

Ref. GTNC/2022-23

Sep 6, 2022

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI – 400 001

Dear Sir/Madam,

Sub: Annual Report for FY2021-22

Ref: GTN TEXTILES LIMITED

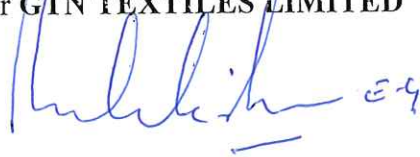
Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby enclose the copy of Annual Report for the Financial Year 2021-22 for your kind perusal.

The Annual Report has been uploaded in the Company's website www.gtntextiles.com and the same has been emailed to shareholders of the Company.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For **GTN TEXTILES LIMITED**



E K Balakrishnan
Company Secretary



Encl : As Above

GTN TEXTILES LIMITED

CIN: L18101KL2005PLC018062

MARKETING / HEAD OFFICE :

3rd Floor, Palal Towers, M.G. Road, Ravipuram, Kochi-682 016, India
Phone: 91-484-2661900, Fax: 91-484-2370812/2661980
E-mail: cs@gtntextiles.com

REGISTERED OFFICE :

Door No. VIII/911, Erumathala P.O., Aluva - 683 112, India
Phone: 91-484-2661000, Fax: 91-484-2838585
E-mail: alw@gtntextiles.com

CORPORATE OFFICE :

43, Mittal Chambers, 4th Floor, 228, Nariman Point, Mumbai-400 021 India.
Phones: 91-22-2202 1013 / 22028246, Fax: 91-22-2287 4144
E-mail: mumbai@gtntextiles.com
www.gtntextiles.com

ISO 9001 : 2015 / 14001 : 2015 Certified



17TH ANNUAL REPORT 2021-2022



Board of Directors

Shri B. K. Patodia	Chairman & Managing Director
Shri N.K.Bafna	Non-Executive Independent Director
Shri B.L. Singhal	Non-Executive Independent Director
Shri V.N. Balakrishnan	Non-Executive Independent Director
Shri C.K. Gopalakrishnan Nair	Non-Executive Independent Director
Smt. Kalpana Mahesh Thakker	Non-Executive Woman Director
Shri Umang Patodia	Non-Executive Director

Shri E.K. Balakrishnan	Vice President (Corporate Affairs) & Company Secretary
Shri Arun S. Mohan	Chief Financial Officer

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

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

Corporate ID No. (CIN) L18101KL2005PLC018062



Contents

Notice.....	01
Board's Report	13
Report on Corporate Governance.....	22
Management Discussion & Analysis	38
Auditors' Report.....	41
Balance Sheet	49
Statement of Profit and Loss	50
Cash Flow Statement	51
Statement of Changes in Equity	52
Notes to Financial Statements.....	54
Consolidated Auditors' Report.....	80
Consolidated Balance Sheet.....	84
Consolidated Statement of Profit and Loss	85
Consolidated Cash Flow Statement.....	86
Consolidated Statement of Changes in Equity.....	87
Consolidated Notes to Financial Statements	89

GTN TEXTILES LIMITED

NOTICE

NOTICE is hereby given that the **SEVENTEENTH (17th)** Annual General Meeting of the Members of **GTN TEXTILES LIMITED** will be held on **Friday, 30th September 2022 at 12.15 P.M.** 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, 2022 together with the Reports of the Board of Directors and Auditors' thereon
- 2) To appoint Smt. Kalpana Mahesh Thakker, Non Executive Director (DIN: 08601866), who retires by rotation and being eligible, offers herself for re-appointment
- 3) To re-appoint Statutory Auditors and fix their remuneration:

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 (Act) [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s. L.U.Krishnan & Co. (Regn.No.001527S) Chartered Accountants, Chennai be and are hereby re-appointed as the Statutory Auditors of the Company for a second term of five consecutive years to hold office commencing from the conclusion of this (17th) Annual General Meeting (AGM) till the conclusion of the 22nd AGM of the Company to be held in the year 2027, to examine and audit the accounts of the Company for the financial years 2022-23 to 2026-27 on such remuneration plus applicable taxes and out-of-pocket expenses incurred in connection with the Audit, as recommended by the Audit Committee and as may be mutually agreed upon between the Board of Directors of the Company and the Auditors from time to time”

SPECIAL BUSINESS :

- 4) 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 Section 180(1)(a) and Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, and subject to other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or re-enactment thereof for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, the provisions of the Listing Regulations entered into by the Company with the Stock Exchange where the shares of the Company are listed, and such other approvals, consents and

permissions being obtained from the appropriate authorities to the extent applicable and necessary, the consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred as the “Board” which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute from time to time to exercise its powers including the power conferred by this resolution), to sell / 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 for such consideration and on such terms and conditions as the Audit Committee and the Board of Directors of the company consider beneficial to the company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to finalize the terms and conditions and take such steps as may be necessary for obtaining approvals, statutory or contractual or otherwise, if any, required in relation to the above and settle all the matters arising out of and incidental thereto and sign an execute all deeds, applications, documents and writings that may be required, on behalf of the company and generally to do all such acts, deeds and things that may be necessary, proper and expedient or incidental for the purpose of giving effect to the above resolution”

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

“RESOLVED THAT pursuant to the provisions of Regulations 2(1)(zc), 23(4) and other applicable Regulations, if any, of the Securities and Exchange Board of India (LODR) Regulations, 2015 (‘SEBI Listing Regulations’), as amended from time to time, Section 2(76), Section 188 and other applicable provisions of the Companies Act, 2013 (‘Act’) read with the Rules framed thereunder [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and other applicable laws / statutory provisions, if any, the Company’s Policy on Related Party Transactions as well as subject to such approval(s), consent(s) and/ or permission(s), as may be required and based on the recommendation of the Audit Committee, 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 term shall be deemed to include the Audit Committee or any other Committee constituted / empowered / to be constituted by the Board from time to time to exercise its powers conferred by this Resolution) to the Material Related Party Transaction(s) / Contract(s)/ Arrangement(s) / Agreement(s) entered into / proposed to be entered into (whether by way of an individual transaction or

NOTICE (Contd...)

transactions taken together or a series of transactions or otherwise) between the Company and M/s. GTN Enterprises Limited on such terms and conditions as may be mutually agreed between the Company and the above related party, as mentioned in detail in the Explanatory Statement annexed herewith, provided that such transaction(s) / contract(s) / arrangement(s) / agreement(s) is being carried out at an arm's length pricing basis and in the ordinary course of business.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things, as may be necessary, including but not limited to, finalizing the terms and conditions, methods and modes in respect of executing necessary documents, including contract(s) / arrangement(s) / agreement(s) and other ancillary documents; seeking necessary approvals from the authorities; settling all such issues, questions, difficulties or doubts whatsoever that may arise and to take all such decisions from powers herein conferred; and delegate all or any of the powers herein conferred to any Director, Chief Financial Officer, Company Secretary or any other Officer / Authorised Representative of the Company, without being required to seek further consent from the Members and that the Members shall be deemed to have accorded their consent thereto expressly by the authority of this Resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in this Resolution, be and is hereby approved, ratified and confirmed in all respect."

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

"RESOLVED THAT pursuant to the provisions of Regulations 2(1)(zc), 23(4) and other applicable Regulations, if any, of the Securities and Exchange Board of India (LODR) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time, Section 2(76), Section 188 and other applicable provisions of the Companies Act, 2013 ('Act') read with the Rules framed thereunder [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and other applicable laws / statutory provisions, if any, the Company's Policy on Related Party Transactions as well as subject to such approval(s), consent(s) and/or permission(s), as may be required and based on the recommendation of the Audit Committee, 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 term shall be deemed to include the Audit Committee or any other Committee constituted / empowered / to be constituted by the Board from time to time to exercise its powers conferred by this Resolution) to the Material Related Party Transaction(s)

/ Contract(s)/ Arrangement(s) / Agreement(s) entered into / proposed to be entered into (whether by way of an individual transaction or transactions taken together or a series of transactions or otherwise) between the Company and M/s. Patspin India Limited on such terms and conditions as may be mutually agreed between the Company and the above related party, as mentioned in detail in the Explanatory Statement annexed herewith, provided that such transaction(s) / contract(s) / arrangement(s) / agreement(s) is being carried out at an arm's length pricing basis and in the ordinary course of business.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things, as may be necessary, including but not limited to, finalizing the terms and conditions, methods and modes in respect of executing necessary documents, including contract(s) / arrangement(s) / agreement(s) and other ancillary documents; seeking necessary approvals from the authorities; settling all such issues, questions, difficulties or doubts whatsoever that may arise and to take all such decisions from powers herein conferred; and delegate all or any of the powers herein conferred to any Director, Chief Financial Officer, Company Secretary or any other Officer / Authorised Representative of the Company, without being required to seek further consent from the Members and that the Members shall be deemed to have accorded their consent thereto expressly by the authority of this Resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in this Resolution, be and is hereby approved, ratified and confirmed in all respect."

- 7) 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 of the Companies Act, 2013 and other applicable provisions, if any, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Members of the Company be and is hereby accorded to the ratification of the remuneration of M/s. Hareesh K.N and Associates, Cost Accountants (Firm Reg. No. 101974), appointed as the Cost Auditors by the Board of Directors of the Company ('the Board') for the financial year ending 31st March, 2023 to conduct cost audits relating to cost records of the Company and that the said Cost Auditors be paid a remuneration of Rs. 35,000 (Rupees Thirty Five Thousand only) plus applicable taxes.

NOTICE (Contd...)

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors

E.K BALAKRISHNAN

Place: Kochi

Company Secretary

Date :12.8.2022

Membership No.A 7629

NOTES:-

1. The Ministry of Corporate Affairs (“MCA”) allowed conducting Annual General Meeting (“AGM”) through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”) and dispensed physical presence of the Members at a common venue. Accordingly, MCA issued Circular No. 20/2020 dated 5th May, 2020 read with Circular No. 14/2020 dated 8th April, 2020, Circular No. 17/2020 dated 13th April, 2020, Circular No. 02/2021 dated 13th January, 2021, Circular No. 19/2021 dated 8th December, 2021 and Circular No. 02/2022 dated 05th May, 2022* (hereinafter collectively referred to as “MCA Circulars”) and Securities and Exchange Board of India (“SEBI”) vide Circular Nos. SEBI/HO/CFD/CMD1CIR/P/2020/79 dated 12th May, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021 and SEBI/HO/CFD/CMD2/ CIR/P/2022/62 dated 13th May, 2022 (hereinafter collectively referred to as SEBI Circulars) prescribing the procedures and manner of conducting the AGM through VC/OAVM. In terms of the said Circulars, the 17th AGM of the Company is being held through VC/OAVM on Friday 30th September, 2022 at 12:15 p.m. Hence, Members can attend and participate in the AGM through VC/OAVM only.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning the business under Item Nos. 3 to 7 of the Notice are annexed hereto. The relevant details pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking re-appointment at this AGM are also annexed.
3. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. 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.
4. 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.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday 24th September 2022 to Friday 30th September 2022 (both days inclusive) for the purpose of AGM.
6. In compliance with the aforesaid MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company, RTA or CDSL / NSDL (“Depositories”). Members may note that the Notice and Annual Report 2021-22 will also be available on the Company’s website www.gtnntextiles.com, websites of the Stock Exchange i.e. BSE Limited at www.bseindia.com and on the website of CDSL at www.evotingindia.com.
7. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), read with MCA Circulars and SEBI Circular, Company is providing facility of remote e-voting to its Members to cast their vote electronically, through the E-voting services provided by CDSL on all the resolutions set forth in this Notice. The facility of casting votes by a member using remote e-voting system as well as e-voting on the date of the AGM will be provided by CDSL.
8. 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 (IRMSPL) by providing Folio No. and Name of shareholder at 2nd Floor, Kences Towers, No.1, Ramakrishna Street, T Nagar, Chennai-600017, Tel: 044 28140801-803; E-Mail: corpserv@integratedindia.in
9. 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.
10. 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 Friday 23rd September 2022, through email on cs@gtntextiles.com, quoting their folio number. The same will be replied by the Company suitably.
11. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated

NOTICE (Contd...)

- January 25, 2022, has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed dividend account; exchange of securities certificate; sub-division of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, on the website of the Company's Registrar and Transfer Agents, IRMSPL at corpser@integratedindia.in. It may be noted that any service request can be processed only after the folio is KYC Compliant.
12. 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.
 13. 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.
 14. Members are requested to notify change in address, if any, immediately to M/s. IRMSPL, quoting their folio numbers.
 15. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
 16. 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 23rd September 2022 ('Cut-off Date').
 17. 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 with a copy marked to the Company on cs@gtntextiles.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.
 18. The Board of Directors of the Company has appointed Shri MRL Narasimha (Membership No.2851, CPNO 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.
 19. 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 with a copy marked to the Company on cs@gtntextiles.com.
 20. The results once declared along with the Scrutinizer's Report shall be placed on the Company's website www.gtntextiles.com and on website of CDSL within forty eight hours of conclusion of the AGM and will also be communicated to The BSE Limited, where the shares of the Company are listed.

THE INTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an

NOTICE (Contd...)

agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.gtnntextiles.com. The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at www.bseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. In continuation of this Ministry's **General Circular No. 20/2020**, dated 05th May, 2020 has been decided to allow companies whose AGMs were due to be held in the year 2022 to conduct their AGMs on or before 31.12.2022, in accordance with the requirements provided in General No. 3 / 2022 dated 5th May 2022 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022.

THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

Step 1: Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2: Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on Tuesday 27th September 2022 at 9:00 AM (IST) and ends on Thursday 29th September 2022 at 5:00 PM (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday 23rd September 2022 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 during the meeting.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple E-voting Service Providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1: Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

NOTICE (Contd...)

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for **Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 2) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 3) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL Depository	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

NOTICE (Contd...)

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

Step 2: Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(v) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on "Shareholders" module.
- 3) 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.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
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">• 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.
Dividend Bank Details OR 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">• 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.

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

NOTICE (Contd...)

- (x) 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.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) 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.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xv) 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.
- (xvi) There is also an optional provision to upload BR/ POA if any uploaded, which will be made available to scrutinizer for verification.

(xvii) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to 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.
- 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 will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, 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 mandatory 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 and to the Company at the email address viz; cs@gtntextiles.com (designated email address by company) , if

they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. 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.
7. 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 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting i.e. by Friday 23rd September 2022 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.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. 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.
10. 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 may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

NOTICE (Contd...)

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. 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 **Company/RTA email id.**
2. For Demat shareholders -, Please update your email id & mobile no. with your respective **Depository Participant (DP)**
3. **For Individual Demat shareholders – Please update your email id & mobile no. with your respective**

Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

Details of Director seeking re-appointment at the forthcoming AGM in pursuance of Regulation 36 of SEBI (LODR) Regulations 2015

Name of the Director	Smt. Kalpana Mahesh Thakker
DIN	08601866
Age & Date of Birth	59 years, 10.1.1963
Nationality	Indian
Qualification	Graduate
Expertise	Smt. Kalpana Mahesh Thakker (DIN 08601866), aged 59 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

By Order of the Board of Directors

E.K BALAKRISHNAN

Company Secretary

Membership No.A 7629

Place: Kochi

Date :12.8.2022

NOTICE (Contd...)

Statement pursuant to Section 102 of the Companies Act, 2013 and Regulation 36 of SEBI (LODR) Regulations. 2015

Item No. 3

At the 12th Annual General Meeting (AGM) of the Company held on 22nd September 2017, the Members had approved the appointment of M/s. L.U.Krishnan & Co (Regn.No.001527S) Chartered Accountants, Chennai as Statutory Auditors of the Company, to hold office till conclusion of 17th AGM of the Company to be held on 30th September 2022.

Pursuant to the provisions of Section 139 of the Act, read with the Companies (Audit and Auditors) Rules, 2014, a listed Company can appoint or re-appoint an audit firm as auditor for maximum of two terms of five consecutive years.

Pursuant to the aforesaid provision and based on the recommendations of the Audit Committee, the Board of Directors have, at its Meeting held on 12th August, 2022, proposed the re-appointment of M/s. L.U.Krishnan & Co(Regn.No.001527S) Chartered Accountants as Statutory Auditors for a second term of five consecutive years from the conclusion of 17th AGM till the conclusion of 22nd AGM of the Company to be held in the year 2027, to examine and audit the accounts of the Company for the financial years 2022-23 to 2026-27 (both inclusive) on such remuneration plus applicable taxes and out-of-pocket expenses incurred in connection with the Audit as may be decided by the Board.

Established in 1977, L.U.Krishnan & Co firm of Chartered Accountants, carry the legacy of vast experience and varied exposure in the industry. Since its inception in Chennai, the firm's reach has transcended limits and barriers both functionally and geographically; with branch offices spread across the country.

In accordance with the provisions of Sections 139, 141 and other applicable provisions, if any, of the Act read with the Companies (Audit and Auditors) Rules, 2014 and Listing Regulations, L.U.Krishnan & Co have provided their consent and eligibility certificate to the effect that, their re-appointment, if made, would be in compliance with the applicable laws.

None of the Directors, Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution as set out at Item No. 3 of the accompanying Notice.

The Board recommends the Ordinary Resolution set out at Item No. 3 of the Notice for the approval by the Members.

Item No. 4

As reported in the previous year's Board's Report, Lenders have classified accounts of your company as NPA as on 31.3.2021 due to default in debt servicing. Your company had submitted a proposal to its lenders to sell its non-core assets (surplus land at its Kerala plant and offices in Mumbai), to enable the company to regularize the account, obtain required working capital and to continue normal operations. The same turned out to be non- feasible due to lack of orders, continued liquidity stress, working capital constraints, steep increase in cotton prices and above all unsustainable wage levels of the workmen. This has led to discontinue own manufacturing and resort to contract manufacturing operations. Consequently, the company had to submit a revised proposal to its Lenders to sell assets of the company, to pay the entire outstanding dues of Lenders and closure of account by 31.12.2022. Lenders have agreed to the revised proposal and the both the banks have approved the Revised proposal and issued NOC for sale of assets of the company to repay entire outstanding dues of the Lenders and closure of account by 31.12.2022. The lenders approval is subject to (i) the company shall sell the properties at higher of the market value as per two valuation reports and (ii) Any deficit to that value is to be made good by the company / promoters.

Further, as aforesaid due to steep increase in raw material (raw cotton) price and above all unsustainable wage level of workmen, even the contract manufacturer found his operations unviable and cancelled his job work orders with effect from 13.6.2022. Consequent to this, Management had to discuss the situation with Labour and their Unions on the possibility for revival of the business. Finally, Workmen and their unions have endorsed non- viability of the cotton yarn manufacturing business at company's plant in Aluva and have agreed for a) permanent closure of operations and b) Company's proposal to settle their dues. The Management has executed a Memorandum of Settlement with the workmen and employees of the company on the severance compensation payable. Accordingly, the manufacturing operations of Aluva plant were stopped permanently.

The company is making all efforts to sell the assets to repay dues of Lenders and Workmen, within the stipulated time limit.

As per the provisions of Section 180(1)(a) of the Companies Act, 2013, approval of the members is required for authorizing the Board of Directors to sell, lease or otherwise dispose off the whole or substantially whole of the undertaking(s) including disposal of land, building, plant & machinery of the Company either together or in piecemeal. In view of the same, the Board in its meeting held on 12.8.2022 has recommended passing of the Special Resolution mentioned at item No. 4 of the Notice to the members of the Company.

Further proviso to Section 110 of the Act, read with proviso to sub-rule 16 of Rule 22 of Companies (Management and Administration) Rules 2014 exempts the mandatory requirement of conducting Postal Ballot for Sale of assets / undertaking.

None of the Directors, Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or

NOTICE (Contd...)

interested, financially or otherwise, in the Resolution as set out at Item No. 4 of the accompanying Notice.

The Board recommends for Special Resolution set out at Item No. 4 of the notice for the approval of the Members.

Item No. 5 & 6

Section 188 of the Companies Act, 2013 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended, prescribe certain procedure for approval of related party transactions. Regulation 23 of the SEBI (LODR) Regulations, 2015 has also prescribed seeking of shareholders' approval for related party transactions provided that a transaction with a related party shall be considered material i.e. if the transaction(s) to be entered into individually or taken together with previous transaction during a financial year exceeds Rs. 1000 crore or 10% of the annual turnover of the listed entity as per the last audited financial statement of the listed entity, whichever is lower. Proviso to Section 188 provides that nothing contained in sub-section (l) of Section 188 applies where transactions are entered into by the company in the ordinary course of conduct of business other than transactions which are not on an arm's length basis.

