



GTN INDUSTRIES LIMITED
53rd ANNUAL REPORT
2014-2015



GTN INDUSTRIES LIMITED

Board of Directors

Mr. M.K.Patodia	Chairman & Managing Director
Mr. B.L.Singhal	Independent Director
Mr. M.R.Vikram	Independent Director
Mrs. Rajul Kothari	Independent Woman Director
Mr. C.George Joseph	Non-Executive & Non- Independent Director
Mr. Sanjay Panicker	Nominee Director - IDBI Bank Ltd., (till 10-02-2015)

Chief Financial Officer

Mr.C.R.Gang

Company Secretary & Compliance Officer

Mr. P.Prabhakara Rao

Institution / Bankers

Central Bank of India
State Bank of India
IDBI Bank Ltd.
Export-Import Bank of India (Exim Bank)
State Bank of Travancore
Kotak Mahindra Bank Ltd.
(Previously ING Vysya Bank Ltd.)

Auditors

Lodha & Co.,
Chartered Accountants, Mumbai.

Registered Office

Chitkul Village, Patancheru Mandal
Medak District – 502 307
Telangana State.

Corporate Office

Plot No.29, Nagarjuna Hills
Punjagutta, Hyderabad – 500 082
Telangana State.

CIN No : L18101AP1962PLC054323
Website : www.gtnindustries.com
E-mail : sharedept@gtnindustries.com

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DIRECTORS' REPORT

To the Members,

Your Directors are presenting the **53rd** Annual Report together with the Audited Statements of Account for the year ended 31st March 2015.

FINANCIAL RESULTS

(Rs. in Lacs)

	Year ended 31 st March, 2015	Year ended 31 st March, 2014
INCOME		
Net Sales/Income from operations*	40869	56178
Other Income	293	236
Variation in Stock	(1456)	679
Total	<u>39706</u>	<u>57093</u>
EXPENDITURE		
a) Cost of Materials**	27227	40777
b) Staff Cost	3126	3508
c) Power & Fuel	3792	4149
d) Other expenditure	3955	5182
Total	<u>38100</u>	<u>53616</u>
OPERATING PROFIT	1606	3477
Interest	2146	2403
Net Profit/(Loss) before Depreciation and Taxation	(540)	1074
Depreciation	872	1495
PROFIT/(LOSS) BEFORE TAX	(1412)	(421)
Exceptional Items	(99)	-
Provision for Deferred Tax	(57)	(376)
MAT Credit Entitlement	-	152
Tax in respect of earlier years	(2)	(114)
PROFIT/(LOSS) AFTER TAX	(1254)	(83)

* Sales includes Traded goods of Rs. 9056 lacs (Previous year Rs.21748 lacs)

** Cost of Material includes Trading purchases of Rs.8339 lacs (Previous year Rs. 20953 lacs)

DIVIDEND

In view of the Net loss incurred by the Company during the year, your Directors have not recommended any Dividend for the year.

PERFORMANCE REVIEW

During the Financial Year under review, the Company has achieved turnover of Rs.40869 lacs against Rs. 56178 lacs in the corresponding previous year. The operating and net profit before depreciation and tax were lower by Rs.1871 lacs and Rs 1614 lacs respectively, as compared to the corresponding previous year due to lower sales realisation and increase in costs.

CORPORATE DEBT RESTRUCTURING

The company had approached Corporate Debt Restructuring Cell during 2008-09. The Company has complied with all the terms stipulated by the CDR.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134 of the Companies Act, 2013, your Directors confirm that :-

- a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed and there are no material departures.
- b) 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 at the end of the financial year and of the Loss of the Company for that year.
- c) they have taken proper and sufficient care, for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 1956 and The Companies Act , 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.
- d) they have prepared the annual accounts on a going concern basis.
- e) the directors, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DIRECTORS' REPORT (Contd.,)

CORPORATE GOVERNANCE

Your Directors affirm their commitments to the Corporate Governance Standards prescribed by the Securities and Exchange Board of India (SEBI). A report on Corporate Governance with Management Discussion and Analysis as required under Clause 49 of the Listing Agreement is attached.

HIVE OFF YARN PROCESSING & KNITTING UNITS

As approved by the Shareholders, Lenders, Statutory Authorities and CDR-EG, the envisaged scheme of Hive Off Yarn Processing and Knitting units was implemented effective from 04/09/2014.

FIXED DEPOSITS

As per the new provisions of the Companies Act, 2013, Company is not accepting/renewing Fixed Deposits from the public / shareholders and outstanding deposits repaid before 31st March, 2015. Due to above there are no Deposits (including unclaimed) outstanding at the end of the financial year.

DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association:

Shri B.L.Singhal Independent Director will retire by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for reappointment.

Shri C.George Joseph Director will retire by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for reappointment.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of The Companies Act, 2013 and Clause 49 of the Listing Agreement.

AUDITORS

i) Statutory Auditors

M/s. Lodha & Company, Chartered Accountants, Mumbai, Auditors of the company hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letters from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the New Companies Act, 2013 and that they are not disqualified for re-appointment.

The Notes on Financial Statements referred to in the Auditor's Report are self explanatory and do not call for any further comments.

ii) Cost Auditors

M/s. S T R Associates, Cost Accountants were appointed by the Board of Directors as Cost Auditors of your Company for the year ended 31st March, 2015. However the Cost Audit is not applicable for the year 2014-15.

For the Financial Year 2015-16 Cost Auditor proposed remuneration of Rs.2.00 lacs is recommended to the Shareholders for approval.

iii) Secretarial Audit

According to the provision of section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit Report submitted by Company Secretary in Practice is enclosed as a part of this report
Annexure-II

PERSONNEL & INDUSTRIAL RELATIONS

During the year, the Industrial relations were cordial and satisfactory at all units of the Company. There were no employees whose particulars are to be given in terms

DIRECTORS' REPORT (Contd.,)

of Section 134 the Companies Act, 2013 read with the Companies (Particulars of Employees) Regulations.

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

The information required under Section 134 (3) (iii) of the Companies Act, 2013 read with Rule 2 of Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 2014, are set out in **Annexure-I**, attached hereto and forms part of this report.

VIGIL MECHANISM POLICY

In pursuance to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism Policy for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at www.gtnindustries.com under investors/policy documents/Vigil Mechanism Policy link.

RELATED PARTY TRANSACTIONS POLICY

In pursuance to the provisions of Section 188 of Companies Act, 2013, company established Related Party Transaction Policy.

Related party transactions that were entered during the financial year were at an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee for its omnibus approval and the particulars of contracts entered during the year as per Form AOC -2 is enclosed as **Annexure-III**

The Board of Directors of the Company has, on the recommendation of 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 there under and the Listing Agreement. This Policy was considered and approved by the Board has been uploaded on the website of the Company at www.gtnindustries.com under investors/ policy documents/Related Party Policy link.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 is **Annexed - IV** herewith.

PARTICULARS OF LOANS, GUARANTEES OR 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 the Financial Statements.

RISK MANAGEMENT POLICY

The Company has been addressing various risks impacting the Company and the policy of the Company on risk management is provided elsewhere in this Annual Report in Management Discussion and Analysis.

ACKNOWLEDGEMENT

Your Directors place on record their sincere thanks to CDR- EG, Central Bank of India, State Bank of India, IDBI Bank Ltd., Export-Import Bank of India, (Exim Bank) State Bank of Travancore and Kotak Mahindra Bank Ltd., (Previously ING Vysya Bank Ltd.) the concerned Departments of the State and Central Government, Employees and Shareholders of the Company for their valuable assistance, support and co-operation to the Company.

For and on behalf of the Board

Place: Hyderabad
Date : 28th May, 2015

(M.K. PATODIA)
Chairman & Managing Director

GTN INDUSTRIES LIMITED**DIRECTORS' REPORT (Contd.,)****ANNEXURE – I**

Information as per Section 134 (3) (m) and read with Rule 8 (3) (A) (B) (C) of Companies (Accounts) Rules 2014 and forming part of the Directors' Report:

A. Energy Conservation

The Company is making all round efforts for the conservation of energy. To reduce the energy cost, energy efficient equipments are being used. Total energy consumption and energy consumption per unit of production as prescribed in form – A, is as under :

Particulars	Year ended 31 st March, 2015	Year ended 31 st March, 2014
I. Power Consumption		
1. Electricity		
a) Purchased (Units in lacs)	616.10	644.57
Total amount (Rs. In lacs)	3647.87	3856.82
Rate per unit (Rs.)	5.92	5.98
b) Own generation through Diesel		
Generator (units in lacs)	2.07	3.38
Units per litre of diesel oil	2.37	3.01
Cost per unit (Rs.)	14.18	20.13
2. Coal	Nil	Nil
3. Furnace Oil (low sulphur high stock oil)	Nil	Nil
4. Other internal generation	Nil	Nil
II. Consumption per unit of production		
a) Electricity – Units per Kg. Yarn	6.00	6.04
b) Furnace Oil (low sulphur high stock oil) Ltrs. per Kg/unit.	-	-

B. Technology Absorption

Efforts made in Technology Absorption as per Form B:

Indigenous technology alone is used and Research and Development are carried out by a separate Textile Research Association for Textile Units situated in Southern Region (SITRA).

C. Foreign Exchange Earnings & Outgo

Total Foreign Exchange earned and used excluding capital goods, Components & Spares:

Earned : Rs. 21931.81 lacs (Previous year Rs. 34805.31 lacs)

Used : Rs. 8717.20 lacs (Previous year Rs. 5531.89 lacs)

For and on behalf of the Board

Place : Hyderabad
Date : 28th May, 2015

M.K. PATODIA
Chairman & Managing Director

DIRECTORS' REPORT (Contd.,)

ANNEXURE – II

Form MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To

The Members,
GTN Industries Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **GTN Industries Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **GTN Industries Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31st March, 2015**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **GTN Industries Limited** ("the Company") for the financial year ended on **31st March, 2015** according to the provisions of:-

- (i) The Companies Act, 2013 (the Act) and the rules made there under.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (v) The 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, 1992
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited & The National Stock Exchange of India Limited

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:-

GTN INDUSTRIES LIMITED

DIRECTORS' REPORT (Contd.,)

- a) As per the information and explanations provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we report that the provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of : (i) External Commercial Borrowings were not attracted to the Company under the financial year under report; (ii) Foreign Direct Investment (FDI) were not attracted to the company under the financial year under report; (iii) Overseas Direct Investment by Residents in Joint Venture / Wholly Owned Subsidiary abroad were not attracted to the company under the financial year under report.
- b) As per the information and explanations provided by the company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ADRs or any Commercial Instrument under the financial year under report.

