

Ref. GTNC/19

August 26, 2019

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

The Manager,  
Listing Department,  
The National Stock Exchange of India Ltd.  
Exchange Plaza, 5<sup>th</sup> Floor, Plot No.C/1, G-  
Block, Bandra-Kurla Cmplx, Bandra (E),  
**MUMBAI – 400 051**

Dear Sirs,

Sub: Submission of Annual Report for the Financial Year  
2018-19

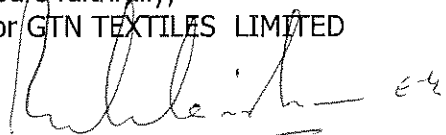
Ref: Regulation 34 of SEBI (Listing Obligations and  
Disclosure Requirements) Regulations, 2015

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With reference to the above, please find enclosed copy of Company's Annual Report for the  
Financial Year 2018-19 for your kind perusal.

Thanking you,

Yours faithfully,  
For GTN TEXTILES LIMITED



E K Balakrishnan  
Company Secretary

*Encl:a|a*

**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

14th ANNUAL REPORT 2018 / 2019



## ▶ Board of Directors

B K Patodia	Chairman & Managing Director
B L Singhal	Independent Director
Prem Malik	Independent Director
S Sundareshan	Independent Director
Pamela Anna Mathew	Independent Director (up to 7.8.2019)
Mahesh C Thakker	Non Executive Director

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

### Bankers & Financial Institutions

Central Bank of India  
State Bank of India  
Export-Import Bank of India  
Bank of India  
Axis Bank Limited

<b>Auditors</b>	M/s. L U Krishnan & Co. Chartered Accountants Chennai
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<b>Legal Advisors</b>	M/s. Menon & Pai, Kochi
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<b>Registered Office</b>	Door No. VIII/911, Erumathala P.O. Aluva, Ernakulam 683112
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<b>Corporate Office</b>	43, 4th Floor, Mittal Chambers, 228 Nariman Point, Mumbai 400 021
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<b>Corporate ID No. (CIN)</b>	L18101KL2005PLC018062
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## ▶ Contents

Notice .....	01
Directors' Report.....	11
Report on Corporate Governance .....	27
Management Discussion & Analysis.....	38
Auditors' Report.....	41
Balance Sheet .....	46
Statement of Profit and Loss .....	47
Cash Flow Statement .....	48
Notes to Financial Statements.....	50
Consolidated Auditors' Report.....	72
Consolidated Balance Sheet.....	76
Consolidated Statement of Profit & Loss .....	77
Consolidated Cash Flow Statement.....	78
Consolidated Notes to Financial Statements.....	80

# GTN TEXTILES LIMITED

## NOTICE

**NOTICE** is hereby given that the **FOURTEENTH** Annual General Meeting of the members of **GTN TEXTILES LIMITED** will be held on Friday, the 20th day of September, 2019 at the Oceanic Hall, Hotel Periyar, Aluva-683101 at 12:15 P.M 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, 2019 together with the Reports of the Board of Directors and Auditors' thereon
2. To appoint a Director in place of Shri Mahesh C Thakkar (DIN: 01386254), who retires by rotation, and being eligible, offers himself for re-appointment.

### **SPECIAL BUSINESS**

3. To consider and if thought fit, to pass the following resolution as Special Resolution:

#### **Re-appointment of Shri Prem Malik (DIN: 00023051) as an Independent Director of the Company**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any amendment, statutory modification(s) or re-enactment(s) thereof for the time being in force) and Regulation 17 (1A) of SEBI (LODR) Regulations, 2015 and other applicable provisions, if any, as amended from time to time, Shri Prem Malik (DIN: 00023051), aged about 77 years, being eligible as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years from 19th September, 2019, whose current period of office is expiring on 18th September 2019 and who has consented to act as an Independent Director of the Company and who has submitted his declarations that he meets the criteria of independence as specified for Independent Director under Section 149 (6) of the Companies Act 2013 and Regulation 16 (1)(b) and 25 (8) of SEBI (LODR) Regulations 2015 and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors and in respect of whom the company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 (1) of the Companies Act 2013 be and is hereby re-appointed as an Independent Director of the Company for a second consecutive term of five years from 19th September, 2019 to 18th September, 2024."

"FURTHER RESOLVED THAT pursuant to SEBI (LODR) (Amendment) Regulations, 2018, approval of the members of the company be and is hereby accorded effective from 1st April, 2019 to Shri Prem Malik (DIN:

00023051) for continuation of the Directorship in the company who has attained the age of seventy five years up to the expiry of his present term as an Independent Director i.e. upto 18th September 2019, on the existing terms and conditions and further for the next five consecutive years effective from 19th September 2019 as an Independent Director of the company"

"FURTHER RESOLVED THAT the Board of Directors and Company Secretary of the Company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution"

4. To consider and if thought fit, to pass the following resolution as Special Resolution:

#### **Re-appointment of Shri B.L.Singhal (DIN: 00006433) as an Independent Director of the Company**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any amendment, statutory modification(s) or re-enactment(s) thereof for the time being in force) and the applicable provisions of the SEBI (LODR) Regulations, 2015, ("Listing Regulations") as amended from time to time, Shri B.L.Singhal (DIN: 00006433), whose term as an Independent Director of the Company expires on 18th September, 2019 and who has consented to act as an Independent Director of the Company and who has submitted his declarations that he meets the criteria of independence as specified for Independent Director under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) and 25(8) of SEBI (LODR) Regulations, 2015 and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors and in respect of whom a notice in writing pursuant to Section 160 (1) of the Companies Act, 2013 has been received from a member signifying his intention to propose his candidature for the office of the Director of Company, be and is hereby re-appointed as an Independent Director of the Company for a Second Consecutive term of five years from 19th September, 2019 to 18th September, 2024 and he will not be liable to retire by rotation"

"RESOLVED FURTHER THAT pursuant to Regulation 17(1A) of the SEBI (LODR) (Amendment) Regulations, 2018 and other applicable provisions, if any of the Companies Act, 2013, as amended from time to time, approval of the members of the Company be and is hereby accorded for continuation of Directorship of Shri B.L.Singhal (DIN: 00006433) as the Independent Director of the Company, who will be above the age of 75 (Seventy Five) years during the year 2022".

## NOTICE (Contd...)

“FURTHER RESOLVED THAT the Board of Directors and Company Secretary of the Company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution”

5. To consider and if thought fit, to pass the following resolution as Special Resolution:

**Re-appointment of Shri S. Sundareshan (DIN: 01675195) as an Independent Director of the Company**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any amendment, statutory modification(s) or re-enactment(s) thereof for the time being in force) and the applicable provisions of the Securities and Exchange Board of India (LODR) Regulations, 2015, (‘Listing Regulations’) as amended from time to time, Shri S. Sundareshan (DIN: 01675195), whose term as an Independent Director of the Company expires on 18th September, 2019 and who has consented to act as an Independent Director of the Company and who has submitted his declarations that he meets the criteria of independence as specified for Independent Director under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) and 25(8) of SEBI (LODR) Regulations, 2015 and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors and in respect of whom a notice in writing pursuant to Section 160 (1) of the Companies Act, 2013 has been received from a member signifying his intention to propose his candidature for the office of the Director of Company, be and is hereby re-appointed as an Independent Director of the Company for a second consecutive term of five years from 19th September, 2019 to 18th September, 2024 and he will not be liable to retire by rotation”

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

**6. Ratification of Cost Auditors remuneration**

To consider and if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution  
“RESOLVED THAT pursuant to Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) there off or the time being in force), the remuneration payable to M/s. Hareesh K.N and Associates, Cost Accountants (Firm Reg. No. 101974), who have been appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2018-19 on a remuneration of Rs. 25,000

and for financial year 2019-20 Rs. 35,000 plus taxes as applicable and reimbursement of expenses incurred by them in connection with the audit, be and is hereby ratified.”

By Order of the Board of Directors

**E.K BALAKRISHNAN**

Company Secretary

Membership No.A 7629

Place: Kochi  
Date :7.8.2019

**NOTES:-**

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.  
The instrument appointing proxy in order to be effective should be deposited at the Registered Office of the Company duly completed and signed not less than 48 hours before the commencement of the meeting. A proxy form is send herewith. Proxy submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution / authority, as applicable.
- An Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto and forms part of the Notice.
- Details under Regulation 36 of SEBI (LODR) Regulations, 2015, “Listing Regulations” in respect of the Directors seeking appointment, re-appointment / continuation at the Annual General Meeting, forms part of the notice. The Directors have furnished the requisite declarations for their appointment / re-appointment
- Relevant documents referred in the accompanying Notice and in the Statements are open for inspection by the Members at the Company’s Registered Office between 11 A.M. to 1 P.M. on all days except Saturdays, Sundays and Public Holidays, till the conclusion of the ensuing General Meeting.
- The Company has already notified Closure of Register of Members and Share Transfer Books thereof from Monday, 16th September 2019 to Friday, 20th September 2019 (both days inclusive) for the purpose of the Annual General Meeting.
- Pursuant section 125 of the Companies Act 2013 there is no unclaimed dividend for transferring to Investors Education and Protection Fund (IEPF). Further as per Section 124 (6) of the Act, there is no unclaimed shares to transfer to IEPF Demat Account.

## NOTICE (Contd...)

7. Pursuant to Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Security Holders are entitled to make nomination in respect of securities held by them in physical form. Individual Security holder(s) can avail of the facility of nomination. The nominee shall be a person in whom all rights of transfer and / or amount payable in respect of the securities shall vest in the event of the death of the Security holder(s). In the case of joint holding; all joint holders shall together nominate any person as nominee. A minor can be a nominee provided the name and address of the guardian is given in the Nomination form. The facility of nomination is not available to non-individual Shareholders such as Bodies-Corporate, Kartas of Hindu Undivided Families, Partnership Firms, Societies, Trust and holders of Power of Attorney. For further details please contact Company's Secretarial Department. Security holders desirous of making nominations are requested to send their requests in Form No.SH-13 (which will be made available on request) to the Registrar and Share Transfer Agent, M/s Integrated Registry Management Services Private Limited.

### REQUEST TO THE MEMBERS:

1. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least 7 (Seven) days in advance, so as to enable the Company to keep the information ready.
2. Members are requested to bring their attendance slips duly completed and signed mentioning therein details of their DP ID and Client ID / folio no.
3. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.
4. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address as soon as possible. All communications relating to shares including change in their address are to be addressed to the Company's Share Transfer Agent M/s Integrated Registry Management Services Private Limited, 2nd Floor, Kences Towers, No.1, Ramakrishna Street, T Nagar, Chennai-600017, Tel: 044 28140801-803; E-Mail: corpseiv@integratedindia.in
5. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to Company's Share Transfer Agent M/s Integrated Registry Management Services Private Limited, for doing the needful.
6. SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30,

2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.

7. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to register/update your e-mail addresses, in respect of shares held in dematerialized form with your respective Depository Participants and in respect of shares held in physical form with above RTA directly to enable Company to send communication / documents via e-mail.
8. Copies of the Annual Report 2019 along with Notice of the 14th AGM, Attendance Slip and Proxy Form, are being sent by electronic mode to all members whose email address are registered with the Company/ Depository Participant (s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.
9. Members who hold shares in physical forms are requested to dematerialise their holdings for facilitating the transfers of Company's equity shares in all stock exchanges connected to the depository system.

### 10. Voting through electronic means

Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (LODR) Regulation, 2015 with the Stock Exchanges, the Company is pleased to offer Remote e voting facility to the members to cast their votes electronically as an alternative to participation at the Annual General Meeting (AGM) to be held on Friday the 20th day of September, 2019 at 12.15 p.m at Oceanic Hall, Hotel Periyar, Aluva-683 101. Please note that remote e voting through electronic means is optional. The company is also providing the facility of poll at the meeting by way of ballot. The Company has engaged the services of Central Depository Services India Ltd (CDSL) to provide remote e voting facilities. The remote e voting facility is available at the link <https://www.evotingindia.com>:

The Company had fixed cut off date on Friday, 13th September, 2019 for determining voting right of shareholders entitled to participating in the remote e voting process. In this regard, your demat account/ folio number has been enrolled by the Company for your participation in remote e-voting on resolutions placed by the Company on e-voting system.

The remote e voting facility will be available during the



## NOTICE (Contd...)

following period:

Commencement of remote e voting	9.00 AM onwards on Tuesday, 17th September 2019
End of remote e voting	Up to 5.00 PM on Thursday, 19th September 2019

During this period, members of the company may cast their vote electronically. The remote e-voting module shall be disabled for voting thereafter. Once the vote(s) on a resolution is cast by the member, the member shall not be allowed to change it subsequently, as well as not allowed to vote at the meeting

The voting rights of the members shall be in proportion to their shares of the paid up equity share capital of the company as on Friday, 13th September, 2019. A person, whose name is recorded in the Register of members or in the Register of beneficial owners maintained by the Depositories as on the cutoff date only shall be entitled to avail the facility of remote e-voting as well as voting at the meeting through ballot paper.

Any person who acquires shares of the company and becomes member of the company after dispatch of the Notice and holding shares as on cut off date i.e Friday, 13th September, 2019 may obtain the sequence number by sending a request at [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in).

The instructions for members for voting electronically (both for physical shareholders as well as demat holders) are as under:

- (i) The voting period begins on Tuesday 17th September 2019 at 9:00 A.M. and ends on Thursday 19th September 2019 at 5:00 P.M During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday 13th September 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders/Members
- (iv) 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. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given

below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>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.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of GTN Textiles Limited on which you choose to vote.
- (xii) 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.

## NOTICE (Contd...)

- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed 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.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile

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

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

The following person shall be responsible to address grievances concerned with facility for remote e-voting:

Contact Name – Mr. Rakesh Dalvi, Designation - Manager, Address - Marathon Futurex, A-Wing, 25th floor, NM Joshi Marg, Lower Parel, Mumbai 400013. Contact No. 1800225533. Email id - [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- The company has appointed Shri. MRL Narasimha (Membership No 2851 CP No.799), practicing company secretary as the Scrutinizer to scrutinize the remote e voting process in fair and transparent manner
- The Scrutinizer shall, immediately after the conclusion of the voting at the AGM, first count the votes casted at the meeting, thereafter unblock the votes casted through remote e-voting in the presence of at least two witnesses not in the employment in the company and make not later than three days of conclusion of the meeting a consolidated Scrutinizers Report of the Total votes cast in favour or against, if any, to the Chairman or person authorized by him in writing who shall counter sign the same. The chairman or the person authorized by him shall declare the result of the voting forthwith
- The results declared alongwith the Scrutinizers Report shall be placed on the Company's website [www.gtn textiles.com](http://www.gtn textiles.com) and on the website of CDSL immediately after the result have been declared by the Chairman. The company shall simultaneously communicate the result to BSE Limited and National Stock Exchange of India Limited, where, the shares of the company are listed.



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

<b>Name of the Director</b>	<b>Shri. Mahesh C Thakker</b>
DIN	01386254
Age & Date of Birth	55 years, 7.9.1964
Nationality	Indian
Qualification	Graduate
Expertise	Shri Mahesh C Thakker is aged 54 years and Managing Director of M/s Purav Trading Limited. He is also partner in M/s. Perfect Cotton Company, Mumbai and M/s Patcot Company, Mumbai. These Company/ firms are mainly engaged in raw cotton procurement. He is having more than 25 years of experience in raw cotton procurement line
Date of Appointment in the Company	31.10.2013
Other Directorships (Listed / Public Co.)	Purav Trading Limited
Membership / Chairman in other Committees	NIL
Shareholding in the Company	9475
Relationship between Directors Inter -se Directors	NIL

<b>Name of the Director</b>	<b>Shri Prem Malik</b>	
DIN	00023051	
Age & Date of Birth	77 years, 3.2.1942	
Nationality	Indian	
Qualification	MA	
Expertise	Shri. Prem Malik is having over 4 decades of experience in textiles and clothing. He had worked as Executive Director of main Board of Mafatal Fine Spinning & Manufacturing Company Limited and M/s. Bombay Dyeing and Manufacturing Company Limited. Presently he is a Textile Consultant /Advisor. He was the past Chairman of (i) Confederation of Indian Textile Industry, (ii) TEXPROCIL, (iii) Bombay Textile Research Association, (iv) India ITME Society and (v) Synthetic Rayon Textile Export Promotion Council. He was also Member / Director of Textile Committee, Ministry of Textile, Government of India. Presently he is also serving as a Non-Executive Independent Director in various companies.	
Date of Appointment in the Company	19.9.2014	
Other Directorships (Listed / Public Co.)	(i) Patspin India Limited, (ii) Indo Count Industries Ltd (iii) Lahoti Overseas Limited, (iv) Ginni International Ltd, (v) NSL Textiles Limited	
Membership / Chairman in other Committees	GTN Textiles Limited	1. Stakeholders Relationship Committee - Chairman 2. Audit Committee - Member 3. Nomination and Remuneration Committee - Member
	Patspin India Ltd	1. Stakeholders Relationship Committee - Member 2. Audit Committee - Member 3. Nomination & Remuneration Committee - Member
	Lahoti Overseas Limited	Audit Committee - Member
	Ginni International Limited	1. Audit Committee - Chairman 2. Corporate Social Responsibility Committee - Member
	Indo Count Industries Ltd	1. Nomination and Remuneration Committee - Chairman 2. Audit Committee - Member 3. Risk Management Committee - Member
Shareholding in the Company	NIL	
Relationship between Directors Inter -se Directors	NIL	

**NOTICE (Contd...)**

<b>Name of the Director</b>	<b>Shri. B.L.Singhal</b>	
DIN	00006433	
Age & Date of Birth	72 years, 15.4.1947	
Nationality	Indian	
Qualification	B.Com, FCA	
Expertise	Shri B.L Singhal, aged 72 years is a Graduate in Commerce and Fellow member of the Institute of Chartered Accountants of India (ICAI) and Senior Partner of M/s B.L Singhal & Co., Chartered Accountants, Kolkata. He has vast experience in Finance, Company Law matters besides proficiency in Accountancy.	
Date of Appointment in the Company	19.9.2014	
Other Directorships (Listed / Public Co.)	(i) Prime Urban Development India Ltd, (ii) GTN Enterprises Limited, (iii) GTN Industries Limited (iv) ATL Textile Processors Limited	
Membership / Chairman in other Committees	GTN Textiles Limited	1. Audit Committee - Chairman 2. Stakeholders Relationship Committee - Member 3. Nomination and Remuneration Committee - Chairman
	GTN Enterprises Limited	1. Audit committee - Chairman 2. Nomination and Remuneration Committee - Chairman
	GTN Industries Limited	1. Audit committee - Chairman 2. Stakeholders Relationship Committee - Member
	Prime Urban Development India Ltd	1. Audit Committee - Chairman 2. Stakeholders Relationship Committee - Member
Shareholding in the Company	9680	
Relationship between Directors Inter -se Directors	NIL	

<b>Name of the Director</b>	<b>Shri S.Sundareshan</b>	
DIN	01675195	
Age & Date of Birth	66 years, 28.10.1952	
Nationality	Indian	
Qualification	M.A,M.B.A, Retired I.A.S	
Expertise	Worked at Senior Level in the Ministry of Heavy Industries & Public Enterprises as Secretary, Department of Heavy Industries, Ministry of Petroleum & Natural Gas as Secretary, Special Secretary and Additional Secretary. He was on the Board of ONGC,GAIL India Ltd and IOC. He was also Chairman of Petronet LNG Ltd. and Chairman, Forward Markets Commission. Shri Sundareshan has held several important positions in the Government of India including Joint Secretary in the Department of Economic Affairs (Ministry of Finance), Minister (Economic and Commercial), Embassy of India, Tokyo,Japan, ,Joint Chief Controller of Imports & Exports (Ministry of Commerce) and Deputy Secretary, Ministry of Environment, Government of India. He has handled important assignments in his cadre State Kerala. These include Principal Secretary (Revenue), Secretary (Department of Expenditure),District Collector in kerala, Managing Director (MD), Kerala State Milk Marketing Federation, MD, Kerala Fisheries Corporation.	
Date of Appointment in the Company	19.09.2014	
Other Directorships (Listed / Public Co.)	(i) Patspin India Limited, (ii) Krishnapattam Port Limited, (iii) Tide Water Oil Co. India Limited, (iv) Great Energy Corporation Limited, (v) Indian Clearing Corporation Limited, (vi) Price Thomas Holdings Limited, England	

**NOTICE (Contd...)**

Membership / Chairman in other Committees	GTN Textiles Limited	1. Stakeholders Relationship Committee - Member 2. Audit Committee - Member 3. Nomination and Remuneration Committee - Member
	Patspin India Ltd	1. Stakeholders Relationship Committee - Member 2. Audit Committee - Member 3. Nomination & Remuneration Committee - Member
	Krishnapattam Port Limited	Audit Committee - Member
	Tide Water Oil Co. India Limited	Audit Committee - Member
	Great Energy Corporation Limited	Audit Committee - Member
	Indian Clearing Corporation Limited	Audit Committee - Member
Shareholding in the Company	NIL	
Relationship between Directors Inter -se Directors	NIL	

By Order of the Board of Directors

**E.K BALAKRISHNAN**Company Secretary  
Membership No.A 7629Place: Kochi  
Date :7.8.2019**Statement pursuant to Section 102 of the Companies Act, 2013****Item No. 3**

The Members of the Company at their 9th Annual General Meeting of the Company held on 19th September, 2014, had approved the appointment of Shri Prem Malik (DIN: 00023051) as Independent Director of the Company for a period of five years from 19th September, 2014 to 18th September, 2019, pursuant to provisions of Section 149, 152 and Schedule IV of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Listing Agreements with the Stock Exchanges. He hold office as Independent Director of the Company upto the close of business hours on 18th September, 2019 in his present first term.

Pursuant to the provisions of Section 149(10) of the Companies Act,2013, an Independent Director shall be eligible for re-appointment on passing of a Special Resolution by the Company. Further, a new sub-regulation 17(1A) of SEBI (LODR) Regulations, 2015 mandates that no listed entity shall appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of seventy five years on 1.4.2019, unless a Special Resolution is passed to that effect. The Company has received individual notices in writing from Members of the Company under the provisions of Section 160(1) of the Companies Act, 2013 as amended by the Companies (Amendment) Act, 2017, proposing the candidature of Shri Prem Malik for the office of Director of the Company to continue from 1.4.2019 to 18.9.2019 and also for the second term of 5 years effective from 19.9.2019.

Shri Prem Malik, Non-Executive Independent Director of the Company, being eligible for re-appointment, have given his consent as well as requisite disclosures along with a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015, as amended. In the opinion of the Board of Directors of the Company, the said Director fulfil the conditions specified in the Companies Act, 2013 & Rules framed there under and the SEBI (LODR) Regulations, 2015 as amended for re-appointment of Independent Director.