Annual turnover of GTN Textiles Limited as per audited financial statements as at 31.3.2022 is Rs. 83.45 crores. Therefore, the value of the related party transactions with M/s. GTN Enterprises Limited & Patspin India Limited were considered material, pursuant to the provisions of Regulation 23 of the SEBI (LODR) Regulations, 2015. Hence the following proposed transactions are for the approval of Shareholders of the Company by passing an ordinary resolution:

Name of Related party	Relationship	Estimated value of transaction (Rs. In lakhs)	Nature of the transaction (s)	Material Terms of the contract / or agreement
GTN Enterprises Limited	Company in which Shri. B.K.Patodia and Shri. Umang Patodia are interested directors and Director in the related party company. Shri. Ankur Patodia (Son of Mr. B.K.Patodia and Brother of Shri. Umang Patodia) is the Managing Director of the related party company	1000	Sale, Purchase or supply of cotton and cotton yarn.	The proposed approval is for a maximum period of 15 months between two Annual General Meetings (AGM), being conclusion of the 17th AGM to the conclusion of the 18th AGM. Further, the proposed transaction entered into by the company shall be in the ordinary course of business and at arms length basis.

Name of Related party	Relationship	Estimated value of transaction (Rs. In lakhs)	Nature of the transaction (s)	Material Terms of the contract / or agreement
Patspin India Limited	Patspin India Limited is Promoted by GTN Textiles Limited, KSIDC Limited and the Patodia Family. Shri. B.K.Patodia is the Chairman besides Shri. Umang Patodia is the Managing Director. Both are interested pursuant to Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (LODR), Regulations 2015	1000	Sale, Purchase or supply of cotton and cotton yarn	The proposed approval is for a maximum period of 15 months between two Annual General Meetings (AGM), being conclusion of the 17th AGM to the conclusion of the 18th AGM. Further, the proposed transaction entered into by the company shall be in the ordinary course of business and at arms length basis.

The other related information as envisaged under Companies (Meetings of Board and its Powers) Rules, 2014 and amendments thereto, and the Company's Related Party Transaction Policy are furnished hereunder:

Name of the Related Party	GTN Enterprises Limited / Patspin India Limited
Name of the Director or key managerial personnel who is related, if any	Shri. B.K.Patodia, Chairman & Managing Director Shri. Umang Patodia, Non Executive Director
Nature of Relationship	Shri. B.K.Patodia is the father of Shri. Umang Patodia
The nature, material terms, monetary value and particulars of the contract or arrangement	As per table above
Any other information relevant or important for the members to take a decision on the proposed resolution	Your company is proposed to carry on trading activities of cotton and cotton yarn products and hence this proposal. The transaction with the said related party shall be in the normal course of business and at arms length.

NOTICE (Contd...)

The above proposed arrangements / transactions were approved by the Audit Committee at their meeting held on 12.8.2022 and recommended by the Board of Directors at its meeting held on 12.8.2022 to the Shareholders of the Company for their approval.

As per Regulation 23 of the SEBI (LODR) Regulations, 2015, all material related party transactions shall require approval of the shareholders through ordinary resolution and the related parties shall abstain from voting on such resolution whether the entity is a related party to the particular transaction or not. Further, as per Rule 15 of the Companies (Meetings of Board and its Powers) Rules 2014, where any Director is interested in any contract or arrangement with a related party, such Director shall not be present at the meeting during discussion on the subject matter of the resolution relating to such contract or arrangement. Accordingly, all related parties of the Company shall not participate or vote on this resolution.

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

None of the other Directors of the Company or their relatives is in any way, financially or otherwise, concerned or interested in the resolution.

The above proposal is in the interest of the Company and the Board recommends the Ordinary Resolution as set out at Item Nos. 5 & 6 for approval by the members of the Company.

Item No. 7

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 Rs. 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 2022-23

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 7 of the notice for ratification of remuneration payable to the Cost Auditors for the financial year ending 31st March 2023.

None of the Directors, Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution as set out at Item No. 7 of the accompanying Notice.

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

By Order of the Board of Directors

E.K BALAKRISHNAN

Company Secretary

Membership No.A 7629

Place: Kochi

Date :12.8.2022

GTN TEXTILES LIMITED

BOARD'S REPORT

To the Members,

Your Directors' present the 17th (Seventeenth) Board's Report together with the Audited Statement of Accounts (Standalone & Consolidated) for the year ended 31st March 2022.

1. FINANCIAL RESULTS

Amount ₹ Lakh

Financial Results	Standalone		Consolidated	
	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21
Revenue from Operations / Other Income	83.61	46.51	83.61	46.51
EBITDA	(0.56)	(8.53)	(0.56)	(8.53)
Finance cost	10.95	9.00	10.95	9.00
Depreciation	2.98	3.09	2.98	3.09
Profit / (Loss) / before Tax	(14.49)	(20.62)	(14.49)	(20.62)
Exceptional Item -Expense (VRS to workmen)	0.75	2.99	0.75	2.99
Profit/(Loss) after Exceptional item	(15.24)	(23.61)	(15.24)	(23.61)
Tax expense / (Credit) – including Deferred tax	1.19	(12.39)	1.19	(12.39)
Profit / (Loss) for the year	(14.05)	(36.00)	(14.05)	(36.00)
Other Comprehensive Income (net of Tax)	0.20	(0.89)	0.20	(0.89)
Total Comprehensive loss for the year	(13.85)	(36.89)	(13.85)	(36.89)

2. FINANCIAL PERFORMANCE

The financial year gone by was a mixed bag, with most major economies rebounding from the negative effects of COVID-19. However, commodity price volatility, soaring energy prices, lingering supply chain challenges and geopolitical conflicts have made the recovery increasingly fragile.

The performance of Textile Sector especially Spinning for FY 2021-22 was one of the most encouraging in the recent past. The pandemic – induced challenges of FY 2020-21 were followed by a demand surge in India's textile sector,

Rise in Textiles exports in FY 22 was owing to pent-up demand in the US and Europe and China Plus One Policy followed by several countries. Factories in India were also not much affected by the pandemic last year. During the FY22, most of the rise came from the United States, which contributed to 27 per cent of India's textiles and apparel exports, followed by 18 per cent by the European Union, 12 per cent by Bangladesh, and 6 per cent by UAE.

However, your company's performance continued to be affected due to liquidity stress and working capital constraints due to classification of account as substandard as at 31.3.2021 by Company's bankers due to default in servicing of debts mainly on account of Covid-19 pandemic outbreak period. Your company was forced to operate plant on contract manufacturing basis, resulted in lower capacity utilisation and impacted the performance for the year under review.

Revenue for the FY22 was higher by 80% over the previous year (Rs 83.61 Cr vs. Rs 46.51 Cr) and at the EBITDA level the Loss was lower at Rs 0.56 Cr against the Loss of Rs 8.53 Cr in FY21. The improvement was mainly due to improved job work revenue on account of buoyant market conditions. Finance cost for the year under review was marginally higher at Rs 10.95 Cr as against Rs 9 Cr in the Previous year mainly due to penal interest on overdues charged by Lenders on the working capital dues.

Consequent to the aforesaid the Net loss before Tax for the FY22 was Lower at Rs 14.05 Cr. against higher net loss of Rs 36 Cr in FY21.

3. PROPOSAL FOR SALE OF ASSETS TO REPAY DUES TO LENDERS

As reported in the previous year FY21, Lenders have classified accounts of your company as NPA as on 31.3.2021 due to default in debt servicing. Your company had submitted a proposal to its lenders to sell its non-core assets (surplus land at its Kerala plant and offices in Mumbai), to enable the company to regularize the account, obtain required working capital and to continue normal operations. The same turned out to be non- feasible due to lack of orders, continued liquidity stress, working capital constraints, steep increase in cotton prices and above all unsustainable wage levels of the workmen. This has led to discontinue own manufacturing and resort to contract manufacturing operations. Consequently, the company had to submit a revised proposal to its Lenders to sell assets of the company, to pay the entire outstanding dues of Lenders and closure of account by 31.12.2022. Lenders have agreed to the revised proposal and the both the banks have approved the Revised proposal and issued NOC for sale of assets of the company to repay entire outstanding dues of the Lenders and closure of account by 31.12.2022

BOARD'S REPORT (Contd...)

Further, as aforesaid due to steep increase in raw material (raw cotton) price and above all unsustainable wage level of workmen, even the contract manufacturer found his operations unviable and cancelled his job work orders with effect from 13.6.2022. Consequent to this, Management had to discuss the situation with Labour and their Unions on the possibility for revival of the business. Finally, Workmen and their unions have endorsed non- viability of the cotton yarn manufacturing business at company's plant in Alwaye and have agreed for a) permanent closure of operations and b) Company's proposal to settle their dues. The Management has executed a Memorandum of Settlement with the workmen and employees of the company on the severance compensation payable. Accordingly, the operations of plant were stopped permanently.

The company is making all efforts to sell the assets to repay dues of Lenders and Workmen, within the stipulated time limit.

Your Board will be now approaching Members at the ensuing 17th AGM to be held on 30th September 2022 to obtain approval for the said proposal.

Your Board is also making all efforts to overcome the current situation and hoping for better prospects for the company going forward.

4. VOLUNTARY DELISTING OF COMPANY'S EQUITY SHARES FROM THE NATIONAL STOCK EXCHANGE OF INDIA LTD (NSE)

Pursuant to Regulation 6 (1) of the SEBI (Delisting of Equity Shares) Regulations, 2021 the Equity Shares of the Company have been Voluntarily Delisted from the National Stock Exchange of India Ltd (NSE) w.e.f January 19, 2022. In terms of the approval, the Company has agreed to redress the investors' grievances (if any) for a minimum period of one year from the date of delisting.

5. DIVIDEND

In view of the losses for the financial year ended 31st March 2022, the Board of Directors regret their inability to recommend any dividend for the year 2021-22.

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 31st March 2022.

10. CORPORATE GOVERNANCE

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

A separate statement on Corporate Governance together with a certificate from the Practicing Company Secretary of the Company regarding compliance of conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report.

11. DIRECTORS AND KEY MANAGERIAL PERSONS

There is no change in the composition of the Board of Directors and the Key Managerial Personnel.

12. KEY MANAGERIAL PERSONNEL

Shri B.K. Patodia, Managing Director, Shri. Arun S Mohan, 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 4 (Four) times during the financial year 2021-22. The details of the meetings of the Board of Directors of the Company convened and attended by the Directors during the financial year 2021-22 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 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 31st March, 2022 and state that:

1. in the preparation of the Annual Accounts, the applicable Indian Accounting Standards have been

BOARD'S REPORT (Contd...)

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 31st March 2022 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 inter alia 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 12th Annual General Meeting (AGM) held on 22nd September, 2017 to hold office till the conclusion of the 17th AGM of the Company for a term of 5 years. The Auditors' Report for 2021-22 does

not contain any qualifications, reservations or adverse remarks.

Pursuant to the provisions of Section 139 of the Act, read with the Companies (Audit and Auditors) Rules, 2014, and based on the recommendations of the Audit Committee, it is proposed to reappoint M/s. L.U.Krishnan & Co. as Statutory Auditors for a second term of five years from the conclusion of 17th AGM till the conclusion of 22nd AGM of the Company to be held in the year 2027, to examine and audit the accounts of the Company for the financial years between 2022-23 and 2026-27. M/s. L.U.Krishnan & Co. have, pursuant to Section 139 of the Act, provided written consent and furnished a certificate regarding their eligibility for re-appointment.

Resolution seeking Members' approval for the reappointment of M/s. L.U.Krishnan & Co.as Statutory Auditors of the Company forms part of the Notice of 17th AGM of the Company.

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 31st March, 2023, on a remuneration as mentioned in the Notice convening the 17th Annual General Meeting for conducting the audit of the cost records maintained by the company.

21. EXTRACT OF ANNUAL RETURN

Pursuant to provisions of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules ,2014, the extract of the Annual Return of the company for the Financial Year 31st March 2022 is uploaded on the website of the company and can be accessed at the www.gtntextiles.com

22. RELATED PARTY TRANSACTIONS

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

BOARD'S REPORT (Contd...)

business.

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

Lenders have classified account as sub-standard w.e.f. 31.3.2021 due to default in debt servicing. and have accepted company's proposal for sale of assets and repay their entire dues and close the account by 31.12.2022. In view of this, Company's external Long term and Short-term credit ratings from Credit Rating Agency M/s Infomeric Ratings Pvt.Ltd has reaffirmed as "IVR - D" (IVR single D) in March 2022.

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).

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

BOARD'S REPORT (Contd...)

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.

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 31st March, 2022.

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 REMUENRATION 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

B K PATODIA

Chairman

(DIN:00003516)

Place: Mumbai

Date: 12.08.2022

Annexure - I

FORM MR - 3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2022

[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 Membrs of GTN TEXTILES LIMITED
(CIN: L18101KL2005PLC018062.)

I have conducted a secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **GTN TEXTILES LIMITED** (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 31st March 2022 and also after 31st March, 2022 but before the issue of this report and the information provided by the Company, its officers, agents and authorized representatives during my conduct of secretarial audit.

I hereby report that, in my opinion, during the audit period covering the Financial Year ended on 31st March 2022 (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 byelaws framed there under.
- iv. 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.
- v. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021.

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 (Depositories and Participants) Regulations, 2018
- (e) The Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015,
- (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021

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:

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 (Issue of Capital and Disclosure Requirements) Regulations, 2018
- (d) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations 2018

3. I am also informed that for the year, there were no other laws specifically applicable to the company, the books, papers, minute books, forms and returns of which were required to be examined by me for the purpose of this report.

Annexure - I (Contd...)

4. i) I have also examined compliance with the Secretarial Standards with respect to Board Meetings (SS- 1) and General Meetings (SS- 2) issued by The Institute of Company Secretaries of India.
- ii) The Listing Agreement entered by the company with National Stock Exchange Limited and BSE Limited
- iii) The company had delisted its equity shares from NSE w.e.f. 19.1.2022 pursuant to Regulation 6(1) of SEBI (Delisting of Equity Shares) Regulations, 2021

I further report that the compliance by the company of applicable financial laws, like Direct and Indirect Tax laws, has not been reviewed in this audit since the has been subject to review by Statutory Auditor and other designated professionals.

5. 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 Woman Director and no changes in the composition of the Board of Directors that took place during the period under review in compliance with the provisions of the Act.
- (ii) Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent at least seven days in advance.
- (iii) A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. I am informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.
- (iv) There are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.
- (v) There were no instances of
- (a) Public/ Rights/Preference Issue of shares/Debentures/Sweat Equity
 - (b) Redemption/Buy-back of Securities.
 - (c) Major decision taken by the members pursuant to section 180 of the Companies Act 2013
 - (d) Merger/ Amalgamation/ Reconstruction etc
 - (e) Foreign technical collaborations.

Except the following

- (i) The Company Shares were voluntarily delisted from National Stock Exchange of India Limited on 19-01-2022 after getting requisite approvals

Place: Coimbatore

Date: 12-08-2022

M.R.L.Narasimha

Practicing Company Secretary

Membership No:2851

Certificate of Practice:799

PR NO.1420/2021

UDIN: F002851D000783488

Annexure - I (Contd...)

Annexure - A to Secretarial Audit Report of even date

To,

The Members,

GTN TEXTILES LIMITED

(CIN: L18101KL2005PLC018062.)

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March, 2022 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 are the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also taken into consideration the compliance related action taken by the Company after 31st March 2022 but before the issue of this report.
4. I have verified the records to see whether the correct facts are reflected in the secretarial records. I also examined the compliance procedures followed by the Company. I believe that the processes and practices I followed provide a reasonable basis for my opinion. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
5. I have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
6. My Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Coimbatore

Date: 12-08-2022

M.R.L.Narasimha

Practicing Company Secretary

Membership No:2851

Certificate of Practice:799

PR NO.1420/2021

UDIN: F002851D000783488

GTN TEXTILES LIMITED

Annexure - II

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-

(i) The step taken or impact on conservation of energy (ii) The steps taken by the company for utilizing alternate sources of energy (iii) The capital investments on energy conservation Equipment	(i) Due to Covid lockdown and subsequent partial running of the plant there was cash crunch and company couldn't spent money for new devises, but spend money in energy conservation front on need base. a) 36W conventional fluorescent tubes used for lighting inside the plant has been replaced with 18W LED energy efficient tube lights in a phased manner and now 80% of the lightings are energy efficient. b) During the Covid period plants are worked partially and done the conservation of energy by operating the humidification plants by stopping / adjusting the fresh and return air fans to reduce energy consumption c) During the partial running of the plant Autoconer main shed only worked and old shed with old generation Autoconers consuming more energy are kept stopped. d) Utilization and energy loss in Ring frame due to variator drive system is being replaced with inverter drives in a phased manner and achieved a good energy saving.
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(B) Technology absorption:

a) The efforts made towards technology absorption	: Due to Covid lockdown and subsequent cash liquidity we have not purchased any new devices for Technology absorption. Replaced Ring frame Variator drive system with inverter drive system for energy saving.
b) The benefits derived like product improvement, cost reduction, product development or import substitution	: • During the Covid lockdown and subsequent partial running of the plant we followed the "Trim Management" in all areas for cost reduction, energy saving and maximum productivity.
c) In case of imported technology (imported during 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	: NIL
d) The expenditure incurred on Research and Development	: NIL
The Foreign Exchange earned in terms of actual inflow during the year	: NIL
The Foreign Exchange outgo during the year I terms of actual outflows	: NIL

For and on behalf of the Board of Directors

B K PATODIA

Chairman

(DIN 00003516)

Place: Mumbai

Date: 12-08-2022

GTN TEXTILES LIMITED

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2021-22

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, 2022 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 31.3.2022 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 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	4	Present	6	2	None	Relative of ShriUmang Patodia
Shri.B L Singhal	00006433	9,680	4	Present	1	1	2	None
Shri N K Bafna	00019372	Nil	4	Present	3	4	1	
Shri. V N Balakrishnan	08820393	270	4	Present	2	3	None	
Shri C K Gopalakrishnan Nair	00521840	Nil	4	Present	1	2	None	
Smt Kalpana Mahesh Thakker	08601866	17351	4	Present	2	None	None	
Shri Umang Patodia	00003588	832674	4	Present	5	3	None	Relative of Shri B K Patodia

REPORT ON CORPORATE GOVERNANCE (Contd...)

Notes:

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

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

Sl. No.	Name of the Director	Name of listed entity	Category of Directorship
1.	Shri. B.K.Patodia	Patspin India Limited	Promoter-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	Non-Independent Non-Executive Director

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

Four 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:

Sl. No.	Date	Board Strength	No. of Directors present
1)	30 th June 2021	8	7
2)	14 th August 2021	7	7
3)	13 th November 2021	7	7
4)	12 th February 2022	7	7

Due to the exceptional circumstances caused by the COVID-19 pandemic and consequent relaxations granted by MCA and SEBI, all Board Meetings and Committee Meetings in FY 2021-22 were held through Video Conferencing.

e) Disclosure of Relationships between Directors inter-se

Please refer 2 (b) of the Report

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

Please refer 2 (b) of the Report

g) 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.gntntextiles.com

REPORT ON CORPORATE GOVERNANCE (Contd...)

h) 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	✓	✓	✓	✓	✓		✓

i) 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.

j) 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.

During the year under review, on 13.08.2021, 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

k) 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

REPORT ON CORPORATE GOVERNANCE (Contd...)

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.

I) 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.gtnrtextiles.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 utilization 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

REPORT ON CORPORATE GOVERNANCE (Contd...)

- (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 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 Rs. 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, FCA as Chairman of the Committee, having the relevant accounting and financial management expertise.

The composition of the Audit Committee and the details of the meetings attended by its members during the financial year ended 31st March, 2022 are as under:

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

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

The Audit Committee met four (4) times during the financial year 2021-22 and the gap between two meetings did not exceed 120 days. The dates on which Audit Committee Meetings held were: 30th June 2021, 14th Aug 2021, 13th November, 2021 and 12th February, 2022. 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.

REPORT ON CORPORATE GOVERNANCE (Contd...)

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.gtn textiles.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.gtn textiles.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 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.

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 13th August 2021The 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, 2022 to the Managing Director is as follows: -

Shri. B K Patodia: Rs. 42.26 lacs

REPORT ON CORPORATE GOVERNANCE (Contd...)

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 31st March, 2022 to the Non-Executive Directors is as follows:

Name of the Non-Executive Director	Sitting fee (Rs.)
Shri B L Singhal	65,000
Shri. N K Bafna	65,000
Shri.V N Balakrishnan	65,000
Shri.C K Gopalakrishnan	45,000
Smt. Kalpana Mahesh Thakker	30,000
Shri Umang Patodia	30,000
Total	3,00,000

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

Remuneration Policy

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

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

5. Stakeholders Relationship Committee

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 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:

Sl. No	Date	Committee	No. of Directors present
1	13 August 2021	4	4

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

REPORT ON CORPORATE GOVERNANCE (Contd...)

The details of correspondences / grievances received and redressed during the financial year 2021-22 through the Registrar M/s. Integrated are as under:

Sl. No	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.

6. Disclosures:

Basis of Related Party Transactions

All transaction entered into by the Company with related parties, during the financial year 2021-22, 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

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

Lenders have classified account as sub-standard w.e.f. 31.3.2021 due to default in debt servicing. and have accepted company's proposal for sale of assets and repay their entire dues and close the account by 31.12.2022. In view of this company's external Long term and Short term credit ratings from Credit Rating Agency Infomermics Valuation and Rating Pvt. Ltd. continued to be "IVR - D".