I further report that:-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has issued Preference shares on Preferential Basis.

Place : Hyderabad
Date : 28th May, 2015

Name of Company Secretary in practice: **V.MOHAN**
ACS No. : **9735**
CP No. **3555**

Note: This report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

To

Annexure "A"

The Members,
GTN Industries Limited

My report of even date is to be read along with this letter:-

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on 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. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Account of the Company.
4. Wherever required, I have obtained the management representation about compliance of laws, rules and regulations of management; My examination was limited to the verification of procedures on test basis;
5. The Secretarial Audit is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Hyderabad
Date : 28th May, 2015

Name of Company Secretary in practice: **V.MOHAN**
ACS No. : **9735**
CP No. **3555**

DIRECTORS' REPORT (Contd.,)**ANNEXURE – III**

FORM AOC-2
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and
Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso is given below :

1. Details of contracts or arrangements or transactions not at Arm's length basis :

SI.No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Nil
b)	Duration of the contracts/arrangements /transaction	Nil
c)	Salient terms of the contracts or arrangements or transaction including the value, if any	Nil
d)	Justification for entering into such contracts or arrangements or transactions	Nil
e)	Date of approval by the Board	Nil
f)	Amount paid as advances, if any	Nil
g)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	Nil

2 Details of contracts or arrangements or transactions at Arm's length basis:

SI. No.	Particulars	Details				
a)	Name (s) of the related party	Perfect Cotton Co.,	Standard Cotton Corporation	Patcot	Purav Trading Ltd.	GTN Engg. (India) Ltd.
b)	Nature of Relationship	Associate	Associate	Associate	Associate	Associate
c)	Nature of contracts /arrangements /transaction	Purchase of cotton	Purchase of cotton	Purchase of cotton	Purchase of cotton	Sale of yarn, Assets etc.,
d)	Duration of the contracts	up to 31-01-2017	up to 31-01-2017	up to 31-01-2017	Annually	Annually
e)	Salient terms of the contracts or arrangements or transaction	At competitive rates and at Arms length basis	At competitive rates and at Arms length basis	At competitive rates and at Arms length basis	At competitive rates and at Arms length basis	At competitive rates and at Arms length basis
f)	Justification for entering into such contracts or arrangements or transactions	Approval of Central Govt.	Approval of Central Govt.	Approval of Central Govt	AGM approved on 29-09-2014	AGM approved on 29-09-2014
g)	Date of approval by the Board	30-10-2013	30-10-2013	30-10-2013	30-10-2013	30-10-2013
h)	Amount incurred during the year (Rs. In crores)	4.28	20.31	0.31	6.69	35.99

DIRECTORS' REPORT (Contd.,)

ANNEXURE – IV

EXTRACT OF ANNUAL RETURN
FORM MGT 9(Pursuant to Section 92 (3) of the Companies Act, 2013 and
Rule 12(1) of the Company (Management & Administration) Rules, 2014)
Financial Year ended on 31.03.2015

I. REGISTRATION & OTHER DETAILS :

i	CIN	L18101AP1962PLC054323
ii	Registration Date	02/08/1962
iii	Name of the Company	GTN INDUSTRIES LIMITED
iv	Category/Sub-category of the Company	Public having share capital
v	Address of the Registered office& contact details	Chitkul Village, Patancheru Mandal, Medak District, Telangana – 502307
vi	Whether listed company	Yes
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Integrated Enterprises India Ltd ^{2nd} Floor, Kences Towers, No.1 Ramakrishna Street, North Usman Road, T.Nagar, Chennai – 600 017 Ph: 044 28140801-03 Fax: 044-28142479 E mail: csdstd@iepindia.com

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

Sl.No	Name & Description of main products/services	NIC Code of products/services	% of total turnover of the company
1	Cotton Yarn/Spinning	13111	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl.No	Name & Address of the Company	CIN/GLP	Holding/ Subsidiary Associate	% of shares held	Applicable Sections
	NIL	NIL	NIL	NIL	NIL

IV. SHAREHOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
PROMOTER Indian Individual/Hindu Undivided Family	3666509	-	3666509	20.90	3613149	-	3613149	20.60	(0.30%)

DIRECTORS' REPORT (Contd.,)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
Central Government/ State Governments Bodies Corporate	9425679	-	9425679	53.74	9425679	-	9425679	53.74	-
Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
Any other (Specify)									
Sub Total A(1)	13092188	-	13092188	74.64	13038828	-	13038828	74.34	(0.30)
Foreign Individual (Non resident Individuals / Foreign individuals)	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor Any other (Specify)	-	-	-	-	-	-	-	-	-
Sub Total A(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter and Promoter Group (A)= (A)(1) +(A)(2)	13092188	-	13092188	74.64	13038828	-	13038828	74.34	(0.30)
Public Shareholding									
Institutions	-	-	-	-	-	-	-	-	-
Mutual Funds/ UTI	400	1286	1686	0.01	400	1286	1686	0.01	-
Financial Institutions/ Banks	125	1942	2067	0.01	925	142	1067	0.01	-
Central Government/ State Governments Venture capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	87377	-	87377	0.50	87377	-	87377	0.50	-
Foreign Institutional Investors	-	-	-	-	-	1900	1900	0.01	0.01
Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Any other - Foreign Bank	800	-	800	0.00	-	-	-	-	-
Sub Total B(1)	88702	3228	91930	0.52	90602	3328	92030	0.53	0.01

GTN INDUSTRIES LIMITED
DIRECTORS' REPORT (Contd.,)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
Non-Institutions	-	-	-	-	-	-	-	-	-
Bodies Corporate (Indian/Foreign/Overseas)	409662	11148	420810	2.40	318933	10938	329871	1.88	(0.52)
Individuals (Resident/NRI/Foreign National)	-	-	-	-	-	-	-	-	-
Individual Shareholders holding Nominal Share Capital upto Rs.1 Lakh	2166845	440696	2607541	14.86	2042001	432980	2474981	14.11	(0.75)
Individual Shareholders holding Nominal Share Capital in excess of Rs.1 Lakh	1284717	17700	1302417	7.43	1562496	17700	1580196	9.00	1.57
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Any other	-	-	-	-	-	-	-	-	-
- Clearing Members	25492	-	25492	0.15	24472	-	24472	0.14	(0.01)
Sub Total B(2)	3886716	469544	4356260	24.84	3947902	461618	4409520	25.13	0.29
Total Public Shareholding (B)= (B)(1)+(B)(2)	3975418	472772	4448190	25.36	4036604	464946	4501550	25.66	0.30
TOTAL (A) + (B)	17067606	472772	17540378	100.00	17075432	464946	17540378	100.00	-
Shares held by Custodians and against which Depository Receipts have been issued Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Grand Total (A) + (B) + (C)	17067606	472772	17540378	100.00	17075432	464946	17540378	100.00	-

DIRECTORS' REPORT (Contd.,)

(ii) Shareholding of Promoters

Sl.No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change
		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	EMKAYPEE INVESTMENTS PRIVATE LIMITED	2630574	15.00	14.81	2630574	15.00	14.81	NIL
2	MAHENDRA KUMAR PATODIA	1986713	11.33	11.17	1986713	11.33	11.17	NIL
3	ANJANA PATODIA	514332	2.93	2.85	514332	2.93	2.85	
4	MAHENDRA KUMAR PATODIA (HUF)	1112104	6.34	5.82	1112104	6.34	5.82	NIL
5	JEL FINANCE AND INVESTMENTS LIMITED	4800000	27.37	0.00	4800000	27.37	0.00	NIL
6	MEGHA INVESTMENTS PRIVATE LIMITED	629520	3.59	3.42	629520	3.59	3.42	NIL
7	PRACHI PATODIA SARAF	53360	0.30	0.00	-	-	-	(0.30)
8	GTN ENGINEERING (INDIA) LIMITED	1365585	7.78	0.00	1365585	7.78	0.00	NIL
	Total	13092188	74.64	38.07	13038828	74.34	38.07	(0.30)

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

Sl.No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	At the beginning of the year Date wise Increase / Decrease in Promoters Shareholding during the Year sold on dt. 21-08-2014	13092188	74.64	-	-
				53360	(0.30)
2.	At the end of the year	-	-	13038828	74.34

DIRECTORS' REPORT (Contd.,)

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

SI.No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	VANDANA SEHGAL	218535	1.246	218535	1.246
2	DINESH CHAND JAIN	156956	0.895	156956	0.895
3	SANTOSH SITARAM GOENKA	86040	0.491	86040	0.491
4	K S BHUTORIA	74624	0.425	74624	0.425
5	VARINDER PANDHI	60989	0.348	60989	0.348
6	THE ORIENTAL INSURANCE COMPANY LIMITED	54757	0.312	54757	0.312
7	JYOTI PANDHI	49660	0.283	49660	0.283
8	POLISETTY GNANA DEV	49078	0.280	49078	0.280
9	RELIGARE FINVEST LTD	49000	0.279	49000	0.279
10	SAROJ BHUTORIA	25868	0.147	25868	0.147

(iii) Shareholding of Directors and Key Managerial Personnel :

SI.No	For each of the Directors/ KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	M.K.Patodia	1986713	11.33	1986713	11.33
2	B.L. Singhal	12130	0.01	12130	0.01
3	C. George Josph	200	0.00	200	0.00
4	C.R.Gang (KMP)	Nil	-	Nil	-
5	P.Prabhakara Rao (KMP)	Nil	-	Nil	-

V. INDEBTEDNESS

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

(Rs. In Thousands)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1758019	85718	4640	1848377
ii) Interest due but not paid				
iii) Interest accrued but not due	1177	-	232	1409
Total (i+ii+iii)	1759196	85718	4872	1849786

DIRECTORS' REPORT (Contd.,)

(Rs. In Thousands)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
• Addition	-	42500	-	42500
• Reduction	488837	82819	4872	576528
Net Change	488837	40319	4872	534028
Indebtedness at the end of the financial year				
i) Principal Amount	1267709	42500	-	1310209
ii) Interest due but not paid				
iii) Interest accrued but not due	2650	2899	-	5549
Total (i+ii+iii)	1270359	45399	-	1315758

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl.No	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
1	Salary & perks	M.K.Patodia				21.05 lacs

B. Remuneration to other directors :

(Amount in Rs.)