The Board of Directors of the Company, based on the performance evaluation of Independent Directors meeting held on 13.2.2019 and as per recommendation of the Nomination & Remuneration Committee, at its meeting held on 7.8.2019, approved the re-appointment of Shri Prem Malik, as Non-Executive Independent Director of the Company for the further period of five years from 19th September, 2019 to 18th September, 2024, as mentioned in the Resolutions set out under item no. 3.

The Board of Directors considers that Shri Prem Malik have requisite expertise, versatility, extensive and enriched experience that will be of benefit to the Company.

Shri. Prem Malik is a Post Graduate from Punjab University and is having over 4 decades of experience in textiles and clothing. He had worked as Executive Director of main Board of Mafatlal Fine Spinning & Manufacturing Company Limited and M/s. Bombay Dyeing and Manufacturing Company Limited. Presently he is a Textile Consultant /Advisor. He was the past Chairman of (i) Confederation of Indian Textile Industry, (ii) TEXPROCIL, (iii) Bombay Textile Research Association, (iv)

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

India ITME Society and (v) Synthetic Rayon Textile Export Promotion Council. He was also Member / Director of Textile Committee, Ministry of Textile, Government of India. Presently he is also serving as a Non-Executive Independent Director in various companies and brings rich experience to the Board.

Copy of the draft letter for appointment of Shri. Prem Malik as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company between 11:00 A.M. to 1:00 P.M. on all days except Saturdays, Sundays and Public Holidays, till the conclusion of the ensuing Annual General Meeting.

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

The Board recommends the Special Resolution set out at Item No. 3 of the Ballot Notice for approval by the members.

### **Item No. 4 & 5**

The Members of the Company at their 9th Annual General Meeting of the Company held on 19th September, 2014, had approved the appointment of Shri B.L.Singhal (DIN: 00006433) and Shri. S.Sundareshan (DIN 01675195) as Independent Directors of the Company for a period of five years from 19th September, 2014 to 18th September, 2019, pursuant to provisions of Section 149, 152 and Schedule IV of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Listing Regulations with the Stock Exchanges. They hold office as Independent Directors of the Company upto the close of business hours on 18th September, 2019 in their present first term.

Pursuant to the provisions of Section 149(10) of the Companies Act, 2013, an Independent Director shall be eligible for re-appointment on passing of a Special Resolution by the Company. The Company has received individual notices in writing from a Member of the Company under the provisions of Section 160(1) of the Companies Act, 2013 as amended by the Companies (Amendment) Act, 2017, proposing the candidature of Shri B.L.Singhal and Shri. S.Sundareshan for the office of Directors of the Company.

Shri B.L.Singhal and Shri. S.Sundareshan, Non-Executive Independent Directors of the Company, being eligible for re-appointment, have given their consent as well as requisite disclosures along with a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015, as amended. In the opinion of the Board of Directors of the Company, each of the said Directors fulfil the conditions specified in the Companies Act, 2013 & Rules framed there under and the SEBI (LODR) Regulations, 2015 as amended for re-appointment of Independent Director.

The Board of Directors of the Company, based on the performance evaluation of Independent Directors meeting held on 13.2.2019 and as per recommendation of the Nomination & Remuneration Committee at its meeting held on 7.8.2019, approved the re-appointment of Shri. B.L.Singhal and Shri. S.Sundareshan as Non-Executive Independent Directors of the Company for the further period of five years from 19th September, 2019 to 18th September, 2024, as mentioned in the Resolutions set out under item nos. 4 and 5.

Shri. B.L.Singhal, an Independent Director, who is eligible to be reappointed as an Independent Director, being recommended by Nomination and Remuneration Committee of Board and the Board of Directors of the Company for his appointment for a second term of consecutive 5 years, will be completing 75 years of age during the year 2022, wherein he is being reappointed till the AGM to be held during the year 2024. In compliance with Regulation 17(1A) of SEBI (LODR) (Amendment) Regulations, 2018, approval of members by Special Resolution is necessary to continue as Non-Executive Director of the Company after attaining age of 75 years. Members needs to approve the appointment of Shri. B.L.Singhal till the conclusion of AGM during the year 2024, even after attaining age of 75 years.

The Board of Directors considers that Shri B.L.Singhal and Shri. S.Sundareshan have requisite expertise, versatility, extensive and enriched experience that will be of benefit to the Company.

Shri. B.L. Singhal is a Graduate in Commerce and Fellow member of the Institute of Chartered Accountants of India (ICAI) and Senior Partner of M/s B.L.Singhal & Co., Chartered Accountants, Kolkata. He has vast experience in Finance, Company Law matters besides proficiency in Accountancy.

Shri S.Sundareshan aged about 66 years is a Retired IAS officer (1976 Batch). He did his Masters from University of Mumbai and MBA Degree from the University of Leeds, United Kingdom. He has worked at Senior Level in the Ministry of Heavy Industries & Public Enterprises as Secretary, Department of Heavy Industries, Ministry of Petroleum & Natural Gas as Secretary, Special Secretary and Additional Secretary. He was on the Board of ONGC, GAIL India Ltd and IOC. He was also Chairman of Petronet LNG Ltd. and Chairman, Forward Markets Commission. He has held several important positions in the Government of India including Joint Secretary in the Department of Economic Affairs (Ministry of Finance), Minister (Economic and Commercial), Embassy of India, Tokyo, Japan, Joint Chief Controller of Imports & Exports (Ministry of Commerce) and Deputy Secretary, Ministry of Environment, Government of India. He has also handled important assignments in his cadre State Kerala. These include Principal Secretary (Revenue), Secretary (Department of Expenditure), District Collector in Kerala, Managing Director - Kerala State Milk Marketing Federation, MD - Kerala Fisheries Corporation. Presently he is also serving as a Non-Executive Independent Director in various reputed companies and brings rich experience to the Board

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

Copy of the draft letter for appointment of Shri. B.L.Singhal and Shri. S.Sundareshan as an Independent Directors setting out the terms and conditions is available for inspection by members at the registered office of the Company between 11:00 A.M. to 1:00 P.M. on all days except Saturdays, Sundays and Public Holidays, till the conclusion of the ensuing Annual General Meeting.

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

The Board recommends the Special Resolution set out at Item Nos. 4 & 5 of the Ballot Notice for approval by the members.

### **Item No.6**

The Board of Directors of the company, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s Hareesh K.N & Associates, Cost Accountants to conduct the audit of the cost records of the company's textile units for the financial year ended 31st March, 2019.

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, the members are requested to ratify the remuneration payable to the cost auditors for the financial year 2018-19 on a remuneration of Rs. 25,000 and for financial year 2019-20 Rs. 35,000 as set out in the ordinary resolution for the aforesaid service to be rendered by them.

None of the Directors and / or Key Managerial Personnel of the company and their relatives is concerned or interested, financial or otherwise in the resolution set out at item No 6

Your Directors recommend the resolution for approval.

By Order of the Board of Directors

**E.K BALAKRISHNAN**

Company Secretary

Membership No.A 7629

Place: Kochi

Date :7.8.2019



# GTN TEXTILES LIMITED

## DIRECTORS' REPORT

### To the Members,

Your Directors present the FOURTEENTH Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2019

### 1. FINANCIAL RESULTS

Amount ₹ Lakh

Particulars	Financial Year ended			
	Standalone		Consolidated	
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
<b>REVENUE</b>				
Income from operations	14226	14278	14226	14278
Other income	36	43	36	43
Changes in Inventories	88	196	88	196
Total	14350	14517	14350	14517
<b>EXPENSES</b>				
a) Cost of materials	9039	8037	9039	8037
b) Employee benefits expense	2111	2277	2111	2277
c) Other expenses	2762	2974	2762	2974
Total	13912	13288	13912	13288
<b>OPERATING PROFIT (EBITDA)</b>	438	1229	438	1229
Finance Cost	949	1060	949	1060
<b>PROFIT/(LOSS) BEFORE DEPRECIATION, AMORTISATION &amp; TAX EXPENSES</b>	(511)	169	(511)	169
Depreciation and Amortisation Expenses	329	370	329	370
<b>PROFIT/(LOSS) BEFORE TAX AND BEFORE EXCEPTIONAL ITEM</b>	(840)	(201)	(840)	(201)
<b>EXCEPTIONAL ITEM</b>	(4)	(64)	(4)	(64)
<b>PROFIT/(LOSS) BEFORE TAX AFTER EXCEPTIONAL ITEM</b>	(844)	(265)	(844)	(265)
<b>SHARE OF PROFIT/(LOSS) OF ASSOCIATE</b>	-	-	(109)	(201)
Tax Expenses				
Deferred Taxation	(111)	(47)	(111)	(47)
<b>PROFIT/(LOSS) AFTER TAX</b>	(733)	(218)	(842)	(419)

### 2. FINANCIAL PERFORMANCE

Financial year 2018-19 witnessed many external challenges in the form of fluctuating cotton prices, demand constraints and tight liquidity conditions. Despite this, company was able to maintain the turnover at ₹ 142.26 Crs. as against ₹ 142.78 Crs. in FY 2017-18. Operating profit (EBITDA) for FY 2018-19 was lower at 4.38 cores as against 12.29 cores in the previous year. The net loss for the year was at ₹ 8.44 cores as against net loss of ₹ 2.65 cores in the previous year. Your Directors had approved development of part of the surplus land admeasuring 5.07 acres at company's Aluva Plant, Ernakulam. The company has recently received all the requisite permissions for the first phase of 1.23 acres of land for sale into plots, including consent from its lenders. This major step towards starting a new "Realty Business segment" towards the end of the FY 2018-19 will help unlock value of the Company's assets, aimed at reducing its debt and improving its liquidity.

### 3. DIVIDEND

Your company has incurred loss for the year and hence the Board is unable to recommend dividend for the financial year ended 31st March, 2019.

### 4. 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 the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the SEBI (LODR) Regulations), forms part of this Annual Report. The Auditors Report on the consolidated financial statements also attached. The same is with unmodified opinion (unqualified).

## DIRECTORS' REPORT (Contd...)

### 5. CREDIT RATING

During the year, Credit Analysis and Research Limited (CARE) has reaffirmed the credit rating of the company "CARE B" (Single B) for the long term facilities and "CARE A4" (A Four) for short term facilities.

### 6. SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANY

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

A Statement containing the salient features of the financial statement of the Associate company is given in Annexure A to the Consolidated financial statements. The Audited financial statements including the Consolidated financial statements of the company and all other documents required to be attached thereto may be accessed on the Company's website www.gntntextiles.com. These documents will also be available for inspection during business hours at the Registered office of the company.

### 7. MANAGEMENT DISCUSSION AND ANALYSIS

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

### 8. 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 2019.

### 9. CORPORATE GOVERNANCE

The Company has always strived to adopt appropriate standards for good Corporate Governance.

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

### 10. DIRECTORS AND KEY MANAGERIAL PERSONS

Shri Prem Malik (DIN: 00023051), Shri B.L.Singhal (DIN: 00006433), and Shi. S.Sundareshan (DIN 01675195) will be completing their present term as Independent Directors of the company on 18th September 2019. On the recommendation of Nomination and Remuneration Committee, the Board in its meeting held on 7th August 2019, subject to the approval of shareholders by special resolution has recommended the reappointment of Shri Prem Malik (DIN: 00023051), Shri B.L.Singhal (DIN: 00006433), and Shi. S.Sundareshan (DIN 01675195) as Independent Directors of the company for a further term of 5 years effective from 19th September 2019.

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the Members by way of Special Resolution is required for continuation of a Non-Executive and Independent Directors beyond the age of 75 years w.e.f. April 1, 2019. Shri, Prem Malik, Independent Director is above 75 years of age and Shri. B.L.Singhal, Independent Director will be completing 75 years during year 2022. The Board recommends your approval by Special Resolution for their continuance in the Board.

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

Further, in accordance with the provisions of Companies Act, 2013 and the Articles of Association of the Company, Shri Mahesh C Thakker (DIN 01386254), Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-election.

Smt. Pamela Anna Mathew, Independent Woman Director has resigned from the Board due to her pre-occupation with her business with effect from 7.8.2019. The Board records its sincere appreciation for her valuable contribution during her association with the company.

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

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

### 11. KEY MANAGERIAL PERSONNEL

Shri B.K. Patodia, Managing Director, Shri A.K.Warerkar, Chief Financial Officer and Shri E.K.Balakrishnan, Company Secretary were appointed as Key Managerial Personnel of your Company, in accordance with the provisions of Section 203 of the Companies Act 2013 and there is no change in the same during the year under review.

### 12. NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met 5 times during the year ended 31st March, 2019 in accordance with the provisions of the Companies Act, 2013 and rules made there under. The details thereof are given in the Corporate Governance Report.

### 13. 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.

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

### **14. 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, 2019 and state that:

- (i) in the preparation of the Annual Accounts, the applicable Indian Accounting Standards have been followed and there are no material departures from the same;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your company as at 31st March 2019 and of the profit or loss of the company for that period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the Annual Accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively; and
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **15. 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.

### **16. FAMILIARISATION PROGRAMME FOR DIRECTORS**

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company. 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 from him under the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and other relevant regulations and affirmation taken with respect to the same.

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

### **17. AUDITORS**

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

Reports issued by the Statutory Auditors on the Standalone as well as Consolidated financial statements for the year ended 31st March, 2019 are with unmodified opinion(unqualified).

### **18. SECRETARIAL AUDIT**

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

### **19. COST AUDITORS**

Pursuant to the provisions of Section 148 (3) of the Companies Act, 2013, the Board of Directors on the recommendation of the Audit Committee, appointed M/s. Hareesh K.N and Associates, Cost Accountants, as the Cost Auditors of the company for the year ended 31st March, 2019. The remuneration payable to the Cost Auditor is subject to approval of the Members at the Annual General Meeting. Accordingly, the remuneration payable to the Cost Auditors forms a part of the Notice convening 14th Annual General Meeting and the resolution is recommended for your approval.

### **20. EXTRACT OF ANNUAL RETURN**

The extract of Annual Return in Form MGT-9 as per Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of Companies (Management & Administration) Rules, 2014 is annexed hereto as Annexure II and forms part of this report.

### **21. RELATED PARTY TRANSACTIONS**

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

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

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

### **22. 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.

### **23. 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.

### **24. VIGIL MECHANISM / WHISTLE 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.gtnntextiles.com](http://www.gtnntextiles.com)).

### **25. 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.

### **26. 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

### **27. 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.

### **28. 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.

### **29. 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, 2019.

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

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

### **31. 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

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

Act, 2013 read with Rule 5(2) and 5(3) of the companies (Appointment and Remuneration of Managerial personnel) Rules, 2014.

### **32. 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.

### **33. 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.

### **34. ACKNOWLEDGEMENT**

Your Directors place on record their gratitude to Central Bank of India, State Bank of India, Export Import Bank of India, Bank of India and Axis Bank Limited, and the concerned Departments of the State and Central Government, valuable customer, Employees and Shareholders for their assistance, support and co-operation to the Company.

For and on behalf of the Board of Directors

Place: Kochi  
Date: 7<sup>th</sup> August, 2019

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



## Annexure - I

**FORM MR - 3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019**

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

**To**  
**The Members of**  
**G T N TEXTILES LIMITED**  
**(CIN: L18101KL2005PLC018062)**

I have conducted a secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **G T N 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, 2019 and also after 31st March, 2019 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 2019 (hereinafter referred to as "the year"), the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made here in after. The members are requested to read this report along with my letter of even date annexed to this report as Annexure- A.

1. I have examined the books, papers, minutes books and other records maintained by the Company and the forms and returns filed during the year according to the applicable provisions of:
  - i. The Companies Act, 2013 (the Act), the rules made there under.
  - ii. The Companies Act, 2013.
  - iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.
  - iv. The Depositories Act, 1996 and the regulations and bye-laws framed there under.
  - v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - (c) The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the Companies Act 2013 and dealing with client; and
    - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
  - vi. The following laws, that are specifically applicable to the Company:
    - (a) Essential Commodities Act 1955, with reference to "Hank Yarn Packing Notification 2003" (No.2/TDRO/8/2003 dated 17th April, 2003).
2. I am informed that, during the year the Company was not required to maintain any books, papers, minute books or other records or to file any forms / returns according to the provisions of:
  - i. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - ii) The following Regulations and Guidelines prescribed under the SEBI Act:
    - (a) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
    - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008;
    - (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations 1998;
    - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009;
3. I am also informed that for the year, there were no other laws specifically applicable to the company, the books, papers, minute books, forms and returns of which were required to be examined by me for the purpose of this report.
4.
  - i) I have also examined compliance with the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.
  - ii) The Security Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **Annexure - I (Contd...)**

5. During the period under review, and also considering the compliance related action taken by the Company after 31st March, 2019 but before the issue of this report, the Company has complied with the provisions of the Acts, Rules, Regulations and Agreements mentioned under paragraph 1 above, to the extent applicable.
6. I further report that:
  - (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
  - (ii) Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent at least seven days in advance.
  - (iii) A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. I am informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.
  - (iv) There are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
  - (v) The Company has during the period of audit, altered Objects clause and Liability clause of Memorandum of Association and adopted new set of Articles of Association.

Place: Coimbatore  
Date: 7<sup>th</sup> August, 2019

**M.R.L.Narasimha**  
Practicing Company Secretary  
Membership No:2851  
Certificate of Practice:799

## **Annexure - A to Secretarial Audit Report of even date**

**To**  
**The Members of**  
**G T N TEXTILES LIMITED**  
**(CIN: L18101KL2005PLC018062)**

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March, 2019 is to be read along with this letter.

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also taken into consideration the compliance related action taken by the Company after 31st March, 2019 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: 7<sup>th</sup> August, 2019

**M.R.L.Narasimha**  
Practicing Company Secretary  
Membership No:2851  
Certificate of Practice:799

**ANNEXURE - II****FORM NO. MGT.9  
EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31/03/2019**

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

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

NAME AND REGISTERED OFFICE ADDRESS OF COMPANY:	
NAME	GTN TEXTILES LIMITED
Address	DOOR NO.VIII/911, ERUMATHALA PO, ALUVA, KOCHI ERNAKULAM
Town / City	ERNAKULAM
State	KERALA
Pin Code:	683112
Country Name :	INDIA
Country Code	91

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

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

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

SN	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	COTTAN YARN SPINNING	13111	100

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

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	APPLICABLE SECTION
1	Patspin India Limited, 3 <sup>rd</sup> Foor, Palal Towers, Ravipuram,Ernakulam 682016	L18101KL1991PLC006194	ASSOCIATE	SECTION 2(6)

## Annexure - I (Contd...)

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

#### A) Category-wise Share Holding

Category of Shareholders Particulars	No. of Shares held at the beginning of the year[As on 1st April -2018]				No. of Shares held at the end of the year[As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
<b>A. Shareholding Of Promoter And Promoter Group</b>									
<b>(1)Indian</b>									
Individual/Hindu Undivided Family	5022089	0	5022089	43.140	5022089	0	5022089	43.140	0.000
Central Government	0	0	0	0.000	0	0	0	0	0.000
State Government	0	0	0	0.000	0	0	0	0	0.000
Bodies Corporate	2329850	0	2329850	20.020	2329850	0	2329850	20.020	0.000
Financial Institutions/Banks	0	0	0	0.000	0	0	0	0	0.000
Any other(specify)	0	0	0	0.000	0	0	0	0	0.000
<b>SUB TOTAL A(1)</b>	<b>7351939</b>	<b>0</b>	<b>7351939</b>	<b>63.160</b>	<b>7351939</b>	<b>0</b>	<b>7351939</b>	<b>63.160</b>	<b>0.000</b>
<b>(2)Foreign</b>									
Individual(Non resident/foreign)	0	0	0	0.000	0	0	0	0	0.000
Bodies corporate	0	0	0	0.000	0	0	0	0	0.000
Institutions	0	0	0	0.000	0	0	0	0	0.000
Qualified Foreign Investor	0	0	0	0.000	0	0	0	0	0.000
Any other(specify)	0	0	0	0.000	0	0	0	0	0.000
<b>SUB TOTAL A(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.000</b>	<b>0.000</b>
<b>Total Shareholding of promoter and Promoter Group(A)=A(1)+A(2)</b>	<b>7351939</b>	<b>0</b>	<b>7351939</b>	<b>63.160</b>	<b>7351939</b>	<b>0</b>	<b>7351939</b>	<b>63.160</b>	<b>0.000</b>
<b>B.Public Shareholding</b>									
<b>(1)Institutions</b>									
Mutual funds/UTI	300	1486	1786	0.020	300	1486	1786	0.020	0.000
Financial Institutions/Banks	800	42	842	0.010	800	42	842	0.010	0.000
Central Government	0	0	0	0.000	0	0	0	0	0.000
State Government(s)	0	0	0	0.000	0	0	0	0	0.000
Venture Capital Funds	0	0	0	0.000	0	0	0	0	0.000
Insurance Companies	87277	100	87377	0.750	87277	100	87377	0.750	0.000
Foreign Institutional Investors	0	1900	1900	0.020	0	1900	1900	0.020	0.000
Foreign Venture Capital Investors	0	0	0	0.000	0	0	0	0	0.000
Qualified Foreign Investor	0	0	0	0.000	0	0	0	0	0.000
Any other(specify)	0	0	0	0.000	0	0	0	0	0.000
<b>SUB TOTAL B(1)</b>	<b>88377</b>	<b>3528</b>	<b>91905</b>	<b>0.790</b>	<b>88377</b>	<b>3528</b>	<b>91905</b>	<b>0.790</b>	<b>0.000</b>
<b>(2)Non-Institutions</b>									
Bodies Corporate (Indian/foreign/Overseas)	365694	11891	377585	3.240	307976	11577	319553	2.750	0.490
Individuals(Resident/NRI/Foreign National)	0	0	0	0.000	0	0	0	0	0.000
Individual shareholders holding Nominal share Capital upto ₹ 1 Lakh	2567073	459652	3026725	26.000	2584724	444528	3029252	26.020	0.020
Individual shareholders holding Nominal share Capital above ₹ 1 Lakh	666399	17700	684099	5.880	730058	17700	747758	6.420	0.540
Any other(specify)	0	0	0	0.000	0	0	0	0	0.000
Clearing Member	54035	0	54035	0.460	56794	0	56794	0.490	0.030
NRI	53990	0	53990	0.460	42179	0	42179	0.360	-0.100
Others	200	0	200	0.000	1098	0	1098	0.010	0.010
<b>SUB TOTAL B(2)</b>	<b>3707391</b>	<b>489243</b>	<b>4196634</b>	<b>36.050</b>	<b>3722829</b>	<b>473805</b>	<b>4196634</b>	<b>36.050</b>	<b>0.000</b>
<b>Total Public Share Holding (B)=B(1)+B(2)</b>	<b>3795768</b>	<b>492771</b>	<b>4288539</b>	<b>36.840</b>	<b>3811206</b>	<b>477333</b>	<b>4288539</b>	<b>36.840</b>	<b>0.000</b>
<b>GRAND TOTAL (A) + (B)</b>	<b>11147707</b>	<b>492771</b>	<b>11640478</b>	<b>100.000</b>	<b>11163145</b>	<b>477333</b>	<b>11640478</b>	<b>100.000</b>	<b>0.000</b>