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.

REPORT ON CORPORATE GOVERNANCE (Contd...)

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.gtntextiles.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 News Paper and displayed on company's website www.gtntextiles.com
- (ii) The Annual Report of the Company for the financial year 2021-22 is being emailed to the members whose email addresses are available in the depositories as per Section 136 of the Companies Act 2013 and Regulation 36 of SEBI (LODR), Regulations 2015. For other members, who have not registered their e-mail addresses, are requested to register their email id at the earliest and ask for the soft copy of the annual report in accordance with General Circular No. 20/2020 dated 5th May 2020 issued by Ministry of Corporate Affairs (MA) and the Circular No. SEBI / HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020 issued by SEBI, Company is not printing copies of 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.

Regarding the fine levied pursuant to Regulation 17 (1) of SEBI (LODR) Regulations 2015 in the previous year by the National Stock Exchange (NSE), the said Exchange has waived off the penalties levied on the representations made by the company.

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.

REPORT ON CORPORATE GOVERNANCE (Contd...)

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
2018-19	Hotel Periyar Aluva	20.09.2019	Friday	12.15pm	Reappointment of Shri. Prem Malik (DIN 00023051), Shri. B.L.Singhal (DIN 006433), Shri. S.Sundareshan (DIN 01675195) as Independent Directors of the Company
2019-20	Through Video Conferencing (VC)/Other Audio Visual Means (OAVM)	30.10.2020	Friday	12.15pm	<ul style="list-style-type: none"> Increase in Authorized share capital of the company and consequent amendment in Memorandum of Association Capital Clause Authorizing Board to issue and allot 5,10,000 Redeemable Preference Shares of the Company of the face value of Rs 100 each for an aggregate value not exceeding Rs 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 Re-appointment of Shri B.K Patodia (DIN: 00003516), as Chairman and Managing Director of the Company for a period of five years with effect from 19.12.2020 and fixation of Remuneration for a period of three years up to 30.09.2023 pursuant to Schedule V of the Companies Act 2013 Appointment of Shri N.K.Bafna (DIN:00019372),Shri. V.N.Balakrishnan (DI N08820393),Shri.C.K.Gopalakrishnan Nair (DIN 00521840) Independent Directors of the Company.
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.

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.gtnntextiles.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.

REPORT ON CORPORATE GOVERNANCE (Contd...)

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. 2.55 Lakhs (Details relating to the fees paid to the Statutory Auditors of the company are given in Note 30 to the Standalone Financial Statements)

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) Voluntary Delisting of Company's Equity Shares from the National Stock Exchange of India Ltd (NSE)

Pursuant to Regulation 6 (1) of the SEBI (Delisting of Equity Shares) Regulations, 2021 the Equity Shares of the Company have been Voluntarily Delisted from the National Stock Exchange of India Ltd (NSE) w.e.f January 19, 2022. In terms of the approval, the Company has agreed to redress the investors' grievances (if any) for a minimum period of one year from the date of delisting.

II) Annual General Meeting:

a)	Date and Time	:	Friday, 30th September 2022 at 12:15 PM
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	:	Saturday, 24th September 2022 to Friday, 30th September 2022
d)	Financial calendar (tentative)	:	
	Annual General Meeting	:	Friday, 30th September 2022
	Results for quarter ending 30th June, 2022	:	12th August 2022
	Results for quarter ending 30th Sept., 2022	:	On or before 14th November, 2022
	Results for quarter ending 31st Dec., 2022	:	On or before 14th February, 2023
	Results for Year ending 31st March, 2023	:	On or before 30th May, 2023

III) Listing

a)	Listing of Equity Shares on Stock Exchanges at	:	BSE Limited (BSE). The equity shares of the company were voluntarily delisted from The National Stock Exchange of India Limited (NSE) w.e.f 19-01-2022
b)	Listing Fee	:	Annual Listing fee for the year 2022-23 have been duly paid to the Stock Exchange within prescribed time limit.
i)	Stock Code: Scrip Code No.: Bombay Stock Exchange	:	532744
	Trading symbol: National Stock Exchange	:	N.A. Since the equity shares have been delisted
ii)	Demat ISIN Nos. in NSDL and CDSL for Equity Shares	:	INE302H01017

REPORT ON CORPORATE GOVERNANCE (Contd...)

IV) Stock market data:

Month	BSE		NSE	
	High	Low	High	Low
April 2021	6.05	4.78	5.60	4.85
May	6.15	5.42	6.05	5.20
June	8.79	5.60	8.90	5.75
July	11.86	7.58	11.80	7.65
August	11.00	6.78	10.55	7.35
September	7.85	6.87	8.20	6.85
October	9.35	7.00	9.45	6.90
November	10.76	8.44	10.70	8.50
December	15.40	10.11	15.50	10.25
January 2022	20.99	15.39	19.50	15.40
February	22.15	14.25	-	-
March	20.00	15.01	-	-

V)	Registrar and Transfer Agents (Share Transfer and communication regarding Share Certificates, Dividends and change of Address)	: M/s Integrated Registry Management Service Private Ltd 2 nd Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar, Chennai -600 017 Tel: 044 28140801-803 E-Mail: corpseiv@integratedindia.in
VI)	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"> • It shall curb fraud and manipulation risk in physical transfer of securities by unscrupulous entities • Transfer of securities only in demat form will lead to ease convenience and safety of transactions for investors <p>The Company has stopped accepting any transfer requests for securities held in physical form with effect from the said date. During the year, the Company accepted those transfer requests pertaining to securities held in physical form which were lodged for transfer before April 1, 2019 and were returned due to discrepancies</p> <p>Transfers of equity shares in electronic form are effected through the depositories with no involvement of the company.</p> <p>In view of the aforesaid amendment and in order to eliminate the risks associated with the physical holding of shares, members who are holding shares in physical form are hereby requested to dematerialize their holdings.</p>

VII) Shareholding pattern and distribution on Shareholding of the Company: -

(a) Shareholding pattern as on 31st March, 2022:

Sl. No.	Category	No of shares (Issued Equity)	%
01)	Promoters & Associates	7375739	63.36
02)	Indian Financial Institutions, Banks, MutualFunds	89074	1.54
03)	Foreign Institutional Investors / NRIs	66955	0.58
04)	Others	4108710	35.31
	Total :	11640478	100.00

REPORT ON CORPORATE GOVERNANCE (Contd...)

(b) Distribution of Shareholding as on 31.03.2022:

No. of shares held	No. of share-holders	% of shareholder	No. of shares (Issued Equity)	% of share-holding
No. of share-holders	% of shareholder	No. of shares (Issued Equity)	% of share-holding	5.27
Upto 100	12374	80.84	430267	3.69
101–500	1897	12.39	536015	4.60
501–1000	494	3.22	413893	3.55
1001–10000	482	3.14	1487876	12.78
10001–100000	42	0.27	877993	7.54
Above 100000	16	0.10	7894434	67.81
Total :	15305	100.00%	11640478	100.00%

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 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 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 31st December 2019. The above mentioned shares were transmitted pursuant to requirement under section 124 of the Companies Act, 2013 read with Rule 6 of Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time

VIII) Dematerialization of shares and Liquidity:

97.72% of equity shares of the company have been dematerialized (NSDL 80.46% and CDSL 17.26%) as on 31st March,2022. 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

IX) Liquidity of shares:

The shares of the Company are actively traded in BSE Limited (BSE). The equity shares of the company were voluntarily delisted from The National Stock Exchange of India Limited (NSE) w.e.f 19-01-2022

VIII)

Plant Location:-

Door No.VIII/911,
Erumathala Post, Aluva,
Ernakulam District
Kerala – 683 112

REPORT ON CORPORATE GOVERNANCE (Contd...)

X) 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. 2nd Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar, Chennai 600 017 Tel: 044 28140801-803 E-Mail : corpserv@integratedindia.in
	b)	For share held on Demat form:- To the Depository Participants.
(ii) Any query on Annual Report		Secretarial Department GTN TEXTILES LIMITED 5th Floor, Palal Towers, M G Road, Ravipuram, Ernakulam, Kochi – 682 016 E-Mail: cs@gtn textiles.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.

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, 2022.

For **GTN TEXTILES LIMITED**

B K PATODIA

Chairman & Managing Director

(DIN 00003516)

Place: Mumbai

Date: 12-08-2022

CEO/ CFO CERTIFICATION

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

- a. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2022 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)

Place: Mumbai

Date: 12.8.2022

ARUN S MOHAN

Chief Financial Officer

Place: Kochi

Date:12.8.2022

CERTIFICATE

Based on my verification of books, papers, forms and returns filed and other records maintained by GTN Textiles Limited ("The Company"), and also the information provided by its officers, agents and authorized representatives during the conduct of secretarial audit of the Company, I hereby certify that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities Exchange Board of India, Ministry of Corporate Affairs or any such authority as on 31st March, 2022.

Place: Coimbatore

Date: 12.8.2022

MRL Narasimha

Practicing Company Secretary

MNo 2851 CP No:799

PR NO.1420/2021

UDIN: F002851D000783389

Certificate on Corporate Governance for the year ended 31.3.2022

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, 2022 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 : 12.8.2022

MRL Narasimha

Practicing Company Secretary

MNo 2851 CP No:799

PR NO.1420/2021

UDIN: F002851D000787932

MANAGEMENT DISCUSSION & ANALYSIS

GLOBAL SCENARIO

The global economy staged a strong rebound at the start of FY 2021-22 driven by accelerated vaccination and opening of economies. It was short-lived, though, as rising infections and reimposition of lockdowns dampened sentiments in the First and second quarters. Governments and central banks in major economies continued to extend policy support to stabilise the economy and boost private investments and consumption. However, supply chain disruptions leading to commodity inflation, energy price volatility coupled with rising freight and shipping costs, enhanced the risk of inflation.

In the third quarter of FY 22, the world economy started weakening once again while inflation rose much sharply than anticipated due to doubling of energy prices over the year, localised wage pressures, rising food prices and lingering supply constraints. Further, a resurgence in COVID-19 cases in Europe and Japan held back a broader recovery. In China, fresh COVID-19 outbreaks and a faster-than-expected withdrawal of fiscal emergency measures played spoilsport. On the positive side, international trade made strong gains and services activity surprised on the upside.

The weakness in the fourth quarter of FY22 due to new virus variants emerged and localized mobility restrictions were imposed. Further, rising energy prices, supply side disruptions, higher and broad-based inflation. Furthermore, the breakout of the Russia-Ukraine conflict in February 2022 kept the world on edge. Although the probability of a full-blown geopolitical crisis is low, the world remains on tenterhooks as it closely watches the evolving scenario. Inflation is expected to rise more than anticipated, demanding more aggressive policy responses.

It's a fact that inventory levels are high at the moment. Due to high inflation in the US, demand has slowed, especially for home textile products as it is more price sensitive than apparel and garments.

INDIAN TEXTILE INDUSTRY

The Indian economy expanded by 8.7% in FY2021-22, rebounding from a 6.6% contraction in FY2020-21, reiterating the country's status as one of the fastest-growing major economies in the world. India's textiles sector is one of the mainstays of the national economy. It is also one of the largest contributing sectors of India's exports contributing 11 per cent to the country's total exports basket. The textiles industry is labor intensive and has one of the largest employers. Demand is not as robust as it used to be a year back. Ukraine crisis that resulted in a rise in energy prices as one of the major reasons for the dip in demand from the US and Europe this year

India's exports, too, have begun moderating on a sequential basis after touching a record high in FY22. After seeing a rise of 41 per cent in India's textiles and apparel exports to \$44.4 billion in FY 2021-22, the increase in cotton prices is leading to sector is seeing a demand drop of at least 10 per cent during the first two months of the FY23, compared to the same time in FY22. High tariffs faced by Indian exporters in key markets, such as, EU as compared to zero duty access given to competing nations like Bangladesh, Sri Lanka, Pakistan, and Turkey, which affected export performance. Further, logistic is one of the major constraints with Indian exporters. For comparative purposes, the turnaround time (TAT) (from order to delivery) is 50 days for Bangladesh and 63 days for India, whereas time taken to reach port is 1 day for Bangladesh and 7-10 days for India.

Indian textile producers are witnessing initial signs of a demand slowdown as high energy and food prices have weakened demand for products such as curtains and bedspreads in the top export markets of the US and Europe. Indian government has come up with a number of export promotion policies for the textiles sector.

Some of the initiatives taken by the government to further promote the industry are as under:

- Duty free entitlement to garment exporters for import of trimmings and other specified items increased from 3 per cent to 5 per cent. This initiative is expected to generate an additional RMG exports estimated at Rs 10,000 crore (US\$ 1.61 billion).
- Emergency Credit Line Guarantee Scheme for restart of operations suffered by Covid-19 pandemic outbreak.
- Moratorium of Principal and Interest payments during covid period
- The government has also proposed to extend 24/7 customs clearance facility at 13 airports and 14 seaports resulting in faster clearance of import and export cargo.
- Introduction of Remission of Duties and Taxes on Export Products (RoDTEP). It is a new scheme that is applicable with effect from January 1st, 2021, formed to replace the existing MEIS. The scheme will ensure that the exporters receive the refunds on the embedded taxes and duties previously non-recoverable.
- Extension of Rebate on State and Central Taxes and Levies (RoSCTL) scheme for garments and made-ups exports till March 2024
- production-linked incentives (PLI) in textiles to boost production of apparel and garments for setting up of seven mega textile parks, and to increase the production and exports of man-made fibers.
- The free-trade agreements (FTAs) with the United Arab Emirates and Australia will also push up export growth

MANAGEMENT DISCUSSION & ANALYSIS (Contd...)

- Prime Minister Mega Integrated Textile Region and Apparel (PM MITRA) scheme for the betterment of the infrastructure of the textile industry
- The proposal for imposing duty on branded items was dropped providing relief to the entire value chain.

FUTURE OF INDIAN TEXTILES INDUSTRY

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Hugo Boss, Liz Claiborne, Diesel, Kanz, Marks & Spencer, Guess and Next into the Indian market. The organized apparel segment is expected to grow at a compound annual growth rate (CAGR) of more than 13 per cent over a 10-year period.

Weakening rupee and easing cotton prices would help increase India's competitiveness.

cotton prices are set to weaken amid slackening demand and global recessionary fears. A better crop outlook could also drive cotton prices lower.

Demand is not as robust as it used to be a year back, but opportunities are coming up as well. Several countries are adopting the China-plus-one strategy. Sri Lanka has also been vacating space in the sector. The COVID-19 pandemic had challenged the textile industry drastically which is now on a recovery stage. Increasing demand for apparel from the fashion industry coupled with the growth of e-commerce platforms is expected to drive the market growth in the ensuing years.

BUSINESS OVERVIEW, INDUSTRY DEVELOPMENTS, OPPORTUNITIES AND THREATS

The Company is engaged in business of manufacture and export of high-quality combed cotton yarns. The yarn is manufactured from the world's best sources of long and extra-long staple cotton like American Supima, Egyptian Giza, contamination free Australian and American cottons and superior Indian cotton like Shankar-6 and DCH-32. The company manufactures yarns of various counts ranging from NE 20's to NE 100s. 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

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As reported in the previous year 2020-21, on account of continued liquidity stress, working capital constraints and lack of orders have resulted in lower capacity utilisation and continue to impact the performance of the company. Due to default in debt servicing, Lenders have classified accounts of the company as NPA as on 31.3.2021.

The company had submitted a proposal to its lenders to sell its non-core assets (surplus land at its Kerala plant and offices in Mumbai), to enable the company to regularize the account, obtain required working capital and to continue normal operations. The same turned out to be non-feasible due to lack of orders, continued liquidity stress, working capital constraints, steep increase in cotton prices and above all unsustainable wage levels of the workmen. This has led to discontinue own manufacturing and resort to contract manufacturing operations. Consequently, the company had to submit a revised proposal to its Lenders to sell assets of the company and to pay their entire outstanding dues by 31.12.2022. The Bankers have approved the Revised proposal and issued NOC for sale of assets of the company and to repay entire outstanding dues and closure of accounts by 31.12.2022. Meanwhile, due to steep increase in raw material (raw cotton) price and above all unsustainable wage level of workmen, even the contract manufacturer found his operations unviable and cancelled his job work orders with effect from 13.6.2022. Consequent to this, Management had to discuss the situation with Labour and their Unions on the possibility for revival of the business. Finally, Workmen and their unions have endorsed non-viability of the cotton yarn manufacturing business at company's plant in Alwaye and have agreed for a) permanent closure of operations and b) Company's proposal to settle their dues. The Management has executed a Memorandum of Settlement with the workmen and employees of the company on the severance compensation payable.

MANAGEMENT DISCUSSION & ANALYSIS (Contd...)

The company is making all efforts to sell the assets to repay dues of Lenders and Workmen, within the stipulated time limit. Your Board is also making all efforts to overcome the current situation and hoping for better prospects for the company going forward.

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 31st March, 2022, the Company has about 466 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 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 31st March, 2022**, 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 31st March, 2022 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 31st March, 2022, 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.

Material Uncertainty Relating to Going Concern

4. The Company has incurred total comprehensive loss of Rs.1,385 lakhs and cash loss of Rs 1,226 lakhs during the year ended 31st March, 2022 and net worth is eroded as on that date and Company's accounts with Lenders were classified as sub-standard with effect from 31st March 2021 due to irregularity in working capital account. This situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However as per the information and explanations provided by the Company and various actions initiated by the Company to have sustainable level of debt and there being apparent positivity shown in this regard.

Our opinion is not modified in respect of this matter.

Key Audit Matters

5. 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 that there is no matter to be communicated as a key audit matter in our report.

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

6. 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.

Management's Responsibility for the Standalone Financial Statements:

7. 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

INDEPENDENT AUDITOR'S REPORT (Contd...)

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.

8. 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.
9. 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:

10. 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.
11. 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.
12. 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.
13. 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.
14. 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 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.

INDEPENDENT AUDITOR'S REPORT (Contd...)

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 31st March 2022 taken on record by the board of directors, none of the directors are disqualified as on 31st March, 2022 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, 2022 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, 2020 ("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

FRN – 001527S

P. K. Manoj

Partner

Membership No.207550

UDIN: 22207550AJXOLJ2169

Place: Chennai

Date: 30-05-2022

INDEPENDENT AUDITOR'S REPORT (Contd...)

Annexure - A to the Independent Auditors' Report

(Referred to in paragraph 15 (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 31st March, 2022 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 31st March 2022, 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

FRN – 001527S

P. K. Manoj

Partner

Membership No.207550

UDIN: 22207550AJXOLJ2169

Place: Chennai

Date: 30-05-2022

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, 2022 we report that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
 - (a) a. The Company has maintained proper records showing full particulars including quantitative details and situation of Property Plant and Equipment.
 - b. The Company has maintained proper records showing full particulars of Intangible Assets.
 - (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 (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
 - (d) The Company has not revalued any of its Property, Plant and Equipment (including Right of Use asset) and intangible assets during the year.
 - (e) No proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. The company is not holding any benami property.
- ii.
 - (a) During this year, Inventories has been physically verified by the management and there were no material discrepancies were noticed during such verification.
 - (b) Company has been sanctioned working capital limits in excess of five crores rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. The quarterly returns or statements are not filed by the Company as the Company's accounts are classified as NPA by Banks, and no further renewal /sanction or operations of Working Capital facilities were made or permitted during the year.
- (iii) In respect of investments in, or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to any company, firm, LLP, or other parties,
 - (a) The Company has not made investments in, or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to any company, firm, LLP, or other parties during the year, and hence reporting under clause 3(iii)(a) to (f) of the Order is not applicable
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable
- (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 any 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 is 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 31st March, 2022 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) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3 (viii) of the Order is not applicable.

INDEPENDENT AUDITOR'S REPORT (Contd...)

- (ix) (a) According to the information and explanations given by the management, we are of the opinion that the Company's accounts are classified as NPA by banks, the time and amount of default are as follows:

Nature of borrowing including debt securities	Name of lender	Amount not paid on due date (Rs in Lakhs)	Whether principal or Interest	No.of days delay or unpaid	Remarks if any
Working Capital loan and Term loan	Central Bank Of India	37.99	Principal	From March 2021 onwards	Company's proposal to sell its assets and repay the lenders dues fully by 31.12.2022 was accepted by the lenders.
		7.97	Interest	From December 2020 onwards	
	State Bank Of India	9.86	Principal	From March 2021 onwards	
		2.48	Interest	From September 2020 onwards	

- (b) The Company has not been declared a wilful defaulter by any bank or financial institution or any other lender.
- (c) The Company has not taken any term loan during the year.
- (d) On examination of the financial statements of the Company, Company has not raised any funds on short term basis which has been used for long-term purposes hence reporting under clause 3(ix)(d) of the Order is not applicable.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associates hence reporting on clause 3(ix)(e) of the Order is not applicable.
- (f) The Company has not raised any loans on the pledge of securities held in its subsidiaries, associate companies during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable
- (x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting of the purpose for which amount raised under clause 3 (ix)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) under section 42 and section 62 of the Companies Act Accordingly, reporting of the purpose for which amount raised under clause 3 (ix)(b) of the Order is not applicable.
- (xi) In respect of Fraud:
- (a) According to the information and explanations given to us, during the year Company has not noticed any fraud by the Company or on the Company.
- (b) No reportable fraud has been committed by the Company hence Form ADT-4 has not been filed by the auditors as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) During the year Company has not received any whistle-blower complaints to be considered by the auditors.
- (xii) Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) All transactions entered by the Company with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been properly disclosed in the financial statements as required by the applicable Indian accounting standards.
- (xiv) In respect of Internal Audit System
- (a) Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the Internal Audit Reports of the Company issued by the Internal auditors for the period under audit
- (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) (a) Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) (a), & (b) of the Order is not applicable and Company is not a Core Investment Company and there is no core investment company within the group. Accordingly, paragraph 3(xvi) (c) & (d) of the Order is not applicable.