Sl. No	Particulars of Remuneration	Name of Director						Total Amount
1	Independent Directors	B.L.Singhal	M.R. Vikram	C. George Joseph	Rajul Kothari	Anjana Patodia	IDBI Nominee	
	Fee for attending board committee meetings	90000	90000	-	37500	-	-	-
	Total (1)	90000	90000	-	37500	-	-	217500
2.	Other Non-Executive Directors							
	Fee for attending board / committee meetings	-	-	7500	-	22500	30000	-
	Total (2)	-	-	7500	-	22500	30000	60000
	Total Remuneration (1+2)	90000	90000	7500	37500	22500	30000	277500

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

(Rs. In Lacs)

Sl.No	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1	Salary & perks	-		C.R.Gang	22.88
2	Salary & perks	-	P.Prabhakara Rao		14.22

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Type Section of the Brief Description Details

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)
NIL	NIL	NIL	NIL	NIL	NIL

REPORT ON CORPORATE GOVERNANCE

1. A brief statements on Company's Philosophy on Code of Governance

The Company firmly believes in and has consistently endeavored to practice good Corporate Governance. 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 Shareholders, Employees, the Government and the Lenders.

2. Board of Directors

The Board of Directors Consists of 5 Directors.

a) Composition and category of Directors as on 31st March, 2015 is as follows:

Category	Name of the Director(s)
Promoters: Executive Chairman & Managing Director	Mr. M.K. Patodia
Independent Directors	Mr. B.L. Singhal Mr. M.R. Vikram
Independent Woman Director	Mrs. Rajul Kothari
Non-Executive and Non- Independent Directors	Mr. C.George Joseph Mr. Sanjay Panicker - Nominee Director (IDBI Bank Ltd.,) (till 10-02-2015)

b) Attendance of each Director at the Board Meetings and the last AGM

Name of the Director	Attendance particulars	
	Board Meetings	Last AGM
Mr. M.K. Patodia	4	Yes
Mrs. Anjana Patodia	1	No
Mr. B.L. Singhal	4	Yes
Mr. M.R. Vikram	4	Yes
Mr. Sanjay Panicker (Nominee IDBI)	2	No
Mr. C.George Joseph	1	Yes
Mrs. Rajul Kothari	3	No

c) Number of other Boards or Board Committees in which he/she is a member or Chairman

Name of the Director	No. of other Directorships & Committee member	
	Directorships including Pvt. Ltd. Cos.	Committee Membership
Mr. M.K.Patodia	4	2
Mr. B.L.Singhal	7	3
Mr. M.R.Vikram	17	3
Mr. C.George Joseph	1	-
Mrs. Rajul Kothari	-	-

REPORT ON CORPORATE GOVERNANCE (Contd.,)**d) Number of Board Meetings held and the date on which held:**

Four Board Meetings were held during the year, on the following dates:

17 th May, 2014	7 th Aug, 2014
8 th Nov, 2014	10 th Feb, 2015

The Maximum time gap between any two meetings was not more than 120 days.

e) Independent Directors:

The company has complied with the conditions of Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement with Stock Exchange regarding independence.

The company has also obtained declaration of independence from each independent Directors pursuant to Section 149(7) of the Companies Act, 2013

f) Independent Directors Meeting:

A separate meeting of independent Directors was held on 10-02-2015 without attendance of Non-independence Directors and members of the management.

3. Audit Committee**i. Brief description of terms of reference**

The present Audit Committee consists of Non-executive Independent Directors viz., Mr.B.L.Singhal, Chairman, Mr. M.R.Vikram and Mrs. Rajul Kothari. The constitution of Audit Committee also meets with the requirements under Section 177 of the Companies Act, 2013 and clause 49 of the listing agreement. The composition, role, functions and powers of the Audit Committee are in line with the requirements of applicable laws and regulations.

The Audit committee shall oversee financial reporting process and disclosures, review annual financial statements, management discussion and analysis of financial condition and results of operation, review adequacy of internal audit function, related party transactions, review financial and risk management policies, to look into the reasons for material defaults in the payment to depositors, debenture/shareholders and creditors, if any, oversee compliance with stock exchange and legal requirements concerning financial statements, review auditors qualifications (draft) compliance with Accounting standards, recommending the appointment and renewal of external Auditors and Cost Auditors, fixation of audit fee and also approval for payment for other services etc.

ii. Composition, name of members and Chairman

Name of Committees	Chairman/Members of the Committee(s)
AUDIT COMMITTEE	Shri B.L.Singhal - Chairman Shri M.R.Vikram Smt. Rajul Kothari

iii. Meetings and attendance during the year

Name of the Member	Meetings held on				No. of Meetings attended
	17-05-2014	07-08-2014	08-11-2014	10-02-2015	
Mr. B.L.Singhal	Attended	Attended	Attended	Attended	4
Mrs. Anjana Patodia	Attended	-	-	-	1
Mr.M.R.Vikram	Attended	Attended	Attended	Attended	4
Mr.Sanjay Panicker	Attended	LA	Attended	LA	2

REPORT ON CORPORATE GOVERNANCE (Contd.,)**iv. Internal Audit and Control :**

M/s D.K.Baid & Co., Chartered Accountants, Hyderabad, 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 the Internal Control Systems are periodically reviewed by the Audit Committee.

v. 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 upto date. Shri P.Prabhakara Rao, Company Secretary is the Compliance Officer of the Company.

vi. 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 website of the Company www.gtnindustries.com No personnel has been denied access to the Audit Committee to lodge their complaint/concern.

4. Nomination & Remuneration Committee:**i. Brief description of terms of reference**

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Chairman & Managing Director, KMP and other senior executives of the Company. The remuneration policy is in consonance with the existing industry practice and also with the provisions of the Companies Act, 2013.

ii. Composition, name of members and Chairperson

NOMINATION & REMUNERATION COMMITTEE	Shri M.R. Vikram - Chairman Shri B.L. Singhal Shri C. George Joseph
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iii. Attendance during the year

Nomination & Remuneration Committee Meeting held on 17th May, 2014.

iv. Remuneration policy

Company adopted to follow/comply the provisions of the Companies Act and pay managerial remuneration within the limits of Act/Schedule

v. Details of Remuneration to all the directors

No remuneration is paid to Non-Executive/Independent Directors except sitting fee at the rate of Rs.7500/- for each meeting of the Board, Audit and Stakeholders Relationship Committee Meetings.

Name of the Director	Amount (in Rs.)
Mrs. Anjana Patodia	22500
Mr. B.L.Singhal	90000
Mr. M.R.Vikram	90000
M/s. IDBI Bank Ltd - (Nominee Director)	30000
Mr. C.George Joseph	7500
Mrs. Rajul Kothari	37500

REPORT ON CORPORATE GOVERNANCE (Contd.,)**5. Stakeholders Relationship Committee**

- i. Names of Non-executive Director heading the committee:

Shri M R Vikram	-	Chairman
Shri B.L. Singhal		
Smt. Rajul Kothari		

- ii. Name and designation of Compliance office : Shri P.Prabhakara Rao, Company Secretary
- iii. Number of Shareholders Complaints received so far : 6
- iv. Number not solved to the satisfaction of shareholders : Nil
- v. Number of pending complaints : Nil

6. General Body Meetings

- i. Location date and time of Annual/Extra-Ordinary General meetings held during last 3 years are as under:

Year	Location	Nature of Meeting	Date	Day	Time
2011-12	Chitkul village, Patancheru Mandal, Medak Dist., Andhra Pradesh	AGM	10 th Aug,12	Friday	10.30 A.M
2012-13	Chitkul village, Patancheru Mandal, Medak Dist., Andhra Pradesh	AGM	1 st Aug,13	Thursday	10.30 A.M
2013-14	Chitkul village, Patancheru Mandal, Medak Dist., Andhra Pradesh	Postal Ballot	12 th Aug,13	Monday	10.30 A.M
2013-14	Chitkul village, Patancheru Mandal, Medak Dist., Telangana.	AGM	29 th Sept, 14	Monday	10.15 A.M

- ii. Whether any special resolutions passed in the previous 3 AGMs: **YES**
- iii. Whether any Special Resolution passed last year through postal ballot - details of voting pattern- **YES**

S. No	Particulars	No of folios/ballots		Total	No of votes		Total	% of votes
		E -Voting	Physical		E -Voting	Physical		
(i)	Votes in favour	29	75	104	8069449	265185	8334634	97.38
(ii)	Votes against	8	5	13	224367	242	224609	2.62
	TOTAL	37	80	117	8293816	265427	8559243	100.00
		Members voted			Total No of Votes			
(iii)	Invalid votes	0	2	2	0	114	114	

- iv. Person who conducted the postal ballot exercise: Mr. D.V.M.Gopal, FCS
- v. Whether any special resolution is proposed to be conducted through postal ballot-No
- vi. Procedure for postal ballot: Complied provisions of the Companies Act and Postal Ballot rules.

7. Disclosures

- i) Disclosure on materially significant related party transactions, that may have potential conflict with the interest of the Company at large:

REPORT ON CORPORATE GOVERNANCE (Contd.,)

During the year, the Company had not entered into any transaction of a material nature with any of the related parties, which were in conflict with the interest of the Company. All transactions with the related parties were in the ordinary course of business and at arms length.

ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: None

iii) Whistle Blower policy and affirmation that no person has been denied access to the Audit Committee:

The Company promotes ethical behavior in all its business activities and has put in place mechanism of reporting illegal or unethical behaviour. Employees are free to report existing / probable violations of laws, rules, regulations or unethical conduct to their immediate supervisor / notified person. The Directors and Senior Management are obligated to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practice.

iv) Details of compliance with all mandatory requirements and adoption of the non-mandatory requirements of the clause.

The Company has complied with all mandatory requirements

v) Reconciliation of Share Capital :

A qualified Practicing Company Secretary has carried out 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.

vi) MD and CFO Certification :

The Managing Director and CFO of the Company give quaterly/annual certification on financial reporting and internal controls to the Board in terms of Clause 41 and 49(ix) of the Listing Agreement.

vii) Compliance on Corporate Governance:

The quarterly compliance report has been submitted to the Stock Exchange at BSE & NSE in the requisite format duly signed by the compliance officer. Pursuant to Clause 49 of the Listing Agreement, the Auditors' certificate in compliance on conditions of Corporate Governance is published elsewhere in the Annual Report.