## Annexure - II (Contd...)

### B) Shareholding of Promoter-

SI No	Shareholder's Name	Shareholding at the beginning of the year (01.04.2018)			Shareholding at the end of the year(31.03.2019)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Binod Kumar Patodia	1195580	10.27	0	1195580	10.27	0	0.00
2	Umang Patodia	283132	2.43	0	283132	2.43	0	0.00
3	Ankur Patodia	7500	0.06	0	7500	0.06	0	0.00
4	Prabha Patodia	682418	5.86	0	682418	5.86	0	0.00
5	Mala Patodia	21900	0.19	0	21900	0.19	0	0.00
6	Swati Patodia	21900	0.19	0	21900	0.19	0	0.00
7	Binod Kumar Patodia HUF	1158880	9.96	0	1158880	9.96	0	0.00
8	M/s Beekayee Credit P Ltd	822311	7.06	0	822311	7.06	0	0.00
9	M/s Patodia Export and Investments P ltd	774487	6.65	0	774487	6.65	0	0.00
10	Umang Finance P Ltd	733052	6.30	0	733052	6.30	0	0.00
11	Umang Patodia B K Patodia Prabha Patodia	551988	4.74	0	551988	4.74	0	0.00
12	Ankur Patodia B K Patodia Prabha Patodia	724831	6.23	0	724831	6.23	0	0.00
13	Mala Patodia B K Patodia Prabha Patodia	147760	1.27	0	147760	1.27	0	0
14	Swati Patodia B K Patodia Prabha Patodia	250000	2.15	0	250000	2.15	0	0
	<b>Total</b>	<b>7375739</b>	<b>63.36</b>	<b>0</b>	<b>7375739</b>	<b>63.36</b>	<b>0</b>	<b>0.00</b>

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

SN	Particulars	Shareholding at the beginning of the year (01.04.2018)		Cumulative Shareholding during the year(31.03.2019)	
		No. of shares	% of total shares of the Co.	No. of shares	% of total shares of the Co.
	At the beginning of the year	7375739	63.36	7375739	63.36
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No Changes during the year			
	At the end of the year	7375739	63.36	7375739	63.36



## Annexure - II (Contd...)

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

SN	NAME OF THE SHAREHOLDERS	PARTICULARS	Shareholding at the beginning of the year(01.04.2018)		Cumulative Shareholding during the Year (31.03.2019)	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Tradelink Exim India Private Limited	At the beginning of the year	144000	1.237	114000	1.237
		Changes during the year	Sold 14302 shares on 27.04.2018 Sold 17650 shares on 04.05.2018 Sold 4259 shares on 29.03.2019		129698 112048 107789	1.114 0.963 0.926
		At the end of the year			107789	0.926
2	Tanvi Jignesh Metha	At the beginning of the year	127488	1.095	127488	1.095
		Changes during the year	Buy 4800 shares on 13.07.2018 Sold 5000 shares on 24.08.2018 Sold 6936 shares on 19.09.2018 Sold 3481 shares on 28.09.2018 Sold 5948 shares on 30.11.2018 Sold 1942 shares on 07.12.2018		132288 127288 120352 116871 110928 108986	1.136 1.093 1.034 1.004 0.953 0.936
		At the end of the year			108986	0.936
3	The Oriental Insurance Company Ltd	At the beginning of the year	54657	0.470	54657	0.470
		Changes during the year	No changes			
		At the end of the year			54657	0.470
4.	Jitendra Sampatlal Sanghavi	At the beginning of the year	40099	0.344	40099	0.344
		Changes during the year	No Changes			
		At the end of the year			40099	0.344
5	Sabita Prasad	At the beginning of the year	36968	0.318	36968	0.318
		Changes during the year	No changes			
		At the end of the year			36968	0.318
6	Divya Kanda	At the beginning of the year	36211	0.311	36211	0.311
		Changes during the year	Sold 1500 shares on 15.06.2018 Sold 1000 shares on 29.06.2018 Sold 5250 shares on 06.07.2018 Sold 5000 shares on 24.08.2018 Sold 4280 shares on 07.09.2018 Sold 2000 shares on 14.12.2018 Sold 2000 shares on 29.03.2019		34711 33711 28461 23461 19181 17181 15181	0.298 0.290 0.245 0.202 0.165 0.148 0.130
		At the end of the year			15181	0.130
7.	Atul Jhunjhunwala	At the beginning of the year	34991	0.301	34991	0.301
		Changes during the year	Sold 6524 shares on 18.05.2018 Buy 6524 shares on 13.07.2018 Sold 1782 shares on 12.10.2018 Sold 218 shares on 19.10.2018 Sold 500 shares on 14.12.2018 Sold 1000 shares on 25.01.2019 Sold 3500 shares on 08.02.2019 Sold 738 shares on 15.02.2019 Sold 262 shares on 22.02.2019 Sold 2000 shares on 08.03.2019		28467 34991 33209 32991 32491 31491 27991 27253 26991 24991	0.245 0.301 0.285 0.283 0.279 0.271 0.240 0.234 0.232 0.215
		At the end of the year			24991	0.215
8.	Alok Nagory	At the beginning of the year	33530	0.288	33530	0.288
		Changes during the year	No changes			
		At the end of the year			33530	0.288
9	National Insurance Company Ltd	At the beginning of the year	32620	0.280	32620	0.280
		Changes during the year	No changes			
		At the end of the year			32620	0.280
10	Jayasinh Jivandas Negandhi	At the beginning of the year	30199	0.259	30199	0.259
		Changes during the year	No changes			
		At the end of the year			30199	0.259

## Annexure - II (Contd...)

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

SN	NAME OF THE KMP/ DIRECTORS	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year(01.04.2018)		Cumulative Shareholding during theyear(31.03.2019)	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	B.K PATODIA	At the beginning of the year	1195580	10.27	1195580	10.27
		Changes during the year	No Changes			
		At the end of the year			1195580	10.27
2	BANWARL LAL SINGHAL	At the beginning of the year	9680	0.08	9680	0.08
		Changes during the year	No Changes			
		At the end of the year	9680	0.08	9680	0.08
3	PREM SARDARI LAL MALIK	At the beginning of the year	0	0.00		
		Changes during the year	0			
		At the end of the year			0	0.00
4	SUNDARESHAN STHANUNATHAN	At the beginning of the year	0	0.00		
		Changes during the year	0			
		At the end of the year			0	0.00
5	PAMELA ANNA MATHEW	At the beginning of the year	0	0.00		
		Changes during the year	0	0.00	0	0.00
		At the end of the year				
6	MAHESH CHANDULAL THAKKER	At the beginning of the year	9475	0.00	9475	0.01
		Changes during the year	No Changes			
		At the end of the year			9475	0.00
7	ARUN KAMLAKAR WARERKAR	At the beginning of the year	170	0.00	170	0.00
		Changes during the year	No Changes			
		At the end of the year			170	0.00
8.	E.K BALAKRISHNAN	At the beginning of the year	160	0.00	160	0.00
		Changes during the year	No Changes			
		At the end of the year			160	0.00

### V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01-04-2018)				
i) principal Amount	435,541,245	127,800,000	34500000	597,841,245
ii) interest due but not paid	2,794,195	5,124,068	850685	8,768,948
iii) interest accrued but not due				
TOTAL(i+ii+iii)	438,335,440	132,924,068	35,350,685	606,610,193
Change in Indebtedness during the financial year				
Addition	745,273,106	276,950,000	3,500,000	1,025,723,106
Reduction	809,584,964	264,624,068	850685	1,075,059,717
Net Change	374,023,582	145,250,000	38,000,000	557,273,582
Indebtedness at the end of the financial year (31.03.2019)				
i) principal Amount	374,023,582	145,250,000	38,000,000	557,273,582
ii) interest due but not paid	3888877	0	0	3,888,877
iii) interest accrued but not due	0	7,229,808	3,967,500	11,197,308
TOTAL(i+ii+iii)	377,912,459	152,479,808	41,967,500	572,359,767

## Annexure - II (Contd...)

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

(Amount in ₹)

SN.	Particulars of Remuneration	B.K PATODIA (Chairman & Managing Director)	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3600000	<b>3600000</b>
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	604,247	<b>604247</b>
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--
2	Stock Option	--	--
3	Sweat Equity	--	--
4	Commission - as % of profit - others, specify...	--	--
5	Others, please specify	--	--
	Total (A)	<b>4,204,247</b>	<b>4,204,247</b>
	Ceiling as per the Act		<b>6000000</b>

#### B. Remuneration to other directors

(Amount in ₹)

SN	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	B.L Singhal	Prem Mailk	S.Sundareshan	Pamela Anna Mathew	
	Fee for attending board / committee meetings	97500	75000	80000	NIL	252500
	Commission					
	Others, please specify					
	Total (1)					
2	Other Non-Executive Directors	Mahesh C Thakker				
	Fee for attending board committee meetings	15000				15000
	Commission					
	Others, please specify					
	Total (2)					
	Total (B) = (1+2)					
	Total Managerial Remuneration					267500
	Overall Ceiling as per the Act					

## Annexure - II (Contd...)

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

(Amount in ₹)

SN	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1741257	1084278	<b>2825535</b>
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	99,269	108300	<b>207569</b>
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		433062	<b>433062</b>
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as % of profit			
	others, specify...			
5	Others, please specify			
	<b>Total</b>	<b>1,840,526</b>	<b>1625640</b>	<b>3466166</b>

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Place: Kochi  
Date: 7<sup>th</sup> August, 2019

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

## Annexure - III

### ANNEXURE TO THE DIRECTOR'S REPORT

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

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

##### (A) Conservation of energy-

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>(i) The step taken or impact on conservation of energy</li><li>ii) The steps taken by the company for utilizing alternate sources of energy</li><li>(iii) The capital investments on energy conservation Equipment</li></ul> | <ul style="list-style-type: none"><li>(i) During the year, we have taken the following steps on energy conservation.</li><li>a) 36W conventional fluorescent tubes used of lighting in production depts has been replaced with 18W LED energy efficient tube lights.</li><li>b) Power consumption of humidification plants has been reduced with optimum use of Supply and Return Air Fans in Spinning and Autoconer Depts during rainy and winter seasons.</li><li>c) Ring frames in C Shed has been reerected to reduce the area of humidification to 50 % which resulted in equal energy savings.</li><li>d) Number of autoconers in Main shed has been increased from 12 to 13 by rearranging auto coners in A Shed and Main shed. This resulted in savings through controlled usage of A shed H.Plants in day shift and stoppage in night shifts.</li><li>e) Installed Centralized Duct System (CDS) in compact ring frames resulting in savings in energy consumption</li><li>f) Energy loss in variator drive system reduced by replacing the same with inverter drives in ring frames</li><li>g) Air leakages in Autoconer and Preparatory Depts arrested through effective monitoring mechanism and reduced the air consumption resulting in savings in energy consumption of compressors.</li></ul> |
|--|---|

##### (B) Technology absorption:

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>a) The efforts made towards technology absorption</li><li>b) The benefits derived like product improvement, cost reduction, product development or import substitution</li></ul> | <ul style="list-style-type: none"><li>: Updation of Technology is a continuous process, and adapted by the company for innovation.</li><li>By replacing the existing Variator drive system with inverter drive system in Ring frames resulted in, energy saving, saving in spares, reduction in maintenance cost and better utilization. By providing filters in inverters obtained a reduction in harmonics.</li><li>• In the Ring frame, by replacing the imported CDS system with indigenous technology CDS system with inverters achieved energy saving, saving in spares, maintenance cost and better Utilisation.</li><li>• Half flange rings have been replaced by one flange rings which increased the productivity by 5 %.</li><li>• Spinning geometry conversion (short stretch) have been done in 5 nos LG5/1 Ring frames which helped to improve the production by 3.5% in addition to improvement in yarn quality in terms of weak places.</li><li>• In all LR6 Ring frames Quality kits supplied by LMW are provided to reduce air leakage and to maintain the yarn quality consistency.</li></ul> |
|--|--|

## Annexure - III (Contd...)

- In one draw frame we have converted auto leveler system from Analog to digital to improve yarn quality.
  - As a trial we have replaced 15 nos of kink preventers in Muratec 21 C Autoconer to reduce hard waste generation about 50%.
- c) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) : In many areas appropriate technology up gradation has been done and some are as under
- |   |                   |
|---|-------------------|
| a) the details of technology imported   | a) Graf Card wire |
| b) the year of import;  | b) Jan 2017       |
| c) whether the technology been fully absorbed   | c) Yes            |
| d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof | d) NA             |
- d) The expenditure incurred on Research and Development. : To reach new customers with new products we spent around ₹ 3.0 Lacs through sample development.

The Foreign Exchange earned in terms of actual inflow during the year ₹ 5821.29 Lakhs

The Foreign Exchange outgo during the year in terms of actual outflows ₹ 5539.14 Lakhs

For and on behalf of the Board of Directors

**B K PATODIA**

(DIN:00003516)

Chairman

Place: Kochi

Date: 7<sup>th</sup> August, 2019



# GTN TEXTILES LIMITED

## REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2018-19

### 1. Company's practice on Corporate Governance

Corporate Governance is the combination of practices and compliance with laws and regulations leading to effective control and management of the organization. Your company is committed to the adoption of and adherence to the best corporate governance practices at all times. The Corporate Governance guidelines are in compliance with the requirements of Schedule V of the SEBI (LODR) Regulations, 2015. The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, professionalism and accountability, in all facets of its operations, and in all its interactions with its stakeholders, including, employees, the government and lenders.

### 2. Board of Directors

The Board is headed by an Executive Chairman, Shri. B K Patodia and comprises eminent persons with considerable professional experience in diverse fields. About 83% of the Board consists of Non- Executive Directors.

The Composition of the Board and category of directors as on 31.3.2019 are as follows:

Category	Name of Directors
Promoter / Executive Director	Shri. B.K Patodia
Non-Executive /Non independent Director	Shri.Mahesh C Thakker
Independent Directors	Shri. B.L Singhal
	Shri. Prem Malik
	Shri.S. Sundareshan
	Smt. Smt.Pamela Anna Mathew

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

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

#### Notes:

- i) In accordance with Regulation 26(b) of SEBI (LODR) Regulations 2015, Membership/Chairmanship of only the Audit Committees and Stakeholders Relationship Committees of all Public Limited Companies has been considered.
- ii) None of the Directors on the Board is a member 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.

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

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

The details of the Board Meetings are as under:

SNo.	Date	Board Strength	No. of Directors present
1)	30 <sup>th</sup> May, 2018	6	3
2)	4 <sup>th</sup> July, 2018	6	5
3)	14 <sup>th</sup> August,2018	6	3
4)	5 <sup>th</sup> November,2018	6	5
5)	13 <sup>th</sup> February, 2019	6	4

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

### Code of Conduct

The Company has laid down a Code of Conduct for all Board Members as well as Senior Management Personnel of the Company. The Code of Conduct is available on website of the company [www.gtnntextiles.com](http://www.gtnntextiles.com)

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

### Independent Directors

The company has complied with the conditions of Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI (LODR) Regulation, 2015. The company has also obtained declaration of independence from each Independent Directors pursuant to Section 149 (7) of the Companies Act, 2013.

### Separate meeting of Independent Directors

A separate meeting of Independent Directors was held on 13.02.2019 without the attendance of Non- Independent Directors and members of the management.

### Induction & Training of Board Members (Familiarization programme for Independent Directors)

Letter of Appointment(s) are issued to Independent Directors setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Director is taken through a formal introduction from the Chairman cum Managing Director about the Company's manufacturing, marketing, finance and other important aspects.

### Evaluation of the Board's Performance

The Board has a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board based on the criteria laid down by Nomination and Remuneration Committee which included attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest, adherence to Code of Conduct and Business ethics, monitoring of regulatory compliance, risk assessment and review of Internal Control Systems etc.

## 3. Audit Committee

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

### Terms of reference:

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

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

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii) Recommending the appointment and removal of External Auditors, fixation of Audit Fee and approval for payment for any other services;
- (iii) 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 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) Review of the quarterly and half yearly financial results with the management and the Statutory Auditors;
- (vi) Examination of the financial statement and the Auditors' Report thereon;
- (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) Review of 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;

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

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

### **Internal Audit**

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

### **Composition and Attendance during the year**

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

The composition of the Audit Committee and the details of the meetings attended by its members during the financial year ended 31st March, 2019 are as under:

During the financial year, the Committee met six 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 & Independent Director	6	6
2)	Shri.Prem Malik	Independent Director	6	5
3)	Shri.S.Sundareshan	Independent Director	6	5
4)	Shri. B.K Patodia	Managing Director	6	6

The Audit Committee met Six (6) times during the financial year 2018-19 and the gap between two meetings did not exceed 120 days. The dates on which Audit Committee Meetings held were: 30th May 2018, 25th June 2018, 14th August, 2018, 5th November, 2018, 26th November, 2018 and 13th February, 2019. 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

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

Committee. The Statutory Auditors and Internal Auditors also attend the Audit Committee meetings by invitation.

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

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

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

### Internal Audit and Control:

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

### Prevention of Insider Trading:

The Audit Committee also monitors implementation and compliance of the Company's Code of Conduct for prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended update. Shri. E K Balakrishnan, Company Secretary is the Compliance Officer of the Company.

### Vigil Mechanism

The Company has established a Vigil Mechanism for Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy duly adopted by the Board. The same is available on the web site of the Company [www.gntntextiles.com](http://www.gntntextiles.com). No personnel has been denied access to the Audit Committee to lodge their grievances.

### 4. Nomination and Remuneration Committee

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

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

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

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

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

The Committee met on 21.5.2019 and 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, 2019 to the Managing Director is as follows: -

Shri. B K Patodia: ₹ 40.76 lacs

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

#### Remuneration to Non-Executive Directors:

No Remuneration is paid to Non-Executive Directors except sitting fee for attending the meeting of the Board and Committees thereof. The details of payment of sitting fee are as follows;

The details of payment of sitting fee are as follows;

Meeting	Amount (in Rs)
Board	7500
Committee	5000

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

The Fee paid for the year ended 31st March, 2019 to the Non-Executive Directors is as follows:

Name of the Non-Executive Director	Sitting fee (₹ )
Shri.B L Singhal	97500
Shri.Prem Malik	75000
Shri.S.Sundareshan	80000
Shri Mahesh C Thakker	15000
Smt. Pamela Anna Mathew	NIL
<b>Total</b>	<b>267500</b>

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

### Remuneration Policy

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

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

### 5. Stakeholders Relationship Committee

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

- To consider and resolve the grievances of the security holders of the company, including complaints related to transfer of shares, non receipt of annual reports, non receipt of declared dividend, etc.
- Review of measures taken for effective exercise of voting rights by shareholders
- Review of adherence to the service standards adopted by the company in respect of various services being rendered by the Registrar and Share Transfer Agent
- Review of the various measures and initiatives taken by the company for reducing the quantum of unclaimed dividends and ensuring untimely receipt of dividend warrants / annual reports/statutory notices by the shareholders of the company
- To set for the policies relating to and to oversee the implementation of the code of conduct for prevention of insider trading and to review the concerns received under the company's code of conduct.

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

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

Sl. No.	Date	Committee Strength	No. of Directors present
1)	30th May, 2018	4	3
2)	14th August, 2018	4	3
3)	5th November, 2018	4	4
4)	13th February, 2019	4	4

Shri. E K Balakrishnan, Company Secretary is the Secretary to the Committee

#### • Complaints received and redressed during the year:

The total number of Complaints received and resolved to the satisfaction of investors during the year ended 31.3.2019 is as under: -

Type of Complaints	No of Complaints
Non-receipt of Annual Reports	--
Non-receipt of Dividend Warrants	--
Non-receipt of Share Certificates	10
Complaints in respect of Electronic Transfers	--
Complaints /queries received from Regulatory Agencies	--
Others	--
<b>Total:</b>	<b>10</b>

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

There were no outstanding complaints as on 31st March, 2019.

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**

- (i) The statements containing the transactions with related parties were submitted periodically to the Audit Committee.
- (ii) There are no Related Party Transactions that may have potential conflict with the interest of the company at large.
- (iii) There were no material individual transactions with related parties during the year, which were not in the normal course of business as well as not on arms' length basis
- (iv) The company has obtained Shareholders approval by way of special resolution to enter into Related Party Transactions
- (v) There is no non compliance by the company and no penalties, strictures imposed on the company by stock exchange or SEBI or any statutory authority, on any matter related to capital market, during the last three years

#### • **Disclosure of Accounting Treatment**

The Company has adopted IND-AS w.e.f. 1st April 2017 and the financial statements were based on IND-AS and on guidelines laid down by the Institute of Chartered Accountants of India (ICAI)

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

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

#### • **Proceeds from public issues, right issues, preferential issues etc.**

The Company did not have any of the above issues during the year under review.

#### • **Secretarial Audit Report**

The Company has obtained Secretarial Audit Report on annual basis from the Company Secretary in Practice for compliance with Section 204 (1) of the Companies Act, 2013, and SEBI (LODR) Regulations, 2015 Annual Secretarial Audit Report is annexed elsewhere.

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

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

#### • **Shareholders**

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

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

A qualified 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) Half-yearly report sent to each household of shareholders  
Although, Half-yearly report is not sent to each household of shareholders, the Company normally publishes the same in all India editions of BUSINESS STANDARD [National Daily] and Deepika [Regional News Paper].
- (ii) Quarterly results  
The quarterly results are normally published in all India editions of BUSINESS STANDARD [National Daily] and Deepika [Regional Newspaper].  
Your Company is also uploading regularly quarterly Corporate Governance Report, Shareholding Pattern and other related documents through web based platforms of NSE and BSE. The same can be accessed at i) <https://www.connect2nse.com/LISTING>. and ii) <https://www.listing.bseindia.com>  
The same were also displayed in the Website of the Company, [www.gtn textiles.com](http://www.gtn textiles.com)  
The Company did not make any presentation to the analysts / institutional investors.



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

### 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 Auditors' certificate in compliance on conditions of Corporate Governance is published elsewhere in the Annual Report.