INDEPENDENT AUDITOR'S REPORT (Contd...)

- (xvii) The Company has incurred cash losses of Rs. 1151 lakhs and Rs.1754 lakhs during the financial year and immediately preceding financial year respectively covered by our audit.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year. Accordingly, clause 3(xviii) of the order is not applicable.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, as reported in the "Material Uncertainty on Going Concern" paragraph we report that the Company has incurred total comprehensive loss of Rs.1385 lakhs and cash loss of Rs 1,226 lakhs during the year ended 31st March, 2022 and net worth is eroded as on that date and Company's accounts with Lenders were classified as sub-standard with effect from 31st March 2021 due to irregularity in working capital account. This situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However as per the information and explanations provided by the Company and various actions initiated by the Company to have sustainable level of debt and there being apparent positivity shown in this regard, our opinion is not modified in respect of this matter. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The provisions of section 135 of the Companies Act, 2013 which deals Corporate Social Responsibility (CSR) is not applicable. Accordingly, reporting under Paragraph 3(xx)(a) & (b) of the order is not applicable for the year.
- (xxi) Company is not having any Qualification or adverse remarks by the respective auditors in the Companies (Auditor's Report) order (CARO) reports of the Companies included in the Consolidated Financial Statements.

For L. U. Krishnan & Co.

Chartered Accountants

FRN – 001527S

P. K. Manoj

Partner

Membership No.207550

UDIN: 22207550AJXOLJ2169

Place: Chennai

Date: 30-05-2022

GTN TEXTILES LIMITED

BALANCE SHEET

	Note No.	As at 31.03.2022 (₹ in lacs)	As at 31.03.2021 (₹ in lacs)
I. ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3	11,516.68	11,804.05
(b) Intangible Assets	4	7.34	16.28
(c) Financial Assets			
(i) Investments	5	1,964.71	1,964.71
(ii) Others	6	155.05	155.92
(d) Other Non-Current tax assets	8	27.07	28.79
Sub-Total		<u>13,670.85</u>	<u>13,969.75</u>
2 Current assets			
(a) Inventories	9	834.62	921.37
(b) Financial Assets			
(i) Trade Receivables	10	266.29	224.18
(ii) Cash and Cash equivalents	11	402.28	165.13
(iii) Bank balances other than (ii) above	12	31.02	37.47
(iv) Other financial assets	13	6.03	17.04
(c) Other Current Assets	14	150.02	247.77
Sub-Total		<u>1,690.26</u>	<u>1,612.96</u>
TOTAL ASSETS		<u>15,361.11</u>	<u>15,582.71</u>
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	1,164.05	1,164.05
(b) Other Equity	16	3,531.56	4,916.91
Sub-Total		<u>4,695.61</u>	<u>6,080.96</u>
Liabilities			
1 Non current liabilities			
(a) Financial liabilities			
Borrowings	17	660.05	1,189.29
(b) Deferred Tax Liabilities (net)	7	351.18	470.17
(c) Other non current liabilities	18	433.70	447.21
Sub-Total		<u>1,444.93</u>	<u>2,106.67</u>
2 Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	6,653.20	6,046.17
(ii) Trade payables	19		
(a) Outstanding dues of Mirco and Small enterprises		3.90	5.65
(b) Total outstanding dues other than Mirco and Small enterprises		898.50	420.48
(iii) Other financial liabilities	20	1,117.28	383.59
(b) Other current liabilities	21	462.44	440.56
(c) Provisions	22	85.25	98.63
Sub-Total		<u>9,220.57</u>	<u>7,395.08</u>
TOTAL EQUITY AND LIABILITIES		<u>15,361.11</u>	<u>15,582.71</u>

Significant accounting policies

1 & 2

The accompanying Notes 1 to 46 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
Place : Mumbai
Date : 30th May 2022

UMANG PATODIA
Director
DIN No. 00003588
Place : Kochi
Date : 30th May 2022

P. K. MANOJ
Partner
(M. No. 207550)
UDIN : 22207550AJXOLJ2169
Place : Chennai
Date : 30th May 2022

E. K. BALAKRISHNAN
Vice President (Corporate Affairs) &
Company Secretary
Place : Kochi
Date : 30th May 2022

ARUN S MOHAN
Chief Financial Officer
Place : Kochi
Date : 30th May 2022

GTN TEXTILES LIMITED

STATEMENT OF PROFIT AND LOSS

	Note No.	Year ended March 31, 2022 (₹ in lacs)	Year ended March 31, 2021 (₹ in lacs)
REVENUE:			
Revenue From Operations	23	8,345.54	4,625.88
Other income	24	15.37	24.51
Total Income		8,360.91	4,650.39
EXPENSES:			
Cost of materials consumed	25	5,327.88	2,099.83
Changes in inventories of finished goods, work in progress and waste	26	(58.14)	1,070.27
Cost of Land, plots, and other costs incurred during the year	27	-	22.31
Employee benefits expense	28	1,461.70	1,133.26
Finance costs	29	1,095.45	899.57
Depreciation and amortization expense		298.42	308.98
Other expenses	30	1,684.97	1,179.20
Total Expenses		9,810.28	6,713.42
Profit/(Loss) before exceptional items and tax		(1,449.37)	(2,063.03)
Exceptional items	31	74.80	298.74
Profit/(Loss) before tax		(1,524.17)	(2,361.77)
Tax expense / (Credit) :			
Current tax		-	-
Deferred tax charge / (Credit)		(118.99)	1,238.94
Profit / (Loss) for the year (A)		(1,405.18)	(3,600.71)
Other Comprehensive income (Net of Tax)			
Items that will not be reclassified to Statement of Profit or loss			
(a) Re-measurement of defined benefit Obligation		19.83	(81.70)
(b) MTM of forward contract		-	28.00
(c) Impact on revaluation of Land		-	(35.10)
Total Other comprehensive income (B)		19.83	(88.80)
Total comprehensive income / (loss) for the year (A) + (B)		(1,385.35)	(3,689.51)
Earnings per Equity Share of Rs 10 each			
Basic and Diluted (in ₹)	32	(12.07)	(30.93)
Significant accounting policies	1 & 2		
The accompanying Notes 1 to 46 are an integral part of the financial statements			

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)
UDIN : 22207550AJXOLJ2169
Place : Chennai
Date : 30th May 2022

For and on behalf of the Board

B. K. PATODIA
Chairman & Managing Director
DIN No. 00003516
Place : Mumbai
Date : 30th May 2022

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

Place : Kochi
Date : 30th May 2022

UMANG PATODIA
Director
DIN No. 00003588
Place : Kochi
Date : 30th May 2022

ARUN S MOHAN
Chief Financial Officer

Place : Kochi
Date : 30th May 2022

GTN TEXTILES LIMITED

CASH FLOW STATEMENT

	2021-22 (₹ In Lacs)	2020-21 (₹ In Lacs)
A. Cash flow from operating activities		
Net Profit / (loss) before Tax & exceptional items	(1,449.37)	(2,063.03)
Adjustments to reconcile Profit/(Loss) before tax to Cashflows:		
Depreciation and Amortization expense	298.42	308.98
Profit / (loss) on sale / Disposal / Discard of Property, Plant and Equipments (Net)	0.12	-
Exchange difference (Net)	4.19	4.11
Gain / (Loss) on other comprehensive income (net)	19.82	(53.70)
Equity portion of 6.50% of NCNPNR Preference Shares	13.26	9.18
Finance Cost	1,025.99	820.97
Interest Income	(6.63)	(19.29)
Operating profit before working capital changes	<u>(94.20)</u>	<u>(992.78)</u>
Changes in working Capital:		
Increase / (Decrease) in Trade Payables	472.07	(2,551.58)
Increase / (Decrease) in Other Current Liabilities	742.07	352.79
Increase / (Decrease) in Provision for Employee benefit	(13.39)	(27.50)
(Increase) / Decrease in Trade receivables	(42.11)	872.20
(Increase) / Decrease in Inventories	86.75	1,747.46
(Increase) / Decrease in Other Current Assets	109.64	44.87
(Increase) / Decrease in Balance in Margin Money / Deposit accounts	6.45	108.21
Cash generated from operations	<u>1,267.28</u>	<u>(446.33)</u>
Income Taxes refund / (Paid) (net)	1.73	6.27
Net cash generated from operations before exceptional items	<u>1,269.01</u>	<u>(440.06)</u>
Less: Exceptional items	74.80	298.74
Net cash generated from operating activities (A)	<u>1,194.21</u>	<u>(738.80)</u>
B Cash flow from investing activities		
Purchase of property, Plant and Equipments, including capital working progress and capital advances.	(3.25)	(1.76)
Proceeds from sale of property, Plant and Equipment	1.01	-
Interest Income	6.63	19.29
Net cash generated / (used) from/in investing activities (B)	<u>4.39</u>	<u>17.53</u>
C Cash flow from financing activities		
Loan availed / (Repayment) as Long term borrowings	(589.90)	588.40
Increase / (Decrease) in Short term borrowings (net)	612.31	529.45
Interest and other borrowing cost paid	(1,025.99)	(820.97)
Inter corporate Deposits/ Loans (net)	42.13	(446.90)
6.5% Non Cumulative Non Convertible Non Participating Redeemable Pre. Shares	-	510.00
Net cash generated / (used) from/in financing activities (C)	<u>(961.45)</u>	<u>359.98</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	<u>237.15</u>	<u>(361.29)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>165.13</u>	<u>526.42</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>402.28</u>	<u>165.13</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 46 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
Place : Mumbai
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Place : Chennai
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E. K. BALAKRISHNAN
Vice President (Corporate Affairs) &
Company Secretary

Place : Kochi
Date : 30th May 2022

ARUN S MOHAN
Chief Financial Officer

Place : Kochi
Date : 30th May 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2022

A. Equity Share Capital

₹ In Lacs

(1) Current Reporting Period - As at March 31, 2022

Balance at the beginning of the period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the period	Changes in equity share capital during the current year	Balance at the end of the period
1164.05	-	-	-	1164.05

(2) Previous Reporting Period - As at March 31, 2021

Balance at the beginning of the period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the period	Changes in equity share capital during the previous year	Balance at the end of the period
1164.05	-	-	-	1164.05

B. Other Equity

(1) Current Reporting Period - As at March 31, 2022

	Equity component of compound financial instruments	Reserves and Surplus		Equity Instruments through Other Comprehensive Income	Revaluation Surplus	Other items of Other Comprehensive Income (specify nature)		Total
		Other Reserves (General Reserve)	Retained Earnings			Re-measurement of Employee Benefit	Impact on MTM of Forward Contract	
Balance at the beginning of the current reporting period	371.71	2,092.36	(6,676.00)	(0.22)	9,315.12	(186.07)	0.00	4,916.90
Changes in accounting policy or prior period errors								-
Restated balance at the beginning of the current reporting period				0.00		19.83	-	19.83
Total Comprehensive Income for the current year			(1,405.18)					(1,405.18)
Dividends								-
Transfer to retained earnings	(13.26)		13.26					-
Any other change (to be specified)								-
Balance at the end of the current reporting period	358.45	2,092.36	(8,067.91)	(0.22)	9,315.12	(166.24)	0.00	3,531.56

(2) Previous Reporting Period -As at March 31,2021

	Equity component of compound financial instruments	Reserves and Surplus		Equity Instruments through Other Comprehensive Income	Revaluation Surplus	Other items of Other Comprehensive Income (specify nature)		Total
		Other Reserves (General Reserve)	Retained Earnings			Re-measurement of Employee Benefit	Impact on MTM of Forward Contract	
Balance at the beginning of the current reporting period	-	2,092.36	(3,106.72)	(0.23)	9,372.47	(104.37)	(28.00)	8,225.51
Changes in accounting policy or prior period errors								-
Restated balance at the beginning of the current reporting period	380.89			0.01	(35.10)	(81.70)	28.00	292.10
Total Comprehensive Income for the current year			(3,600.71)					(3,600.71)
Dividends								-
Transfer to retained earnings	(9.18)		31.43		(22.25)			-
Any other change (to be specified)								-
Balance at the end of the current reporting period	371.71	2,092.36	(6,676.00)	(0.22)	9,315.12	(186.07)	0.00	4,916.91

The accompanying Notes 1 to 46 are an integral part of the financial statements

As per our report of even date attached

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

P. K. MANOJ

Partner
(M. No. 207550)
UDIN : 22207550AJXOLJ2169
Place : Chennai
Date : 30th May 2022

For and on behalf of the Board

B. K. PATODIA
Chairman & Managing Director
DIN No. 00003516
Place : Mumbai
Date : 30th May 2022

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

Place : Kochi
Date : 30th May 2022

UMANG PATODIA

Director
DIN No. 00003588
Place : Kochi
Date : 30th May 2022

ARUN S MOHAN
Chief Financial Officer

Place : Kochi
Date : 30th May 2022

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Significant Accounting Policies and notes forming part of the Financial statements as at and for the year ended 31st March, 2022.

1 Corporate Information:

GTN Textiles Limited ('the company') is a Public Limited company incorporated and domiciled in India, The Registered office of the Company is at Erumathala, Aluva, Cochin, Kerala State, India. The company is incorporated under the provisions of The Companies Act, 1956 and its equity shares are listed on the 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 and realty segment. The company was registered as "Medium Enterprises - Manufacturing" on 14th August 2020 under the Provisions of MSMED Act 2006 as per the registration certificate obtained from Udyam portal of Ministry of MSME.

2 Significant Accounting Policies

2.1 Basis of preparation of financial statements:

Statement of compliance Standalone Financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation and disclosures requirement of Division II of revised Schedule III of the Companies Act 2013, (Ind AS Compliant Schedule III), as applicable to standalone financial statement. Accordingly, the Company has prepared these Standalone Financial Statements which comprise the Balance Sheet as at 31 March, 2022, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as "Standalone Financial Statements" or "financial statements"). The Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III to the Companies Act, 2013 which is applicable from 1 April, 2021 and accordingly the presentation for line items in balance sheet is based on the amended schedule III and corresponding numbers as at 31 March, 2021 have been regrouped/reclassified. These financial statements are approved for issue by the Board of Directors on 30th May, 2022.

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 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, disclosure of contingent liabilities on the date of financial statements and the 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 in current and future periods.

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 (except Freehold land) are stated at cost net of accumulated depreciation

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

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.

The Carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

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 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 and 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. The cost includes cost of purchase, freight, taxes and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

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. Cost of Raw Material is considered at "weighted average" cost basis and cost of finished goods is considered as per "Specific identification" cost basis.

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. Adequate provision is made for obsolete, Non-moving and Slow-moving items.

2.12 Financial Assets / Liability Policy:

a. Financial Assets

Classification and Measurement

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

Subsequent measurement

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

Rendering of Services :

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

Dividend, Interest income, Claims:

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

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

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

2.15 Borrowing

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

2.16 Borrowing cost

Borrowing costs attributable to acquisition and construction of qualifying assets are capitalised as a part of the cost of such asset upto the date when such asset is ready for its intended use. All other Borrowing costs are charged to Statement of Profit and Loss 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

- 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

3 Property, Plant and equipment

Gross cost / deemed cost	Freehold Land	Buildings	Plant and Equipment	Furniture	Office Equipment	Vehicles	Total
Balance as at 31st March 2020	9,145.60	1,747.99	9,526.06	89.57	243.35	89.99	20,842.56
Additions					1.76		1.76
Disposal /adjustments	-						-
Revaluation of Assets	(35.10)						(35.10)
Balance as at 31st March 2021	9,110.50	1,747.99	9,526.06	89.57	245.11	89.99	20,809.22
Additions			3.25				3.25
Disposal /adjustments	-					23.45	23.45
Revaluation of Assets	-						-
Balance as at 31st March 2022	9,110.50	1,747.99	9,529.31	89.57	245.11	66.54	20,789.02
Accumulated depreciation and impairment							
Balance as at 31st March 2020	-	1,403.68	6,891.54	87.96	237.87	84.48	8,705.53
Disposal /adjustments							-
Depreciation expense		25.44	270.32	0.14	2.24	1.49	299.64
Balance as at 31st March 2021	-	1,429.12	7,161.86	88.10	240.11	85.97	9,005.17
Disposal /adjustments						22.32	22.32
Depreciation expense		23.29	263.06	0.10	2.06	0.98	289.48
Balance as at 31st March 2022	-	1,452.41	7,424.93	88.20	242.17	64.63	9,272.34
Net carrying Amount							
As at 31st March, 2021	9,110.50	318.87	2,364.20	1.47	5.00	4.02	11,804.05
As at 31st March, 2022	9,110.50	295.58	2,104.38	1.37	2.94	1.92	11,516.68

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 Lakhs
Book Value as at 31st March, 2020	9145.60
Revaluation deficit recognised in Other Equity as at 31st March, 2021	-35.10
Book Value as at 31st March, 2021	9110.50
Additions	-
Disposal /adjustments	-
Book value as at 31st March 2022	9110.50

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	As at 31.03.2022 (₹ in lacs)	As at 31.03.2021 (₹ in lacs)
4 Intangible assets		
Gross cost/Deemed Cost		
As at beginning of the year	283.14	283.14
Additions during the year		
Discarded/Disposal during the year		
Balance as at end of the year	283.14	283.14
Accumulated depreciation		
As at beginning of the year	266.86	257.53
Amortisation for the year	8.94	9.33
Disposal/adjustment		
Balance as at end of the year	275.80	266.86
Net Carrying Amount	7.34	16.28
Financial Assets		
5 Non - Current Investments		
(A) Quoted equity instruments		
Associate		
Patspin Inida Limited (Carried at Cost) (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)	0.04	0.04
Sub - Total (A)	1,964.30	1,964.30
Market value of Quoted instrument	1,425.89	685.82
(B) Unquoted equity instruments		
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 ₹10 each)	0.20	0.20
Sub - Total (B)	0.41	0.41
TOTAL (A) + (B)	1,964.71	1,964.71
6 Other Financial Assets		
Security Deposits	155.05	155.92
	155.05	155.92
7 Deferred Tax Asset (Net)		
a Deferred Tax Asset	-	-
b Deferred Tax Liability		
Related to Property, Plant and Equipment	429.18	548.17
	429.18	548.17
c Minimum Alternate Tax Credit entitlement	78.00	78.00
Net Deferred Tax (Liability) / Asset (a - b + c)	(351.18)	(470.17)
* Refer Note 41		
8 Other Non-Current tax assets		
Income Tax (Net of Provision)	27.07	28.79
	27.07	28.79

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	As at 31.03.2022 (₹ in lacs)	As at 31.03.2021 (₹ in lacs)
9 Inventories		
(A) Textiles - Yarn segment		
Stores, Spares and Packing Materials	25.48	37.50
Raw Materials	120.65	253.51
Goods-in-Process	136.69	182.08
Finished Goods	343.76	241.15
Waste Stock	3.08	2.16
Sub total (A)	629.66	716.40
(b) Realty		
Stock in Trade - Land	204.97	204.97
Total (A) + (B)	834.62	921.37
10 Trade Receivables		
Unsecured, considered good	266.29	224.18
Unsecured, considered doubtful	16.30	13.31
Less: Provision for Doubtful debts	(16.30)	(13.31)
	266.29	224.18

For Amount receivable from Related Party included in the above amount, please refer Note 37 for related party transactions.