8. Means of Communication

i. Quarterly results

The quarterly/half yearly un-audited and annual audited financial results of the Company are sent to the Stock Exchange (s) immediately after they are approved by the Board of Directors.

ii. Newspapers wherein results normally published

The quarterly results are normally published in one of the all India circulated National and Local dailies such as Business Standard/Financial Express (National Daily) and Andhra Prabha/Andhra Bhoomi/Surya (Regional newspaper).

iii. Any website where displayed : www.gtnindustries.com

iv. Whether it also displays official news releases: Nil

v. The presentation made to institutional investors or to the analysts: Nil

REPORT ON CORPORATE GOVERNANCE (Contd.,)**9. General Shareholders Information**

- i) AGM : Date, Time and Venue
Date and time : 29-09-2015 at 10.15 A.M.
Venue : Chitkul Village, Patancheru Mandal,
Medak Dist-502307 Telangana.
- ii) Financial Year : 2014-2015
- iii) Date of Book closure : 24-09-2015 to 29-09-2015
(Both days inclusive)
- iv) Dividend payment date : No dividend recommended by the
Board for the year 2014-15.
- v) Listing on Stock Exchanges at : BSE Limited (BSE) and
National Stock Exchange (NSE)
Annual listing fee for the year 2014-15
has been paid to BSE and NSE.
- vi) STOCK CODE
Scrip Code No. : BSE : 500170
Trading Symbol : NSE : GTNIND
- vii) Market price Data High, Low during each month in last financial year :

Month & Year	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
Apr, 2014	9.75	7.13	9.55	6.85
May, 2014	12.05	9.00	11.55	8.75
June, 2014	15.43	11.06	15.15	10.45
July, 2014	16.00	12.80	16.00	12.60
Aug, 2014	15.73	12.65	15.45	12.20
Sep, 2014	18.05	13.30	17.45	13.00
Oct, 2014	16.45	13.10	15.50	12.40
Nov, 2014	15.20	10.55	15.30	10.60
Dec, 2014	13.59	10.42	14.20	10.80
Jan, 2015	13.49	11.00	13.45	11.00
Feb, 2015	12.94	9.40	13.50	9.30
Mar, 2015	10.39	8.10	10.20	7.85

- viii) Performance in comparison to broad –based indices such as BSE Sensex, CRISIL index etc.,- Our Company Scrip was not actively traded and transactions are not much.
- ix) Registrar and Transfer agents : Integrated Enterprises India Ltd
2nd Floor, Kences Towers, No.1
Ramakrishna Street, North Usman Road,
T.Nagar, Chennai – 600 017
Ph: 044 28140801-03 Fax: 044-28142479
E mail: csdstd@iepindia.com

REPORT ON CORPORATE GOVERNANCE (Contd.,)

- x) Share Transfer System : Presently, the share transfers which are received in physical form are processed and the share Certificates are returned within a period of 21 days from the date of receipt, subject to the documents being valid and complete in all respects. As regards shares held in Electronic form, the credit being given as per guidelines/by-laws issued by SEBI and NSDL/CDSL.

- xi) Distribution of Shareholding as on 31st March, 2015

No. of Shares held	No. of shareholders	% of shareholders	No. of shares	% of Holding
Up to 100	19515	88.34	590388	3.36
101 – 500	1676	7.59	464679	2.65
501 – 1000	407	1.84	335957	1.92
1001 – 10000	433	1.96	1250318	7.13
10001 – 100000	49	0.22	1370842	7.81
Above 100000	10	0.05	13528194	77.13
Total	22090	100.00	17540378	100.00

- xii) Dematerialization of Shares and liquidity

The Shares of the Company are compulsorily traded in DEMAT form by all categories of investors w.e.f 28th August 2000. The Company has arrangements with both National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity of our shares for scripless trading. As on 31st March, 2015, 97.98 % Equity shares of the company were held in dematerialized form.

- xiii) Outstanding GDRs/SDRs/Warrants or any Convertible instruments, conversion date and likely impact on equity - NIL

- xiv) Plant locations

SPINNING / DOUBLING UNIT(S)	SPINNING UNIT
Chitkul village, Patancheru Mandal, Medak District, Pin -502 307. Telangana State.	Khurajgaon Village, Saoner Tahsil, Nagpur District, Pin-441 112. Maharashtra.

- xv) Address for Correspondence : **Secretarial Department,**
GTN INDUSTRIES LIMITED
Plot No.29, Nagarjuna Hills,
Punjagutta,
Hyderabad – 500 082. Telangana State.
Tel: 040-43407804/811,
Fax: 040-23358400
E-mail: sharedept@gtnindustries.com

The above report was adopted by Board of Directors at their meeting held on 28th May, 2015.

REPORT ON CORPORATE GOVERNANCE (Contd.,)**AUDITORS CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT:**

To

THE MEMBERS OF

GTN INDUSTRIES LIMITED

1. We have examined the compliance of conditions of Corporate Governance by **GTN INDUSTRIES LIMITED** (the Company) for the year ended 31st March, 2015, as stipulated in clause 49 of the Listing Agreement entered into by the Company, with the Stock Exchanges of India.
2. The Compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. On the basis of our review and according to the information and explanations given to us and representation made by the management, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the Stock Exchanges have been complied with in all material respects by the Company.
4. We further 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 Lodha & Co.,
Chartered Accountants,
(ICAI FRN. No.301051E)
R.P. Baradiya
Partner
M.No. 44101

Place : Mumbai
Date : 28th May, 2015

MANAGEMENT DISCUSSION & ANALYSIS**1. INDUSTRY STRUCTURE & DEVELOPMENTS**

The Textile Industry is one of the oldest Industry in the country and plays an important role in the country's economy in terms of Industrial Production, Employment and foreign exchange earnings. The Textile Industry has achieved a good growth in last two decades in terms of installed spindles and yarn production and India's installed spindles were expanded to 50 million as on January, 2015, accounting for 20 per cent of world's spindleage. This could happen due to buoyant domestic and international demand, conducive Government Policies. Indian Textile sector contributes to 4% to the country's Gross Domestic Product (GDP), accounting for 14% of Industrial Production, 12% to the country's exports and also employs about 4.5 crores workers directly. In addition, this industry provides indirect employment to large number of workforce and also helps to develop many related ancillaries which generates further employment. It is the second largest employment provider after the agricultural sector.

The Indian Textile Industry faced a difficult period from April 2007 to December 2009 due to global recession and economic conditions leading to a sharp fall in consumer demand for textile products. However, the markets became buoyant during 2010-11 on account of strong export and domestic demand arising from favourable demographic factor and rapid changes in the lifestyle of consumers. But again since June 2011, the Indian textile industry has severely affected due to increase in global cotton prices, Govt policy to allow export of cotton, increase in other costs like power, interest etc. withdrawal of DEPB from Oct, 2011 and volatile exchange rates.

It is hoped that textile industry may perform better after arrival of new cotton crop in Oct- Nov 2015 since it is expected that cotton crop is likely to be higher and prices are forecasted to be relatively stable. In addition, the

MANAGEMENT DISCUSSION & ANALYSIS

continuation of TUF Scheme till 31-03-2017 and higher realization on exports due to stable Government and stability of the Rupee. These are favourable indicators for the reasonable growth of textile industry in the country.

COTTON SCENARIO

As per the Cotton Advisory Board, cotton crop estimates for 2014-15 is 390 lac bales (containing 170 kgs of cotton per bale) which is 4% higher than last year's production of 375 lac bales . The demand/consumption excluding exports was 274 lac bales which is higher on comparison of 2013-14 consumption of 266 lac bales. Cotton exports during 2014-15 was 40 - 50 lac bales. The estimated cotton crop area for the financial year 2014-15 is 375 lac. hectares.

This cotton season of 2014-15 has been one of the worst in terms of quality cotton availability. Quality complaints in cotton started way back in mid January onwards, even though more than 50% arrivals were still due to come into the market. The rise and fall of prices has played a major impact on quality cotton availability as well.

Weather reports for monsoon are not encouraging. El-Nino effect is predicted which will cause drought like situation in Asia-Pacific and flood like situation in America. Spinners will have to be very active in buying cotton and make good of opportunities when cotton prices are lying low as next cotton season prices are expected to remain strong to very strong on low output and same consumption as last year.

MARKETING

India is a large supplier of cotton yarn in world market. Due to recession from 2009 in global markets, volume and value of export have come down significantly. However exports are in increasing trend from last year onwards. Your Company is also in export of medium, fine and superfine combed yarn and it has been constantly focusing its efforts to cater to high end users. The company has got excellent relations with all its overseas customers who have been dealing with the Company over the years, by adhering to quality standards, delivery schedules and competitive prices. Further, due to strengthening of the rupee, net realization from exports looks to be difficult. The demand in domestic market is improving for woven and garment sector and gradually Company expect to have larger demand in domestic market.

FOREX/EXCHANGE RISK

The exchange rate plays an important role since most of our export business is in dollar. The importing countries must be able to import yarn at a proper price as per their currencies and any major volatility in this aspect also affects business competitiveness.

During last 2 years exchange rates have been quite volatile. During the year 2013-2014 dollar rupee exchange rate was fluctuated from Rs.59 to Rs.63 During 2014-15 dollar rupee exchange rate was volatile at around Rs.60 to Rs.63. The Company expects to realize its exports at current rate. However, it will have impact on import of cotton.

2. OPPORTUNITIES, THREATS AND CONCERN

- a) The future of Indian Textile industry is highly depending on availability of raw material at a competitive price. With the introduction of Hybrids and BT Cotton, the cotton production in India is increasing and it is expected that the supply of quality cotton will be comfortable in the coming season 2015-16. Chinese exports of Textiles and clothing are declining due to rising costs and shift infavour of innovation driven, industries, especially to USA, thus, provides an opportunity to India for improving its export performance. In long run, the prospects of Indian Textile Industry is likely to be bright.
- b) However, fluctuation in cotton price, exchange rates, availability of labour, increasing interest rates to contain the inflation and power are threats to the industry. Withdrawal of DEPB is another set back to the industry. However, new schemes are introduced which are in temporary nature, power in Telangana is a challenge. The availability of workers is also a problem.

MANAGEMENT DISCUSSION & ANALYSIS (Contd.)

- c) Spinning units are highly capital intensive and has to maintain large Raw Material inventory levels due to its seasonality. Your Company makes all efforts to have efficient inventory management and constant efforts are being made to monitor the inventory levels keeping in view of high interest costs.
- 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.

3. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The Company is mainly engaged in the business of manufacture and export of cotton yarn and accordingly this is the only Single Reportable Segment.

4. OUTLOOK

The Company continues to be an important player in the field of cotton yarn in medium and fine count segment and compact yarns. There are good prospects for increasing exports of cotton yarn to Asian countries. The company is making all efforts to explore new markets apart from current markets.