### 9. General Body Meetings:

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

Year	Location	Date	Day	Time	Whether any <b>Special Resolution</b> passed in previous AGM
2015-16	Oceanic Hall, Hotel Periyar, Aluva-683101	23.09.2016	Friday	12.15 p.m.	No
2016-17	-do-	22.09.2017	Friday	12.15 p.m.	No
2017-18	-do-	26.09.2018	Friday	11.45 a.m.	Fix remuneration to Shri B.K Patodia (DIN: 00003516), as Chairman and Managing Director of the Company for his balance tenure

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

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

#### a) The Board

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

#### b) Shareholder Rights

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

#### c) Audit Qualifications

There are no qualifications in the Auditors Report on the accounts for the year 2018-19

#### d) Reporting of internal Auditor

The Internal Auditor directly report to the Audit Committee

### 11. General Shareholder information:

#### l) Annual General Meeting:

a)	Date and Time	Friday, 20 <sup>th</sup> September, 2019 at 12:15 pm
b)	Venue	: Oceanic Hall, Hotel Periyar, Aluva 683 101
c)	Book closure date	: Monday, 16 <sup>th</sup> September 2019 to Friday, 20 <sup>th</sup> September 2019
d)	Financial calendar (tentative):	
	Annual General Meeting	: 20 <sup>th</sup> September, 2019
	Results for quarter ending 30 <sup>th</sup> June, 2019	: 7 <sup>th</sup> August, 2019
	Results for quarter ending 30 <sup>th</sup> Sept., 2019	: On or before 14 <sup>th</sup> November, 2019
	Results for quarter ending 31 <sup>st</sup> Dec., 2019	: On or before 14 <sup>th</sup> February, 2020
	Results for Year ending 31 <sup>st</sup> March, 2020	: On or before 30 <sup>th</sup> May, 2020

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

### II) Listing

a)	Listing of Equity Shares on Stock Exchanges at	:	BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE)
b)	Listing Fee	:	Annual Listing fee for the year 2019-20 have been duly paid to the said Stock Exchanges.
i)	Stock Code: Scrip Code No.: Bombay Stock Exchange	:	532744
	Trading symbol: National Stock Exchange	:	GTNTEX
ii)	Demat ISIN Nos. in NSDL and CDSL for Equity Shares	:	INE302H01017

### III Stock market data:

Month	BSE		NSE	
	High	Low	High	Low
April 2018	21.25	15.60	21.45	15.25
May	17.00	12.90	17.10	13.00
June	15.15	11.30	14.45	11.55
July	13.55	11.78	13.80	11.50
August	14.74	11.98	14.00	11.60
September	15.00	9.78	13.90	9.75
October	12.30	9.42	11.30	9.45
November	12.60	10.35	12.15	10.35
December	12.90	10.05	11.95	10.00
January 2019	10.25	8.33	11.10	9.40
February	9.04	6.88	9.45	7.75
March	10.25	8.02	11.35	8.45

IV	Registrar and Transfer Agents (Share Transfer and communication regarding Share Certificates, Dividends and change of Address)	:	M/s Integrated Registry Management Service Private Ltd 2 <sup>nd</sup> Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar, Chennai -600 017 Tel: 044 28140801-803 E-Mail : <a href="mailto:corpserv@integratedindia.in">corpserv@integratedindia.in</a>
V)	Share Transfer System		The transfer of shares in physical form is processed and completed by Registrar and Transfer Agent within a period of 15 days from the date of receipt thereof, provided all the documents are in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective depository participants. In compliance with Regulation 40(9) of the SEBI (LODR), Regulations 2015, a Practicing Company Secretary carries out system of transfer and a certificate to that effect is issued.

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

(a) Shareholding pattern as on 31st March, 2019:

SL. No.	Category	No of shares (Issued Equity)	%age
01)	Promoters & Associates	7375739	63.36
02)	Indian Financial Institutions, Banks, Mutual Funds	90005	0.77
03)	Foreign Institutional Investors / NRIs	44079	0.38
04)	Others	4130655	35.49
	<b>Total :</b>	<b>11640478</b>	<b>100.00</b>

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

(b) Distribution of Shareholding as on 31.03.2019:

No. of shares held	No. of share-holders	% of shareholder	No. of shares (Issued Equity)	% of share-holding
Upto 100	20181	86.25	613283	5.27
101-500	2075	8.87	591941	5.08
501-1000	550	2.35	460498	3.96
1001-10000	536	2.29	1602871	13.77
10001-100000	43	0.18	835829	7.18
Above 100000	14	0.06	7536056	64.74
Total :	23399	100	11640478	100

### VII) Dematerialization of shares and Liquidity:

95.90% of equity shares of the company have been dematerialized (NSDL 83.64% and CDSL 12.26%) as on 31st March, 2019. The company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited whereby shareholders have an option to dematerialize their shares with either of the depositories.

Liquidity of shares:

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

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

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

### x) Compliance Certificate of the Auditors

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

## DECLARATIONS

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

As provided under Regulation 26(3) of the SEBI (LODR) Regulations, 2015, all the Board members and Senior Management Personnel have affirmed compliance with GTN TEXTILES LIMITED Code and Ethics for the year ended 31st March, 2019.

For **GTN TEXTILES LIMITED**

**B K PATODIA**

Chairman & Managing Director

(DIN:00003516)

Place: Kochi

Date:07.08.2019

## CEO/ CFO CERTIFICATION

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

- a. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2019 and that to the best of our knowledge and belief, we state that:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal, or violation of the Company's Code of Conduct
- c. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting of the company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit committee
  - i. Significant changes, if any, in internal control over financial reporting during the year;
  - ii. Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control systems over financial reporting.

For **GTN TEXTILES LIMITED**

**B.K. PATODIA**

Chairman & Managing Director

(DIN 00003516)

**A.K. WARERKAR**

Chief Financial Officer

Place: Kochi

Date: 07.08.2019

## CERTIFICATE

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by M/s GTN Textiles Limited, having its Registered office at Door No. VIII/911, Erumathala PO, Aluva, Ernakulam 683 112 and also the information provided by the Company, its officers, agents and authorized representatives, I hereby report that during the Financial Year ended on March 31, 2019, in my opinion, none of the Director on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of the Company by the Board/Ministry of Corporate Affairs or any such Statutory authority.

Place: Coimbatore

Date: 07/08/2019

**MRL Narasimha**

Practicing Company Secretary

MNo 2851 CP No:799

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### Auditors Certificate regarding compliance of conditions of Corporate Governance

To,

The Members of **GTN Textiles Limited**.

We have examined the compliance of conditions of Corporate Governance by GTN Textiles Limited ("the Company") for the year ended 31st March, 2019 as stipulated in SEBI (LODR) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the company's management. Our examination was carried out in accordance with the guidance note on certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the SEBI (LODR) Regulations, 2015.

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

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

Place : Kochi

Date : 07.08.2019

**P.K. MANOJ**  
PARTNER  
M NO.207550

# GTN TEXTILES LIMITED

## MANAGEMENT DISCUSSION & ANALYSIS

### GLOBAL TEXTILE INDUSTRY

The global textile and clothing trade is expected up to touch USD 1205 billion by 2025 from USD 801 billion in 2018. During 2018, the global export trade increased by 5.46% over previous year. China continued to have major share of world trade at USD 266.5 billion (33.2%), while next top nine countries' share varied from 2.4% to 4.8%, with India's share at USD 37.1 billion (4.6%), showing 5th rank. Amongst the top ten, Germany, Bangladesh & Vietnam showed highest growth ranging from 10% to 14%.

Estimate of world cotton production in 2018-19 is 25.7 million tons, consumption 26.6 million ton and ending stocks at 17.8 million tons. This reflects (-) 3.4% and (+) 1.2% change in global production and consumption respectively. Global trade in cotton is likely grow by 4.5%. The leading exporters of cotton may be USA, India, West Africa Region, Brazil and Australia. Over the last 10 years, area under cotton across the world averaged around 32 million hectares, and is expected to reduce marginally in coming season. India has world's largest area under cotton cultivation, around 40% of the total cotton area in the world, and is also the largest producer of cotton having around 25% share with around 6 million tons of cotton being produced. It is relevant to mention here that in spite of world's largest area under cotton cultivation, the yield per hectare is at 499 kilograms, which is one of the lowest in the world. It is imperative that we make vigorous efforts to increase the yield per hectare to at least world average of 750 kilograms per hectare.

The cotton supplies in international market were affected due to decrease in production in major producing countries like USA, Pakistan and Australia. ICAC's forecast for 2018-19 is 87 cents per pound, with cotlook A index expected to range between 84 cents to 91 cents.

However, the ongoing trade war between USA and China, who have substantial presence in world trade, will continue to impact this sector.

### INDIAN TEXTILE INDUSTRY

The Indian Textiles and Clothing market, which was around USD 102 billion in 2018 is expected to reach USD 225 billion by 2024, with CAGR of 14.2%. Exports of Textiles & Clothing have marginally increased and reached a level of USD 37.5 billion. Though there was a decline in apparel exports, exports of cotton yarn, fabrics, and made-ups have grown marginally. During the Post-GST scenario, the export performance of textiles and clothing has deteriorated due to significant drop in export benefits.

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

Year	Spindles (Millions)	Production (Million Kg)	Exports (Million Kg)	Exports (USD Million)
2014-15	49.44	4055	1243	3902
2015-16	50.14	4138	1292	3559
2016-17	51.18	4061	1140	3352
2017-18	52.42	4059	1080	3425
2018-19	52.47	3599	1259	3895

For increasing employment in textile sector as well as productivity and quality, the Ministry of Textiles introduced Textile Upgradation Fund Scheme (TUFS) in April 1999. The said Scheme underwent many changes on different occasions with introduction of Modified TUFS, Restructured TUFS, Revised Restructured TUFS and finally Amended TUFS, covering different segments. The total investment attracted in the entire industry amounted to ₹ 324.5 thousand crores and subsidy reimbursement towards interest and capital subsidy amounted to ₹ 26.5 thousand crores, with employment generated to the tune of 47.65 lakhs as reported last. The spinning and composite segments of the textile sector are major beneficiaries under the Scheme. The package announced by the Government during 2016-17 in favour of garmenting and made-up sector was increased to ₹ 7148 thousand crores from ₹ 6000 thousand crores, was available up to March, 2019.

### RAW COTTON SCENARIO IN INDIA

#### Global Cotton Production

Global production in 2018-19 was slightly over at 25.75 Million Tonnes, it was lower by 3.4% of previous year production, at the same time consumption has increased to 26.66 Million tonnes, just 1.1% higher than previous year consumption. Cotton consumption has been steadily increasing from season to season. This has resulted in decrease in year ending stock which was estimated at 17.85 Million tonnes, 4.8% lower than previous year ending stock.

The growing demand for cotton, changing trade policies and trade dispute between USA & China are contributing uncertainty in the global cotton outlook. The global trade in cotton during 2018-19 has increased to 9.45 million tonnes, an increase of around 4.5% over previous year.

#### Domestic Production Scenario

2018-19 season has commenced with opening stock of 42.91 Lakh bales, 2% lower than previous season opening stock and lower production of 337 Lakh bales, 8.1% lower than previous season production. However as cotton imports have



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

been estimated at 22 Lakh bales, higher than previous season import of 15.8 Lakh bales, this resulted in the availability of 401.9 Lakh bales, 6.5% lower than previous season availability of 429.5 Lakh bales. On the demand side domestic demand estimated at 311.50 Lakh bales, 2.4% lower than previous season demand of 319.06 Lakh bales. Global demand for cotton exports expected at 50 Lakh bales, 26% lower than previous season export of 67.59 Lakh bales. Season ending stock worked out to 40.41 Lakh bales, marginally lower than previous season ending stock of 42.91 Lakh bales.

Generally, the cotton yarn price does not increase in same proportion as increase in raw cotton prices as demand and supply of cotton yarn moves independently. Also, change in cotton price in India does not necessarily follow international trend. This is because high MSP (Minimum Support Price) of cotton protects the fall up to a level in spite of decline in international market. Normally, the MSP is increased by 4%, however, percentage increases have been steeper since year 2011-12 ranging anywhere from 10% to 28%.

As for 2018-19 season, a huge increase in MSP was announced for medium staple cotton from ₹ 4,020 per quintal to ₹ 5,150 (28%) and long staple cotton from ₹ 4,320 to ₹ 5,450 (26%) as committed in the Union Budget 2018-19 (MSP to be fixed at 1.5 times of cost of production).

Though the steep increase in MSP would have some impact on the predominantly cotton based Indian textile industry and cotton exports in the short run, it would greatly help the farmers to sustain their financial viability (cultivating cotton) and retaining the area under cotton.

### **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 180's. Permutations and combinations in spinning and finishing process results in yarns of varied qualities for specific end users. The company was amongst the first in India to manufacture compact yarn using the breakthrough technology of compact spinning, and also uses state-of-art machineries across its plants. Presently, the Company has a capacity of 58,864 spindles at Aluva, Kerala, consisting of 34,896 compact spinning and 23,968 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 3 decades. The company has built up an excellent customer base over the years by supplying consistent quality and timely deliveries of yarns. With flexibility to produce varied counts of cotton yarns, carded, combed, single and twisted, multi fold and gassed, the company is able to retain its customers

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

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

Goods and Service Tax (GST) Scheme which was introduced from 1st July 2017 initially caused a lot of difficulties. However, with greater understanding and modification of the GST system, the Textile Industry and Trade are in much comfortable state. However, strangely many of the benefits like interest subvention, duty draw back and MEIS which were available for exports of cotton yarn have been now denied to this sector. If these benefits are restored it will help the cotton yarn spinning mills immensely.

### **RISK AND CONCERNS**

- a. Raw Cotton, an agricultural product, is the key raw material used for the manufacture of cotton yarn. Almost 65 percent of area under cotton cultivation is rain-fed and hence is dependent on vagaries of monsoon, which this year has shown uncertain signs so far. Adequate availability of raw cotton at right prices is crucial for the Company. Any disruption in the supply and/or violent changes in the cost structure would affect the profitability of the Company.
- b. Your Company follows an efficient inventory management system and a well-crafted strategy of procuring raw materials through a mix of spot and long-term contracts. The company's conscious efforts on maintaining a judicious mix of markets for its sales and thrust on specialty products like Better Cotton Initiative (BCI), Supima yarns and Giza yarns have also proved to be beneficial.

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

- c. Volatility in foreign currency exchange rates vis-a-vis Indian Rupee is another area of concern since a sizable production of cotton yarn is exported by your company. The Company has in place various Management Information Systems, which enable the management to take decisions on exposures relating to exports and imports. The Company continues to strengthen these systems to minimize the risk involved due to adverse movement of exchange rates.
- d. Your Company has a system of assessing the risks on an ongoing basis. This includes an effective internal control and management reporting system. Further, the framework also captures the existing practices to manage commodity price risk, interest risk, and foreign exchange risk etc. An important aspect of this framework is to promote a balanced approach that considers risk and return.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

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

Please refer to Directors' Report on performance review.

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

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

Industrial relations were cordial and satisfactory.

As on 31st March, 2019, the Company has about 820 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

- (i) We have audited the accompanying financial statements of GTN Textiles Ltd (the "Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of cashflows 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 Ind AS financial statements").
- (ii) In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements for the year ended 31st March, 2019 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, 2019, Loss, statement of changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion:

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 financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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.

Sr. No.	Key Audit Matters	Auditor's Response
1	<p><b>Conversion of Non Current Assets to Stock-in-Trade</b></p> <p>The Management has decided to convert portion of land in Aluva as stock-in-trade after ascertaining its present market value.</p> <p>Total Land valued 1188.60 Ares or 29.37 Acres of land situated at Aluva and its Present Market Value is ₹ 95,45,34,945/- and only a portion of property comprising of 1.23 Acres of land valuing ₹ 3,99,74,152 has been converted into stock-in-trade</p> <p>The details of the same has been provided in Note 2.11</p>	<p>We have verified minutes and other related internal documents for understanding the intent of the management for the classification and the same are in accordance with Ind AS 2</p> <p>We have verified the disclosures made in this regard in accordance with Ind AS 2.</p>
2.	<p><b>Guarantee for loans given to Patspin India Ltd(Associate)</b></p> <p>The company has given guarantee of ₹ 300 Lakhs for the loans taken by Patspin india Ltd under restructured TUF scheme from EXIM Bank also the company has not charged any commission for the same</p>	<p>Our audit procedures on Guarantee for loans given to Patspin India Ltd included</p> <p>(i) An Enquiry for not charging commission-Management informed us that commission has not been charged as Patspin is an associate of GTN and it has substantial interest in the undertaking</p> <p>(ii) We observed that as on 31.03.2019 default in payment was made by Patspin India Ltd for Quarter IV regarding the loans for which guarantee given by GTN, also the same remains unpaid as on the date of report.</p> <p>(iii) We have also verified the transaction in essence of section 185 and 186 of Companies Act 2013.</p>

### Responsibility of Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial

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

performance, changes in equity and cash flows in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Standalone) specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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.

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:**

- (i) 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.
- (ii) As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - (a) 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.
  - (b) 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.
  - (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - (d) 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.
  - (e) 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.
- (iii) Materiality is the magnitude of misstatements in the Standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
- (iv) 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.
- (v) 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.

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

### Report on Other Legal and Regulatory Requirements:

- 1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act, 2013, we give in "Annexure - A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - 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 2019 taken on record by the board of directors, none of the directors are disqualified as on 31st March, 2019 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 B". 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, 2019 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.

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

**P. K. Manoj**  
Partner

Place: Kochi

Date: May 21, 2019

Membership No. 207550

### Annexure - A to the Independent Auditors' 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, 2019 we report that:

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.
- (b) The Property, Plant and 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 noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as disclosed in Note 3 are held in the name of the Company.

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

- (ii) During this year, Inventories has been physically verified by the Management and there were no material discrepancies were noticed during such verification
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to any company, firm, Limited Liability Partnership or other parties listed in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, clauses from (iii) (a) to (iii) (c) of paragraph 3 of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act., with respect to the loans, investments, guarantees and security.
- (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 made and maintained. However, we have not made a detailed examination of the records.
- (vii) a) According to the information and explanations given to us and 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, 2019 for a period of more than six months form date they become payable.  
b) According to the information and explanations given to us, there were no dues in of which have not been deposited on account of dispute and the same being contested by the company.
- (viii) According to the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank and government. The Company has not issued any debentures during the year and does not have any outstanding dues in respect of debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of the section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares of fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

**P. K. Manoj**  
Partner

Place: Kochi  
Date: May 21, 2019

Membership No.207550



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

### Annexure - B to the Independent Auditors' 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, 2019 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 reporting

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 reporting

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.

#### 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 2019, 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 – 0015275

P. K. Manoj  
Partner

Place: Kochi  
Date: May 21, 2019

Membership No. 207550

# GTN TEXTILES LIMITED

## BALANCE SHEET

		As at	As at
	Note	31.03.2019	31.03.2018
	No.	(₹ in lacs)	(₹ in lacs)
<b>I. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, Plant and Equipment	3	12,450.76	12,926.75
(b) Capital Work in Progress	4	28.08	-
(c) Intangible Assets	5	3.30	4.41
(d) Financial Assets			
(i) Investments	6	1,964.76	1,964.86
(ii) Others	7	8.91	9.11
(e) Deferred Tax Assets (net)	8	478.38	366.96
(f) Other Non-Current tax assets	9	72.23	68.58
<b>Sub-Total</b>		<u>15,006.42</u>	<u>15,340.67</u>
<b>2 Current assets</b>			
(a) Inventories	10	4,296.85	4,776.87
(b) Financial Assets			
(i) Trade Receivables	11	1,413.62	1,220.59
(ii) Cash and Cash equivalents	12	60.50	21.36
(iii) Bank balances other than (ii) above	13	196.66	279.33
(iv) Other financial assets	14	12.44	31.57
(c) Other Current Assets	15	573.34	466.15
<b>Sub-Total</b>		<u>6,553.41</u>	<u>6,795.87</u>
<b>TOTAL ASSETS</b>		<u><b>21,559.83</b></u>	<u><b>22,136.54</b></u>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	16	1,164.05	1,164.05
(b) Other Equity	17	9,141.64	9,071.82
<b>Sub-Total</b>		<u>10,305.69</u>	<u>10,235.87</u>
<b>Liabilities</b>			
<b>1 Non current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	382.80	511.90
(b) Other non current liabilities	19	263.48	278.78
<b>Sub-Total</b>		<u>646.28</u>	<u>790.68</u>
<b>2 Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	5,189.94	5,466.51
(ii) Trade payables	20	4,815.56	5,270.70
(iii) Other financial liabilities	21	103.10	95.08
(b) Other current liabilities	22	385.73	155.76
(c) Provisions	23	113.53	121.94
<b>Sub-Total</b>		<u>10,607.86</u>	<u>11,109.99</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>21,559.83</b></u>	<u><b>22,136.54</b></u>

Significant accounting policies

1 & 2

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

As per our report of even date attached

For and on behalf of the Board

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

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

**B. L. SINGHAL**  
Director  
DIN No. 00006433

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

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

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

Place : Kochi

Date : 21<sup>st</sup> May 2019

# GTN TEXTILES LIMITED

## STATEMENT OF PROFIT AND LOSS

	Note No.	Year ended March 31, 2019 (₹ in lacs)	Year ended March 31, 2018 (₹ in lacs)
<b>REVENUE:</b>			
Revenue From Operations	24	14,226.10	14,278.69
Other income	25	35.81	43.09
<b>Total Revenue</b>		<b>14,261.91</b>	<b>14,321.78</b>
<b>EXPENSES:</b>			
Cost of materials consumed	26	9,039.58	8,037.02
Changes in inventories of finished goods, work in progress and waste	27	(88.16)	(196.10)
Employee benefits expense	28	2,111.54	2,276.79
Finance costs	29	948.87	1,060.02
Depreciation and amortization expense		329.09	370.63
Other expenses	30	2,761.77	2,974.27
<b>Total Expenses</b>		<b>15,102.69</b>	<b>14,522.63</b>
<b>Profit/(Loss) before exceptional items and tax</b>		<b>(840.78)</b>	<b>(200.85)</b>
Exceptional items	31	3.98	64.83
<b>Profit/(Loss) before tax</b>		<b>(844.76)</b>	<b>(265.68)</b>
Tax expense / (Credit) :			
Current tax		-	-
Deferred tax charge / (Credit)		(111.42)	(47.20)
<b>Profit / (Loss) for the year (A)</b>		<b>(733.34)</b>	<b>(218.48)</b>
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		49.67	38.65
(b) MTM of forward contract		2.19	(7.40)
(c) Impact on revaluation of Land		734.25	-
<b>Total Other comprehensive income (B)</b>		<b>786.11</b>	<b>31.25</b>
<b>Total comprehensive income / (loss) for the year (A) + (B)</b>		<b>52.77</b>	<b>(187.23)</b>
<b>Earnings per Equity Share of Rs 10 each</b>			
Basic and Diluted (in ₹)	32	(6.30)	(1.88)
Significant accounting policies	1 & 2		

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

As per our report of even date attached

For and on behalf of the Board

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

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

**B. L. SINGHAL**  
Director  
DIN No. 00006433

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

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

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

Place : Kochi  
Date : 21<sup>st</sup> May 2019

# GTN TEXTILES LIMITED

## CASH FLOW STATEMENT

	2018-19 (₹ In Lacs)	2017-18 (₹ In Lacs)
<b>A. Cash flow from operating activities</b>		
Net Profit / (loss) before Tax exceptional items	(840.78)	(200.85)
Adjustment for:		
Depreciation and Amortization expense	329.09	370.63
Profit / (loss) on sale / Disposal / Discarded of Property, Plant and Equipments (Net)	(16.50)	133.61
Exchange difference (Net)	2.13	24.33
Gain / (Loss) on other comprehensive income (net)	69.15	31.25
Finance Costs	809.81	915.35
Interest Income	(22.88)	(25.95)
<b>Operating profit before working capital changes</b>	<b>330.02</b>	<b>1,248.37</b>
Changes in working Capital:		
Increase / (Decrease) in Trade Payables	(457.28)	663.08
Increase / (Decrease) in Other Current Liabilities	222.58	47.74
Increase / (Decrease) in Provision for Employee benefit	(8.40)	7.64
(Increase) / Decrease in Trade receivables	(193.03)	150.86
(Increase) / Decrease in Inventories	879.76	(1,566.00)
(Increase) / Decrease in Other Current Assets	(87.85)	5.33
(Increase) / Decrease in Balance in Margin Money / Deposit accounts	82.67	(46.01)
<b>Cash generated from operations</b>	<b>768.47</b>	<b>511.01</b>
Income Taxes Paid (net)	(3.65)	(36.23)
<b>Net cash generated from operations before exceptional items</b>	<b>764.82</b>	<b>474.78</b>
Less: Exceptional items	3.98	64.83
<b>Net cash generated from operating activities (A)</b>	<b>760.84</b>	<b>409.95</b>
<b>B Cash flow from investing activities</b>		
Purchase of property, Plant and Equipment, including capital work in progress and capital advances.	(53.97)	(28.88)
Proceeds from sale of property, Plant and Equipement	524.87	59.38
Interest Income	22.88	25.95
<b>Net cash generated / (used) from/in investing activities (B)</b>	<b>493.78</b>	<b>56.45</b>
<b>C Cash flow from financing activities</b>		
Repayment of Long term borrowings	(164.10)	(501.09)
Increase / (Decrease) in Short term borrowings	(451.07)	831.11
Interest and other borrowing cost paid	(809.81)	(915.35)
Inter corporate Deposits/ Loans (net)	209.50	23.00
<b>Net cash generated / (used) from/in financing activities (C)</b>	<b>(1,215.48)</b>	<b>(562.33)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)</b>	<b>39.14</b>	<b>(95.93)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>21.36</b>	<b>117.29</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>60.50</b>	<b>21.36</b>

**Note:**

The above cash flow statement has been prepared by using the indirect method set out in Ind AS 7 - Statement of Cash Flows.