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	62.10	-	-	-	-	62.10
(ii) Undisputed Trade Receivables – which have significant increase in credit risk						
(iii) Undisputed Trade Receivables – credit impaired						
(iv) Disputed Trade Receivables – considered good						
(v) Disputed Trade Receivables – which have significant increase in credit risk						
(vi) Disputed Trade Receivables – credit impaired						

11 Cash and Cash equivalents		
Cash on Hand	0.67	1.10
Balance with Banks - In Current Accounts	8.53	68.21
Balance with Banks - In Escrow Account	393.08	95.82
	402.28	165.13
12 Bank balances other than 12 above		
Margin Money Deposit Accounts	31.02	37.47
	31.02	37.47

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	As at 31.03.2022 (₹ in lacs)	As at 31.03.2021 (₹ in lacs)
14 Other Current Assets		
Incentive Receivable	-	0.25
Prepaid Expenses	25.52	54.57
Balances with Statutory Authorities	43.33	83.04
Other Advances	81.17	109.91
	150.02	247.77
15 Equity Share Capital		
(a) Authorised:		
120,00,000 Equity shares of ₹10 each	1,200.00	1,200.00
(b) Issued ,Subscribed and fully paid up shares		
116,40,478 Equity shares of ₹10 each	1,164.05	1,164.05
	1,164.05	1,164.05

The Company has a single class of equity shares having a par value of Rs 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 and when declared. 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 held. Voting rights cannot be exercised in respect of shares on which any call or 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 years :

Particulars	As at 31.03.2022		As at 31.03.2021	
	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) Details of Shareholders holding more than 5% of total number of equity shares.

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	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 31.03.2022 and in the previous year, no securities convertible into Equity/Preferential shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

- (i) During the year ended 31.03.2022 and in the previous year, there are no calls unpaid including calls unpaid by Directors and officers as on balance sheet date.
- (j) Shares held by promoters at the end of the year

Promoter name	No. of Shares	%of total shares	% Change during the year
Shri. Binod Kumar Patodia	11,95,580	10.27	Nil
Shri. Umang Patodia	8,35,120	7.18	Nil
Shri. Ankur Patodia	7,32,321	6.29	Nil
Smt. Prabha Patodia	6,82,418	5.86	Nil
Smt. Mala Patodia	1,69,660	1.46	Nil
Smt. Swati Patodia	2,71,900	2.33	Nil
Binod Kumar Patodia HUF	11,58,880	9.96	Nil
M/s. Beekaypee Credit Private Limited	8,22,311	7.06	Nil
M/s. Patodia Exports and Investments Pvt Ltd	7,74,487	6.65	Nil
M/s. Umang Finance Pvt Ltd	7,33,052	6.30	Nil
Total	73,75,729	63.36	Nil

As at	As at
31.03.2022	31.03.2021
(₹ in lacs)	(₹ in lacs)

16 Other Equity

(i) Reserve & Surplus

(a) General Reserve

Balance as at the beginning and the end of the year	2,092.36	2,092.36
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(b) Retained earnings

Balance as at the beginning of the year	(6,304.29)	(3,106.72)
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Less: Profit/(Loss) for the year from the Statement of Profit and Loss	(1,405.18)	(3,600.71)
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Transfer from Revaluation Surplus	-	22.25
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Equity portion of 6.5% NCNCNPR Preference shares Transfer to retained earnings	-	380.89
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Balance as at the end of the year	(7,709.47)	(6,304.29)
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(ii) Revaluation surplus

Balance as at the beginning of the year	9,315.12	9,372.47
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Revaluation Surplus	-	(35.10)
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Transfer to Retained Earnings	-	(22.25)
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Balance as at the end of the year	9,315.12	9,315.12
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(iii) Other Comprehensive income

Balance as at the beginning of the year	(186.28)	(132.60)
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Changes during the current year	19.83	(53.68)
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Balance as at the end of the year	(166.45)	(186.28)
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Total	<u>3,531.56</u>	<u>4,916.91</u>
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(i) General Reserve

The general reserve is used from time to time to transfer profit from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of their comprehensive income.

(ii) Retained earnings

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

(iii) Revaluation surplus

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

	As at		As at	
	31.03.2022		31.03.2021	
	(₹ in lacs)		(₹ in lacs)	
	Non Current	Current	Non Current	Current
17 Borrowings				
Secured				
Term Loans				
Banks	-	653.94	589.72	64.22
Vehicle loan				
Banks	-	0.09	0.18	1.32
Working Capital facilities				
Banks		4,322.94		4,299.13
Un secured				
Loan from a Director	131.70	-	119.55	-
Loan from relatives to Director	376.80	-	341.55	-
Loan from Corporates	-	1,326.23	-	1,331.50
Short term loan from related parties	-	350.00	-	350.00
5,10,000 6.5% Non-Cumulative Non Convertible Non Participating Redeemable Preference Shares of Rs 100 each (Previous year 5,10,000)	151.55	-	138.29	-
	660.05	6,653.20	1,189.29	6,046.17

1. Reconciliation of number of Preference shares and amount outstanding at the beginning and end of the year

6.5% Non-Cumulative Non Convertible Non Participating Redeemable Preference Shares of Rs 100 each

Particulars	As at 31.03.2022		As at 31.03.2021	
	No. of Shares	Amount Rs Lakhs	No. of Shares	Amount Rs Lakhs
As at beginning of the Year	510000	510.00	Nil	Nil
Shares issued during the Year	Nil	Nil	510000	510.00
At the end of the Year	510000	510.00	510000	510.00

ii Rights, preferences and restrictions attached to Preference shares

510000, 6.5% Non Cumulative Non Convertible Non Participating Redeemable Preference shares issued. The issue details are as follows;

Date of Issue	Date of Redemption	Earlier Redemption
26-11-2020	Not exceeding 15 (fifteen) years from the date of allotment	After 2 (two) years from the date of allotment

Term Loans:

Term loans are from Banks and total outstanding of Rs.653.94 lakhs (Previous year - Rs 653.94 lakhs) are guaranteed by National Credit Guarantee Trustee company (NCGTC) of Government of India under Emergency Credit Line Gurantee scheme secured by second pari passu charge on existng credit facilities (excluding assets purchased on finance lease obligation).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

Re-payment terms of Term Loan from Banks:

Rs 653.94 lakhs (Previous year Rs 653.94 lakhs)

Moratorium first 12 months and 36 EMI thereafter. Repayment starts from November 2021 Weighted Average Rate of Interest 7.48% p.a. as at year end (Previous year 7.48%).

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

	Outstanding as on 31.03.22	Amount paid subsequently	Date of Payment	Balance payable
Principal	64.22	-	-	64.22
Interest	53.05	-	-	53.05

Vehicle loan:

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

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

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 by way of first 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, a Director and one promoter of the Company.

Average rate of interest rate is 11.80% p.a. (Previous year 11.80% 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 first charge on the immovable properties of the company, ranking pari passu interse, and personal guarantee of Chairman & Managing Director, a Director and one promoter of the company. Total amount outstanding at the end of the year is Nil (Previous year Rs.209.28 lakhs).

Loan from Director and relatives of Directors:

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

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

Loan from Corporates:

Loan from corporates are repayable on demand carrying interest rate ranging from 6.75% p.a. to 16.00% p.a. (Previous year ranging from 7.00% to 16.00%)

Short Term Loan from Related parties:

Short Term Loan from related parties are repayable on demand Interest rate 7.00% (Previous year @ 7.00%)

	As at	As at
	31.03.2022	31.03.2021
	(₹ in lacs)	(₹ in lacs)
18 Other Non Current liabilities		
Employee benefit - Gratuity	433.70	447.21
19 Trade payables		
Due to Micro, Small and Medium Enterprises (MSME's)	3.90	5.65
Due to Others	898.50	420.48
	902.40	426.13

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

For amount payable to Related Party included in the above amount, please refer Note 37 for related party balances.

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	3.90	-	-	-	3.90
(ii) Others	878.32	3.21	2.77	14.20	898.50
(iii) Disputed dues – MSME					
(iv) Disputed dues - Others					

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

	As at 31.03.2022 (₹ in lacs)	As at 31.03.2021 (₹ in lacs)
The principal amount due thereon remaining unpaid as on the Balance sheet date	3.90	5.65
Interest due thereon remaining unpaid	Nil	0.16
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>Nil</u>	<u>0.16</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>Nil</u>	<u>0.16</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, as per 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.

20 Other financial liabilities

Interest accrued but not due on borrowings	1,117.28	383.59
	<u>1,117.28</u>	<u>383.59</u>

21 Other Current liabilities

Statutory payable and other dues	47.31	63.30
Other liabilities	109.94	83.57
Advance received for Land Sale	86.51	70.47
Expense Payable	218.68	223.22
	<u>462.44</u>	<u>440.56</u>

22 Provisions

Provision for Employee benefits	85.25	98.63
	<u>85.25</u>	<u>98.63</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	Year ended 31.03.2022 (₹ in lacs)	Year ended 31.03.2021 (₹ in lacs)
23 Revenue from operations		
(A) Sale of Products (Net of Tax)		
Finished Goods :		
Exports	81.87	1,504.95
Local	7,713.64	2,817.04
Traded Goods:		
Exports	-	0.24
Waste Sales:		
Local	549.44	187.52
TOTAL (A)	8,344.95	4,509.75
(B) Other Operating Income		
Job work charges	0.59	60.22
Sale of Land, Plots	-	27.55
Export Incentive	-	28.36
TOTAL (B)	0.59	116.13
TOTAL (A) + (B)	8,345.54	4,625.88
24 Other income		
Interest Income	6.63	19.29
Sale of scrap	7.54	4.02
Miscellaneous receipts	1.20	1.20
TOTAL	15.37	24.51
25 Cost of raw materials consumed		
(A) Raw materials Consumed		
Opening Stock	253.51	907.53
Add :Purchases during the Year	5,072.05	3,394.53
Less:Sale of Cotton	-	2,000.93
Less:Closing Stock	120.65	253.51
TOTAL (A)	5,204.91	2,047.62
(B) Packing Material Consumed		
Opening Stock	22.07	25.07
Add :Purchases during the Year	117.98	49.21
Less:Closing Stock	17.08	22.07
TOTAL (B)	122.97	52.21
TOTAL (A) + (B)	5,327.88	2,099.83
26 Changes in inventory of finished goods, work in progress and waste		
(A) Stock at the beginning of the year:		
Finished goods	241.15	1,009.91
Goods-in-process	182.08	467.60
Waste	2.16	18.15
TOTAL (A)	425.39	1,495.66

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	Year ended 31.03.2022 (₹ in lacs)	Year ended 31.03.2021 (₹ in lacs)
(B) Less : Stock at the end of the year:		
Finished goods	343.76	241.15
Goods-in-process	136.69	182.08
Waste	3.08	2.16
TOTAL (B)	<u>483.53</u>	<u>425.39</u>
Decrease /(Increase) in inventory (A)-(B)	<u><u>(58.14)</u></u>	<u><u>1,070.27</u></u>
27 Cost of Land, Plot and other costs		
Cost of Land	-	22.25
Land Development Expenses	-	0.06
TOTAL	<u><u>-</u></u>	<u><u>22.31</u></u>
28 Employee benefit expenses		
Salaries, Wages and Bonus	1,255.90	950.20
Contribution to Provident and Other Funds	146.02	130.18
Welfare Expenses	59.78	52.88
TOTAL	<u><u>1,461.70</u></u>	<u><u>1,133.26</u></u>
29 Finance cost		
Interest Expenses	1,025.99	820.97
Other borrowing costs	56.20	69.42
Interest - Cost on Fair Valuation of Preference Shares	13.26	9.18
TOTAL	<u><u>1,095.45</u></u>	<u><u>899.57</u></u>
30 Other expenses		
Power and fuel	1,164.22	611.52
Process charges expenses	81.14	135.18
Consumption- Stores and Spares	28.33	12.87
Repairs & Maintenance- Plant & Machinery	57.67	39.30
Commission and Brockerage	33.70	30.90
Other selling expenses	75.25	68.32
Insurance	58.62	75.67
Rates and Taxes	16.05	14.86
Rent	24.70	23.54
Directors Sitting Fee	3.00	5.05
Payment to Auditors		
Audit Fee	2.10	2.10
Certification Charges	0.45	0.40
(Net gain) / Net loss on foreign currency transaction and translation	(0.36)	30.22
(Profit) / Loss on disposal/discard of fixed assets (Net)	0.12	-
Miscellaneous Expenses	139.98	129.27
TOTAL	<u><u>1,684.97</u></u>	<u><u>1,179.20</u></u>
31 Exceptional items shown in Statement of Profit and Loss represents VRS compensation paid to workmen		
32 Earning per share		
	31.03.2022	31.03.2021
	(₹ in lacs)	(₹ in lacs)
Net profit /(Loss) as per statement of profit and loss	<u>(1405.18)</u>	(3600.70)
Weighted average Number of Equity Shares (Rs.10 per share)	Nos 11640478	11640478
Basic and diluted Earning Per Share	₹ <u><u>(12.07)</u></u>	<u>(30.93)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

33 Employee Benefits Plan

Gratuity:

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

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

	Gratuity Plan 2021-22 (₹ in lacs)	Gratuity Plan 2020-21 (₹ in lacs)
Change in Defined Benefit Obligation (DBO) during the year		
1 Present value of DBO at the beginning of the year	507.40	813.17
2 Current Service cost	16.30	18.35
3 Interest cost	32.20	50.38
4 Actuarial (gain)/ loss arising from changes in demographic assumptions	-	-
5 Actuarial (gain)/ loss arising from changes in financial assumptions	(15.38)	(4.00)
6 Actuarial (gain)/ loss arising from changes in experience adjustments	(6.26)	63.12
7 Benefits paid	(89.58)	(433.62)
Present value of DBO at the end of the year	444.68	507.40
Change in fair value of plan assets during the year		
1 Fair value of plan assets at the beginning of the year	60.19	486.26
2 Interest income	3.82	30.13
3 Employer contributions	0.07	0.01
4 Benefits paid	(51.28)	(433.62)
5 Remeasurements - return on plan assets (excluding interest income)	(1.82)	(22.59)
Fair value of plan assets at the end of the year	10.98	60.19
Amounts recognised in the Balance Sheet		
1 Present value of DBO at the end of the year	444.68	507.40
2 Fair value of plan assets at the end of the year	10.98	60.19
Funded status of the plans - Surplus / (Deficit)	(433.70)	(447.21)
Assets and (Liability) recognised in the Balance sheet	(433.70)	(447.21)
Components of employer expense		
1 Current service cost	16.30	18.35
2 Interest cost / (income) on net defined benefit obligation	28.38	20.25
Expense recognised in Statement of Profit and Loss	44.68	38.60
Remeasurements on the net defined benefit obligation		
Return on plan assets(excluding interest income)	1.82	22.59
Actuarial (gain) / loss arising from changes in demographic assumptions	-	-
Actuarial (gain) / loss arising from changes in financial assumptions	(15.38)	(4.00)
Actuarial (gain) / loss arising from changes in experience adjustments	(6.26)	63.12
Remeasurements recognised in other comprehensive income	(19.82)	81.71
Total defined benefit cost recognised	24.86	120.31

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	Gratuity Plan 2021-22 (₹ in lacs)	Gratuity Plan 2020-21 (₹ in lacs)
Nature and extent of investment details of the plan assets		
State and Central Securities	-	-
Bonds	-	-
Special Deposits	-	-
Insurer Managed funds	100%	100%
Assumptions		
Discount rate	7.00%	6.35%
Expected rate of salary increase	2.00%	2.00%
Sensitivity analysis - DBO at the end of the year (in lakhs)		
Discount rate + 100 basis points	422.85	482.17
Discount rate - 100 basis points	469.08	535.70
Salary Growth rate + 1%	470.09	536.68
Salary Growth rate - 1%	421.63	480.91
Attrition rate +50%	449.25	512.14
Attrition rate -50%	439.85	502.36
Weighted average duration of DBO	5years	4years
Expected cash flows(in lakhs)		
1. Expected employer contribution in the next year	283.96	303.84
2. Expected benefit payments		
Year 1	390.28	336.91
Year 2 to year 5	323.32	404.66
Year 6 to year 10	200.68	250.23
Beyond 10 years	350.43	426.31

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

35 In term of Ind AS -108 - Operating segments of the Company are: Textiles and Realty segments.

1. Segment Revenue	31.03.2022	31.03.2021
(Net sales / Income)		
(a) Yarn	8345.54	4598.33
(b) Realty	-	27.55
Total	8345.54	4625.88
Less: Inter Segment Revenue	-	-
Net Sales / Income from Operations	8345.54	4625.88
2. Segment Results		
(Profit (+) / Loss (-) before tax and interest)		
(a) Yarn	(444.09)	(1,491.95)
(b) Realty	-	5.24
Total	(444.09)	(1,486.71)
Less: (i) Interest	1095.45	899.57
(ii) Other Un-allocable Expenditure net off	-	-
Add: (i) Un-allocable Income	15.37	24.77
Total Profit before Tax	(1,524.17)	(2,361.51)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

3. Segment Assets		
(a) Yarn	15137.02	15366.80
(b) Realty	224.09	215.91
Total Assets	15361.11	15,582.71
4. Segment Liabilities		
(a) Yarn	10579.00	9431.75
(b) Realty	86.51	70.47
Total Liabilities	10665.51	9502.23
5. Capital Employed (Segment Assets - Segment liabilities)		
(a) Yarn	4558.03	5935.05
(b) Realty	137.58	145.44
Total	4695.60	6080.49

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

Particulars	As at 31.03.2022			As at 31.03.2021		
	Total Minimum payments Outstanding (₹ in Lakhs)	Future Interest on outstanding (₹ in Lakhs)	Present value of minimum payments (₹ in Lakhs)	Total Minimum payments Outstanding (₹ in Lakhs)	Future Interest on outstanding (₹ in Lakhs)	Present value of minimum payments (₹ in Lakhs)
1. Due within one year	0.09	0.00	0.09	1.38	0.09	1.47
2. Between one year to five years	0.00	0.00	0.00	0.12	0.00	0.12
Total	0.09	0.00	0.09	1.50	0.09	1.59

37 Related Party Disclosures pursuant to Ind AS 24

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

i. Associate:

Patspin India Ltd

ii. Companies where key Management personnel has significant influence.

GTN Enterprises Ltd

Beekaypee Credit Private Ltd

Umang Finance Private Ltd

Patodia Exports and Investments Private Ltd

iii. Key Management Personnel:

Shri B.K. Patodia – Chairman & Managing Director

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

Shri Arun S Mohan - Chief Financial Officer

iii. Relatives of Key Management Personnel:

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

(b) Transactions / Balances

	Associates		Company under joint control under para 9 (b) vi of Ind AS 24		Other Related Parties	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Sale of goods	-	1,081.72	1,484.89	1,804.82	-	-
Purchase of goods	0.15	388.02	607.73	374.10	-	-
Rendering of services	-	-	1.82	64.43	-	-
Receiving of services	67.93	85.23	5.65	35.11	12.74	12.60
Remuneration paid	-	-	-	-	47.70	30.49
Un Secured Loans taken	-	-	-	799.00	47.40	44.10
Un Secured repaid	-	-	-	650.00	-	200.00
Interest Paid	-	-	48.36	26.71	58.47	52.34
Balances as at year end						
Trade Payables	35.96	-	-	-	-	-
Trade Receivables	-	36.94	168.23	702.55	-	-
Loans Outstanding	-	-	671.50	671.50	508.50	461.10
Interest Payable	-	-	68.23	26.34	14.61	14.28
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	
	2021-22	2020-21
(i) Sale of goods		
a) Cotton		
i) GTN Enterprises LTD	-	1,125.35
ii) Patspin India LTD	-	919.91
b) Cotton Yarn		
i) GTN Enterprises LTD	1,474.04	678.10
ii) Patspin India LTD	-	161.46
c) Store Items		
i) GTN Enterprises LTD	-	1.37
ii) Patspin India LTD	-	0.35
d) Waste		
i) GTN Enterprises LTD	10.12	-
e) Packing Materials		
i) GTN Enterprises LTD	0.73	-
(ii) Purchase of goods		
a) Cotton		
i) GTN Enterprises LTD	361.08	54.70
ii) Patspin India LTD	-	206.48
b) Cotton Yarn		
i) GTN Enterprises LTD	246.65	319.40
ii) Patspin India LTD	-	181.25
c) Store Items		
i) Patspin India LTD	0.15	0.29

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	Transactions	
	2021-22	2020-21
(iii) Rendering of services		
a) Rent		
i) GTN Enterprises LTD	1.20	1.20
b) Processing Charges		
i) GTN Enterprises LTD	0.62	63.23
(iv) Receiving of services		
a) Rent Paid		
i) Other Related Parties	12.60	12.60
b) Processing Charges		
i) GTN Enterprises LTD	5.65	35.11
ii) Patspin India LTD	67.93	85.23
c) Sitting fee paid		
i) Other Related Parties	0.14	-
(v) Remuneration paid		
Shri. B K Patodia	47.70	30.49
(vi) Un Secured Loans taken		
i) Shri. B.K. Patodia	12.15	11.30
iii) Smt. Prabha Patodia	9.90	9.20
iv) Shri. Umang Patodia	7.90	7.40
v) Shri. Ankur Patodia	9.90	9.20
vi) Smt. Mala Patodia	4.75	4.40
vii) Smt. Swati Patodia	2.80	2.60
i) M/s Beekaypee Credit Pvt Ltd	-	350.00
ii) M/s Umang Finance Private Ltd	-	150.00
iii) M/s Patodia Exports & Investments Private Ltd	-	299.00
(vii) Un Secured Loan repaid		
i) M/s Beekaypee Credit Pvt Ltd	-	460.00
ii) M/s Umang Finance Private Ltd	-	190.00
iii) Shri. B.K. Patodia	-	200.00
(viii) Interest Paid		
i) Shri. B.K. Patodia	14.92	16.60
ii) Binod Kumar Patodia HUF	0.23	0.23
iii) Smt. Prabha Patodia	12.14	9.95
iv) Shri. Umang Patodia	9.78	8.02
v) Shri. Ankur Patodia	12.14	9.95
vi) Smt. Mala Patodia	5.82	4.77
vii) Smt. Swati Patodia	3.44	2.82
i) M/s Beekaypee Credit Pvt Ltd	17.74	15.92
ii) M/s Umang Finance Private Ltd	8.45	7.45
iii) M/s Patodia Exports & Investments Private Ltd	22.17	3.34
(ix) Guarantees provided for Patspin India Limited	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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

38 Contingent liabilities and commitments

Contingent liabilities

The company has given corporate Guarantee for Rs.300 Lakhs (Previous year Rs. 300 Lakhs) to EXIM bank in respect of Term Loan financial assistance provided by them to Associate company M/s PATSPIN India Ltd.The outstanding amount of the said loan as on 31.3.2022 is Rs.633.87 Lakhs. (Previous year Rs. 633.87 Lakhs).

