense Account as per Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Particulars	DEMAT Shareholders		Physical Shareholders	
	No of Shareholders	No. of equity shares	No of Shareholders	No. of equity Shares
Aggregate no. of shareholders and the outstanding shares in the suspense account lying as on April 1, 2023	NIL	NIL	NIL	NIL
Number of shareholders who approached the Company for transfer of shares from suspense accounts during the year	-	-	-	-
Number of shareholders to whom shares were transferred from the suspense account during the year	-	-	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2024	NIL	NIL	NIL	NIL

## **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, 2024.

Place: Kochi  
Date: 13.8.2024

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

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## **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, 2024 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)

M ACHUTHAN  
Chief Financial Officer

Place: Kochi  
Date: 13.8.2024

## **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, 2024.

Place: Coimbatore

Date: 21.5.2024

**MRL Narasimha**

Practicing Company Secretary

MNo 2851 CP No:799

UDIN F002851F000410632

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### **Certificate on Corporate Governance for the year ended 31.3.2024**

To,

The Members of **GTN Textiles Limited**.

I have examined the compliance conditions of corporate governance by M/s. GTN Textiles Limited ("the Company") for the financial year ended 31st March, 2024 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.

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: 21.5.2024

**MRL Narasimha**

Practicing Company Secretary

MNo 2851 CP No:799

UDIN F002851FOO0410808