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

As per our report of even date attached

For and on behalf of the Board

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

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

**B. L. SINGHAL**  
Director  
DIN No. 00006433

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

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

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

Place : Kochi

Date : 21<sup>st</sup> May 2019

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Lacs

	Equity Share Capital	Other Equity				Total		Total equity attributable to equity share holders of the Company	
	General Reserves	Retained Earnings	Revaluation surplus	Items of Other Comprehensive Income		Total			
				Equity Instrument through other comprehensive income	Re-measurement of Employee Benefit		Impact on MTM of Forward Contract		
Balance as at 31.03.2017	1164.05	2,092.36	(1,891.92)	9,229.67	0.01	(177.86)	15.38	9,267.64	10,431.69
FVTOCI - Investment					(0.08)				(0.08)
Tax impact on OCI		6.87						6.87	6.87
Remeasurement of the defined benefit obligation , net of tax effect						38.65		38.65	38.65
Impact of MTM net of tax effect							(22.78)	(22.78)	(22.78)
Profit/(Loss) for the year ended 31.03.2018			(218.48)					(218.48)	(218.48)
Balance as at 31.03.2018	1164.05	2,092.36	(2,103.53)	9,229.67	(0.07)	(139.21)	(7.40)	9,071.82	10,235.87
FVTOCI - Investment					(0.10)			(0.10)	(0.10)
Revaluation of Land				734.25				734.25	734.25
Transfer to retained earnings			418.93	(418.93)					
Tax impact on OCI			17.16					17.16	17.16
Remeasurement of the defined benefit obligation , net of tax effect						49.66		49.66	49.66
Impact of MTM net of tax effect							2.19	2.19	2.19
Profit/(Loss) for the year ended 31.03.2019			(733.34)					(733.34)	(733.34)
<b>Balance as at 31.03.2019</b>	<b>1164.05</b>	<b>2,092.36</b>	<b>(2,400.78)</b>	<b>9,544.99</b>	<b>(0.17)</b>	<b>(89.55)</b>	<b>(5.21)</b>	<b>9,141.64</b>	<b>10,305.69</b>

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

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

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

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

**B. L. SINGHAL**  
Director  
DIN No. 00006433

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

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

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

Place : Kochi  
Date : 21<sup>st</sup> May 2019

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Significant Accounting Policies and notes forming part of the Financial statements as at and for the year ended 31st March, 2019.

### 1 Corporate Information:

GTN Textiles Limited ('the company') is a Public Limited company incorporated and domiciled in India, and has its registered office at Erumathala, Aluva, Cochin, Kerala State, India. The company has been incorporated under the provisions of The Companies Act, 1956 and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Company is engaged primarily in the business of manufacture and Sale of Fine and super fine combed cotton yarn.

### 2 Significant Accounting Policies

#### 2.1 Basis of preparation of financial statements:

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

#### 2.2 Rounding of amount

These standalone financial statements are presented in Indian Rupees, which is also the Company's functional currency. All amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs as per the requirement of Schedule III, of the Companies Act 2013, unless otherwise stated.

#### 2.3 Historical Cost convention

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

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

#### 2.4 Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses of the reporting period. The recognition, measurement, classification or disclosure of an item or information in the financial statements is made relying on these estimates.

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

#### 2.5 Classification of Assets and Liabilities

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisations in cash and cash equivalents, the company has ascertained its operating cycle as 12 (twelve) months for the purpose of current and non-current classification of assets and liabilities.

#### 2.6 Property, Plant and Equipment:

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

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

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

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

The Company assesses at each Balance Sheet date whether there is any indication that any property, plant and equipment may be impaired, if any such indication exists, the carrying value of such property, plant and equipment is reduced to recoverable amount and the impairment loss is charged to statement of profit and loss. If at the Balance sheet



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

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

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

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

### 2.7 Depreciation:

Depreciation has been provided on straight line method based on useful life of Assets as prescribed in Schedule II to the Companies Act, 2013.

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

### 2.8 Intangible Assets

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

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

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

### 2.9 Amortization:

Intangible assets are amortized based on their estimated useful lives.

### 2.10 Investments

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

Equity shares of associate company - At deemed cost.

Quoted equity shares in other Company - At fair value.

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

### 2.11 Inventories

Inventories are stated at lower of cost and net realisable value. Goods in process is stated at cost. The cost includes cost of purchase, freight, taxes and duties and is net of input credit where ever applicable, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Raw Material is stated at "weighted average" cost method and finished goods at "Specific identification" cost method.

Realty business segment:

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

### 2.12 Financial Assets / Liability Policy:

#### a. Financial Assets

##### Classification and Measurement

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

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

### **Amortised cost**

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

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

### **Impairment of financial assets**

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

### **De-recognition of financial assets**

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

## **b. Financial liabilities**

### **Initial recognition and measurement**

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

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

### **Subsequent measurement**

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

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

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

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

### **De-recognition**

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

### **Derivative financial instruments:**

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

## **2.13 Fair Value Measurement**

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### 2.14 Revenue Recognition

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

#### **Sale of Goods:**

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

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

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

#### **Rendering of Services :**

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

#### **Dividend, Interest income, Claims:**

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

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

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

### 2.15 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

### **Defined Contribution Plans:**

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

### **Defined Benefit Plans:**

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

### **2.18 Foreign currency Transactions**

#### **Initial recognition:**

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

#### **Measurement:**

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

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

#### **Treatment of exchange difference**

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

### **2.19 Taxation**

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

### **2.20 Provisions and Contingent Liabilities:**

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

#### **Contingent Liabilities:**

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

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

### **2.21 Cash Flow Statement:**

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

### **2.22 Cash and Cash equivalents Policy:**

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

### 2.23 Earnings per Share:

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

### 2.24 Exceptional Items:

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

### 3 Property, Plant and equipment

Gross cost / deemed cost	Freehold Land	Buildings	Plant and Equipment	Furniture	Office Equipment	Vehicles	Total
<b>Balance as at 31st March 2017</b>	<b>9,254.01</b>	<b>1,889.22</b>	<b>10,296.74</b>	<b>91.13</b>	<b>249.50</b>	<b>86.81</b>	<b>21,867.41</b>
Additions	-	-	15.99	-	2.04	7.61	25.64
Disposal /adjustments	-	-	782.16	-	-	4.43	786.59
Revaluation of Assets	-	-	-	-	-	-	-
<b>Balance as at 31st March 2018</b>	<b>9,254.01</b>	<b>1,889.22</b>	<b>9,530.57</b>	<b>91.13</b>	<b>251.54</b>	<b>89.99</b>	<b>21,106.46</b>
Additions	-	-	19.92	-	5.93	-	25.85
Disposal /adjustments	842.66	141.23	24.05	1.56	12.06	-	1,021.56
Revaluation of Assets	734.25	-	-	-	-	-	734.25
<b>Balance as at 31st March 2019</b>	<b>9,145.60</b>	<b>1,747.99</b>	<b>9,526.44</b>	<b>89.57</b>	<b>245.41</b>	<b>89.99</b>	<b>20,845.00</b>
<b>Accumulated depreciation and impairment</b>							
<b>Balance as at 31st March 2017</b>	-	<b>1,384.64</b>	<b>6,612.69</b>	<b>88.32</b>	<b>241.11</b>	<b>76.34</b>	<b>8,405.10</b>
Disposal /adjustments	-	-	589.51	-	-	4.20	593.71
Deprecation expense	-	36.67	323.05	0.45	3.35	4.80	368.32
<b>Balance as at 31st March 2018</b>	<b>-</b>	<b>1,421.31</b>	<b>6,346.23</b>	<b>88.77</b>	<b>244.46</b>	<b>78.94</b>	<b>8,179.71</b>
Disposal /adjustments	-	77.89	23.53	1.32	10.71	-	113.45
Deprecation expense	-	32.47	288.82	0.31	3.06	3.32	327.98
<b>Balance as at 31st March 2019</b>	<b>-</b>	<b>1,375.89</b>	<b>6,611.52</b>	<b>87.76</b>	<b>236.81</b>	<b>82.26</b>	<b>8,394.24</b>
<b>Net Book Value</b>							
As at 31st March, 2018	9,254.01	467.91	3,184.34	2.36	7.08	11.05	12,926.75
As at 31st March, 2019	9,145.60	372.10	2,914.92	1.81	8.60	7.73	12,450.76

#### Note:

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)**

<b>Class of Asset - Freehold Land</b>	<b>₹ in Lakhs</b>
Carried value as at 31st March, 2016	24.34
Revalued amount as at 1s April, 2016	8493.47
Revaluation surplus recognised in Other Equity as at 1st April, 2016	8469.13
Deemed cost as at 1st April, 2016	8493.47
Revalued amount as at 31st March, 2017	9254.01
Revaluation surplus recognised in Other Equity as at 1st April, 2017	760.54
Deemed Cost as at 31st March, 2017	9254.01
Disposal /adjustments	842.66
Revalued amount as at 31st March, 2019	9,145.60
Revaluation surplus recognised in Other Equity as at 31st March, 2019	734.25
Book value as at 31st March, 2019	9,145.60

	<b>As at 31.03.2019 (₹ in lacs)</b>	<b>As at 31.03.2018 (₹ in lacs)</b>
<b>4 Capital Work in progress</b>		
Capital Work in Progress	<u><b>28.08</b></u>	<u>-</u>
<b>5 Intangible assets</b>		
Gross Cost / Deemed Cost		
As at beginning of the year	<b>255.06</b>	251.93
Additions during the year	-	3.13
Discarded/Disposal during the year	-	-
Balance as at end of the year	<b>255.06</b>	255.06
<b>Accumulated depreciation</b>		
As at beginning of the year	<b>250.65</b>	248.34
Amortisation for the year	<b>1.11</b>	2.31
Disposal/adjustment	-	-
Balance as at end of the year	<b>251.76</b>	250.65
<b>Net Book Value</b>	<u><b>3.30</b></u>	<u>4.41</u>
<b>Financial Assets</b>		
<b>6 Non - Current Investments</b>		
<b>(A) Quoted equity instruments</b>		
<b>Associate</b>		
Patspin Inida Limited (1,42,87,068 Equity shares of ₹ 10 each)	<b>1,964.26</b>	1,964.26
Others:		
Central Bank of India (243 Equity shares of ₹ 10 each)	<b>0.09</b>	0.19
<b>Sub - Total (A)</b>	<u><b>1,964.35</b></u>	<u>1,964.45</u>
Market value of Quoted instrument	<b>1,478.80</b>	1,886.07
<b>(B) Unquoted equity instruments</b>		
GTN Consumer Co-operative stores Limited (2100 Shares of Rs 10 each)	<b>0.21</b>	0.21
GTN Textiles Employees Credit Co-operative Society Limited (200 Equity shares of ₹ 10 each)	<b>0.20</b>	0.20
<b>Sub - Total (B)</b>	<u><b>0.41</b></u>	<u>0.41</u>
<b>TOTAL (A) + (B)</b>	<u><b>1,964.76</b></u>	<u>1,964.86</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)**

	As at 31.03.2019 (₹ in lacs)	As at 31.03.2018 (₹ in lacs)
<b>7 Other Financial Assets</b>		
Security Deposits	8.91	9.11
	<u>8.91</u>	<u>9.11</u>
<b>8 Deferred Tax Asset (Net)</b>		
a Deferred Tax Asset		
Unabsorbed Depreciation & Business Loss	980.73	1027.99
Others	18.00	11.89
	<u>998.73</u>	<u>1039.88</u>
b Deferred Tax Liability		
Related to Propety plant and Equipment	598.35	750.92
	<u>598.35</u>	<u>750.92</u>
c Minimum Alternate Tax Credit entitlement	78.00	78.00
<b>Net Deferred Tax Asset (a - b + c)</b>	<u>478.38</u>	<u>366.96</u>
<b>9 Other Non-Current tax assets</b>		
Income Tax (Net of Provision )	72.23	68.58
	<u>72.23</u>	<u>68.58</u>
<b>10 Inventories</b>		
<b>(a) Textiles</b>		
Method of valuation - Refer Note No. 2.11 of Significant Accounting Policy		
Stores, Spares and Packing Materials	25.97	36.67
Raw Materials	1,411.03	2,368.25
Goods-in-Process	486.24	471.96
Finished Goods	1,970.54	1,887.41
Waste Stock	3.33	12.58
<b>Sub Total (a)</b>	<u>3,897.11</u>	<u>4,776.87</u>
<b>(b) Realty</b>		
Stock in Trade - Land (b)	399.74	-
<b>Total (a) + (b)</b>	<u>4,296.85</u>	<u>4,776.87</u>
<p>Towards the end of the financial year 2018-19, Company has ventured into real estate business and started a new business segment "Realty Segment". Out of total land of 29.37 acres in aluva plant having book value of Rs 9545.35 lacs, Company has identified surplus land of 1.23 acres having book value of Rs 399.74 lacs and converted it as on 31.03.2019 into Stock In Trade based on its carrying value on the date of conversion for development/sale under the said Realty business segment.</p>		
<b>11 Trade Receivables</b>		
Unsecured, considered good	1,413.62	1220.59
Unsecured, considered doubtful	13.31	16.22
Less: Provision for Doubtful debts	(13.31)	(16.22)
	<u>1,413.62</u>	<u>1,220.59</u>
<b>12 Cash and Cash equivalents</b>		
Cash on Hand	1.88	3.66
Balance with Banks - In Current Accounts	58.62	17.70
	<u>60.50</u>	<u>21.36</u>
<b>13 Bank balances other than 12 above</b>		
Margin Money Deposit Accounts	196.66	279.33
	<u>196.66</u>	<u>279.33</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

	As at 31.03.2019 (₹ in lacs)	As at 31.03.2018 (₹ in lacs)
<b>14 Other Financial Assets</b>		
Income Receivables	12.44	31.57
	<u>12.44</u>	<u>31.57</u>
<b>15 Other Current Assets</b>		
Incentive Receivable	15.47	9.46
Security Deposits	146.68	146.68
Prepaid Expenses	37.43	47.04
Balances with Statutory Authorities	297.83	122.31
Other Advances	75.93	140.66
	<u>573.34</u>	<u>466.15</u>
<b>16 Equity Share Capital</b>		
(a) <b>Authorised:</b>		
120,00,000 Equity shares of ₹ 10 each	1,200.00	1,200.00
(b) <b>Issued, Subscribed and fully paid up shares</b>		
116,40,478 Equity shares of ₹ 10 each	1,164.05	1,164.05
	<u>1,164.05</u>	<u>1,164.05</u>

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

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

Particulars	As at 31.03.2019		As at 31.03.2018	
	No. of shares	Rupees in lakhs	No. of shares	Rupees in lakhs
At the beginning of the year	1 16 40 478	1164.05	1 16 40 478	1164.05
Shares allotted during the year	-	-	-	-
At the end of the year	1 16 40 478	1164.05	1 16 40 478	1164.05

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

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

- (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 31.03.2019 and in the previous year no securities convertible into Equity/Preferential shares.
- (i) During the year ended 31.03.2019 and in the previous year there are no calls unpaid including calls unpaid by Directors and officers as on balance sheet date.

	As at 31.03.2019 (₹ in lacs)	As at 31.03.2018 (₹ in lacs)
<b>17 Other Equity</b>		
<b>(i) Reserve &amp; Surplus</b>		
<b>(a) General Reserve</b>		
Balance as at the beginning and the end of the year	2,092.36	2,092.36
<b>(b) Retained earnings</b>		
Balance as at the beginning of the year	(2,103.53)	(1,891.92)
(Add)/Less : Profit/(Loss) for the year from the Statement of Profit and Loss	(733.34)	(218.48)
Transfer from Revaluation Surplus	418.93	-
Deferred tax impact on OCI	17.16	6.87
Balance as at the end of the year	(2,400.78)	(2,103.53)
<b>(ii) Revaluation surplus</b>		
Balance as at the beginning of the year	9,229.67	9,229.67
Revaluation Surplus on revaluation during the year	734.25	-
Transfer to Retained Earnings	(418.93)	-
Balance as at the end of the year	9,544.99	9,229.67
<b>(iii) Other Comprehensive income</b>		
Balance as at the beginning of the year	(146.68)	(162.47)
Changes during the current year	51.75	15.79
Balance as at the end of the year	(94.93)	(146.68)
<b>Total</b>	<b>9,141.64</b>	<b>9,071.82</b>

**(i) General Reserve**

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

**(ii) Retained earnings**

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

**(iii) Revaluation surplus**

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

	As at 31.03.2019 (₹ in lacs)		As at 31.03.2018 (₹ in lacs)	
	Non Current	Current	Non Current	Current
<b>18 Borrowings</b>				
<b>Secured</b>				
Term Loans				
Banks	-	162.38	162.51	555.92
Financial Institutions	-	-	-	70.00
Vehicle loan				
Banks	2.80	1.60	4.39	3.55
Working Capital facilities				
Banks		3,573.46		3,559.04
<b>Un secured</b>				
Loan from a Director	98.50		89.50	
Loan from relatives to Director	281.50		255.50	
Loan from Corporates		1,452.50		1,278.00
	<b>382.80</b>	<b>5,189.94</b>	511.90	5,466.51

### Term Loans:

Term loans are from Banks and Financial Institution and total outstanding of ₹ 162.38 lakhs (Previous year - ₹ 788.43 lakhs) are secured by pari passu first charge by way of equitable mortgage on all immovable assets both present and future and hypothecation of all the movable assets of the Company (excluding assets purchased on finance lease obligation), subject to prior charges in favour of Banks for working capital, ranking pari passu interse. In the above mentioned Term Loans from certain Banks are further secured by personal guarantee given by Chairman & Managing Director of the Company to the extent of ₹ 162.38 lakhs (Previous year end - ₹ 365.63 lakhs).

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

Rs Nil (Previous year Rs 352.80 Lakhs)

Repaid in March 2019. Rate of interest 13.60% p.a. (Previous year end 13.60% p.a.)

Rs 162.38 Lakhs (Previous year Rs 365.63 Lakhs)

Repayable in 16 quarterly installments starting from 30 June 2016 and last instalment due in 31st March 2020. Rate of Interest 12.90% p.a. as at year end (Previous year end 12.90% p.a.)

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

### Re-payment terms of Term Loan from Financial Institutions:

Rs Nil (Previous year Rs 70 Lakhs)

Repaid in November 2018. Rate of interest 11.50% p.a. (Previous year end 11.50% p.a.)

### Vehicle loan:

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

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

### Working Capital facilities:

Working Capital facilities from Banks are secured by pari passu first charge by way of hypothecation of current assets, and further secured/to be secured by way of second charge on all immovable assets, both present and future and on all

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

movable assets of the Company (excluding assets purchased on hire purchase basis), ranking pari passu interse, and also guaranteed by Chairman & Managing Director of the Company.

Average rate of interest rate is 11.56% p.a. (Previous year 11.54% p.a)

Non-fund based limits sanctioned by the bankers are secured by extension of pari passu first charge on the current assets of the Company and further secured by second charge on the immovable properties of the company, ranking pari passu interse, and personal guarantee of Chairman & Managing Director of the company. Total amount outstanding at the end of the year is ₹ 1949.30 lakhs (Previous year ₹ 1533 lakhs).