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that all transactions are authorised, 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 the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

6. FINANCIAL AND OPERATIONAL PERFORMANCE

Please refer Director's Report on performance review.

7. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS (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, Company served its human resources with integrity through a variety of services by using appropriate training, motivation techniques and employee welfare activities etc. Industrial relations were cordial and satisfactory. As on 31st March 2015, the Company has about 953 (including trainees, casuals etc.) employees in its various Offices and Plants.

8. 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 results 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 Govt. regulations and tax laws, economic conditions affecting demand / supplies and other environmental factors over which the Company does not have any control.

INDEPENDENT AUDITORS' REPORT

To

**The Members of
GTN Industries Limited**

Report on the Standalone Financial Statements

We have audited the accompanying financial statements of **GTN Industries Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

INDEPENDENT AUDITORS' REPORT (Contd.,)**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2015, and its loss and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in the aforesaid financial statements – Refer Note 26B(3) to the 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2015.

For Lodha & Co.
Chartered Accountants
Firm Registration No. 301051E

R P Baradiya
Partner
Membership No. 44101

Place : Mumbai
 Date : 28th May, 2015

GTN INDUSTRIES LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF THE GTN INDUSTRIES LIMITED

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we state that:

1.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets have been physically verified by the Management during the year and no material discrepancies were noticed on such verification.
2.
 - a) The inventory has been physically verified by the management at reasonable intervals during the year. Inventory lying with third parties and in-transit have been verified by the management with reference to the confirmations received from them and/or subsequent receipt of goods.
 - b) The procedures for physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material considering the operations of the Company and have been properly dealt with in the books of account.
3. During the year, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
4. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased and sold are of the special nature and suitable alternative source does not exist for obtaining comparable quotations, there are adequate internal control systems commensurate with the size of the Company and nature of its business for purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in these internal control systems.
5. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder, with regard to the deposits accepted from public.
6. On the basis of records produced, we are of the opinion that prima facie, the cost records and accounts prescribed by the Central Government under Section 148(1) of the Act have been maintained. However, we are not required to and thus, have not carried out any detailed examination of such accounts and records, with a view to ascertain whether these are accurate and complete.
7.
 - a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues applicable to the Company with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.
 - b) According to the records of the Company, there are no dues of Income Tax, Wealth Tax, Sales Tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax or Cess which have not been deposited on account of any dispute, except the following:

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF GTN INDUSTRIES LIMITED (Contd.,)

S. No.	Name of the Statute	Nature of Dues	Forum where the dispute is pending	Financial Year	Rs. in Lacs
1.	Customs Act, 1962	Duty Drawback	Madras High Court	1998-99	18.69
2.	Central Excise Act, 1944	CENVAT Credit	CESTAT, Bengaluru	2008-09 & 2009-10	0.67
3.	Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals), Kochi	2010-11	61.06
4.	Central Sales Tax, 1956	Central Sales Tax	Jt. Commissioner (Appeals), Nagpur	2006-07	7.21
5.	Agricultural Produce and Livestock Markets, AP, 1966	Agricultural Marketing Cess on Cotton	Andhra Pradesh High Court	2006-07	11.72
6.	HMWSSB Act, 1989	Sewerage Cess	Andhra Pradesh High Court	2012-13	18.07

c) The amount required to be transferred to Investor Education and Protection Fund has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.

8. The Company's accumulated losses as at 31st March, 2015 exceeds fifty percent of its net worth*. The Company has incurred cash losses during the financial year covered by our audit. However, it has not incurred cash losses in the immediately preceding financial year.

(*as defined U/s. 3(ga) of the Sick Industrial Companies (Special provisions) Act, 1985)

9. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions.

10. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.

11. According to the information and explanations given to us and in our opinion, the term loans outstanding at the beginning of the year have been applied for the purpose for which they were raised.

12. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing standards in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For Lodha & Co.
Chartered Accountants
Firm Registration No: 301051E

R P Baradiya
Partner
Membership No: 44101

Place : Mumbai
Dated : 28th May, 2015

GTN INDUSTRIES LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2015

	NOTE	31 st March, 2015 (Rs. in Lacs)	31 st March, 2014 (Rs. in Lacs)
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	3554.96	2754.96
Reserves and Surplus	2	3781.94	798.05
Non-Current Liabilities			
Long Term Borrowings	3	6537.75	10601.78
Deferred Tax Liabilities (Net)	4	96.75	226.52
Current Liabilities			
Short Term Borrowings	5	6564.34	7881.99
Trade Payables	6	2884.49	3675.29
Other Current Liabilities	7	1626.00	1784.40
Short Term Provisions	8	183.20	275.64
TOTAL		25229.43	27998.63
II. ASSETS			
Non-Current Assets			
Fixed Assets	9		
Tangible Assets		15086.04	13640.81
Intangible Assets		2.16	2.44
Capital Work-in-Progress		42.75	79.77
Non-Current Investments	10	0.05	-
Long Term Loans and Advances	11	438.03	644.14
Other Non-Current Assets	12	163.32	204.40
Current Assets			
Inventories	13	5684.32	7452.33
Trade Receivables	14	1557.60	2764.31
Cash and Cash Equivalents	15	646.63	897.44
Short-term Loans and Advances	16	330.81	456.99
Other Current Assets	17	1277.72	1856.00
TOTAL		25229.43	27998.63
Significant accounting policies and notes on financial statements	1-26		
Notes 1 to 26 form an integral part of the financial statements			
As per our attached report of even date For LODHA & CO. , Chartered Accountants		For and on behalf of the Board	
R.P. BARADIYA Partner M.No. 44101	C.R.GANG Chief Financial Officer	M.K.PATODIA Chairman & Managing Director	} Directors
	P.PRABHAKARA RAO Company Secretary	B.L.SINGHAL	
		M.R. VIKRAM	
		RAJUL KOTHARI	
Place : Mumbai Date : 28 th May, 2015	Place: Hyderabad Date : 28 th May, 2015		

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	NOTE	For the year ended 31 st March, 2015 (Rs. in Lacs)	For the year ended 31 st March, 2014 (Rs. in Lacs)
I. REVENUE FROM OPERATIONS	18	40869.03	56178.37
II. OTHER INCOME	19	293.08	235.90
III. TOTAL REVENUE (I + II)		41162.11	56414.27
IV. EXPENSES:			
Cost of Materials Consumed	20	18888.03	19823.66
Purchases of Stock-in-Trade	21	8338.77	20953.20
Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade	22	1455.91	(678.73)
Employee Benefits Expense	23	3126.00	3507.79
Finance Costs	24	2146.01	2403.18
Depreciation		872.45	1494.96
Other Expenses	25	7746.97	9331.18
TOTAL EXPENSES		42574.14	56835.24
V. PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEM AND TAX (III-IV)		(1412.03)	(420.97)
VI. Exceptional item		99.04	-
VII. PROFIT BEFORE TAX (V - VI)		(1312.99)	(420.97)
VIII. TAX EXPENSE:			
Mat Credit Entitlement		-	152.39
Deferred Tax		(56.74)	(376.44)
Prior Years' Income Tax adjustments		(2.05)	(114.39)
IX. PROFIT /(LOSS) FOR THE YEAR (VII -VIII)		(1254.20)	(82.53)
X. Earnings per equity share of face value of Rs 10 each.	26B-8	(7.72)	(0.56)
Basic & Diluted (in Rs)			
Significant accounting policies and notes on financial statements	1-26		
Notes 1 to 26 form an integral part of the financial statements			

As per our attached report of even date
For **LODHA & CO.**,
Chartered Accountants

R.P. BARADIYA
Partner
M.No. 44101

Place : Mumbai
Date : 28th May, 2015

C.R.GANG
Chief Financial Officer

P.PRABHAKARA RAO
Company Secretary

Place : Hyderabad
Date : 28th May, 2015

For and on behalf of the Board

M.K.PATODIA
Chairman & Managing Director

B.L.SINGHAL
M.R. VIKRAM
RAJUL KOTHARI } Directors

GTN INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

	As at 31 st March, 2015		As at 31 st March, 2014	
	Number	Rs. in Lacs	Number	Rs. in Lacs
1 SHAREHOLDERS' FUNDS				
SHARE CAPITAL				
AUTHORISED				
Equity Shares of Rs. 10 each	20000000	2000.00	20000000	2000.00
Redeemable Preference Shares of Rs. 100 each	3500000	3500.00	3500000	3500.00
		5500.00		5500.00
ISSUED SHARE CAPITAL				
Equity Shares of Rs. 10 each	17558778	1755.88	17558778	1755.88
0.01% Cumulative Redeemable Preference shares of Rs.100 each	1500000	1500.00	200000	200.00
10% Cumulative Redeemable Preference shares of Rs.100 each	300000	300.00	800000	800.00
	1800000	1800.00	1000000	1000.00
SUBSCRIBED & FULLY PAID SHARE CAPITAL				
Equity Shares of Rs.10 each	17558778	1755.88	17558778	1755.88
Less : Forfeited Shares :				
Equity shares of Rs.10 each; paid thereon Rs.5	18400	0.92	18400	0.92
	17540378	1754.96	17540378	1754.96
0.01% Cumulative Redeemable Preference shares of Rs.100 each	1500000	1,500.00	200000	200.00
10% Cumulative Redeemable Preference shares of Rs.100 each	300000	300.00	800000	800.00
	1800000	1800.00	1000000	1000.00
TOTAL		3554.96		2754.96

a) Terms/Rights attached to Equity Shares

The Company has one class of Equity Shares having a par value of Rs.10/- Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) Terms/Rights attached to Preference Shares

i) The Company issued 3,00,000, 10% CRPS of Rs. 100/- each at par on 18.07.2013 These shares are redeemable after a period of 2 years but before a period of 5 years from the date of issue.

ii) Pursuant to the Share Issue Committee Meeting held on 26th February, 2015 and after obtaining the prior approval of the Preference Shareholders, the Company has altered the terms of issue of Preference Shares issued to GTN Engineering (India) Limited (an Associate), as follows:

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (Contd.,)

Class of Shares / Terms of Issue	0.01% Redeemable Preference Shares	10% Redeemable Preference Shares	10.50% Redeemable Preference Shares
Coupon Rate and Dividend			
- Original	0.01% CRPS	10.00% CRPS	10.50% CRPS
- Revised	0.01% NCRPS	0.01% NCRPS	0.01% NCRPS
Redemption Period from the date of Issue			
- Original	15-20 years	2-5 years	5-10 years
- Revised	15-20 years	10-15 years	10-15 years

iii) The Company issued 5,00,000, 0.01% NCRPS of Rs.100/- each at par on 26.02.2015. These shares are redeemable after a period of 10 years but before a period of 15 years from the date of issue.