- 39 As per the current assessment of the Company in respect of Covid-19 Pandemic outbreak, there is no material Impact on the carrying values of trade receivables, inventory, and other financial /non-financial assets as at the reporting date. Given the uncertainties associated with nature, condition and duration of Covid-19, the company will closely monitor any material changes arising from the future economic conditions. The impact of the pandemic in the subsequent period is highly dependent on the situations as they evolve and hence may be different from that estimated as at the date of approval of these financial results.
- 40 The Company has submitted a revised proposal to Lenders to repay their dues fully by 31.12.2022 from the sale of its non-core assets without affecting operations. The estimated sale value of non-core assets would be higher than the Lenders dues. The said proposal was accepted by the Consortium bankers and issue of NOC by the Bankers for sale of the said assets is expected shortly. Management do not envisage any difficulty in the sale of non-core assets and repayment of Bankers dues fully with in the permitted time.
- 41 In view of Note 39 & 40 above, Deferred Tax Asset for the current financial year was not recognized and Deferred Tax Liability was re-assessed and reversed the excess provision of Rs 119 lac during the Financial year 2021-22.
- 42 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code and recognize the same when the Code becomes effective.

43 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	37.30%	13.97%
Revenue from Top Five Customers	78.70%	43.46%

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

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 2022	Due within 12 months from Balance sheet Date	Due beyond 12 months of Balance Sheet Date	As at 31st March 2021	Due within 12 months from Balance sheet Date	Due beyond 12 months of Balance Sheet Date
Borrowings	7,313.25	6,653.20	660.05	7,235.46	6,046.17	1,189.29
Trade payables	902.40	902.40	-	426.13	426.13	-
Other Financial Liabilities	1,117.28	1,117.28	-	383.59	383.59	-

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 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 Rs. 4953.06 lakhs out of the total debt of Rs. 7235.46 Lakhs

Based on the Structure of the debt as at year end, a half percentage point increase in the interest rate would cause an additional expense in the net financing cost of Rs. 24.77 Lakhs on annual basis.

Foreign Currency Risk

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

Particulars of un- hedged Foreign Currency exposures as at 31.03.2022 are given below:

Particulars	As at 31.03.2022			As at 31.03.2021		
	Amount in Lacs	Exchange Rate ₹	Amount (₹in lacs)	Amount in lacs	Exchange Rate ₹	Amount (₹in lacs)
Accounts payable	Nil	Nil	Nil	Nil	Nil	Nil

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 was Nil

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, 2022	As at March 31, 2021
Total equity	4,695.61	6,080.96
Net Debt	6,910.98	7,070.34
Total Capital (Borrowings and Equity)	11,606.58	13,151.30

- (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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

44

Ratios:		Measure	2021-22	2020-21	% Variance	Reason for Variance
a	Current Assets		1690.26	1612.96		Continued Liquidity constraints, paucity of working capital and State Government restrictions on Covid-19 pandemic related issues have resulted in lower capacity utilization and impacted the performance of the company.
b	Current Liabilities		9220.57	7395.08		
	Current Ratio (a/b)	Times	0.18	0.22	-15.95%	
c	Total Debt		7,313.25	7,235.46		
d	Shareholders Equity.		4,695.61	6,080.96		
	Debt-Equity Ratio (c/d) (Where total debt refers to sum of Current and Non Current Borrowings)	Times	1.56	1.19	30.90%	
e	Profit/(Loss) after tax		(1,524.17)	(2,361.77)		
f	Finance Cost		1,095.45	899.57		
g	Depreciation and amortization expense		298.42	308.98		
h	Earnings available for debt service		(130.30)	(1,153.22)		
i	Current Borrowings		6,653.20	6,046.17		
j	Interest due on borrowings		1,117.28	383.59		
k	Total Debt services (i+j)		7,770.49	6,429.76		
	Debt Service Coverage Ratio (h/k)	Times	(0.02)	(0.18)	-90.65%	
l	Profit/(Loss) after tax		(1,405.18)	(3,600.70)		
m	Average Shareholders Equity		5,388.28	7,735.26		
	Return on Equity Ratio (l/m)	Percentage	-26.08%	-46.55%	-43.98%	
n	Sales		8,360.91	4,650.39		
o	Average Inventory		878.00	1,795.10		
	Inventory turnover Ratio(n/o)	Times	9.52	2.59	267.59%	
p	Sales		8,360.91	4,650.39		
q	Average Trade Receivable		245.24	660.29		
	Trade Receivable turnover Ratio (p/q)	Times	34.09	7.04	384.07%	
r	Purchases		5,190.02	3,443.75		
s	Average Trade Payables		664.26	1,606.72		
	Trade payable turnover Ratio (r/s)	Times	7.81	2.14	264.53%	
t	Sales		8,360.91	4,650.39		
u	Current assets		1,690.26	1,612.96		
v	Current liabilities		9,220.57	7,395.08		
w	Net Working Capital (u-v)		(7,530.31)	(5,782.13)		
	Net Capital turnover ratio (t/w)	Times	(1.11)	(0.80)	38.05%	
x	Profit/(Loss) after tax		(1,405.18)	(3,600.70)		
y	Sales		8,360.91	4,650.39		
	Net Profit Ratio (x/y)	Percentage	-16.81%	-77.43%	-78.29%	

Ratios:		Measure	2021-22		2020-21		% Variance	Reason for Variance
z	Profit/(Loss) before tax		(1,524.17)		(2,361.77)			
aa	Finance Cost		1,095.45		899.57			
ab	Earning before Interest and Tax (z+aa)		(428.72)		(1,462.20)			
ac	Tangible Networkth		4,695.61		6,080.96			
ad	Total Debt		10,314.32		9,031.58			
ae	Deferred Tax Liability		351.18		470.17			
af	Capital employed (ad+ae+af)		15,361.11		15,582.71			
	Return on Capital employed (ac/ag)	Percentage		-2.79%		-9.38%	-70.26%	
ag	Return on Investment							
Company has invested Equity shares in Patspin India Limited but Patspin India Limited has not declared any dividend during the current year								

45 Other Statutory Information

- a) All title deeds of Immovable Property are held in the name of the Company and the Company does not have any immovable property without Title in its name.
- b) Since there is no addition / deletion in Capital Work in Progress (CWIP) and Intangible assets during the year and hence disclosures regarding these items were not made.
- c) Disclosure on PPE & Intangible Assets
 - (1) There is no restriction on the title of Property, Plant and Equipment and Property was mortgaged to Lenders for the credit facilities sanctioned to Company.
 - (2) Company has not constructed any item in Property, Plant & equipment.
 - (3) Company has no contractual commitments for the acquisition of Property, Plant & Equipment.
 - (4) Company has no Impairment loss during the year for Property, Plant & Equipment.
 - (5) Company has not revalued any items of Property, Plant & Equipments during the Year
 - (6) Carrying amount of Property, Plant & Equipment are not retired from active use and not held for disposal.
 - (7) The existence and carrying amounts of intangible assets whose title is not restricted and the carrying amounts of intangible assets are not pledged as security for liabilities
- d) There are no proceedings initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)
- e) The Company is not a declared wilful defaulter by any bank or financial institution or other lenders.
- f) The Company has not entered into any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- g) The Company does not have any charges or satisfaction which is yet to be registerd with ROC beyond the statutory period.
- h) The Company has complied with the number of layers prescribed under clause(87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- i) Utilisation of Borrowed funds and share Premium:
 - A. The Company has not advanced or loaned to or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity (ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

B. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding that the Company shall

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

j) There were no transactions relating to previously unrecorded income that have been surrendered and disclosed as income during the year in the tax assessments under the Income Tax Act, 1961

k) Company shall not be required to comply with Corporate Social Responsibility (CSR) as provisions of section 135 of the Companies Act, 2013 is not applicable.

l) The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

46 Previous year's figures have been regrouped/reclassified wherever necessary to conform to the current year's presentation.

Signature to Note 1 to 46

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)
UDIN : 22207550AJXOLJ2169
Place : Chennai
Date : 30th May 2022

For and on behalf of the Board

B. K. PATODIA

Chairman & Managing Director
DIN No. 00003516
Place : Mumbai
Date : 30th May 2022

E. K. BALAKRISHNAN

Vice President (Corporate Affairs) &
Company Secretary

Place : Kochi
Date : 30th May 2022

UMANG PATODIA

Director
DIN No. 00003588
Place : Kochi
Date : 30th May 2022

ARUN S MOHAN

Chief Financial Officer

Place : Kochi
Date : 30th May 2022

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 31st March, 2022**, 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 31st March, 2022 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 31st March, 2022, 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.

Material Uncertainty Relating to Going Concern

4. The Company has incurred a net loss of Rs.1405.18 lakhs and cash loss of Rs 1,150.95 lakhs during the year ended 31st March, 2022 and net worth is eroded as on that date. and Company's accounts with Lenders were classified as sub-standard as of 31st March 2021 due to irregularity in working capital account. This situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However as per the information and explanations provided by the Company and various actions initiated by the Company to have sustainable level of debt and there being apparent positivity shown in this regard, our opinion is not modified in respect of this matter.

Key Audit Matters

5. 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 that there is no matter to be communicated as a key audit matter in our report.

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

6. 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. 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

7. 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

INDEPENDENT AUDITOR'S REPORT (Contd...)

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.

8. 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.
9. 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:

10. 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.
11. 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.
12. 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.
13. 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.

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

INDEPENDENT AUDITOR'S REPORT (Contd...)

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 2022 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, 2022 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.
- 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

For L. U. Krishnan & Co.

Chartered Accountants

FRN – 001527S

P. K. Manoj

Partner

Membership No.207550

UDIN: 22207550AJXNZV8450

Place: Chennai

Date: 30-05-2022

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 31st March, 2022** 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 31st March 2022, 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

FRN – 001527S

P. K. Manoj

Partner

Membership No.207550

UDIN: 22207550AJXNZV8450

Place: Chennai

Date: 30-05-2022

GTN TEXTILES LIMITED

CONSOLIDATED BALANCE SHEET

	Note No.	As at 31.03.2022 (₹ in lacs)	As at 31.03.2021 (₹ in lacs)
I. ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3	11,516.68	11,804.05
(b) Intangible Assets	4	7.34	16.28
(c) Financial Assets			
(i) Investments	5	0.45	0.45
(ii) Others	6	155.05	155.92
(d) Other Non-Current tax assets	8	27.07	28.79
Sub-Total		11,706.59	12,005.49
2 Current assets			
(a) Inventories	9	834.62	921.37
(b) Financial Assets			
(i) Trade Receivables	10	266.29	224.18
(ii) Cash and Cash equivalents	11	402.28	165.13
(iii) Bank balances other than (ii) above	12	31.02	37.47
(iv) Other financial assets	13	6.03	17.04
(c) Other Current Assets	14	150.02	247.77
Sub-Total		1,690.26	1,612.96
TOTAL ASSETS		13,396.85	13,618.45
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	1,164.05	1,164.05
(b) Other Equity	16	1,567.30	2,952.65
Sub-Total		2,731.35	4,116.70
Liabilities			
1 Non current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	660.05	1,189.29
(b) Deferred Tax Liabilities (net)	7	351.18	470.17
(c) Other non current liabilities	18	433.70	447.21
Sub-Total		1,444.93	2,106.67
2 Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	6,653.20	6,046.17
(ii) Trade payables	19		
(a) Outstanding dues of Mirco and Small enterprises		3.90	5.65
(b) Total outstanding dues other than Mirco and Small enterprises		898.50	420.48
(iii) Other financial liabilities	20	1,117.28	383.59
(b) Other current liabilities	21	462.44	440.56
(c) Provisions	22	85.25	98.63
Sub-Total		9,220.57	7,395.08
TOTAL EQUITY AND LIABILITIES		13,396.85	13,618.45

Significant accounting policies

1 & 2

The accompanying Notes 1 to 47 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
Place : Mumbai
Date : 30th May 2022

UMANG PATODIA

Director
DIN No. 00003588
Place : Kochi
Date : 30th May 2022

P. K. MANOJ

Partner
(M. No. 207550)
UDIN : 22207550AJXNZV8450
Place : Chennai
Date : 30th May 2022

E. K. BALAKRISHNAN

Vice President (Corporate Affairs) &
Company Secretary

ARUN S MOHAN

Chief Financial Officer

Place : Kochi
Date : 30th May 2022

Place : Kochi
Date : 30th May 2022

GTN TEXTILES LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Note No.	Year ended March 31, 2022 (₹ in lacs)	Year ended March 31, 2021 (₹ in lacs)
REVENUE			
Revenue From Operations	23	8,345.54	4,625.88
Other income	24	15.37	24.51
Total Income		8,360.91	4,650.39
EXPENSES:			
Cost of materials consumed	25	5,327.88	2,099.83
Changes in inventories of finished goods, work in progress and waste	26	(58.14)	1,070.27
Cost of Land, plots, and other costs incurred during the year	27	-	22.31
Employee benefits expense	28	1,461.70	1,133.26
Finance costs	29	1,095.45	899.57
Depreciation and amortization expense		298.42	308.98
Other expenses	30	1,684.97	1,179.20
Total Expenses		9,810.28	6,713.42
Profit/(Loss) before exceptional items and tax		(1,449.37)	(2,063.02)
Exceptional items	31	74.80	298.74
Profit/(Loss) before tax and share of Associate		(1,524.17)	(2,361.77)
Share of Profit / (Loss) of Associate		-	-
Profit/(Loss) before tax		(1,524.17)	(2,361.77)
Tax expense / (Credit):			
Current tax		-	-
Deferred tax charge / (Credit)		(118.99)	1,238.94
Profit / (Loss) for the year (A)		(1,405.18)	(3,600.71)
Other Comprehensive income (Net of Tax)			
Items that will not be reclassified in to Profit or loss			
(a) Re-measurement of defined benefit Obligation		19.83	(81.70)
(b) MTM of forward contract		-	28.00
(c) Impact on Revaluation of Land		-	(35.10)
(d) Share of OCI of Associates		-	-
Total Other comprehensive income (net of tax) (B)		19.83	(88.80)
Total comprehensive income / (loss) for the year (A) + (B)		(1,385.35)	(3,689.51)
EARNINGS PER EQUITY SHARES OF Rs 10 EACH			
Basic and Diluted (in ₹)	32	(12.07)	(30.93)
Significant accounting policies	1 & 2		

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
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Date : 30th May 2022

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E. K. BALAKRISHNAN
Vice President (Corporate Affairs) &
Company Secretary
Place : Kochi
Date : 30th May 2022

ARUN S MOHAN
Chief Financial Officer
Place : Kochi
Date : 30th May 2022

GTN TEXTILES LIMITED

CONSOLIDATED CASH FLOW STATEMENT

	2021-22 (₹ In Lacs)	2020-21 (₹ In Lacs)
A. Cash flow from operating activities		
Net Profit / (loss) before Tax & exceptional items	(1,449.37)	(2,063.03)
Adjustments to reconcile Profit/(Loss) before tax to Cashflows:		
Depreciation and Amortization expense	298.42	308.98
Profit / (loss) on sale / Scrap of Property, discard of Property, Plant and Equipments (Net)	0.12	-
Exchange difference (Net)	4.19	4.11
Gain on measuring investment (net)	19.82	(53.70)
Equity portion of 6.50% of NCNCNPR Preference Shares	13.26	9.18
Finance Cost	1,025.99	820.97
Interest Income	(6.63)	(19.29)
Operating profit before working capital changes	<u>(94.20)</u>	<u>(992.78)</u>
Changes in working Capital:		
Increase / (Decrease) in Trade Payables	472.07	(2,551.58)
Increase / (Decrease) in Other Current Liabilities	742.07	352.79
Increase / (Decrease) in Provision for Employee benefit	(13.39)	(27.50)
(Increase) / Decrease in Trade receivables	(42.11)	872.20
(Increase) / Decrease in Inventories	86.75	1,747.46
(Increase) / Decrease in Other Current Assets	109.64	44.87
(Increase) / Decrease in Balance in Margin Money / Deposit accounts	6.45	108.21
Cash generated from operations	<u>1,267.28</u>	<u>(446.33)</u>
Income Taxes refund / (Paid) (net)	1.73	6.27
Net cash generated from operations before exceptional items	<u>1,269.01</u>	<u>(440.06)</u>
Less: Exceptional items	74.80	298.74
Net cash generated from operating activities (A)	<u>1,194.21</u>	<u>(738.80)</u>
B Cash flow from investing activities		
Purchase of property, Plant and Equipments, including capital working progress and capital advances.	(3.25)	(1.76)
Proceeds from sale of property, Plant and Equipments	1.01	-
Interest Income	6.63	19.29
Net cash generated / (used) from/in investing activities (B)	<u>4.39</u>	<u>17.53</u>
C Cash flow from financing activities		
Loan availed / (Repayment) as Long term borrowings	(589.90)	588.40
Increase / (Decrease) in Short term borrowings	612.31	529.45
Interest and other borrowing cost paid	(1,025.99)	(820.97)
Inter corporate Deposits/ Loans (net)	42.13	(446.90)
6.5% Non Cumulative Non Convertible Non Participating Redeemable Pre. Shares	-	510.00
Net cash generated / (used) from/in financing activities (C)	<u>(961.45)</u>	<u>359.98</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	<u>237.15</u>	<u>(361.29)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>165.13</u>	<u>526.42</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>402.28</u>	<u>165.13</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 47 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
Place : Mumbai
Date : 30th May 2022

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Director
DIN No. 00003588
Place : Kochi
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Place : Chennai
Date : 30th May 2022

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

Place : Kochi
Date : 30th May 2022

ARUN S MOHAN
Chief Financial Officer

Place : Kochi
Date : 30th May 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2022

A. Equity Share Capital

₹ In Lacs

(1) Current Reporting Period - As at March 31, 2022

Balance at the beginning of the period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the period	Changes in equity share capital during the current year	Balance at the end of the period
1164.05	-	-	-	1164.05

(2) Previous Reporting Period - As at March 31, 2021

Balance at the beginning of the period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the period	Changes in equity share capital during the previous year	Balance at the end of the period
1164.05	-	-	-	1164.05

B. Other Equity

(1) Current Reporting Period - As at March 31, 2022

	Equity component of compound financial instruments	Reserves and Surplus		Equity Instruments through Other Comprehensive Income	Revaluation Surplus	Other items of Other Comprehensive Income (specify nature)		Total
		Other Reserves (General Reserve)	Retained Earnings			Re-measurement of Employee Benefit	Impact on MTM of Forward Contract	
Balance at the beginning of the current reporting period	371.71	2,092.36	(8,640.25)	(0.22)	9,315.12	(186.07)	0.00	2,952.65
Changes in accounting policy or prior period errors								-
Restated balance at the beginning of the current reporting period				0.00		19.83	-	19.83
Total Comprehensive Income for the current year			(1,405.18)					(1,405.18)
Dividends								-
Transfer to retained earnings	(13.26)		13.26					-
Any other change (to be specified)								-
Balance at the end of the current reporting period	358.45	2,092.36	(10,032.17)	(0.22)	9,315.12	(166.24)	0.00	1,567.30

(2) Previous Reporting Period -As at March 31,2021

	Equity component of compound financial instruments	Reserves and Surplus		Equity Instruments through Other Comprehensive Income	Revaluation Surplus	Other items of Other Comprehensive Income (specify nature)		Total
		Other Reserves (General Reserve)	Retained Earnings			Re-measurement of Employee Benefit	Impact on MTM of Forward Contract	
Balance at the beginning of the current reporting period	-	2,092.36	(5,070.98)	(0.23)	9,372.47	(104.37)	(28.00)	6,261.26
Changes in accounting policy or prior period errors								-
Restated balance at the beginning of the current reporting period	380.89			0.01	(35.10)	(81.70)	28.00	292.10
Total Comprehensive Income for the current year			(3,600.71)					(3,600.71)
Dividends								-
Transfer to retained earnings	(9.18)		31.43		(22.25)			-
Any other change (to be specified)								-
Balance at the end of the current reporting period	371.71	2,092.36	(8,640.25)	(0.22)	9,315.12	(186.07)	0.00	2,952.65

The accompanying Notes 1 to 47 are an integral part of the financial statements

As per our report of even date attached

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

P. K. MANOJ
Partner
(M. No. 207550)
UDIN : 22207550AJXNZV8450
Place : Chennai
Date : 30th May 2022

For and on behalf of the Board

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DIN No. 00003588
Place : Kochi
Date : 30th May 2022

ARUN S MOHAN
Chief Financial Officer
Place : Kochi
Date : 30th May 2022

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Significant Accounting Policies and notes forming part of the Consolidated Financial statements as at and for the year ended 31st March, 2022.