### Loan from Director and relatives of Directors:

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

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

### Loan from Corporates:

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

	As at 31.03.2019 (₹ in lacs)	As at 31.03.2018 (₹ in lacs)
<b>19 Other Non Current liabilities</b>		
Employee benefit - Gratuity	<u>263.48</u>	<u>278.78</u>
<b>20 Trade payables</b>		
Due to Micro, Small and Medium Enterprises (MSME's)	<b>0.30</b>	-
Due to Others	<b>4,815.26</b>	5,270.70
	<u><b>4,815.56</b></u>	<u>5,270.70</u>

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

The principal amount due thereon remaining unpaid as on the Balance sheet date	<b>0.30</b>	Nil
Interest due thereon remaining unpaid	<b>0.00</b>	Nil
Interest paid along with the amount of the payment during the year	<b>Nil</b>	Nil
Interest due and payable but without adding the interest specified in the above-mentioned act.	<b>Nil</b>	Nil
Interest accrued and remaining unpaid at the end of the year.	<u><b>Nil</b></u>	<u>Nil</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><b>Nil</b></u>	<u>Nil</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)**

	<b>As at 31.03.2019 (₹ in lacs)</b>	<b>As at 31.03.2018 (₹ in lacs)</b>
<b>21 Other financial liabilities</b>		
Interest accrued but not due on borrowings	<b>97.89</b>	87.68
Impact on MTM	<b>5.21</b>	7.40
	<b>103.10</b>	95.08
<b>22 Other Current liabilities</b>		
Statutory payable and other dues	<b>224.18</b>	144.42
Other liabilities	<b>65.27</b>	11.34
Advance received against sale of land	<b>96.28</b>	-
	<b>385.73</b>	155.76
<b>23 Provisions</b>		
Provision for Employee benefits	<b>113.53</b>	121.94
	<b>113.53</b>	121.94

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)**

	Year ended 31.03.2019 (₹ in lacs)	Year ended 31.03.2018 (₹ in lacs)
<b>24 Revenue from operations</b>		
<b>(A) Sale of Products ( Net of Tax)</b>		
<b>Finished Goods :</b>		
Exports	5,861.32	6,530.69
Local	7,369.49	6,137.22
<b>Waste Sales:</b>		
Local	919.27	839.45
<b>TOTAL (A)</b>	<u>14,150.08</u>	<u>13,507.36</u>
<b>(B) Other Operating Income</b>		
Commission Income	-	679.74
Export Incentive	76.02	91.59
<b>TOTAL (B)</b>	<u>76.02</u>	<u>771.33</u>
<b>TOTAL (A) + (B)</b>	<u>14,226.10</u>	<u>14,278.69</u>
<b>25 Other income</b>		
Interest Income	22.88	25.95
Sale of scrap	11.73	15.93
Miscellaneous receipts	1.20	1.21
<b>TOTAL</b>	<u>35.81</u>	<u>43.09</u>
<b>26 Cost of raw materials consumed</b>		
<b>(A) Raw materials Consumed</b>		
Opening Stock	1,392.45	993.92
Add :Purchases during the Year	10,004.19	8,660.73
Less:Sale of Cotton	1,150.87	417.62
Less:Closing Stock	1,411.03	1,392.45
<b>TOTAL (A)</b>	<u>8,834.74</u>	<u>7,844.58</u>
<b>(B) Packing Material Consumed</b>		
Opening Stock	18.14	17.76
Add :Purchases during the Year	200.28	192.82
Less:Closing Stock	13.58	18.14
<b>TOTAL (B)</b>	<u>204.84</u>	<u>192.44</u>
<b>TOTAL (A) + (B)</b>	<u>9,039.58</u>	<u>8,037.02</u>
<b>27 Changes in inventory of finished goods, work in progress and waste</b>		
<b>(A) Stock at the beginning of the year:</b>		
Finished goods	1,887.41	1,638.26
Goods-in-process	471.96	535.85
Waste	12.58	1.74
<b>TOTAL (A)</b>	<u>2,371.95</u>	<u>2,175.85</u>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)**

	Year ended 31.03.2019 (₹ in lacs)	Year ended 31.03.2018 (₹ in lacs)
<b>(B) Less : Stock at the end of the year:</b>		
Finished goods	1,970.54	1,887.41
Goods-in-process	486.24	471.96
Waste	3.33	12.58
<b>TOTAL (B)</b>	<b>2,460.11</b>	<b>2,371.95</b>
<b>Decrease /(Increase) in inventory (A)-(B)</b>	<b>(88.16)</b>	<b>(196.10)</b>
<b>28 Employee benefit expenses</b>		
Salaries, Wages and Bonus	1,778.07	1,922.15
Contribution to Provident and Other Funds	242.48	260.07
Welfare Expenses	90.99	94.57
<b>TOTAL</b>	<b>2,111.54</b>	<b>2,276.79</b>
<b>29 Finance cost</b>		
Interest Expenses	809.81	915.35
Other borrowing costs	139.06	144.67
<b>TOTAL</b>	<b>948.87</b>	<b>1,060.02</b>
<b>30 Other expenses</b>		
Power and fuel	1,525.02	1,470.66
Process charges expenses	337.03	361.15
Consumption- Stores and Spares	49.27	78.54
Repairs & Maintenance- Building	1.66	1.34
Repairs & Maintenance- Plant & Machinery	172.37	199.44
Commission and Brockerage	140.37	167.48
Other selling expenses	162.66	179.33
Insurance	45.00	48.81
Rates and Taxes	12.35	4.85
Rent	15.82	10.59
Directors Sitting Fee	2.68	2.66
Payment to Statutory Auditors		
Audit Fee	1.75	1.75
Out of Pocket Expenses	0.67	0.09
(Net gain) / Net loss on foreign currency transaction and translation	108.15	62.24
(Profit) / Loss on disposal/discard of fixed assets (Net)	(16.50)	133.61
Miscellaneous Expenses	203.47	251.73
<b>TOTAL</b>	<b>2,761.77</b>	<b>2,974.27</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

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

### 32 Earning per share

	<b>31.03.2019</b>	31.03.2018
	(₹ in lacs)	(₹ in lacs)
Net profit /(Loss) attributable to equity shareholders as per statement of profit and loss	<b>(733.34)</b>	(218.48)
Weighted average Number of Equity Shares (₹ 10 per share)	Nos <b>11640478</b>	11640478
Basic and diluted Earning Per Share	₹ <b>(6.30)</b>	(1.88)

### 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.

	<b>Gratuity Plan</b>	Gratuity Plan
	<b>2018-19</b>	2017-18
	(₹ in lacs)	(₹ in lacs)
<b>Change in Defined Benefit Obligation (DBO) during the year</b>		
1 Present value of DBO at the beginning of the year	<b>928.48</b>	1018.93
2 Current Service cost	<b>30.63</b>	33.37
3 Interest cost	<b>69.59</b>	69.24
4 Actuarial (gain)/ loss arising from changes in financial assumptions	<b>(35.13)</b>	(27.83)
5 Actuarial (gain)/ loss arising from changes in experience adjustments	<b>(32.88)</b>	(27.14)
6 Benefits paid	<b>(95.11)</b>	(138.09)
<b>Present value of DBO at the end of the year</b>	<b>865.57</b>	928.48
<b>Change in fair value of plan assets during the year</b>		
1 Fair value of plan assets at the beginning of the year	<b>649.70</b>	724.07
2 Interest income	<b>48.69</b>	49.20
3 Employer contributions	<b>0.82</b>	13.56
4 Benefits paid	<b>(95.11)</b>	(138.09)
5 Remeasurements - return on plan assets (excluding interest income)	<b>(2.01)</b>	0.96
<b>Present value of DBO at the end of the year</b>	<b>602.09</b>	649.70
<b>Amounts recognised in the Balance Sheet</b>		
1 Present value of DBO at the end of the year	<b>865.57</b>	928.48
2 Fair value of plan assets at the end of the year	<b>602.09</b>	649.70
Funded status of the plans - Surplus / (Deficit)	<b>(263.48)</b>	(278.78)
<b>Assets and (Liability) recognised in the Balance sheet</b>	<b>(263.48)</b>	(278.78)
<b>Components of employer expense</b>		
1 Current service cost	<b>30.63</b>	33.37
2 Interest cost / (income) on net defined benefit obligation	<b>20.89</b>	20.04

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)**

	<b>Gratuity Plan 2018-19 (₹ in lacs)</b>	Gratuity Plan 2017-18 (₹ in lacs)
<b>Expense recognised in Statement of Profit and Loss</b>	<b>51.52</b>	53.41
<b>Remeasurements on the net defined benefit obligation</b>		
Return on plan assets(excluding interest income)	<b>2.01</b>	(0.96)
Actuarial (gain) / loss arising from changes in financial assumptions	<b>(35.13)</b>	(27.83)
Actuarial (gain) / loss arising from changes in experience adjustments	<b>(32.88)</b>	(27.14)
<b>Remeasurements recognised in other comprehensive income</b>	<b>(60.00)</b>	(55.93)
<b>Total defined benefit cost recognised</b>	<b>(14.48)</b>	(2.52)
<b>Nature and extent of investment details of the plan assets</b>		
State and Central Securities	-	-
Bonds	-	-
Special Deposits	-	-
Insurer Managed funds	<b>100%</b>	100%
<b>Assumptions</b>		
Discount rate	<b>7.50%</b>	7.50%
Expected rate of salary increase	<b>2.00%</b>	3.00%
<b>Sensitivity analysis - DBO at the end of the year (in lacs)</b>		
Discount rate + 100 basis points	<b>835.63</b>	892.18
Discount rate - 100 basis points	<b>899.15</b>	969.24
Salary Growth rate + 1%	<b>900.71</b>	970.70
Salary Growth rate - 1%	<b>833.81</b>	890.34
Attrition rate +50%	<b>873.75</b>	936.38
Attrition rate -50%	<b>856.86</b>	920.03
<b>Weighted average duration of DBO</b>	<b>4 years</b>	4 years
<b>Expected cash flows( in lacs)</b>		
<b>1. Expected employer contribution in the next year</b>	<b>283.96</b>	303.84
<b>2. Expected benefit payments</b>		
Year 1	<b>390.28</b>	336.91
Year 2 to year 5	<b>323.32</b>	404.66
Year 6 to year 10	<b>200.68</b>	250.23
Beyond 10 years	<b>350.43</b>	426.31

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

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

GTN Enterprises Ltd

Beekaypee Credit Private Ltd

Umang Finance Private Ltd

Patodia Exports and Investments Private Ltd

##### iii. Other Related Parties:

Shri B.K. Patodia – Chairman & Managing Director

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

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

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

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

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

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

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

#### (b) Transactions / Balances

	Associates		Company under joint control under para 9 (b) vi of Ind AS 24		Other related Parties	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Sale of goods	1,629.19	424.72	1,077.24	620.39	-	-
Purchase of goods	1,887.82	1,160.08	1,692.32	1,963.71	-	-
Sale of fixed assets	-	9.75	-	-	511.00	-
Rendering of services	0.88	1.32	1.20	1.20	-	0.12
Receiving of services	183.43	173.26	129.93	64.78	6.60	3.60
Remuneration paid	-	-	-	-	46.22	44.71
Unsecured Loans taken	-	-	19.50	3.00	35.00	45.00
Interest Paid	-	-	0.33	-	37.21	45.00
Balances as at year end						
Trade Payables	1,205.49	876.85	1,097.43	943.82	-	-
Trade Receivables	-	-	-	-	-	-
Loans Outstanding	-	-	22.50	3.00	380.00	345.00
Interest Payable	-	-	2.48	0.33	4.67	2.21
Investments	1,964.26	1,964.26	-	-	-	-
Guarantees provided for	300.00	300.00	-	-	-	-
Guarantees received	-	175.00	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

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

	Transactions	
	2018-19	2017-18
<b>(i) Sale of goods</b>		
<b>a) Cotton</b>		
i) GTN Enterprises LTD	475.17	323.84
ii) Patspin India LTD	701.05	97.38
<b>b) Cotton Yarn</b>		
i) GTN Enterprises LTD	601.29	294.76
ii) Patspin India LTD	925.37	321.07
<b>c) Store Items</b>		
i) Patspin India LTD	2.77	5.53
<b>d) Waste</b>		
i) Patspin India LTD	-	0.60
<b>e) Machinery</b>		
i) Patspin India LTD	-	9.75
<b>f) Packing Materials</b>		
i) GTN Enterprises LTD	0.78	1.79
ii) Patspin India LTD	-	0.14
<b>g) Land and Building</b>		
i) Other Related Parties	511.00	-
<b>(ii) Purchase of goods</b>		
<b>a) Cotton</b>		
i) GTN Enterprises LTD	1,221.43	1,294.92
ii) Patspin India LTD	1,518.98	1,125.52
<b>b) Cotton Yarn</b>		
i) GTN Enterprises LTD	447.56	668.34
ii) Patspin India LTD	368.83	33.15
<b>c) Store Items</b>		
i) Patspin India LTD	-	0.09
<b>d) Packing Materials</b>		
i) GTN Enterprises LTD	23.33	0.46
ii) Patspin India LTD	0.01	1.32
<b>(iii) Rendering of services</b>		
<b>a) Rent</b>		
i) GTN Enterprises LTD	1.20	1.20
ii) Patspin India LTD	0.88	1.32
iii) Other Related Parties	-	0.12
<b>(iv) Receiving of services</b>		
<b>a) Rent</b>		
i) Other Related Parties	6.60	3.60
<b>b) Processing Charges</b>		
i) GTN Enterprises LTD	129.93	64.78
ii) Patspin India LTD	183.43	173.26
<b>(v) Remuneration paid</b>		
i) Other Related Parties	46.22	44.71
<b>(vi) Unsecured Loans taken</b>		
i) M/s Beekaypee Credit Pvt Ltd	6.00	1.25
ii) M/s Umang Finance Private Ltd	4.00	1.75

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

iii) M/s Patodia Exports & Investments Private Ltd	9.50	-
iv) Other Related Parties	35.00	45.00
<b>(vii) Interest Paid</b>		
i) M/s Beekaypee Credit Pvt Ltd	0.14	-
ii) M/s Umang Finance Private Ltd	0.19	-
iii) Other Related Parties	37.21	45.00
<b>(viii) Guarantees provided for Patspin India Limited</b>	<b>300.00</b>	<b>300.00</b>
<b>(ix) Guarantees received from Patspin India Limited</b>	-	175.00

### Notes:

- (i) The related parties have been identified by the Management and relied upon by the auditors.
- (ii) No amount has been provided for/written off/written back, pertaining to related parties.
- 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** Based on the "Management Approach" as defined in Ind AS 108 - Operating Segments, the Company is primarily engaged in yarn segment. During the last quarter of the financial year 2018-19 the company has commenced Realty Business activity. However, as there was no revenue from Realty Business activity and the capital employed in the Realty Business activity being less than the threshold limit of 10% of the total capital employed of all the business segments, Realty Business segment reporting is not required as per Ind AS 108.
- 37** Finance Lease assets, loan repayable and future payments disclosure.

Particulars	As at 31.03.2019			As at 31.03.2018		
	Total Minimum payments Outstanding (₹ in Lacs)	Future Interest on outstanding (₹ in Lacs)	Present value of minimum payments (₹ in Lacs)	Total Minimum payments Outstanding (₹ in Lacs)	Future Interest on outstanding (₹ in Lacs)	Present value of minimum payments (₹ in Lacs)
1. Due within one year	1.60	0.30	1.90	3.53	0.57	4.10
2. Between one year to five years	2.80	0.28	3.08	4.41	0.58	4.99
Total	4.40	0.58	4.98	7.94	1.15	9.09

### **38 Contingent liabilities and commitments**

#### **Contingent liabilities**

- Contingent Liabilities and commitments not provided for in respect of :  
Disputed amounts of Taxes and Duties and other claims not acknowledged as debts : ₹ Nil ( Previous year ₹Nil.)
- The company has given corporate Guarantee amounting of ₹ 300 Lakhs ( Previous year Rs 300 Lakhs) to EXIM bank in respect of financial assistance provided by them to PATSPIN INDIA LIMITED under restructured TUF scheme and the outstanding amount of the said loan is ₹ 832.10 Lakhs. ( Previous year Rs 1054.50 Lakhs)

### **39 a. Financial risks management**

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

### 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	10.12%	12.86%
Revenue from Top Five Customers	31.58%	35.26%

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

### Liquidity Risk

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

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

Contractual maturities of financial liabilities are given as under:

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

### Interest Rate Risk

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

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

The amount which is subjected to the change in the interest rate is of ₹ 3735.84 lacs out of the total debt of ₹ 5572.73 lacs.

Based on the Structure of the debt as at year end, a half percentage point increase in the interest rate would cause an additional expense in the net financing cost of ₹ 18.68 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 31.03.2019 are given below:

Particulars	As at 31.03.2019			As at 31.03.2018		
	Amount in Lacs	Exchange Rate ₹	Amount (₹in lacs)	Amount in lacs	Exchange Rate ₹	Amount (₹in lacs)
Accounts payable	USD 3.29	69.12	227.40	USD 20.19	65.18	1316.40

Based on one percentage point variations in the exchange rate, the profit before tax for the year based on the un hedged foreign currency transaction entered during the period will be effected by ₹ 2.27 Lacs

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

### 39 b. Capital risk management

The Company's objectives when managing capital are to :

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

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

The details of capital employed is given below:

<b>Particulars</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
Total equity	<b>10,305.69</b>	10,235.87
Net Debt	<b>5,512.24</b>	5,957.05
Total Capital (Borrowings and Equity)	<b>15,817.93</b>	16,192.92

- (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.

Signature to Note 1 to 39

As per our report of even date attached

For and on behalf of the Board

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

Chartered Accountants  
(ICAI FRN 001527S )

**B. K. PATODIA**

Chairman & Managing Director  
DIN No. 00003516

**B. L. SINGHAL**

Director  
DIN No. 00006433

**P. K. MANOJ**

Partner  
(M. No. 207550)

**E. K. BALAKRISHNAN**

Vice President (Corporate Affairs) &  
Company Secretary

**A. K. WARERKAR**

Vice President (Finance) &  
Chief Financial Officer

Place : Kochi

Date : 21<sup>st</sup> May 2019

## INDEPENDENT AUDITOR'S REPORT

**To the Members of GTN Textiles Ltd**

**Report on the Consolidated Financial Statements**

### Opinion

- (i) We have audited the accompanying financial statements of GTN Textiles Ltd (the "Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of cashflows 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 Ind AS financial statements").
- (ii) In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS financial statements for the year ended 31st March, 2019 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, 2019, Loss, statement of changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion:

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 financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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.

Sr. No.	Key Audit Matters	Auditor's Response
1	<p><b>Conversion of Non Current Assets to Stock-in-Trade</b></p> <p>The Management has decided to convert portion of land in Aluva as stock-in-trade after ascertaining its present market value.</p> <p>Total Land valued 1188.60 Ares or 29.37 Acres of land situated at Aluva and its Present Market Value is ₹ 95,45,34,945/- and only a portion of property comprising of 1.23 Acres of land valuing ₹ 3,99,74,152 has been converted into stock-in-trade</p> <p>The details of the same has been provided in Note 2.12</p>	<p>We have verified minutes and other related internal documents for understanding the intent of the management for the classification and the same are in accordance with Ind AS 2</p> <p>We have verified the disclosures made in this regard in accordance with Ind AS 2.</p>
2.	<p><b>Guarantee for loans given to Patspin India Ltd(Associate)</b></p> <p>The company has given guarantee of ₹ 300 Lakhs for the loans taken by Patspin India Ltd under restructured TUF scheme from EXIM Bank also the company has not charged any commission for the same</p>	<p>Our audit procedures on Guarantee for loans given to Patspin India Ltd included</p> <p>(i) An Enquiry for not charging commission-Management informed us that commission has not been charged as Patspin is an associate of GTN and it has substantial interest in the undertaking</p> <p>(ii) We observed that as on 31.03.2019 default in payment was made by Patspin India Ltd for Quarter IV regarding the loans for which guarantee given by GTN, also the same remains unpaid as on the date of report.</p> <p>(iii) We have also verified the transaction in essence of section 185 and 186 of Companies Act 2013.</p>

### Responsibility of Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial

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

position, financial performance, changes in equity and cash flows in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Consolidated) specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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.

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:**

- (i) 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.
- (ii) As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - (a) 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.
  - (b) 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.
  - (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - (d) 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.
  - (e) 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.
- (iii) Materiality is the magnitude of misstatements in the Consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
- (iv) 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.
- (v) 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.

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

### Report on Other Legal and Regulatory Requirements:

- 1 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 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 written representations received from the directors as on 31st March 2019 taken on record by the board of directors, none of the directors are disqualified as on 31st March, 2019 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, 2019 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 Consolidated 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.

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

**P. K. Manoj**  
Partner

Place: Kochi  
Date: May 21, 2019

Membership No.207550

### Annexure - A to the Independent Auditors' 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, 2019 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

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

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 reporting**

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 reporting**

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.

### **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 2019, 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

Place: Kochi  
Date: May 21, 2019

Membership No.207550

# GTN TEXTILES LIMITED

## CONSOLIDATED BALANCE SHEET

		As at	As at
	Note	31.03.2019	31.03.2018
	No.	(₹ in lacs)	(₹ in lacs)
<b>I. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, Plant and Equipment	3	12,450.76	12,926.75
(b) Capital Work in Progress	4	28.08	-
(c) Intangible Assets	5	3.30	4.41
(d) Financial Assets			
(i) Investments	6	136.94	314.92
(ii) Others	7	8.91	9.11
(e) Deferred Tax Assets (net)	8	478.38	366.96
(f) Other Non-Current tax assets	9	72.23	68.58
<b>Sub-Total</b>		<u>13,178.60</u>	<u>13,690.73</u>
<b>2 Current assets</b>			
(a) Inventories	10	4,296.85	4,776.87
(b) Financial Assets			
(i) Trade Receivables	11	1,413.62	1,220.59
(ii) Cash and Cash equivalents	12	60.50	21.36
(iii) Bank balances other than (ii) above	13	196.66	279.33
(iv) Other financial assets	14	12.44	31.57
(c) Other Current Assets	15	573.34	466.15
<b>Sub-Total</b>		<u>6,553.41</u>	<u>6,795.87</u>
<b>TOTAL ASSETS</b>		<u><u>19,732.01</u></u>	<u><u>20,486.60</u></u>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	16	1,164.05	1,164.05
(b) Other Equity	17	7,313.82	7,421.88
<b>Sub-Total</b>		<u>8,477.87</u>	<u>8,585.93</u>
<b>Liabilities</b>			
<b>1 Non current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	382.80	511.90
(b) Other non current liabilities	19	263.48	278.78
<b>Sub-Total</b>		<u>646.28</u>	<u>790.68</u>
<b>2 Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	5,189.94	5,466.51
(ii) Trade payables	20	4,815.56	5,270.70
(iii) Other financial liabilities	21	103.10	95.08
(b) Other current liabilities	22	385.73	155.76
(c) Provisions	23	113.53	121.94
<b>Sub-Total</b>		<u>10,607.86</u>	<u>11,109.99</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>19,732.01</u></u>	<u><u>20,486.60</u></u>

Significant accounting policies

1 & 2

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

As per our report of even date attached

For and on behalf of the Board

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

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

**B. L. SINGHAL**  
Director  
DIN No. 00006433

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

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

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

Place : Kochi

Date : 21<sup>st</sup> May 2019



# GTN TEXTILES LIMITED

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Note No.	Year ended March 31, 2019 (₹ in lacs)	Year ended March 31, 2018 (₹ in lacs)
<b>REVENUE:</b>			
Revenue From Operations	24	14,226.10	14,278.69
Other income	25	35.81	43.09
<b>Total Revenue</b>		<b>14,261.91</b>	<b>14,321.78</b>
<b>EXPENSES:</b>			
Cost of materials consumed	26	9,039.58	8,037.02
Changes in inventories of finished goods, work in progress and waste	27	(88.16)	(196.10)
Employee benefits expense	28	2,111.54	2,276.79
Finance costs	29	948.87	1,060.02
Depreciation and amortization expense		329.09	370.63
Other expenses	30	2,761.77	2,974.27
<b>Total Expenses</b>		<b>15,102.69</b>	<b>14,522.63</b>
<b>Profit/(Loss) before exceptional items and tax</b>		<b>(840.78)</b>	<b>(200.85)</b>
Exceptional items	31	3.98	64.83
<b>Profit/(Loss) before tax and share of Associate</b>		<b>(844.76)</b>	<b>(265.68)</b>
Share of Profit / (Loss) of Associate		(109.06)	(200.82)
<b>Profit/(Loss) before tax</b>		<b>(953.82)</b>	<b>(466.50)</b>
Tax expense / (Credit) :			
Current tax		-	-
Deferred tax charge / (Credit)		(111.42)	(47.20)
<b>Profit / (Loss) for the year (A)</b>		<b>(842.40)</b>	<b>(419.30)</b>
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		49.67	38.65
(b) MTM of forward contract		2.19	(7.40)
(c) Impact on Revaluation of Land		734.25	-
(d) Share of OCI of Associates		(68.83)	-
<b>Total Other comprehensive income (B)</b>		<b>717.28</b>	<b>31.25</b>
<b>Total comprehensive income / (loss) for the year (A) + (B)</b>		<b>(125.12)</b>	<b>(388.05)</b>
<b>Earnings per Equity Share of ₹ 10 each</b>			
Basic and Diluted (in ₹)	32	(7.24)	(3.60)
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