c) The reconciliation of the number of shares outstanding is set out below :

Particulars	As at 31 st March, 2015		As at 31 st March, 2014	
	Number	Rs. in Lacs	Number	Rs. in Lacs
Equity Shares				
Shares at the beginning of the year	17540378	1754.96	17540378	1754.96
Issued during the year	-	-	-	-
Shares outstanding at the end of the year	17540378	1754.96	17540378	1754.96
Preference Shares				
Shares at the beginning of the year	1000000	1000.00	-	-
Issued during the year	800000	800.00	1000000	1000.00
Shares outstanding at the end of the year	1800000	1800.00	1000000	1000.00

d) As stipulated by CDR-EG, the promoters have pledged their 51% shareholding i.e., 66,77,100 Equity shares in favour of the lenders.

e) The details of shareholders holding more than 5% shares

Name of Shareholder	As at 31 st March, 2015		As at 31 st March, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares of Rs. 10/- each				
Emkaypee Investments Private Limited	2630574	15.00%	2630574	15.00%
Mahendra Kumar Patodia	1986713	11.33%	1986713	11.33%
Mahendra Kumar Patodia (HUF)	1112104	6.34%	1112104	6.34%
JEL Finance and Investments Limited	4800000	27.37%	4800000	27.37%
GTN Engineering (India) Limited	1365585	7.79%	1365585	7.79%
0.01% Cumulative Redeemable Preference shares of Rs.100/- each				
GTN Engineering (India) Limited	1500000	100.00%	200000	100.00%
10% Cumulative Redeemable Preference shares of Rs.100/- each				
GTN Engineering (India) Limited	-	-	500000	62.50%
JEL Finance and Investments Limited	300000	100.00%	300000	37.50%

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (Contd.,)

	As at 31 st March, 2015 (Rs. in Lacs)	As at 31 st March, 2014 (Rs. in Lacs)
2. SHAREHOLDERS' FUNDS		
RESERVES & SURPLUS		
(a) SECURITIES PREMIUM ACCOUNT As per last Balance Sheet	1112.08	1112.08
(b) REVALUATION RESERVE As per last Balance Sheet Add: Amount transferred on account of Revaluation of Fixed Assets* Less : Transfer to Profit & Loss account	27.62 4478.02 - <u>4505.64</u>	32.29 - 4.67 <u>27.62</u>
(c) Amalgamation Reserve As per last Balance Sheet	621.49 <u>621.49</u>	621.49 <u>621.49</u>
(d) Surplus/(Deficit) As per last Balance Sheet Add : Net Profit/(Net Loss) for the current year Less: Adjustment relating to Fixed Assets(net of Tax of Rs.101.54 Lakhs) pursuant to enactment of Schedule II of the Companies Act, 2013 (Refer Note 9) Closing Balance	(963.14) (1254.20) <u>(239.93)</u> <u>(2457.27)</u> 3781.94	(880.61) (82.53) - <u>(963.14)</u> 798.05
TOTAL		
* Refer Note 26(B)(14)		
3. NON CURRENT LIABILITIES - LONG TERM BORROWINGS		
SECURED		
Term Loans		
- from Banks	5262.29	6997.11
- from a Financial Institution	2598.08	4116.47
(i) Term loans are secured by first charge on immovable assets, both present and future, by way of equitable mortgage and hypothecation of movable fixed assets (except those mentioned in para (ii) below) of the Company and further secured by way of a second charge, on the current assets as mentioned in Note 5 below, present and future. All the above charges are ranking paripassu, inter-se among the term lenders. These loans are guaranteed personally by the Managing Director and also secured by pledge of equity shares to the extent of 51% of promoters' holding ranking paripassu with working capital lenders. Term loans are repayable in quarterly instalments. Interest rate for TUF Loans is 3% to 9.75% p.a (net off subsidy) (Previous year 3% to 9.75% p.a) (net off subsidy) and for Non-TUF loans is 10% p.a to 14.25%. (Previous Year 10% p.a to 14.25% p.a)		
(ii) One of the term loans amounting to Rs. 1038 lacs (Previous Year Rs. 1126 lacs) availed from a Bank is secured on exclusive charge basis on the specific machinery financed out of the said loan. It is repayable in quarterly instalments. Interest Rate-14.25%p.a (linked with base rate) (Previous Year 14.25% p.a). Less : Current Maturities (Refer Note 7)	1322.62 <u>6537.75</u>	1368.98 <u>9744.60</u>
UNSECURED		
DEFERRED PAYMENT LIABILITIES		
Sales Tax Deferment Loan (Interest free, repayable in yearly instalments of varying amounts by August, 2023) Less : Current Maturities (Refer Note 7)	- - <u>-</u>	933.02 75.84 <u>857.18</u>
TOTAL	6537.75	10601.78

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (Contd.,)

	As at 31 st March, 2015 (Rs. in Lacs)	As at 31 st March, 2014 (Rs. in Lacs)
4. DEFERRED TAX LIABILITY (NET)		
DEFERRED TAX LIABILITY		
Depreciation	1692.59	2245.42
Others	1.09	(10.38)
DEFERRED TAX ASSETS		
Unabsorbed Depreciation/Business Losses	(1596.93)	(2008.52)
TOTAL	<u>96.75</u>	<u>226.52</u>
Note: The Company has recognized deferred tax asset on the basis of profitable export/local sale orders on hand. Thus, management is virtually certain that sufficient future taxable income would be available against which brought forward business losses and unabsorbed depreciation would be set off.		
5. CURRENT LIABILITIES - SHORT TERM BORROWINGS SECURED		
WORKING CAPITAL LOANS	6139.34	7835.59
Working Capital Loans stated above and Non-Fund Based limits of Rs. 2525.03 lacs (Previous Year Rs. 1559.52 lacs) are secured by a first charge by way of hypothecation of current assets of the Company, both present and future and by way of second charge on the fixed assets mentioned in Note 3(a)(i) and 3(a)(ii) above, ranking paripassu, inter-se among working capital banks. These loans/Non-fund based facilities are further guaranteed by Managing Director and also secured by pledge of Equity Shares to the extent of 51% of promoters' holding ranking paripassu with Term lenders. Interest on Packing Credit in Foreign Currency - 3% p.a. to 4% p.a. (Previous Year 3% p.a. to 4% p.a.) and Interest on Rupee Working Capital Loans - 10.30% p.a. to 14.25% p.a. (Previous Year 12% p.a. to 14% p.a.).		
UNSECURED		
Public Deposits: (Repayable on demand) :		
from Directors	-	4.20
from Others	-	42.20
Loans:		
from a Director (Interest Rate - 9% p.a., Previous Year Nil)	200.00	-
from a Body Corporate (Interest Rate - 10.50% p.a., Previous Year 10.50% p.a.)	225.00	-
(Unsecured loans are repayable within a period of 1 year from the receipt of the loan / renewal)		
TOTAL	<u>6564.34</u>	<u>7881.99</u>
* Refer Note 26(B)(1)		

GTN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (Contd.)		
	As at 31 st March, 2015 (Rs. in Lacs)	As at 31 st March, 2014 (Rs. in Lacs)
6. CURRENT LIABILITIES -		
TRADE PAYABLES #		
Micro, Small and Medium Enterprises*	-	-
Others	2884.49	3675.29
TOTAL	2884.49	3675.29
*Refer Note No. 26B(9)		
# Referr Note 26(B)(1)		
7. CURRENT LIABILITIES		
OTHER CURRENT LIABILITIES #		
(a) Current maturities of long-term debt:(Refer Note.3)		
Term Loan - from Banks	753.60	837.96
- from a Financial Institution	569.02	531.02
Sales Tax Deferment Loan	-	75.84
(b) Unpaid Dividend*	-	3.23
(c) Interest Accrued but not Due	55.50	14.09
(d) Other Payables:		
Statutory Dues	155.57	220.70
Advances from Customers	92.31	101.56
TOTAL	1626.00	1784.40
* These figures do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.		
# Refer Note 26(B)(1)		
8. CURRENT LIABILITIES		
SHORT TERM PROVISIONS		
(a) Provision for Employee Benefits		
Compensated Absences	21.21	21.05
Gratuity	161.76	238.77
(b) Others		
Provision for Tax (Net of Advance Tax and TDS of Nil; Previous Year Rs.99.89 lacs)	-	15.24
Provision for Wealth Tax	0.23	0.58
TOTAL	183.20	275.64

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (Contd..)

9 - (a) NON CURRENT ASSETS - FIXED ASSETS

(Rs. in lacs)

Fixed Assets	Gross Block (At cost or Book value)						Depreciation/Amortisation				Net Block		
	As at 01.04.2014	Additions on	Additions account of Revaluation@	Deductions /Adjustments	Transferred on "Slump Sale" #	As at 31.03.2015	As at 31.03.2014	For the year*	Deductions/ Adjustment	Adjustments on "Slump Sale" #	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
(a) Tangible Assets													
Land- Freehold	91.94	2352.16	-	1.45	16.12	2426.53	-	-	-	-	2426.53	91.94	
Buildings	5470.68	2125.86	62.23	-	1573.72	6085.05	3039.50	123.95	-	783.38	3704.98	2431.18	
Plant and Equipment	24934.43	-	1046.77	499.64	6105.27	19376.29	14505.86	728.31	459.46	3999.27	8600.85	10428.57	
Electrical Installations	1899.49	-	30.71	8.82	596.01	1325.37	1372.39	289.40	8.36	584.66	1068.76	256.61	
Furniture and Fixtures	253.92	-	5.36	2.91	27.98	228.39	184.42	25.76	2.79	22.51	184.89	43.50	
Vehicles	229.11	-	0.65	0.60	48.14	181.02	136.59	17.69	0.36	26.47	127.45	53.57	
Total	32879.57	4478.02	1145.72	513.42	8367.24	29622.65	19238.76	1185.11	470.97	5416.29	14536.61	15086.04	13640.81
(b) Intangible Assets													
Software	254.39	-	-	-	64.26	190.13	251.95	0.28	-	64.26	187.97	2.16	2.44
Total (b)	254.39	-	-	-	64.26	190.13	251.95	0.28	-	64.26	187.97	2.16	2.44
Total (a) + (b)	33133.96	4478.02	1145.72	513.42	8431.50	29812.78	19490.71	1185.39	470.97	5480.55	14724.58	15088.20	13643.25
(c) Capital Work In Progress												42.75	79.77
Plant and Equipment under Installation													

*Consequent to the enactment of the Companies Act, 2013 (the Act) and its applicability for accounting periods commencing from April 1, 2014, the Company has realigned the remaining useful life of its fixed assets in accordance with the provisions prescribed under Schedule II to the Act. Accordingly, in case of assets which have completed their useful life, the carrying value (net of residual value) as at April 1, 2014 amounting to Rs. 211.42 lacs (net of Deferred Tax) has been adjusted to "Surplus / Deficit in the Statement of Profit and Loss" and in case of other assets the carrying value (net of residual value) is being depreciated over the revised remaining useful lives. Accordingly, the depreciation for the year ended March 31, 2015 is lower by Rs. 293.41 lacs.