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, 2022. GTN Textiles Limited is holding 46.21% of equity shares of Patspin India Limited.

GTN Textiles Limited ('the company') is a Public Limited company incorporated and domiciled in India, The Registered office of the Company is at Erumathala, Aluva, Cochin, Kerala State, India. The company is incorporated under the provisions of The Companies Act, 1956 and its equity shares are listed on the 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 and realty segment. The company was registered as "Medium Enterprises - Manufacturing" on 14th August 2020 under the Provisions of MSMED Act 2006 as per the registration certificate obtained from Udyam portal of Ministry of MSME.

2 Significant Accounting Policies

2.1 Basis of preparation of Consolidated financial statements:

Statement of compliance Consolidated Financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation and disclosures requirement of Division II of revised Schedule III of the Companies Act 2013, (Ind AS Compliant Schedule III), as applicable to Consolidated financial statement. Accordingly, the Company has prepared these Consolidated Financial Statements which comprise the Consolidated Balance Sheet as at 31 March, 2022, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as "Consolidated Financial Statements" or "financial statements"). The Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III to the Companies Act, 2013 which is applicable from 1 April, 2021 and accordingly the presentation for line items in balance sheet is based on the amended schedule III and corresponding numbers as at 31 March, 2021 have been regrouped/reclassified. These financial statements are approved for issue by the Board of Directors on 30th May, 2022.

2.2 Basis of Consolidation

The Consolidated financial statements comprise the financial statement of GTN Textiles and its Associate, Patspin India Limited (Collectively referred as "the Group") as at 31st March, 2022.

The results and assets and liabilities of associates 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 transaction 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 Company's functional currency. All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest lacs 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

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 in current and future periods.

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 (excluding Freehold Land) 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.

The Carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

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 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 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 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 Balance sheet date whether there is any indication that any intangible asset may be

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

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

2.10 Amortization:

Intangible assets are amortized based on their estimated useful lives.

2.11 Investments

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

Equity shares of associate company - At deemed cost.

Quoted equity shares in other Company - At fair value.

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

2.12 Inventories

Inventories are stated at lower of cost and net realisable value. 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. Cost of Raw Material is considered at "weighted average" cost basis and cost of finished goods is considered as per "Specific identification" cost basis.

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. Adequate provision is made for obsolete, Non-moving and Slow-moving items.

2.13 Financial Assets / Liability Policy:

a. Financial Assets

Classification and Measurement

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

Subsequent measurement

Subsequent measurement of financial assets depends on the classification i.e financial assets carried at amortised cost or fair value (either through other comprehensive income or through profit and loss). Such classification is determined on the basis of Company'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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

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 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 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 consolidated statement of profit and loss.

De-recognition

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

Derivative financial instruments:

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

2.14 Fair Value Measurement

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

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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

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 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 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 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.

2.16 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 Group.

Defined Contribution Plans:

Group's contributions paid/payable during the year to Provident and Family Pension Funds, and Employees State Insurance are recognised 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

Measurement:

Foreign Currency monetary items of the Group 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 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 consolidated statement of Profit and Loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.
- b. Deferred tax on account of timing differences, between taxable income and accounting income is recognized using the tax rates and laws that have been substantively enacted as of the consolidated balance sheet date. Deferred tax assets are recognized to the extent there is reasonable certainty that these would be realized in future.
- c. Current and deferred tax are recognised in consolidated statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.21 Provisions and Contingent Liabilities:

Provisions: Provisions are recognized when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value. These are reviewed at each consolidated balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities:

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

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

2.22 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 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 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.

2.25 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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

3 Property, Plant and equipment

Gross cost / deemed cost	Freehold Land	Buildings	Plant and Equipment	Furniture	Office Equipment	Vehicles	Total
Balance as at 31st March 2020	9,145.60	1,747.99	9,526.06	89.57	243.35	89.99	20,842.56
Additions					1.76		1.76
Disposal /Discarded / adjustments	-						-
Revaluation of Assets	(35.10)						(35.10)
Balance as at 31st March 2021	9,110.50	1,747.99	9,526.06	89.57	245.11	89.99	20,809.22
Additions	-	-	3.25	-	-	-	3.25
Disposal /adjustments	-	-	-	-	-	23.45	23.45
Balance as at 31st March 2022	9,110.50	1,747.99	9,529.31	89.57	245.11	66.54	20,789.02
Accumulated depreciation							
Balance as at 31st March 2020	-	1,403.68	6,891.54	87.96	237.87	84.48	8,705.53
Disposal /adjustments	-						-
Depreciation for the year	-	25.44	270.32	0.14	2.24	1.49	299.64
Balance as at 31st March 2021	-	1,429.12	7,161.86	88.10	240.11	85.97	9,005.17
Disposal /adjustments	-	-	-	-	-	22.32	22.32
Depreciation expense	-	23.29	263.06	0.10	2.06	0.98	289.49
Balance as at 31st March 2022	-	1,452.41	7,424.93	88.20	242.17	64.63	9,272.34

Net Carrying Amount

As at 31st March, 2021	9,110.50	318.87	2,364.20	1.47	5.00	4.02	11,804.05
As at 31st March, 2022	9,110.50	295.58	2,104.38	1.37	2.94	1.92	11,516.68

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 Lakhs
Book Value as at 31st March, 2020	9145.60
Revaluation deficit recognised in Other Equity as at 31st March, 2021	(35.10)
Book Value as at 31st March, 2021	9110.50
Additions	-
Disposal /adjustments	-
Book value as at 31st March 2022	9110.50

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	As at 31.03.2022 (₹ in lacs)	As at 31.03.2021 (₹ in lacs)
4 Intangible assets		
Gross cost/Deemed Cost		
As at beginning of the year	283.14	283.14
Additions during the year	-	-
Discarded/Disposal during the year	-	-
Balance as at end of the year	283.14	283.14
Accumulated depreciation		
As at beginning of the year	266.86	257.53
Amortisation for the year	8.94	9.33
Disposal/adjustment	-	-
Balance as at end of the year	275.80	266.87
Net Carrying Amount	7.34	16.28
Financial Assets		
5 Non-Current Investment		
A. Quoted equity instruments		
Associate:		
Patspin India Limited (1,42,87,068 Equity shares of ₹10 each)	-	-
Others:		
Central Bank of India (243 Equity shares of ₹10 each)	0.04	0.04
Sub - Total (A)	0.04	0.04
Market value of Quoted instrument	1,425.89	685.82
(B) Unquoted equity instruments		
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
Sub - Total (B)	0.41	0.41
TOTAL (A) + (B)	0.45	0.45
6 Other Financial Assets		
Security Deposits	155.05	155.92
	155.05	155.92
7 Deferred Tax Asset (Net)		
a Deferred Tax Asset	-	-
b Deferred Tax Liability		
Related to Property, Plant and Equipment	429.18	548.17
	429.18	548.17
c Minimum Alternate Tax Credit entitlement	78.00	78.00
Net Deferred Tax (Liability) / Asset (a - b + c)	(351.18)	(470.17)
* Refer Note 41		
8 Current tax assets (Net)		
Income Tax (Net of Provision)	27.07	28.79
	27.07	28.79

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	As at 31.03.2022 (₹ in lacs)	As at 31.03.2021 (₹ in lacs)
9 Inventories		
(A) Textiles - Yarn segment		
Stores, Spares and Packing Materials	25.48	37.50
Raw Materials	120.65	253.51
Goods-in-Process	136.69	182.08
Finished Goods	343.76	241.15
Waste Stock	3.08	2.16
Sub Total (A)	629.66	716.40
(b) Realty		
Stock in Trade - Land	204.97	204.97
Total (A) + (B)	834.62	921.37
10 Trade Receivables		
Unsecured, considered good	266.29	224.18
Unsecured, considered doubtful	16.30	13.31
Less: Provision for Doubtful debts	(16.30)	(13.31)
	266.29	224.18

For amount receivable from Related Party included in the above amount, please refer Note 34 for related party transactions.

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	62.10	-	-	-	-	62.10
(ii) Undisputed Trade Receivables – which have significant increase in credit risk						
(iii) Undisputed Trade Receivables – credit impaired						
(iv) Disputed Trade Receivables – considered good						
(v) Disputed Trade Receivables – which have significant increase in credit risk						
(vi) Disputed Trade Receivables – credit impaired						

11 Cash and Cash equivalents		
Cash on Hand	0.67	1.10
Balance with Banks - In Current Accounts	8.53	68.21
Balance with Banks - In Escrow Account	393.08	95.82
	402.28	165.13
12 Bank balances other than 12 above		
Margin Money Deposit Accounts	31.02	37.47
	31.02	37.47
13 Other Financial Assets		
Income Receivables	6.03	17.04
	6.03	17.04

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	As at 31.03.2022 (₹ in lacs)	As at 31.03.2021 (₹ in lacs)
14 Other Current Assets		
Incentive Receivable	-	0.25
Prepaid Expenses	25.52	54.57
Balances with Statutory Authorities	43.33	83.04
Other Advances	81.17	109.91
	150.02	247.77
15 Equity		
(a) Authorised:		
120,00,000 Equity shares of ₹10 each	1,200.00	1,200.00
(b) Issued ,Subscribed and fully paid up shares		
116,40,478 Equity shares of ₹10 each	1,164.05	1,164.05
	1,164.05	1,164.05

The Company has a single class of equity shares having a par value of Rs 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 and when declared. 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 held. Voting rights cannot be exercised in respect of shares on which any call or 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 years :

Particulars	As at 31.03.2022		As at 31.03.2021	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
At the beginning of the year	1 16 40 478	1164.05	1 16 40 478	1164.05
Shares allotted during the year	-	-	-	-
At the end of the year	1 16 40 478	1164.05	1 16 40 478	1164.05

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

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	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 31.03.2022 and in the previous year, no securities convertible into Equity/Preferential shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

- (i) During the year ended 31.03.2022 and in the previous year, there are no calls unpaid including calls unpaid by Directors and officers as on balance sheet date.
- (j) Shares held by promoters at the end of the year

Promoter name	No. of Shares	%of total shares	% Change during the year
Shri. Binod Kumar Patodia	11,95,580	10.27	Nil
Shri. Umang Patodia	8,35,120	7.18	Nil
Shri. Ankur Patodia	7,32,321	6.29	Nil
Smt. Prabha Patodia	6,82,418	5.86	Nil
Smt. Mala Patodia	1,69,660	1.46	Nil
Smt. Swati Patodia	2,71,900	2.33	Nil
Binod Kumar Patodia HUF	11,58,880	9.96	Nil
M/s. Beekaypee Credit Private Limited	8,22,311	7.06	Nil
M/s. Patodia Exports and Investments Pvt Ltd	7,74,487	6.65	Nil
M/s. Umang Finance Pvt Ltd	7,33,052	6.30	Nil
Total	73,75,729	63.36	Nil

	As at	As at
	31.03.2022	31.03.2021
	(₹ in lacs)	(₹ in lacs)

16 Other Equity

(i) Reserve & Surplus

(a) General Reserve

Balance as at the beginning and the end of the year	2,092.36	2,092.36
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(b) Retained earnings

Balance as at the beginning of the year	(8,268.54)	(5,071.05)
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Less: Profit/(Loss) for the year from the Statement of Profit and Loss	(1,405.18)	(3,600.71)
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Transfer from Revaluation Surplus	-	22.25
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Equity portion of 6.5% NCNCP Preference shares Transfer to retained earnings	-	380.89
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Balance as at the end of the year	(9,673.72)	(8,268.54)
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(ii) Revaluation surplus

Balance as at the beginning and the end of the year	9,315.12	9,372.47
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Revaluation Surplus	-	(35.10)
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Transfer to Retained Earnings	-	(22.25)
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Balance as at the beginning and the end of the year	9,315.12	9,315.12
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(iii) Other Comprehensive income

Balance as at the beginning of the year	(186.28)	(132.60)
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Changes during the current year	19.83	(53.69)
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Balance as at the end of the year	(166.46)	(186.28)
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Total	1,567.30	2,952.65
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(i) General Reserve

The general reserve is used from time to time to transfer profit from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of their comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

(ii) Retained earnings

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

(iii) Revaluation surplus

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

	As at 31.03.2022 (₹ in lacs)		As at 31.03.2021 (₹ in lacs)	
	Non Current	Current	Non Current	Current
17 Borrowings				
Secured				
Term Loans				
Banks	-	653.94	589.72	64.22
Vehicle loan				
Banks	-	0.09	0.18	1.32
Working Capital facilities				
Banks		4,322.94		4,299.13
Un secured				
Loan from a Director	131.70		119.55	
Loan from relatives to Director	376.80		341.55	
Loan from Corporates		1,326.23		1,331.50
Short term loan from related parties		350.00		350.00
5,10,000 6.5% Non-Cumulative Non Convertible Non Participating Redeemable Preference Shares of Rs 100 each (Previous year 5,10,000)	151.55		138.29	
	<u>660.05</u>	<u>6,653.20</u>	<u>1,189.29</u>	<u>6,046.17</u>

1. Reconciliation of number of Preference shares and amount outstanding at the beginning and end of the year

6.5% Non-Cumulative Non Convertible Non Participating Redeemable Preference Shares of Rs 100 each

Particulars	As at 31.03.2022		As at 31.03.2021	
	No. of Shares	Amount Rs Lakhs	No. of Shares	Amount Rs Lakhs
As at beginning of the Year	510000	510.00	Nil	Nil
Shares issued during the Year	Nil	Nil	510000	510.00
At the end of the Year	510000	510.00	510000	510.00

ii Rights, preferences and restrictions attached to Preference shares

510000, 6.5% Non Cumulative Non Convertible Non Participating Redeemable Preference shares issued. The issue details are as follows;

Date of Issue	Date of Redemption	Earlier Redemption
26-11-2020	Not exceeding 15 (fifteen) years from the date of allotment	After 2 (two) years from the date of allotment

Term Loans:

Term loans are from Banks and total outstanding of Rs.653.94 lakhs (Previous year - Rs. 653.94 lakhs) are guaranteed by National Credit Guarantee Trustee company (NCGTC) of Government of India under Emergency Credit Line Gurantee scheme shall Secured by second pari passu with the existig credit facilities (excluding assets purchased on finance lease obligation).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

Re-payment terms of Term Loan from Banks:

Rs 653.94 lakhs (Previous year Rs 653.94 lakhs)

Moratorium first 12 months and 36 EMI there after. Repayment starts from November 2021 Weighted Average Rate of Interest 7.48% p.a. as at year end (Previous year 7.48%.

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

	Outstanding as on 31.03.22	Amount paid subsequently	Date of Payment	Balance payable
Principal	64.22	-	-	64.22
Interest	53.05	-	-	53.05

Vehicle loan:

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

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

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 by way of first 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, a Director and one promoter of the Company.

Average rate of interest rate is 11.80% p.a. (Previous year 11.80% 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 first charge on the immovable properties of the company, ranking pari passu interse, and personal guarantee of Chairman & Managing Director, a Director and one promoter of the company. Total amount outstanding at the end of the year is Nil (Previous year Rs.209.28 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 6.75% p.a. to 16.00% p.a. (Previous year ranging from 7.00% to 16.00%)

Short Term Loan from Related parties:

Short Term Loan from related parties are repayable on demand Interest rate 7.00% (Previous year @ 7.00%)

	As at 31.03.2022 (₹ in lacs)	As at 31.03.2021 (₹ in lacs)
18 Other Non Current liabilities		
Employee benefit - Gratuity	<u>433.70</u>	<u>447.21</u>
19 Trade payables		
Due to Micro, Small and Medium Enterprises (MSME's)	3.90	5.65
Due to Others	<u>898.50</u>	<u>420.48</u>
	<u>902.40</u>	<u>426.13</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

For amount payable to Related Party included in the above amount, please refer Note 34 for related party transactions.

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	3.90	-	-	-	3.90
(ii) Others	878.32	3.21	2.77	14.20	898.50
(iii) Disputed dues – MSME					
(iv) Disputed dues - Others					

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

	As at 31.03.2022 (₹ in lacs)	As at 31.03.2021 (₹ in lacs)
The principal amount due thereon remaining unpaid as on the Balance sheet date	3.90	5.65
Interest due thereon remaining unpaid	Nil	0.16
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>Nil</u>	<u>0.16</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>Nil</u>	<u>0.16</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, as per 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, 2006 ("the MSMED Act") is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

	As at 31.03.2022 (₹ in lacs)	As at 31.03.2021 (₹ in lacs)
20 Other financial liabilities		
Interest accrued but not due on borrowings	<u>1,117.28</u>	<u>383.59</u>
	<u>1,117.28</u>	<u>383.59</u>
21 Other Current liabilities		
Statutory payable and other dues	47.31	63.30
Other liabilities	109.94	83.57
Advance received for Land Sale	86.51	70.47
Expense Payable	<u>218.68</u>	<u>223.22</u>
	<u>462.44</u>	<u>440.56</u>
22 Provisions		
Provision for Employee benefits	<u>85.25</u>	<u>98.63</u>
	<u>85.25</u>	<u>98.63</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	Year ended 31.03.2022 (₹ in lacs)	Year ended 31.03.2021 (₹ in lacs)
23 Revenue from operations		
(A) Sale of Products (Net of Tax)		
Finished Goods :		
Exports	81.87	1,504.95
Local	7,713.64	2,817.04
Traded Goods:		
Exports	-	0.24
Waste Sales:		
Local	549.44	187.52
TOTAL (A)	8,344.95	4,509.75
(B) Other Operating Income		
Job work charges	0.59	60.22
Sale of Land, Plots	-	27.55
Export Incentive	-	28.36
TOTAL (B)	0.59	116.13
TOTAL (A) + (B)	8,345.54	4,625.88
24 Other income		
Interest Income	6.63	19.29
Sale of scrap	7.54	4.02
Miscellaneous receipts	1.20	1.20
TOTAL	15.37	24.51
25 Cost of raw materials consumed		
(A) Raw materials Consumed		
Opening Stock	253.51	907.53
Add :Purchases during the Year	5,072.05	3,394.53
Less:Sale of Cotton	-	2,000.93
Less:Closing Stock	120.65	1,393.60
TOTAL (A)	5,204.91	2,047.62
(B) Packing Material Consumed		
Opening Stock	22.07	25.07
Add :Purchases during the Year	117.98	49.21
Less:Closing Stock	17.08	22.07
TOTAL (B)	122.97	52.21
TOTAL (A) + (B)	5,327.88	2,099.83
26 Changes in inventory of finished goods, goods in process and waste		
(A) Stock at the beginning of the year:		
Finished goods	241.15	1,009.91
Goods-in-process	182.08	467.60
Waste	2.16	18.16
TOTAL (A)	425.39	1,495.67

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	Year ended 31.03.2022 (₹ in lacs)	Year ended 31.03.2021 (₹ in lacs)
(B) Less : Stock at the end of the year:		
Finished goods	343.76	241.15
Goods-in-process	136.69	182.08
Waste	3.08	2.16
TOTAL (B)	483.53	425.40
Decrease /(Increase) in inventory (A)-(B)	(58.14)	1,070.27
27 Cost of Land, Plot and other costs		
Cost of Land	-	22.25
Land Development Expenses	-	0.06
TOTAL	-	22.31
28 Employee benefit expenses		
Salaries, Wages and Bonus	1,255.90	950.20
Contribution to Provident and Other Funds	146.02	130.18
Welfare Expenses	59.78	52.88
TOTAL	1,461.70	1,133.26
29 Finance cost		
Interest Expenses	1,025.99	820.97
Other borrowing costs	56.19	69.42
Interest - Cost on Fair Valuation of Preference Shares	13.26	9.18
TOTAL	1,095.45	899.57
30 Other expenses		
Power and fuel	1,164.22	611.51
Process charges expenses	81.14	135.18
Consumption- Stores and Spares	28.33	12.87
Repairs & Maintenance- Plant & Machinery	57.67	39.30
Commission and Brokerage	33.70	30.90
Other selling expenses	75.25	68.32
Insurance	58.62	75.67
Rates and Taxes	16.05	14.86
Rent	24.70	23.54
Directors Sitting Fee	3.00	5.28
Payment to Auditors		
Audit Fee	2.10	2.10
Certification Charges	0.45	0.40
Out of Pocket Expenses	-	-
(Net gain) / Net loss on foreign currency transaction and translation	(0.36)	30.22
Loss on disposal/discard of fixed assets (Net)	0.12	-
Miscellaneous Expenses	139.98	129.04
TOTAL	1,684.97	1,179.20
31 Exceptional items shown in consolidated Statement of Profit and Loss represents VRS compensation paid to workmen		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