**B. L. SINGHAL**  
Director  
DIN No. 00006433

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

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

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

Place : Kochi  
Date : 21<sup>st</sup> May 2019

# GTN TEXTILES LIMITED

## STATEMENT OF CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2019

	2018-19 (₹ In Lacs)	2017-18 (₹ In Lacs)
<b>A. Cash flow from operating activities</b>		
Profit / (loss) before Tax	(840.78)	(200.85)
Adjustment for:		
Depreciation and Amortization expense	329.09	370.63
Profit / (loss) on sale / Scrap of Property, Plant and Equipments (Net)	(16.50)	133.61
Exchange difference (Net)	2.13	24.33
Gain on measuring investment (net)	69.15	31.25
Finance Cost	809.81	915.35
Interest Income	(22.88)	(25.95)
<b>Operating profit before working capital changes</b>	<b>330.02</b>	<b>1,248.37</b>
Changes in working Capital:		
Increase / (Decrease) in Trade Payables	(457.28)	663.08
Increase / (Decrease) in Other Current Liabilities	222.58	47.74
Increase / (Decrease) in Provision for Employee benefit	(8.40)	7.64
(Increase) / Decrease in Trade receivables	(193.03)	150.86
(Increase) / Decrease in Inventories	879.76	(1,566.00)
(Increase) / Decrease in Other Current Assets	(87.85)	5.34
(Increase) / Decrease in Balance in Margin Money / Deposit accounts	82.67	(46.01)
<b>Cash generated from operations</b>	<b>768.47</b>	<b>511.02</b>
Direct taxed Paid (net of refunds)	(3.65)	(36.23)
<b>Net cash generated from operations before exceptional items</b>	<b>764.82</b>	<b>474.78</b>
Less: Exceptional items	3.98	64.83
<b>Net cash generated from operating activities (A)</b>	<b>760.84</b>	<b>409.95</b>
<b>B Cash flow from investing activities</b>		
Purchase of property, Plant and Equipment, including capital working progress and capital advances.	(53.97)	(28.88)
Proceeds from sale of property, Plant and Equipements	524.87	59.38
Interest Income	22.88	25.95
<b>Net cash generated / (used) from/in investing activities (B)</b>	<b>493.78</b>	<b>56.45</b>
<b>C Cash flow from financing activities</b>		
Repayment of Long term borrowings	(164.10)	(501.09)
Increase / (Decrease) in Short term borrowings	(451.07)	831.11
Interest and other borrowing cost paid	(809.81)	(915.35)
Inter corporate Deposits/ Loans (net)	209.50	23.00
<b>Net cash generated / (used) from/in financing activities (C)</b>	<b>(1,215.48)</b>	<b>(562.33)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)</b>	<b>39.14</b>	<b>(95.93)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>21.36</b>	<b>117.29</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>60.50</b>	<b>21.36</b>

**Note:**

The above cash flow statement has been prepared by using the indirect method set out in Ind AS 7 - Statement of Cash Flows.

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

As per our report of even date attached

For and on behalf of the Board

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

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

**B. L. SINGHAL**  
Director  
DIN No. 00006433

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

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

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

Place : Kochi

Date : 21<sup>st</sup> May 2019

## CONSOLIDATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in Lacs

	Equity Share Capital		Other Equity						Total	Total equity attributable to equity share holders of the Company
	Reserve and Surplus		Revaluation surplus	Equity Instrument through other comprehensive income	Items of Other Comprehensive Income		Impact on MTM of Forward Contract			
	General Reserves	Retained Earnings			Re-measurement of Employee Benefit					
Balance as at 31.03.2017	1,164.05	2,092.36	(3,341.04)	9,229.67	0.01	(177.86)	15.38	7,818.52	8,982.57	
FVTOCI - Investment					0.08			0.08	0.08	
Tax impact on MTM			6.87					6.87	6.87	
Remeasurement of the defined benefit obligation, net of tax effect						38.65		38.65	38.65	
Impact of MTM net of tax effect							(22.78)	(22.78)	(22.78)	
Profit / (Loss) for the year ended 31.03.2018			(419.30)					(419.30)	(419.30)	
Balance as at 31.03.2018	1,164.05	2,092.36	(3,753.47)	9,229.67	(0.07)	(139.21)	(7.40)	7,421.88	8,585.93	
FVTOCI - Investment	-	-	-	-	(0.10)	-	-	(0.10)	(0.10)	
Revaluation of Land	-	-	-	734.25	-	-	-	734.25	734.25	
Transfer to retained earnings	-	-	418.93	(418.93)	-	-	-	-	-	
Tax impact on MTM	-	-	17.16	-	-	-	-	17.16	17.16	
Remeasurement of the defined benefit obligation, net of tax effect	-	-	-	-	-	49.66	-	49.66	49.66	
Impact of MTM net of tax effect	-	-	-	-	-	-	2.19	2.19	2.19	
Share of OCI of Associates	-	-	(68.82)	-	-	-	-	(68.82)	(68.82)	
Profit / (Loss) for the year ended 31.03.2019	-	-	(842.40)	-	-	-	-	(842.40)	(842.40)	
<b>Balance as at 31.03.2019</b>	<b>1,164.05</b>	<b>2,092.36</b>	<b>(4,228.60)</b>	<b>9,544.99</b>	<b>(0.17)</b>	<b>(89.55)</b>	<b>(5.21)</b>	<b>7,313.82</b>	<b>8,477.87</b>	

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

As per our report of even date attached

For and on behalf of the Board

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

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

**B. L. SINGHAL**  
Director  
DIN No. 00006433

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

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

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

Place : Kochi

Date : 21<sup>st</sup> May 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

### Significant Accounting Policies and notes forming part of the Consolidated Financial statements as at and for the year ended 31st March, 2019.

#### 1 Corporate Information:

The consolidated Financial statements comprise financial statements of GTN Textiles Limited and its Associate, PATSPIN INDIA LIMITED for the year ended 31 March, 2019. GTN Textiles Limited is holding 46.21% of equity share capital of Patspin India Limited.

GTN Textiles Limited ('the company') is a Public Limited company incorporated and domiciled in India, and has its registered office at Erumathala, Aluva, Cochin, Kerala State, India. The company has been incorporated under the provisions of The Companies Act, 1956 and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange(BSE) in India. The Company is engaged primarily in the business of manufacture and Sale of Fine and super fine combed cotton yarn.

#### 2 Significant Accounting Policies

##### 2.1 Basis of preparation of consolidated financial statements:

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

##### 2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statement of GTN Textiles Limited and its Associate, Patspin India Limited (collectively referred as "the Group") as at 31st March, 2019.

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

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

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

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

##### 2.3 Rounding of amount

These consolidated financial statements are presented in Indian Rupees, which is also the group's functional currency. All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest lacs as per the requirement of Schedule III of the Companies Act 2013, unless otherwise stated.

##### 2.4 Historical Cost convention

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

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

##### 2.5 Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of consolidated financial statements and reported amounts of revenue and expenses of the reporting period. The recognition, measurement, classification or disclosure of an item or information in the consolidated financial statements is made relying on these estimates.

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

##### 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisations in cash and cash equivalents, the group has ascertained its operating cycle as 12 (twelve) months for the purpose of current and non-current classification of assets and liabilities.

### 2.7 Property, Plant and Equipment:

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

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

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

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

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

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

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

### 2.8 Depreciation:

Depreciation has been provided on straight line method based on useful life of Assets as prescribed in Schedule II to the Companies Act, 2013.

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

### 2.9 Intangible Assets

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

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

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

### 2.10 Amortization:

Intangible assets are amortized based on their estimated useful lives.

### 2.11 Investments

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

Equity shares of associate company - At deemed cost.

Quoted equity shares in other Company - At fair value.

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

### 2.12 Inventories

Inventories are stated at lower of cost and net realisable value. Goods in process is stated at cost. The cost includes

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

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

Realty business segment:

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

### 2.13 Financial Assets / Liability Policy:

#### a. Financial Assets

##### Classification and Measurement

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

##### Subsequent measurement

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

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

##### Amortised cost

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

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

##### Impairment of financial assets

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

##### De-recognition of financial assets

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

#### b. Financial liabilities

##### Initial recognition and measurement

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

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

##### Subsequent measurement

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

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

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

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

##### De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

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

### **Derivative financial instruments:**

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

### **2.14 Fair Value Measurement**

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

### **2.15 Revenue Recognition**

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

#### **Sale of Goods**

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

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

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

#### **Rendering of Services :**

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

#### **Dividend, Interest income, Claims:**

Dividend income from investments is recognised when the Group's right to receive dividend is established provided it is



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

probable that the economic benefits associated with the dividend will flow to the Group as also the amount of dividend income can be measured reliably.

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

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

### 2.16 Borrowing

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

### 2.17 Borrowing cost

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

### 2.18 Short-term Employee Benefits

Short Term employee benefits including accrued liability for Leave Encashment (other than termination benefits) which are payable within 12 ( twelve) months after the end of the period in which the employees render service are paid/ provided during the year, as per the Rules of the Company.

#### Defined Contribution Plans:

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

#### Defined Benefit Plans:

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

### 2.19 Foreign currency Transactions

#### Initial recognition:

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

#### Measurement:

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

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

#### Treatment of exchange difference

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

### 2.20 Taxation

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

### 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value. These are reviewed at each consolidated balance sheet date and adjusted to reflect the current best estimates.

### **Contingent Liabilities:**

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

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

### **2.22 Consolidated Cash Flow Statement:**

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

### **2.23 Cash and Cash equivalents Policy:**

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

### **2.24 Earnings per Share:**

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

### **2.25 Exceptional Items:**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)**
**3 Property ,Plant and equipment**

(₹ in lacs)

Gross cost / deemed cost	Freehold Land	Buildings	Plant and Equipment	Furniture	Office Equipment	Vehicles	Total
<b>Balance as at 31st March 2017</b>	<b>9,254.01</b>	<b>1,889.22</b>	<b>10,296.74</b>	<b>91.13</b>	<b>249.50</b>	<b>86.81</b>	<b>21,867.41</b>
Additions	-	-	15.99	-	2.04	7.61	25.64
Disposal /adjustments	-	-	782.16	-	-	4.43	786.59
Revaluation of Assets	-	-	-	-	-	-	-
<b>Balance as at 31st March 2018</b>	<b>9,254.01</b>	<b>1,889.22</b>	<b>9,530.57</b>	<b>91.13</b>	<b>251.54</b>	<b>89.99</b>	<b>21,106.46</b>
Additions	-	-	19.92	-	5.93	-	25.85
Disposal /adjustments	842.66	141.23	24.05	1.56	12.06	-	1,021.57
Revaluation of Assets	734.25	-	-	-	-	-	734.25
<b>Balance as at 31st March 2019</b>	<b>9,145.60</b>	<b>1,747.99</b>	<b>9,526.44</b>	<b>89.57</b>	<b>245.41</b>	<b>89.99</b>	<b>20,845.00</b>
<b>Accumulated depreciation</b>							
<b>As at 31st March 2017</b>	-	<b>1,384.64</b>	<b>6,612.69</b>	<b>88.32</b>	<b>241.11</b>	<b>76.34</b>	<b>8,405.10</b>
Disposal /adjustments	-	-	589.51	-	-	4.20	593.71
Depreciation expense	-	36.67	323.05	0.45	3.35	4.80	368.32
<b>As at 31st March 2018</b>	-	<b>1,421.31</b>	<b>6,346.23</b>	<b>88.77</b>	<b>244.46</b>	<b>78.94</b>	<b>8,179.71</b>
Disposal /adjustments	-	77.89	23.53	1.32	10.71	-	113.45
Depreciation expense	-	32.47	288.82	0.31	3.06	3.32	327.98
<b>As at 31st March 2019</b>	-	<b>1,375.89</b>	<b>6,611.52</b>	<b>87.76</b>	<b>236.81</b>	<b>82.26</b>	<b>8,394.24</b>

**Net Book Value**

Balance as at 31st March, 2018	9,254.01	467.91	3,184.34	2.36	7.08	11.05	12,926.75
Balance as at 31st March, 2019	9,145.60	372.10	2,914.92	1.81	8.60	7.73	12,450.76

**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
Carried value as at 31st March, 2016	24.34
Revalued amount as at 1s April, 2016	8493.47
Revaluation surplus recognised in Other Equity as at 1st April, 2016	8469.13
Deemed cost as at 1st April, 2016	8493.47
Revalued amount as at 31st March, 2017	9254.01
Revaluation surplus recognised in Other Equity as at 1st April, 2017	760.54
Deemed Cost as at 31st March, 2017	9254.01
Disposal /adjustments	842.66
Revalued amount as at 31st March, 2019	9,145.60
Revaluation surplus recognised in Other Equity as at 31st March, 2019	734.25
Book value as at 31st March, 2019	9,145.60

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)**

	As at 31.03.2019 (₹ in lacs)	As at 31.03.2018 (₹ in lacs)
<b>4 Capital Work in progress</b>		
Capital Work in Progress	<u>28.08</u>	<u>-</u>
<b>5 Intangible assets</b>		
<b>Gross Cost / Deemed Cost</b>		
As at beginning of the year	255.06	251.93
Additions during the year	-	3.13
Discarded/Disposal during the year	-	-
Balance as at end of the year	255.06	255.06
<b>Accumulated depreciation</b>		
As at beginning of the year	250.65	248.34
Amortisation for the year	1.11	2.31
Disposal/adjustment	-	-
Balance as at end of the year	<u>251.76</u>	<u>250.65</u>
<b>Net Book Value</b>	<u>3.30</u>	<u>4.41</u>
<b>Financial Assets</b>		
<b>6 Non - Current Investments</b>		
<b>(A) Quoted equity instruments</b>		
<b>Associate:</b>		
Patspin India Limited (1,42,87,068 Equity shares of ₹ 10 each)	136.44	314.32
Others:		
Central Bank of India (243 Equity shares of ₹ 10 each)	0.09	0.19
<b>Sub Total (A)</b>	<u>136.53</u>	<u>314.51</u>
Market value of Quoted instrument		
<b>(B) Unquoted equity instruments</b>		
GTN Consumer Co-operative stores Limited (2100 Shares of Rs 10 each)	0.21	0.21
GTN Textiles Employees Credit Co-operative Society Limited (200 Shares of Rs 100 each)	0.20	0.20
<b>Sub total (B)</b>	<u>0.41</u>	<u>0.41</u>
<b>TOTAL (A) + (B)</b>	<u>136.94</u>	<u>314.92</u>
<b>7 Other Financial Assets</b>		
Security Deposits	8.91	9.11
	<u>8.91</u>	<u>9.11</u>
<b>8 Deferred Tax Asset (Net)</b>		
a Deferred Tax Asset		
Unabsorbed Depreciation and Business Loss	980.73	1027.99
Other Disallowances	18.00	11.89
	<u>998.73</u>	<u>1039.88</u>
b Deferred Tax Liability		
Related to Property, Plant and Equipment	598.35	750.92
	<u>598.35</u>	<u>750.92</u>
c Minimum Alternate Tax Credit entitlement	78.00	78.00
<b>Net Deferred Tax Asset (a - b + c)</b>	<u>478.38</u>	<u>366.96</u>
<b>9 Current tax assets (Net)</b>		
Income Tax (Net of Provision)	72.23	68.58
	<u>72.23</u>	<u>68.58</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)**

	As at 31.03.2019 (₹ in lacs)	As at 31.03.2018 (₹ in lacs)
<b>10 Inventories</b>		
<b>(a) Textiles</b>		
Method of valuation - Refer Note No. 2.12 of Significant Accounting Policy		
Stores, Spares and Packing Materials	25.97	36.67
Raw Materials	1,411.03	2,368.25
Goods-in-Process	486.24	471.96
Finished Goods	1,970.54	1,887.41
Waste Stock	3.33	12.58
<b>Sub Total (a)</b>	<u>3,897.11</u>	<u>4,776.87</u>
<b>(b) Realty</b>		
Stock in Trade - Land (b)	399.74	-
<b>Total (a) + (b)</b>	<u>4,296.85</u>	<u>4,776.87</u>
<p>Towards the end of the financial year 2018-19, Company has ventured into real estate business and started a new business segment "Realty Segment". Out of total land of 29.37 acres in aluva plant having book value of Rs 9545.35 lacs, Company has identified surplus land of 1.23 acres having book value of Rs 399.74 lacs and converted it as on 31.03.2019 into Stock In Trade based on its carrying value on the date of conversion for development/sale under the said Realty business segment.</p>		
<b>11 Trade Receivables</b>		
Unsecured, considered good	1,413.62	1220.59
Unsecured, considered doubtful	13.31	16.22
Less: Provision for Doubtful debts	(13.31)	(16.22)
	<u>1,413.62</u>	<u>1,220.59</u>
<b>12 Cash and Cash equivalents</b>		
Cash on Hand	1.88	3.66
Balance with Banks - In Current Accounts	58.62	17.70
	<u>60.50</u>	<u>21.36</u>
<b>13 Bank balances other than 11 above</b>		
Margin Money Deposit Accounts	196.66	279.33
	<u>196.66</u>	<u>279.33</u>
<b>14 Other Financial Assets</b>		
Income Receivables	12.44	31.57
	<u>12.44</u>	<u>31.57</u>
<b>15 Other Current Assets</b>		
Incentive Receivable	15.47	9.46
Security Deposits	146.68	146.68
Prepaid Expenses	37.43	47.04
Balances with Statutory Authorities	297.83	122.31
Other Advances	75.93	140.66
	<u>573.34</u>	<u>466.15</u>
<b>16 Equity Share Capital</b>		
<b>(a) Authorised:</b>		
120,00,000 Equity shares of ₹ 10 each	1,200.00	1,200.00
<b>(b) Issued, Subscribed and fully paid up shares</b>		
116,40,478 Equity shares of ₹ 10 each	1,164.05	1,164.05
	<u>1,164.05</u>	<u>1,164.05</u>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to their share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or there sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

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

Particulars	As at 31.03.2019		As at 31.03.2018	
	No. of shares	Rupees in lacs	No. of shares	Rupees in lacs
At the beginning of the year	1 16 40 478	1164.05	1 16 40 478	1164.05
Shares allotted during the year	-	-	-	-
At the end of the year	1 16 40 478	1164.05	1 16 40 478	1164.05

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

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	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 31.03.2019 and in the previous year no securities convertible into Equity/Preferential shares.
- (i) During the year ended 31.03.2019 and in the previous year there are no calls unpaid including calls unpaid by Directors and officers as on balance sheet date.

	As at	As at
	31.03.2019	31.03.2018
	(₹ in lacs)	(₹ in lacs)

## 17 Other Equity

### (i) Reserve & Surplus

#### (a) General Reserve

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

Balance as at the beginning of the year	(3,753.47)	(3,341.04)
(Add) / Less: Profit/(Loss) for the year from the Statement of Profit and Loss	(842.40)	(419.30)
Transfer from Revaluation Surplus	418.93	-
Tax impact on MTM	17.16	6.87

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)**

	As at 31.03.2019 (₹ in lacs)	As at 31.03.2018 (₹ in lacs)
Share of OCI of Associates	(68.82)	-
Balance as at the end of the year	(4,228.60)	(3,753.47)
<b>(ii) Revaluation surplus</b>		
Balance as at the beginning and the end of the year	9,229.67	9,229.67
Revaluation Surplus on Revaluation during the year	734.25	-
Transfer to Retained Earnings	(418.93)	-
Balance as at the beginning and the end of the year	9,544.99	9,229.67
<b>(iii) Other Comprehensive income</b>		
Balance as at the beginning of the year	(146.68)	(162.47)
Changes during the current year	51.75	15.79
Balance as at the end of the year	(94.93)	(146.68)
<b>Total</b>	<b>7,313.82</b>	<b>7,421.88</b>

**(i) General Reserve**

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

**(ii) Retained earnings**

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

**(iii) Revaluation surplus**

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

	As at 31.03.2019 (₹ in lacs)		As at 31.03.2018 (₹ in lacs)	
	Non Current	Current	Non Current	Current
<b>18 Borrowings</b>				
<b>Secured</b>				
Term Loans				
Banks	-	162.38	162.51	555.92
Financial Institutions	-	-	-	70.00
Vehicle loan				
Banks	2.80	1.60	4.39	3.55
Working Capital facilities				
Banks	-	3,573.46	-	3,559.04
<b>Un secured</b>				
Loan from a Director	89.50	-	89.50	-
Loan from relatives to Director	290.50	-	255.50	-
Fixed Deposit - from Corporates	-	1,452.50	-	1,278.00
	<b>382.80</b>	<b>5,189.94</b>	511.90	5,466.51



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

### Term Loans:

Term loans are from Banks and Financial Institution and total outstanding of ₹162.38 lakhs (Previous year - ₹ 788.43 lakhs) are secured by pari passu first charge by way of equitable mortgage on all immovable assets both present and future and hypothecation of all the movable assets of the Company (excluding assets purchased on finance lease obligation), subject to prior charges in favour of Banks for working capital, ranking pari passu interse.

In the above mentioned Term Loans from certain Banks are further secured by personal guarantee given by Chairman & Managing Director of the Company to the extent of ₹162.38 lakhs (Previous year end - ₹ 365.63 lakhs).

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

Rs Nil (Previous year Rs 352.80 Lakhs) Repaid in March 2019. Rate of interest 13.60% p.a. (Previous year end 13.60% p.a.)

Rs 162.38 Lakhs (Previous year Rs 365.63 Lakhs) Repayable in 16 quarterly installments starting from 30 June 2016 and last installment due in 31st March 2020. Rate of Interest 12.90% p.a. as at year end (Previous year end 12.90% p.a.)

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

### Re-payment terms of Term Loan from Financial Institutions:

Rs Nil (Previous year Rs 70 Lakhs) Repaid in November 2018. Rate of interest 11.50% p.a. (Previous year end 11.50% p.a.)