Refer Note 26B(1)

@ Refer Note 26B(14)

9 - (b) NON CURRENT ASSETS - FIXED ASSETS (PREVIOUS YEAR)

(Rs. in lacs)

	GROSS BLOCK (At Cost or Book Value)				DEPRECIATION / AMORTISATION				NET BLOCK		
	As at 01.04.2013	Additions	Deductions/ Adjustments	As at 31.03.2014	As at 01.04.2013	For the year	Deductions/ Adjustments	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013	
(a) Tangible Assets											
Land- Freehold	90.88	1.06	-	91.94	-	-	-	-	91.94	90.88	
Buildings	5453.22	17.46	-	5470.68	2872.20	167.30	-	3039.50	2431.18	2581.02	
Plant and Equipment	24764.91	802.69	633.17	24934.43	13861.99	1201.18	557.31	14505.86	10428.57	10902.92	
Electrical Installations	2032.20	3.97	136.68	1899.49	1401.06	93.77	122.44	1372.39	527.10	631.14	
Furniture and Fixtures	251.59	5.94	3.61	253.92	176.66	11.04	3.28	184.42	69.50	74.93	
Vehicles	199.20	46.35	16.44	229.11	124.33	25.69	13.43	136.59	92.52	74.87	
Total	32792.00	877.47	789.90	32879.57	18436.24	1498.98	696.46	19238.76	13640.81	14355.76	
(b) Intangible Assets											
Software	254.39	-	-	254.39	251.30	0.65	-	251.95	2.44	3.09	
Total (b)	254.39	-	-	254.39	251.30	0.65	-	251.95	2.44	3.09	
Total (a) + (b)	33046.39	877.47	789.90	33133.96	18687.54	1499.63	696.46	19490.71	13643.25	14358.85	
(c) Capital Work In Progress											
Plant and Equipment under Installation										79.77	11.88

GTN INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (Contd.,)

	As at 31 st March, 2015 (Rs. in Lacs)	As at 31 st March, 2014 (Rs. in Lacs)
10. NON CURRENT ASSETS		
NON CURRENT INVESTMENTS		
NON-TRADE INVESTMENTS		
- In Government Securities (Unquoted)		
8.5% National Savings Certificates*	0.05	-
TOTAL	<u>0.05</u>	<u>-</u>
*Pledged with Agricultural Marketing Committee, Telangana State		
11. NON CURRENT ASSETS		
LONG TERM LOANS AND ADVANCES *		
UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED		
(a) Capital Advances	12.82	29.24
(b) Security Deposits:		
Electricity Deposits	160.50	349.66
Other Deposits	6.14	7.36
(c) MAT Credit Entitlement	249.54	249.54
(d) Other Loans and Advances:		
Prepaid Expenses	9.03	8.34
TOTAL	<u>438.03</u>	<u>644.14</u>
* Refer Note 26(B)(1)		
12. NON CURRENT ASSETS		
OTHER NON CURRENT ASSETS		
UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE		
VAT Receivable	323.01	512.07
Less: Shown under Other Current Assets (Note 17)	(159.69)	(307.67)
TOTAL	<u>163.32</u>	<u>204.40</u>
13. CURRENT ASSETS		
INVENTORIES (Valued at lower of cost and net realisable value) *		
(a) Raw Materials	3274.91	3476.79
(b) Work-in-Progress	447.81	1009.19
(c) Finished Goods	1856.77	2473.41
(d) Traded Goods	-	281.26
(e) Waste Stock	31.31	27.94
(f) Stores, Spares and Packing Material	73.52	183.74
TOTAL	<u>5684.32</u>	<u>7452.33</u>
* Refer Note 26(B)(1)		
14. CURRENT ASSETS		
TRADE RECEIVABLES*		
(Outstanding exceeding six months from the due date)		
Unsecured, considered good	41.48	29.61
Unsecured, considered doubtful	-	11.59
Less: Provision for Doubtful Debts	-	(11.59)
	<u>41.48</u>	<u>29.61</u>
OTHERS		
Unsecured, considered good	1516.12	2734.70
TOTAL	<u>1557.60</u>	<u>2764.31</u>
* Refer Note 26(B)(1)		

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (Contd..)		
	As at 31st March, 2015 (Rs. in Lacs)	As at 31st March, 2014 (Rs. in Lacs)
15. CURRENT ASSETS		
CASH AND BANK BALANCES		
CASH AND CASH EQUIVALENTS		
(a) Balances with Banks:		
In Current Accounts	45.32	668.87
In Unpaid Dividend Accounts	-	3.23
(b) Cash on hand	6.71	16.90
OTHERS		
(a) Deposits with original maturity of less than 12 months	16.73	15.48
(b) Margin Money Deposits with original maturity of less than 12 months	577.87	192.96
TOTAL	<u>646.63</u>	<u>897.44</u>
16. CURRENT ASSETS		
SHORT TERM LOANS AND ADVANCES*		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	299.88	292.22
Advances to suppliers	30.93	164.77
TOTAL	<u>330.81</u>	<u>456.99</u>
* Refer Note 26(B)(1)		
17. CURRENT ASSETS		
OTHER CURRENT ASSETS*		
Unsecured, considered good		
(a) Export Incentive Receivable	571.54	879.20
(b) Interest Rebate Receivable	377.90	240.73
(c) Interest accrued on Deposits	34.52	31.48
(d) Fixed Assets held for Disposal	8.65	9.65
(e) Balances with Excise Authorities	108.74	111.01
(f) Balances with Sales Tax Authorities	166.99	337.22
(g) Power Rebate receivable	-	246.71
(h) Balance with Income Tax Authorities (Net of Provision for Tax Rs. 21.98 lacs, Previous Year Rs. Nil)	9.38	-
TOTAL	<u>1277.72</u>	<u>1856.00</u>
* Refer Note 26(B)(1)		
18. REVENUE FROM OPERATIONS		
Sale of Products		
(i) Manufactured Goods	29265.38	31187.29
(ii) Traded Goods	9055.72	21748.15
Other Operating Revenues:		
(i) Export Incentives	662.39	1221.07
(ii) Waste Sales	1885.54	2021.86
TOTAL	<u>40869.03</u>	<u>56178.37</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (Contd.,)

	For the Year Ended 31 st March, 2015 (Rs.in Lacs)	For the Year Ended 31 st March,2014 (Rs.in Lacs)
19. OTHER INCOME		
Interest Income	63.52	104.90
Profit on Sale of Fixed Assets(Net)	34.90	20.35
Insurance Claims	4.60	10.49
Gain on Foreign Exchange Fluctuations (Net)	49.96	-
Provision no longer required written back	3.13	6.26
Miscellaneous Income	136.97	93.90
TOTAL	293.08	235.90
20. COST OF MATERIALS CONSUMED		
Opening Stock	3476.79	4366.53
Add: Purchases	18686.15	18933.92
Less: Closing Stock	3274.91	3476.79
TOTAL	18888.03	19823.66
Particulars of Materials Consumed		
Cotton	17009.95	16052.31
Yarn	1878.08	3771.35
TOTAL	18888.03	19823.66
21. PURCHASES OF STOCK IN TRADE		
Cotton Yarn	8338.77	20953.20
TOTAL	8338.77	20953.20
22. CHANGES IN INVENTORY		
Opening Stock:		
Finished Goods	2754.67	1932.08
Work-in-Progress	1009.19	1126.86
Waste Stock	27.94	54.13
SUB TOTAL	3791.80	3113.07
Closing Stock:		
Finished Goods	1856.77	2754.67
Work-in-Progress	447.81	1009.19
Waste Stock	31.31	27.94
SUB TOTAL	2335.89	3791.80
TOTAL	1,455.91	(678.73)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015 (Contd..)		
	For the Year Ended 31st March, 2015 (Rs.in Lacs)	For the Year Ended 31st March,2014 (Rs.in Lacs)
23. EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and Incentives	2732.81	3007.38
(b) Contributions to Provident and Other Funds	236.99	322.60
(c) Staff Welfare Expenses	156.20	177.81
TOTAL	<u>3126.00</u>	<u>3507.79</u>
24. FINANCE COST		
Interest Expense	1907.65	2160.46
Other Borrowing Costs	238.36	242.72
TOTAL	<u>2146.01</u>	<u>2403.18</u>
25. OTHER EXPENSES		
MANUFACTURING EXPENSES:		
Consumption of Stores and Spare Parts	893.42	1095.75
Consumption of Packing Material	456.26	492.68
Power and Fuel	3792.11	4149.15
Processing Charges	133.12	70.58
Other Manufacturing and Operating expenses	128.14	192.29
Repairs to Buildings	127.21	90.85
Repairs to Machinery	303.73	597.76
SUB TOTAL	<u>5833.99</u>	<u>6689.06</u>
ADMINISTRATION AND OTHER EXPENSES:		
Rent	7.01	12.44
Insurance	95.32	110.28
Rates and Taxes	71.17	71.26
Advertisement	0.99	2.08
Commission to Selling Agents	487.12	678.14
Freight Forwarding and Other Expenses	907.19	1192.69
Legal & Professional charges	45.49	46.06
Donation	0.37	1.51
Payment to Auditors #	9.45	11.49
Loss on Foreign Exchange Fluctuations (Net)	-	163.64
Miscellaneous Expenses	288.87	352.53
SUB TOTAL	<u>1912.98</u>	<u>2642.12</u>
TOTAL	<u>7746.97</u>	<u>9331.18</u>
# PAYMENT TO AUDITORS		
-for Statutory Audit	3.40	4.00
-for Tax Audit	0.64	0.75
-for Certification services	3.28	4.41
-for Out of Pocket Expenses(including Service Tax)	2.13	2.33
TOTAL	<u>9.45</u>	<u>11.49</u>

NOTES FORMING PART OF ACCOUNTS

Note 26

GTN Industries Limited has its Registered Office at Chitkul village, Patancheru Mandal, Medak Dist., Telangana. It is engaged in the business of Spinning, Doubling, Processing and Knitting of Yarn. As more fully explained in Note 26B(1) below, the Company has sold its Yarn Processing and Knitting Unit during the year on a "slump sale" basis. The Company at present has its production facilities in the state(s) of Telangana and Maharashtra.