32 Earning per share

	31.03.2022	31.03.2021
	(₹ in lacs)	(₹ in lacs)
Net profit /(Loss) as per statement of profit and loss	(1405.18)	(3600.70)
Weighted average Number of Equity Shares (Rs.10 per share)	Nos 11640478	11640478
Basic and diluted Earning Per Share	₹ <u>(12.07)</u>	<u>(30.93)</u>

33 Employee Benefits Plan

Gratuity:

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

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

	Gratuity Plan	Gratuity Plan
	2021-22	2020-21
	(₹ in lacs)	(₹ in lacs)
Change in Defined Benefit Obligation (DBO) during the year		
1 Present value of DBO at the beginning of the year	507.40	813.17
2 Current Service cost	16.30	18.35
3 Interest cost	32.20	50.38
4 Actuarial (gain)/ loss arising from changes in demographic assumptions	-	-
5 Actuarial (gain)/ loss arising from changes in financial assumptions	(15.38)	(4.00)
6 Actuarial (gain)/ loss arising from changes in experience adjustments	(6.26)	63.12
7 Benefits paid	(89.58)	(433.62)
Present value of DBO at the end of the year	444.68	507.40
Change in fair value of plan assets during the year		
1 Fair value of plan assets at the beginning of the year	60.19	486.26
2 Interest income	3.82	30.13
3 Employer contributions	0.07	0.01
4 Benefits paid	(51.28)	(433.62)
5 Remeasurements - return on plan assets (excluding interest income)	(1.82)	(22.59)
Fair value of plan assets at the end of the year	10.98	60.19
Amounts recognised in the Balance Sheet		
1 Present value of DBO at the end of the year	444.68	507.40
2 Fair value of plan assets at the end of the year	10.98	60.19
Funded status of the plans - Surplus / (Deficit)	(433.70)	(447.21)
Assets and (Liability) recognised in the Balance sheet	(433.70)	(447.21)
Components of employer expense		
1 Current service cost	16.30	18.35
2 Interest cost / (income) on net defined benefit obligation	28.38	20.25

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	Gratuity Plan	Gratuity Plan
	2021-22	2020-21
	(₹ in lacs)	(₹ in lacs)
Expense recognised in Statement of Profit and Loss	44.68	38.60
Remeasurements on the net defined benefit obligation		
Return on plan assets(excluding interest income)	1.82	22.59
Actuarial (gain) / loss arising from changes in demographic assumptions	-	-
Actuarial (gain) / loss arising from changes in financial assumptions	(15.38)	(4.00)
Actuarial (gain) / loss arising from changes in experience adjustments	(6.26)	63.12
Remeasurements recognised in other comprehensive income	(19.82)	81.71
Total defined benefit cost recognised	24.86	120.31
Nature and extent of investment details of the plan assets		
State and Central Securities	-	-
Bonds	-	-
Special Deposits	-	-
Insurer Managed funds	100%	100%
Assumptions		
Discount rate	7.00%	6.35%
Expected rate of salary increase	2.00%	2.00%
Sensitivity analysis - DBO at the end of the year (in lakhs)		
Discount rate + 100 basis points	422.85	482.17
Discount rate - 100 basis points	469.08	535.70
Salary Growth rate + 1%	470.09	536.68
Salary Growth rate - 1%	421.63	480.91
Attrition rate +50%	449.25	512.14
Attrition rate -50%	439.85	502.36
Weighted average duration of DBO	5years	4years
Expected cash flows(in lakhs)		
1. Expected employer contribution in the next year	447.03	462.53
2. Expected benefit payments		
Year 1	146.13	164.02
Year 2 to year 5	177.50	210.88
Year 6 to year 10	115.83	106.15
Beyond 10 years	251.03	276.28

34 Related Party Disclosures pursuant to Ind AS 24

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

i. Associate:

Patspin India Ltd

ii. Companies where key Management personnel has significant influence.

GTN Enterprises Ltd

Beekaypee Credit Private Ltd

Umang Finance Private Ltd

Patodia Exports and Investments Private Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

iii. Key Management Personnel:

Shri B.K. Patodia – Chairman & Managing Director
 Shri E.K. Balakrishnan - Vice President (Corporate Affairs) & Company Secretary
 Shri Arun S Mohan - Chief Financial Officer

iii. Relatives of Key Management Personnel:

1. Smt. Prabha Patodia, Wife of Sri. B.K. Patodia
2. Shri. Umang Patodia, Son of Sri. B.K. Patodia
3. Shri. Ankur Patodia, Son of Sri. B.K. Patodia
4. Smt. Mala Patodia, Daughter in Law of Sri. B.K. Patodia
5. Smt. Swati Patodia, Daughter in Law of Sri. B.K. Patodia

(b) Transactions / Balances

	Associates		Company under joint control under para 9 (b) vi of Ind AS 24		Other Related Parties	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Sale of goods	-	1,081.72	1,484.89	1,804.82	-	-
Purchase of goods	0.15	388.02	607.73	374.10	-	-
Rendering of services	-	-	1.82	64.43	-	-
Receiving of services	67.93	85.23	5.65	35.11	12.74	12.60
Remuneration paid	-	-	-	-	47.70	30.49
Un Secured Loans taken	-	-	-	799.00	47.40	44.10
Un Secured repaid			-	650.00	-	200.00
Interest Paid	-	-	48.36	26.71	58.47	52.34
Balances as at year end						
Trade Payables	35.96	-	-	-	-	-
Trade Receivables	-	36.94	168.23	702.55	-	-
Loans Outstanding	-	-	671.50	671.50	508.50	461.10
Interest Payable	-	-	68.23	26.34	14.61	14.28
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	
	2021-22	2020-21
(i) Sale of goods		
a) Cotton		
i) GTN Enterprises LTD	-	1,125.35
ii) Patspin India LTD	-	919.91
b) Cotton Yarn		
i) GTN Enterprises LTD	1,474.04	678.10
ii) Patspin India LTD	-	161.46
c) Store Items		
i) GTN Enterprises LTD	-	1.37
ii) Patspin India LTD	-	0.35

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	Transactions	
	2021-22	2020-21
d) Waste		
i) GTN Enterprises LTD	10.12	-
e) Packing Materials		
i) GTN Enterprises LTD	0.73	-
(ii) Purchase of goods		
a) Cotton		
i) GTN Enterprises LTD	361.08	54.70
ii) Patspin India LTD	-	206.48
b) Cotton Yarn		
i) GTN Enterprises LTD	246.65	319.40
ii) Patspin India LTD	-	181.25
c) Store Items		
i) Patspin India LTD	0.15	0.29
(iii) Rendering of services		
a) Rent		
i) GTN Enterprises LTD	1.20	1.20
b) Processing Charges		
i) GTN Enterprises LTD	0.62	63.23
(iv) Receiving of services		
a) Rent Paid		
i) Other Related Parties	12.60	12.60
b) Processing Charges		
i) GTN Enterprises LTD	5.65	35.11
ii) Patspin India LTD	67.93	85.23
c) Sitting fee paid		
i) Other Related Parties	0.14	-
(v) Remuneration paid		
Shri. B K Patodia	47.70	30.49
(vi) Un Secured Loans taken		
i) Shri. B.K. Patodia	12.15	11.30
iii) Smt. Prabha Patodia	9.90	9.20
iv) Shri. Umang Patodia	7.90	7.40
v) Shri. Ankur Patodia	9.90	9.20
vi) Smt. Mala Patodia	4.75	4.40
vii) Smt. Swati Patodia	2.80	2.60
i) M/s Beekaypee Credit Pvt Ltd	-	350.00
ii) M/s Umang Finance Private Ltd	-	150.00
iii) M/s Patodia Exports & Investments Private Ltd	-	299.00
(vii) Un Secured Loan repaid		
i) M/s Beekaypee Credit Pvt Ltd	-	460.00
ii) M/s Umang Finance Private Ltd	-	190.00
iii) Shri. B.K. Patodia	-	200.00
(viii) Interest Paid		
i) Shri. B.K. Patodia	14.92	16.60
ii) Binod Kumar Patodia HUF	0.23	0.23
iii) Smt. Prabha Patodia	12.14	9.95
iv) Shri. Umang Patodia	9.78	8.02

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

	Transactions	
	2021-22	2020-21
v) Shri. Ankur Patodia	12.14	9.95
vi) Smt. Mala Patodia	5.82	4.77
vii) Smt. Swati Patodia	3.44	2.82
i) M/s Beekaypee Credit Pvt Ltd	17.74	15.92
ii) M/s Umang Finance Private Ltd	8.45	7.45
iii) M/s Patodia Exports & Investments Private Ltd	22.17	3.34
(ix) Guarantees provided for Patspin India Limited	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.

35 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.

36 In term of Ind AS -108 - Operating segments of the Company are: Textiles and Realty segments.

1. Segment Revenue	31.03.2022	31.03.2021
(Net sales / Income)		
(a) Yarn	8345.54	4598.33
(b) Realty	0.00	27.55
Total	8345.54	4625.88
Less: Inter Segment Revenue	-	-
Net Sales / Income from Operations	8345.54	4625.88
2. Segment Results		
(Profit (+) / Loss (-) before tax and interest		
(a) Yarn	(444.09)	(1,491.71)
(b) Realty	0.00	5.24
Total	(444.09)	(1,486.47)
Less: (i) Interest	1095.45	899.57
(ii) Other Un-allocable Expenditure net off	-	-
Add: (i) Un-allocable Income	15.37	24.77
Total Profit before Tax	(1,524.17)	(2,361.27)
3. Segment Assets		
(a) Yarn	13172.76	13402.54
(b) Realty	224.09	215.91
Total Assets	13396.85	13618.45
4. Segment Liabilities		
(a) Yarn	10579.00	9431.75
(b) Realty	86.51	70.47
Total Liabilities	10665.51	9502.22
5. Capital Employed		
(Segment Assets - Segment liabilities)		
(a) Yarn	2593.76	3970.79
(b) Realty	137.58	145.44
Total	2731.34	4116.23

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

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

	As at 31.03.2022			As at 31.03.2021		
	Total Minimum payments Outstanding (Rs.in Lakhs)	Future Interest on outstanding (Rs.in Lakhs)	Present value of minimum payments (Rs.in Lakhs)	Total Minimum payments Outstanding (Rs.in Lakhs)	Future Interest on outstanding (Rs.in Lakhs)	Present value of minimum payments (Rs. in Lakhs)
1. Due within one year	0.09	0.00	0.09	1.38	0.09	1.47
2. Between one year to five years	0.00	0.00	0.00	0.12	0.00	0.12
Total	0.09	0.00	0.09	1.50	0.09	1.59

38 Contingent liabilities and commitments

Contingent liabilities

The company has given corporate Guarantee for Rs.300 Lakhs (Previous year Rs 300 Lakhs) to EXIM bank in respect of Term Loan financial assistance provided by them to Associate company M/s PATSPIN India Ltd.The outstanding amount of the said loan as on 31.3.2022 is Rs.633.87 Lakhs. (Previous year Rs 633.87 Lakhs).

39 As per the current assessment of the Company in respect of Covid-19 Pandemic outbreak, there is no material Impact on the carrying values of trade receivables, inventory, and other financial /non-financial assets as at the reporting date. Given the uncertainties associated with nature, condition and duration of Covid-19, the company will closely monitor any material changes arising from the future economic conditions. The impact of the pandemic in the subsequent period is highly dependent on the situations as they evolve and hence may be different from that estimated as at the date of approval of these financial results.

40 The Company has submitted a revised proposal to Lenders to repay their dues fully by 31.12.2022 from the sale of its non-core assets without affecting operations. The estimated sale value of non-core assets would be higher than the Lenders dues. The said proposal was accepted by the Consortium bankers and issue of NOC by the Bankers for sale of the said assets is expected shortly. Management do not envisage any difficulty in the sale of non-core assets and repayment of Bankers dues fully with in the permitted time.

41 In view of Note 39 & 40 above, Deferred Tax Asset for the current financial year was not recognized and Deferred Tax Liability was re-assessed and reversed the excess provision of Rs 119 lac during the Financial year 2021-22.

42 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code and recognize the same when the Code becomes effective.

43 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

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	37.30%	13.97%
Revenue from Top Five Customers	78.70%	43.46%

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:

	As at 31st March 2022	Due within 12 months from Balance sheet Date	Due beyond 12 months of Balance Sheet Date	As at 31st March 2021	Due within 12 months from Balance sheet Date	Due beyond 12 months of Balance Sheet Date
Borrowings	7,313.25	6,653.20	660.05	7,235.45	6,046.17	1,189.29
Trade payables	902.40	902.40	-	426.13	426.13	-
Other Financial Liabilities	1,117.28	1,117.28	-	383.59	383.59	-

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 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 Rs. 4953.06 lakhs out of the total debt of Rs. 7235.46 Lakhs

Based on the Structure of the debt as at year end, a half percentage point increase in the interest rate would cause an additional expense in the net financing cost of Rs. 24.77 Lakhs on annual basis.

Foreign Currency Risk

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

Particulars of un- hedged Foreign Currency exposures as at 31.03.2022 are given below:						
Particulars	As at 31.03.2022			As at 31.03.2021		
	Amount in Lacs	Exchange Rate ₹	Amount (₹in lacs)	Amount in lacs	Exchange Rate ₹	Amount (₹in lacs)
Accounts payable	Nil	Nil	Nil	Nil	Nil	Nil

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 was Nil

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022 (Contd.)

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, 2022	As at March 31, 2021
Total equity	2,731.35	4,116.70
Net Debt	6,910.98	7,070.33
Total Capital (Borrowings and Equity)	9,642.33	11,187.03

(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.

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

	Net Assets ie, Total assets minus Total liabilities		Share in Profit or Loss	
	As % of Consolidated net assets	Amount (in Lakh)	As % of Consolidated Profit or Loss	Amount (in Lakh)
Parent				
GTN Textiles Limited	100.00%	2,731.35	100.00%	(1,385.35)
Subsidiaries				
Indian - NIL				
Foreign - NIL				
Associates (Investment as per the equity method)				
Indian - Patspin India Limited	0.00%	-	0.00%	-
Foreign - NIL				
Joint Ventures				
Indian - NIL				
Foreign - NIL				

Annexure A

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

Sailent Features of Financial Statements of Subsidiary / Associates / Joint Ventures as per Companies Act, 2013

Part - A - Subsidiaries

Part - B - Associates and Joint Ventures

Name of Associates	Latest Audited Balance sheet date	Amount of Investment in Associates	Extent of Holding	Net worth attributable to shareholders as per latest balance sheet	Consolidated in Consolidation	Not Considered in Consolidation	Description of how there is influence significant	Reason why the associate is not considered
Patspin India Limited	31.03.2022	1964.26	46.21%	-	-	-	There is significant influence due to percentage (%) of Share capital	-

Ratios:		Measure	2021-22	2020-21	% Variance		Reason for Variance
a	Current Assets		1,690.26	1,612.96			Continued Liquidity constraints, paucity of working capital and State Government restrictions on Covid-19 pandemic related issues have resulted in lower capacity utilization and impacted the performance of the company.
b	Current Liabilities		9,220.57	7,395.08			
	Current Ratio (a/b)	Times	0.18		0.22	-15.95%	
c	Total Debt		7,313.25	7,235.46			
d	Shareholders Equity.		2,731.35	4,116.70			
	Debt-Equity Ratio (c/d) (Where total debt refers to sum of Current and Non Current Borrowings)	Times	1.56		1.19	30.90%	
e	Profit/(Loss) after tax		(1,524.17)	(2,361.77)			
f	Finance Cost		1,095.45	899.57			
g	Depreciation and amortization expense		298.42	308.98			
h	Earnings available for debt service		(130.29)	(1,153.22)			
i	Current Borrowings		6,653.20	6,046.17			
j	Interest due on borrowings		1,117.28	383.59			
k	Total Debt services (i+j)		7,770.49	6,429.76			
	Debt Service Coverage Ratio (h/k)	Times	(0.02)		(0.18)	-90.65%	
l	Profit/(Loss) after tax		(1,405.18)	(3,600.70)			
m	Average Shareholders Equity		3,424.03	5,771.00			
	Return on Equity Ratio (l/m)	Percentage	-41.04%		-62.39%	-34.23%	
n	Sales		8,360.91	4,650.39			
o	Average Inventory		878.00	1,795.10			
	Inventory turnover Ratio(n/o)	Times	9.52		2.59	267.59%	
p	Sales		8,360.91	4,650.39			
q	Average Trade Receivable		245.24	660.29			
	Trade Receivable turnover Ratio (p/q)	Times	34.09		7.04	384.07%	
r	Purchases		5,190.02	3,443.75			
s	Average Trade Payables		664.26	1,606.72			
	Trade payable turnover Ratio (r/s)	Times	7.81		2.14	264.53%	
t	Sales		8,360.91	4,650.39			
u	Current assets		1,690.26	1,612.96			
v	Current liabilities		9,220.57	7,395.08			
w	Net Working Capital (u-v)		(7,530.31)	(5,782.12)			
	Net Capital turnover ratio (t/w)	Times	(1.11)		(0.80)	38.05%	
x	Profit/(Loss) after tax		(1,405.18)	(3,600.70)			
y	Sales		8,360.91	4,650.39			
	Net Profit Ratio (x/y)	Percentage	-16.81%		-77.43%	-78.29%	

Ratios:		Measure	2021-22	2020-21	% Variance	Reason for Variance
z	Profit/(Loss) before tax		(1,524.17)	(2,361.77)		
aa	Finance Cost		1,095.45	899.57		
ab	Earning before Interest and Tax (z+aa)		(428.72)	(1,462.20)		
ac	Tangible Networkth		2,731.35	4,116.70		
ad	Total Debt		10,314.33	9,031.58		
ae	Deferred Tax Liability		351.18	470.17		
af	Capital employed (ad+ae+af)		13,396.86	13,618.45		
	Return on Capital employed (ac/ag)	Percentage	-3.20%	-10.74%	-70.19%	
ag	Return on Investment					
Company has invested Equity shares in Patspin India Limited but Patspin India Limited has not declared any dividend during the current year						

46 Other Statutory Information

- a) All title deeds of Immovable Property are held in the name of the Company and the Company does not have any immovable property without Title in its name.
- b) Since there is no addition / deletion in Capital Work in Progress (CWIP) and Intangible assets during the year and hence disclosures regarding these items were not made.
- c) Disclosure on PPE & Intangible Assets
 - (1) There is no restriction on the title of Property, Plant and Equipment and Property was mortgaged to Lenders for the credit facilities sanctioned to Company.
 - (2) Company has not constructed any item in Property, Plant & equipment.
 - (3) Company has no contractual commitments for the acquisition of Property, Plant & Equipment.
 - (4) Company has no Impairment loss during the year for Property, Plant & Equipment.
 - (5) Company has not revalued any items of Property, Plant & Equipments during the Year
 - (6) Carrying amount of Property, Plant & Equipment are not retired from active use and not held for disposal.
 - (7) The existence and carrying amounts of intangible assets whose title is not restricted and the carrying amounts of intangible assets are not pledged as security for liabilities
- d) There are no proceedings initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)
- e) The Company is not a declared wilful defaulter by any bank or financial institution or other lenders.
- f) The Company has not entered into any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- g) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- h) The Company has complied with the number of layers prescribed under clause(87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- i) Utilisation of Borrowed funds and share Premium:
 - A. The Company has not advanced or loaned to or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity (ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

- B. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding that the Company shall
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- j) There were no transactions relating to previously unrecorded income that have been surrendered and disclosed as income during the year in the tax assessments under the Income Tax Act, 1961
- k) Company shall not be required to comply with Corporate Social Responsibility (CSR) as provisions of section 135 of the Companies Act, 2013 is not applicable.
- l) The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

47 Previous year's figures have been regrouped/reclassified wherever necessary to conform to the current year's presentation.

Signature to Note 1 to 47

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)
UDIN : 22207550AJXNZV8450
Place : Chennai
Date : 30th May 2022

For and on behalf of the Board

B. K. PATODIA

Chairman & Managing Director
DIN No. 00003516
Place : Mumbai
Date : 30th May 2022

E. K. BALAKRISHNAN

Vice President (Corporate Affairs) &
Company Secretary
Place : Kochi
Date : 30th May 2022

UMANG PATODIA

Director
DIN No. 00003588
Place : Kochi
Date : 30th May 2022

ARUN S MOHAN

Chief Financial Officer
Place : Kochi
Date : 30th May 2022



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

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