### Vehicle loan:

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

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

### Working Capital facilities:

Working Capital facilities from Banks are secured by pari passu first charge by way of hypothecation of current assets, and further secured/to be secured by way of second charge on all immovable assets, both present and future and on all movable assets of the Company (excluding assets purchased on hire purchase basis), ranking pari passu interse, and also guaranteed by Chairman & Managing Director of the Company.

Average rate of interest rate is 11.56% p.a. (Previous year 11.54% p.a.)

Non-fund based limits sanctioned by the bankers are secured by extension of pari passu first charge on the current assets of the Company and further secured by second charge on the immovable properties of the company, ranking pari passu interse, and personal guarantee of Chairman & Managing Director of the company. Total amount outstanding at the end of the year is ₹1949.30 lakhs (Previous year ₹1533 lakhs).

### Loan from Director and relatives to Directors:

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

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

### Loan from Corporates:

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)**

	<b>As at 31.03.2019 (₹ in lacs)</b>	<b>As at 31.03.2018 (₹ in lacs)</b>
<b>19 Other Non Current liabilities</b>		
Employee benefit - Gratuity	<u>263.48</u>	<u>278.78</u>
<b>20 Trade payables</b>		
Due to Micro, Small and Medium Enterprises (MSME's)	<b>0.30</b>	
Due to Others	<u>4,815.26</u>	5,270.69
	<u><b>4,815.56</b></u>	<u>5,270.69</u>

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

The principal amount due thereon remaining unpaid as on the Balance sheet date	<b>0.30</b>	3.87
Interest due thereon remaining unpaid	<b>0.00</b>	Nil
Interest paid along with the amount of the payment during the year	<b>Nil</b>	Nil
Interest due and payable but without adding the interest specified in the above-mentioned act.	<b>Nil</b>	Nil
Interest accrued and remaining unpaid at the end of the year.	<u>Nil</u>	<u>Nil</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>Nil</u>

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

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

<b>21 Other financial liabilities</b>		
Interest accrued on borrowings	<b>97.89</b>	87.68
Impact on MTM	<b>5.21</b>	7.40
	<u><b>103.10</b></u>	<u>95.08</u>
<b>22 Other Current liabilities</b>		
Statutory payable and other dues	<b>224.18</b>	144.42
Other liabilities	<b>65.27</b>	11.34
Advance received against sale of land	<b>96.28</b>	
	<u><b>385.73</b></u>	<u>155.76</u>
<b>23 Provisions</b>		
Provision for Employee benefits	<b>113.53</b>	121.94
	<u><b>113.53</b></u>	<u>121.94</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)**

	Year ended 31.03.2019 (₹ in lacs)	Year ended 31.03.2018 (₹ in lacs)
<b>24 Revenue from operations</b>		
<b>(A) Sale of Products ( Net of Tax)</b>		
<b>Finished Goods :</b>		
Exports	5,861.32	6,530.69
Local	7,369.49	6,137.22
<b>Waste Sales:</b>		
Local	919.27	839.45
<b>TOTAL (A)</b>	<u>14,150.08</u>	<u>13,507.36</u>
<b>(B) Other Operating Income</b>		
Commission Income	-	679.74
Export Incentive	76.02	91.59
<b>TOTAL (B)</b>	<u>76.02</u>	<u>771.33</u>
<b>TOTAL (A) + (B)</b>	<u>14,226.10</u>	<u>14,278.69</u>
<b>25 Other income</b>		
Interest Income	22.88	25.95
Sale of scrap	11.73	15.93
Miscellaneous receipts	1.20	1.21
<b>TOTAL</b>	<u>35.81</u>	<u>43.09</u>
<b>26 Cost of raw materials consumed</b>		
<b>(A) Raw materials Consumed</b>		
Opening Stock	1,392.45	993.92
Add :Purchases during the Year	10,004.19	8,660.73
Less:Sale of Cotton	1,150.87	417.62
Less:Closing Stock	1,411.03	1,392.45
<b>TOTAL (A)</b>	<u>8,834.74</u>	<u>7,844.58</u>
<b>(B) Packing Material Consumed</b>		
Opening Stock	18.14	17.76
Add :Purchases during the Year	200.28	192.82
Less:Closing Stock	13.58	18.14
<b>TOTAL (B)</b>	<u>204.84</u>	<u>192.44</u>
<b>TOTAL (A) + (B)</b>	<u>9,039.58</u>	<u>8,037.02</u>
<b>27 Changes in inventory of finished goods, work in progress and waste</b>		
<b>(A) Stock at the beginning of the year:</b>		
Finished goods	1,887.41	1638.26
Goods-in-process	471.96	535.85
Waste	12.58	1.74
<b>TOTAL (A)</b>	<u>2,371.95</u>	<u>2,175.85</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)**

	Year ended 31.03.2019 (₹ in lacs)	Year ended 31.03.2018 (₹ in lacs)
<b>(B) Less : Stock at the end of the year:</b>		
Finished goods	1,970.54	1,887.41
Goods-in-process	486.24	471.96
Waste	3.33	12.58
<b>TOTAL (B)</b>	<b>2,460.11</b>	<b>2,371.95</b>
<b>Decrease /(Increase) in inventory (A)-(B)</b>	<b>(88.16)</b>	<b>(196.10)</b>
<b>28 Employee benefit expenses</b>		
Salaries, Wages and Bonus	1,778.07	1,922.15
Contribution to Provident and Other Funds	242.48	260.07
Welfare Expenses	90.99	94.57
<b>TOTAL</b>	<b>2,111.54</b>	<b>2,276.79</b>
<b>29 Finance cost</b>		
Interest Expenses	809.81	915.35
Other borrowing costs	139.06	144.67
<b>TOTAL</b>	<b>948.87</b>	<b>1,060.02</b>
<b>30 Other expenses</b>		
Power and fuel	1,525.02	1,470.66
Process charges expenses	337.03	361.15
Consumption- Stores and Spares	49.27	78.54
Repairs & Maintenance- Building	1.66	1.34
Repairs & Maintenance- Plant & Machinery	172.37	199.44
Commission and Brockerage	140.37	167.48
Other selling expenses	162.66	179.33
Insurance	45.00	48.81
Rates and Taxes	12.35	4.85
Rent	15.82	10.59
Directors Sitting Fee	2.68	2.66
Payment to Statutory Auditors		
Audit Fee	1.75	1.75
Out of Pocket Expenses	0.67	0.09
(Net gain) / Net loss on foreign currency transaction and translation	108.15	62.24
Loss on disposal/discard of fixed assets (Net)	(16.50)	133.61
Miscellaneous Expenses	203.47	251.73
<b>TOTAL</b>	<b>2,761.77</b>	<b>2,974.27</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)**

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

**32 Earning per share**

	<b>31.03.2019</b>	31.03.2018
	<b>(₹ in lacs)</b>	(₹ in lacs)
Net profit /(Loss) attributable to equity shareholders as per statement of profit and loss	<b>(842.40)</b>	(419.30)
Weighted average Number of Equity Shares (₹ 10 per share)	Nos <b>11640478</b>	11640478
Basic and diluted Earning Per Share	₹ <b>(7.24)</b>	(3.60)

**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..

	<b>Gratuity Plan</b>	Gratuity Plan
	<b>2018-19</b>	2017-18
	<b>(₹ in lacs)</b>	(₹ in lacs)
<b>Change in Defined Benefit Obligation (DBO) during the year</b>		
1 Present value of DBO at the beginning of the year	<b>928.48</b>	1018.93
2 Current Service cost	<b>30.63</b>	33.37
3 Interest cost	<b>69.59</b>	69.24
4 Actuarial (gain)/ loss arising from changes in financial assumptions	<b>(35.13)</b>	(27.83)
5 Actuarial (gain)/ loss arising from changes in experience adjustments	<b>(32.88)</b>	(27.14)
6 Benefits paid	<b>(95.11)</b>	(138.09)
<b>Present value of DBO at the end of the year</b>	<b>865.57</b>	928.48
<b>Change in fair value of plan assets during the year</b>		
1 Fair value of plan assets at the beginning of the year	<b>649.70</b>	724.07
2 Interest income	<b>48.69</b>	49.20
3 Employer contributions	<b>0.82</b>	13.56
4 Benefits paid	<b>(95.11)</b>	(138.09)
5 Remeasurements - return on plan assets (excluding interest income)	<b>(2.01)</b>	0.96
<b>Present value of DBO at the end of the year</b>	<b>602.09</b>	649.70
<b>Amounts recognised in the Balance Sheet</b>		
1 Present value of DBO at the end of the year	<b>865.57</b>	928.48
2 Fair value of plan assets at the end of the year	<b>602.09</b>	649.70
Funded status of the plans - Surplus / (Deficit)	<b>(263.48)</b>	(278.78)
<b>Assets and (Liability) recognised in the Balance sheet</b>	<b>(263.48)</b>	(278.78)
<b>Components of employer expense</b>		
1 Current service cost	<b>30.63</b>	33.37
2 Interest cost / (income) on net defined benefit obligation	<b>20.89</b>	20.04

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)**

	<b>Gratuity Plan 2018-19 (₹ in lacs)</b>	Gratuity Plan 2017-18 (₹ in lacs)
<b>Expense recognised in Statement of Profit and Loss</b>	<b>51.52</b>	53.41
<b>Remeasurements on the net defined benefit obligation</b>		
Return on plan assets(excluding interest income)	<b>2.01</b>	(0.96)
Actuarial (gain) / loss arising from changes in financial assumptions	<b>(35.13)</b>	(27.83)
Actuarial (gain) / loss arising from changes in experience adjustments	<b>(32.88)</b>	(27.14)
<b>Remeasurements recognised in other comprehensive income</b>	<b>(60.00)</b>	(55.93)
<b>Total defined benefit cost recognised</b>	<b>(14.48)</b>	(2.52)
<b>Nature and extent of investment details of the plan assets</b>		
State and Central Securities	-	-
Bonds	-	-
Special Deposits	-	-
Insurer Managed funds	<b>100%</b>	100%
<b>Assumptions</b>		
Discount rate	<b>7.50%</b>	7.50%
Expected rate of salary increase	<b>2.00%</b>	3.00%
<b>Sensitivity analysis - DBO at the end of the year (in lakhs)</b>		
Discount rate + 100 basis points	<b>835.63</b>	892.18
Discount rate - 100 basis points	<b>899.15</b>	969.24
Salary Growth rate + 1%	<b>900.71</b>	970.70
Salary Growth rate - 1%	<b>833.81</b>	890.34
Attrition rate +50%	<b>873.75</b>	936.38
Attrition rate -50%	<b>856.86</b>	920.03
<b>Weighted average duration of DBO</b>	<b>4years</b>	4years
<b>Expected cash flows( in lakhs)</b>		
<b>1. Expected employer contribution in the next year</b>	<b>283.96</b>	303.84
<b>2. Expected benefit payments</b>		
Year 1	<b>390.28</b>	336.91
Year 2 to year 5	<b>323.32</b>	404.66
Year 6 to year 10	<b>200.68</b>	250.23
Beyond 10 years	<b>350.43</b>	426.31

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

GTN Enterprises Ltd

Beekaypee Credit Private Ltd

Umang Finance Private Ltd

Patodia Exports and Investments Private Ltd

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)**

**iii. Other Related Parties:**

Shri B.K. Patodia – Chairman & Managing Director  
 Shri A. K. Warerkar - Vice President Finance & CFO  
 Shri E.K. Balakrishnan - Vice President Corporate Affairs & Company Secretary  
 Smt. Prabha Patodia, Wife of Sri. B.K. Patodia  
 Shri. Umang Patodia, Son of Sri. B.K. Patodia  
 Shri. Ankur Patodia, Son of Sri. B.K. Patodia  
 Smt. Mala Patodia, Daughter in Law of Sri. B.K. Patodia  
 Smt. Swati Patodia, Daughter in Law of Sri. B.K. Patodia

**(b) Transactions / Balances**

	Associates		Company under joint control under para 9 (b) vi of Ind AS 24		Other related Parties	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Sale of goods	1,629.19	424.72	1,077.24	620.39	-	-
Purchase of goods	1,887.82	1,160.08	1,692.32	1,963.71	-	-
Sale of fixed assets	-	9.75	-	-	511.00	-
Rendering of services	0.88	1.32	1.20	1.20	-	0.12
Receiving of services	183.43	173.26	129.93	64.78	6.60	3.60
Remuneration paid	-	-	-	-	46.22	44.71
Unsecured Loans taken	-	-	19.50	3.00	35.00	45.00
Interest Paid	-	-	0.33	-	37.21	45.00
Balances as at year end						
Trade Payables	1,205.49	876.85	1,097.43	943.82	-	-
Trade Receivables	-	-	-	-	-	-
Loans Outstanding	-	-	22.50	3.00	380.00	345.00
Interest Payable	-	-	2.48	0.33	4.67	2.21
Investments	1,964.26	1,964.26	-	-	-	-
Guarantees provided for	300.00	300.00	-	-	-	-
Guarantees received	-	175.00	-	-	-	-

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

	Transactions	
	2018-19	2017-18
<b>(i) Sale of goods</b>		
<b>a) Cotton</b>		
i) GTN Enterprises LTD	475.17	323.84
ii) Patspin India LTD	701.05	97.38
<b>b) Cotton Yarn</b>		
i) GTN Enterprises LTD	601.29	294.76
ii) Patspin India LTD	925.37	321.07
<b>c) Store Items</b>		
i) Patspin India LTD	2.77	5.53
<b>d) Waste</b>		
i) Patspin India LTD	-	0.60
<b>e) Machinery</b>		
i) Patspin India LTD	-	9.75
<b>f) Packing Materials</b>		
i) GTN Enterprises LTD	0.78	1.79
ii) Patspin India LTD	-	0.14



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)**

<b>g) Land and Building</b>		
i) Other Related Parties	<b>511.00</b>	-
<b>(ii) Purchase of goods</b>		
<b>a) Cotton</b>		
i) GTN Enterprises LTD	<b>1,221.43</b>	1,294.92
ii) Patspin India LTD	<b>1,518.98</b>	1,125.52
<b>b) Cotton Yarn</b>		
i) GTN Enterprises LTD	<b>447.56</b>	668.34
ii) Patspin India LTD	<b>368.83</b>	33.15
<b>c) Store Items</b>		
i) Patspin India LTD	-	0.09
<b>d) Packing Materials</b>		
i) GTN Enterprises LTD	<b>23.33</b>	0.46
ii) Patspin India LTD	<b>0.01</b>	1.32
<b>(iii) Rendering of services</b>		
<b>a) Rent</b>		
i) GTN Enterprises LTD	<b>1.20</b>	1.20
ii) Patspin India LTD	<b>0.88</b>	1.32
iii) Other Related Parties	-	0.12
<b>(iv) Receiving of services</b>		
<b>a) Rent</b>		
i) Other Related Parties	<b>6.60</b>	3.60
<b>b) Processing Charges</b>		
i) GTN Enterprises LTD	<b>129.93</b>	64.78
ii) Patspin India LTD	<b>183.43</b>	173.26
<b>(v) Remuneration paid</b>		
i) Other Related Parties	<b>46.22</b>	44.71
<b>(vi) Unsecured Loans taken</b>		
i) M/s Beekaypee Credit Pvt Ltd	<b>6.00</b>	1.25
ii) M/s Umang Finance Private Ltd	<b>4.00</b>	1.75
iii) M/s Patodia Exports & Investments Private Ltd	<b>9.50</b>	-
iv) Other Related Parties	<b>35.00</b>	45.00
<b>(vii) Interest Paid</b>		
i) M/s Beekaypee Credit Pvt Ltd	<b>0.14</b>	-
ii) M/s Umang Finance Private Ltd	<b>0.19</b>	-
iii) Other Related Parties	<b>37.21</b>	45.00
<b>(viii) Guarantees provided for Patspin India Limited</b>	<b>300.00</b>	300.00
<b>(ix) Guarantees received from Patspin India Limited</b>	-	175.00

**Notes:**

- (i) The related parties have been identified by the Management and relied upon by the auditors.  
(ii) No amount has been provided for/written off/written back, pertaining to related parties.

**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** Based on the "Management Approach" as defined in Ind AS 108 - Operating Segments, the Company is primarily engaged in yarn segment. During the last quarter of the financial year 2018-19 the company has commenced Realty Business activity. However, as there was no revenue from Realty Business activity and the capital employed in the Realty Business activity being less than the threshold limit of 10% of the total capital employed of all the business segments, Realty Business segment reporting is not required as per Ind AS 108.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)**

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

Particulars	As at 31.03.2019			As at 31.03.2018		
	Total Minimum payments Outstanding (₹ in Lacs)	Future Interest on outstanding (₹ in Lacs)	Present value of minimum payments (₹ in Lacs)	Total Minimum payments Outstanding (₹ in Lacs)	Future Interest on outstanding (₹ in Lacs)	Present value of minimum payments (₹ in Lacs)
1. Due within one year	1.60	0.30	1.90	3.53	0.57	4.10
2. Between one year to five years	2.80	0.28	3.08	4.41	0.58	4.99
Total	4.40	0.58	4.98	7.94	1.15	9.09

**38 Contingent liabilities and commitments**

**Contingent liabilities**

- Contingent Liabilities and commitments not provided for in respect of :  
Disputed amounts of Taxes and Duties and other claims not acknowledged as debts : ₹ Nil ( Previous year ₹ Nil.)
- The company has given corporate Guarantee amounting of ₹ 300 Lakhs ( Previous year Rs 300 Lakhs) to EXIM bank in respect of financial assistance provided by them to PATSPIN INDIA LIMITED under restructured TUF scheme and the outstanding amount of the said loan is ₹ 832.10 Lakhs. ( Previous year Rs 1054.50 Lakhs)

**39 a. Financial risks management**

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

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

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

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

**Credit Risk**

Credit Risk refers to the risks that arise on default by the 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	10.12%	12.86%
Revenue from Top Five Customers	31.58%	35.26%

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

**Liquidity Risk**

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

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

Contractual maturities of financial liabilities are given as under:

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)****Interest Rate Risk**

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

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

The amount which is subjected to the change in the interest rate is of ₹ 3735.84 lacs out of the total debt of ₹ 5572.73 Lacs.

Based on the Structure of the debt as at year end, a half percentage point increase in the interest rate would cause an additional expense in the net financing cost of ₹ 18.68 Lacs on annual basis.

**Foreign Currency Risk**

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

**Particulars of un- hedged Foreign Currency exposures as at 31.03.2019 are given below:**

Particulars	As at 31.03.2019			As at 31.03.2018		
	Amount in Lacs	Exchange Rate ₹	Amount (₹in lacs)	Amount in Lacs	Exchange Rate ₹	Amount (₹in lacs)
Accounts payable	USD 3.29	69.12	227.40	USD 20.19	65.18	1316.40

Based on one percentage point variations in the exchange rate, the profit before tax for the year based on the un hedged foreign currency transaction entered during the period will be effected by ₹ 2.27 Lacs

**39 b. Capital risk management**

The Company's objectives when managing capital are to :

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

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

The details of capital employed is given below:

Particulars	As at March 31, 2019	As at March 31, 2018
Total equity	8,477.87	8,585.93
Net Debt	5,512.24	5,957.05
Total Capital (Borrowings and Equity)	13,990.11	14,542.98

(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.

Signature to Note 1 to 39

As per our report of even date attached

For and on behalf of the Board

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

Chartered Accountants  
(ICAI FRN 001527S )

**B. K. PATODIA**

Chairman & Managing Director  
DIN No. 00003516

**B. L. SINGHAL**

Director  
DIN No. 00006433

**P. K. MANOJ**

Partner  
(M. No. 207550)

**E. K. BALAKRISHNAN**

Vice President (Corporate Affairs) &  
Company Secretary

**A. K. WARERKAR**

Vice President (Finance) &  
Chief Financial Officer

Place : Kochi

Date : 21<sup>st</sup> May 2019

DP ID \_\_\_\_\_ Folio No. / Client ID \_\_\_\_\_

Name and address of the shareholder(s)  
\_\_\_\_\_

I/We hereby record my/our presence at the 14<sup>th</sup> ANNUAL GENERAL MEETING of the Company on Friday 20<sup>th</sup> day of September, 2019 at 12:15 p.m. at Oceanic Hall, Hotel Periyar, Aluva, Ernakulam 683 101.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. JOINT SHAREHOLDER(S) MAY OBTAIN ADDITIONAL SLIP AT THE VENUE OF THE MEETING.

\_\_\_\_\_  
Signature of the Member/ Proxy

.....  
**Form No. MGT -11**  
**PROXY FORM**

[Pursuant to Section 105 (6) of the Companies Act, 2013 read with Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

GTN TEXTILES LIMITED  
L18101KL2005PLC018062  
Registered Office: VIII/911, Erumathala PO, Aluva, Ernakulam – 683112  
Website : www.gntextiles.com

Name of the member (s):			
Registered address:			
E-mail Id:			
Folio No/ Client Id:		DP ID:	

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1	Name:	Address:
	E-mail Id:	Signature:
Or failing him / her		
2	Name:	Address:
	E-mail Id:	Signature:
Or failing him / her		
3	Name:	Address:
	E-mail Id:	Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf on the 14<sup>th</sup> Annual General Meeting of the company, to be held on the Friday, 20<sup>th</sup> day of September, 2019 at 12:15 p.m. at, Oceanic Hall, Hotel Periyar, Aluva, Ernakulam 683 101 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	Vote (Please mention No. of shares)		
		For	Against	Abstain
<b>Ordinary Business</b>				
1.	Adoption of Audited Financial Statements of the Company (including consolidated financial statements) for the financial year ended 31 <sup>st</sup> March, 2019, together with the Reports of the Directors and Auditors thereon			
2.	Reappointment of Shri. Mahesh C Thakker (DIN: 01386254) as a Director pursuant to Section 152(6) of the Companies Act, 2013			
<b>Special Business</b>				
3.	Re-appointment of Shri Prem Malik (DIN: 00023051) as an Independent director of the Company for a further period of five years from 19th September, 2019 to 18th September 2024.			
4.	Re-appointment of Shri B.L.Singhal (DIN: 00006433) as an Independent director of the Company for a further period of five years from 19th September, 2019 to 18th September 2024.			
5.	Re-appointment of Shri S. Sundareshan (DIN: 01675195) as an Independent director of the Company for a further period of five years from 19th September, 2019 to 18th September 2024			
6.	Ratification of remuneration of M/s. Hareesh K.N & Associates, Cost Accountants (Firm Registration No. 101974) as Cost Auditors of the Company.			

Signed this..... day of.....2019

Affix Revenue Stamp of Rs.1
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Signature of shareholder .....

Signature of Proxy holder(s).....

**Note:**

This Form of Proxy, in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before



Registered Office: Door No. VIII/911, Erumathala P O., Aluva, Ernakulam 683 112  
Corporate Office: 43, Mittal Chambers, 4th Floor., 228, Nariman Point, Mumbai 400 021

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An ISO 9001:2015 / 14001:2015 Certified Company  
[www.gntextiles.com](http://www.gntextiles.com)