A) Significant Accounting Policies

1) GENERAL

- a) The financial statements are prepared in accordance with Generally Accepted Accounting Principles ("GAAP") of India under the historical cost convention on the accrual basis, except for certain tangible assets which are carried at revalued amounts. GAAP comprises mandatory accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 2013. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard required a change in accounting policy hitherto in use.
- b) 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 realization in cash and cash equivalents, the Company has ascertained its operating cycle to be less than 12 months for the purpose of current and non-current classification of assets and liabilities.

2) FIXED ASSETS

(i) Tangible Assets

Tangible Assets are stated at cost net of recoverable taxes, trade discounts and rebates and include amounts added on revaluation, less accumulated depreciation and impairment loss, if any. The cost of Tangible Assets comprises its purchase price, borrowing cost and any cost directly attributable to bringing the asset to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent expenditures related to an item of Tangible Asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Assets which are not ready for their intended use are disclosed under Capital Work-in-Progress.

(ii) Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/depletion and impairment loss, if any. The cost comprises purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use and net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

3) INVESTMENTS

Long term Investments are stated at cost and provision is made to recognize any decline, other than temporary, in the value of such investments.

4) INVENTORIES

Inventories are valued at lower of cost and net realizable value. Cost of Raw Materials is computed by using "Specific Identification" method and for other inventories by using "Weighted Average" method.

The cost in case of finished goods includes cost of purchase, cost of conversion and other costs (on the basis of normal operating capacity) incurred in bringing the inventories to their present location and condition.

NOTES FORMING PART OF ACCOUNTS (Contd..)**5) SALES**

Revenue is recognized when the property and all the significant risks and rewards of ownership are transferred to the buyer and no significant uncertainty exists regarding the amount of consideration. Export Sales are inclusive of deemed exports. Export sales are recognized once the Bill of Lading is issued. Local sales are inclusive of excise duty, wherever applicable and net of sales tax.

6) BORROWING COST

Borrowing Costs directly 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. Other borrowing costs are charged to Statement of Profit and Loss.

7) DEPRECIATION**Tangible Assets**

Depreciation on Fixed Assets is provided to the extent of depreciable amount on the Straight Line Method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Plant and Machinery and Electrical Installations have been, on technical assessment, considered as continuous process plants as defined in the said Schedule and depreciation has been provided accordingly.

Intangible Assets

Intangible Assets are amortised over a period of 5 years.

Individual Assets costing less than Rs. 5000 are fully depreciated in the year of purchase.

8) EMPLOYEE BENEFITS**a) Provident Fund**

Provident Fund is a defined contribution scheme and the contributions are charged to Statement of Profit and Loss as incurred.

b) Superannuation

Superannuation is a defined contribution plan and contribution is made to Life Insurance Corporation of India for eligible employees who have opted for the same as a percentage of salaries. The Company has no further obligations to the scheme beyond its monthly / annual contributions.

c) Gratuity

Gratuity is a defined benefit retirement plan. The Company contributes to the Scheme with Life Insurance Corporation of India based on actuarial valuation done by them as at the close of the financial year.

d) The employees are entitled to accumulate leaves as per the rules of the Company for future encashment. Liability for leave entitlement is provided for on the basis of the eligible leaves at the close of the year.

9) FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currency are recorded at rates that approximate the exchange rate prevailing on the date of respective transaction.

Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss of the year. Monetary assets and liabilities in foreign currency, which are outstanding at the year end, are translated at the year end closing exchange rate and the resultant exchange differences are recognized in the Statement of Profit and Loss.

The premium or the discount arising at the inception of the forward exchange contracts related to underlying receivables and payables are amortized as income or expense over the period of the contracts.

NOTES FORMING PART OF ACCOUNTS (Contd.)**10) TAXATION**

Income tax expenses comprise current tax (i.e., amount of tax for the year determined in accordance with the income tax law) and deferred tax charges or credit (reflecting the tax effects of timing differences between accounting income and taxable income of the year).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax on assets are recognised and carried forward only if there is a virtual / reasonable certainty of realization of such assets in near future and are reviewed for their appropriateness of their respective carrying value at each Balance Sheet date.

Tax credit is recognized in respect of Minimum Alternate Tax (MAT) paid in terms of Section 115JAA of the Income Tax Act, 1961 based on convincing evidence that the Company will pay normal tax within the statutory time frame and the same is reviewed at each Balance Sheet date.

11) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent liabilities are disclosed in the notes to accounts and are determined based on the management perception that these liabilities are not likely to materialise. Contingent assets are not recognised or disclosed in the financial statements.

12) IMPAIRMENT

In accordance with AS 28 on "Impairment of Assets", where there is an indication of impairment of the Company's assets related to cash generating units, the carrying amounts of such assets are reviewed at each Balance Sheet date to determine whether there is any impairment. The recoverable amount of such assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised in the Statement of Profit and Loss whenever the carrying amount of such assets exceeds its recoverable amount.

B. Other Notes

- Pursuant to the Shareholders' approval and in accordance with the Business Transfer Agreement dated 16th July, 2013, entered into between the Company and GTN Engineering (India) Limited, an associate, ('transferee'), the Company has completed the process of hive-off of its Yarn Processing Unit located at Shadnagar, Telangana and Knitting Unit located at Medak, Telangana State (jointly referred to as 'units') as a going concern on "slump sale" basis on 4th September, 2014 for a consideration of Rs. 3050 lakhs resulting into a profit of Rs. 99.04 lakhs. The sale consideration has been received in the following manner:

Particulars	(Rs. in lacs)	
	Amount	Amount
Sales consideration	3050	
Less:		
Term Loans outstanding in respect of the Units transferred	1892	
Interest-free Sales Tax Deferment Loan transferred	933	2825
Balance consideration received by the Company in cash		225

NOTES FORMING PART OF ACCOUNTS (Contd..)

- a) The hive-off has resulted in transfer of current assets and liabilities pertaining to the units as at 4th September, 2014, to the Transferee, detailed breakup whereof is being furnished hereinbelow:

(Rs. in lacs)

S.No.	Particulars	Amount	Amount
A	CURRENT ASSETS		
	Inventories	1595	
	Trade Debtors	927	
	Other Current Assets	136	
	Sub-Total (A)		2658
B	CURRENT LIABILITIES		
	Short Term Borrowings	1500	
	Trade Payables	934	
	Other Current Liabilities	81	
	Short Term Provisions	101	
	Sub-Total (B)		2616
	NET CURRENT ASSETS TRANSFERRED FOR CONSIDERATION (A-B)		42

- b) Pursuant to the hive-off, the bank accounts / facilities, agreements, licenses and certain immovable properties of the Units are in the process of being transferred in the name of the Transferee. Further, the Company is in the process of getting the charges modified / released in respect of secured loans transferred.
- c) In view of the hive-off, the figures of the current year are not comparable with those of the previous year.
2. a) In the opinion of the Management, assets other than Fixed Assets have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet. The provision for depreciation and all other known liabilities is adequate and not in excess of the amount reasonably necessary.
- b) Certain balances in Trade Payables, Other Current Liabilities, Trade Receivables and Loans and advances are subject to confirmations, reconciliation and adjustments. In the opinion of the Management, adjustments, if any, on such confirmations/ reconciliations will not have material impact on the Loss for the year.
3. a) Contingent Liabilities and commitments (to the extent not provided for):
- i) Contingent Liabilities
- Disputed Drawback and Excise Duty: Rs.19.36 lacs (Previous Year Rs. 19.36 lacs).
 - Disputed Income Tax Interest Rs. 38.92 lacs (Previous Year Rs. 38.92 lacs).
 - Disputed Other dues (Gram Panchayat Tax, FSA charges, Non-agricultural Tax, Sewerage Cess etc.) : Rs.177.06 lacs (Previous Year Rs. 117.18 lacs).
- ii) Commitments
- Estimated amount of contracts remaining to be executed on capital account and are not provided for: Rs. 91.34 lacs (Previous Year Rs. 233.51 lacs); net of advances of Rs. 12.82 lacs (Previous Year Rs. 29.24 lacs).

NOTES FORMING PART OF ACCOUNTS (Contd..)

- Arrears of Preference Dividend, including Dividend Distribution Tax, Rs. 99.91 lacs (Previous Year Rs. 16.56 lacs)
- b) The Company's pending litigations comprise of claims against the Company and proceedings pending with Tax and other Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not reasonably expect the outcome of these proceedings to have a material impact on its financial statements.
4. The Company uses Forward Exchange Contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company does not enter into any such instruments for trading or speculative purposes.
- i) The following are the contracts entered into by the Company and outstanding at the year end:

Forward Exchange Contracts outstanding:

Particulars	31st March, 2015	31st March, 2014
No. of Contracts	9	36
Type	Sell	Sell
US \$ Equivalent (Lacs)	21.67	86.62
INR Equivalent(Lacs)	1363.62	5411.08

- ii) The year end foreign currency exposures that have not been hedged are given below:

I. Amounts receivable in foreign currency on account of the following :

Particulars	2014-15			2013-14		
	Currency	Equivalent (Lacs)	INR Equivalent (Lacs)	Currency	Equivalent	INR Equivalent (Lacs)
Advances to suppliers	USD	0.006	0.37	USD	0.900	53.87
	EURO	-	-	EURO	0.182	14.98
	CHF	0.004	0.24	CHF	0.159	8.43
	JPY	-	-	JPY	10.270	6.29
Debtors	USD	2.01	125.55	-	-	-

II. Amounts payable in foreign currency on account of the following :

Particulars	2014-15			2013-14		
	Currency	FC Amount (Lacs)	Rupee Equivalent (Lacs)	Currency	FC Amount (Lacs)	Rupee Equivalent (Lacs)
Purchase of goods/Services	USD	18.23	1139.51	USD	14.83	888.07
	EURO	1.98	132.99	EURO	-	-
Loans payable (PCFC)	USD	13.90	868.52	USD	18.62	1115.49

NOTES FORMING PART OF ACCOUNTS (Contd..)

As a matter of prudence, the Company does not recognize mark to market foreign exchange gain on derivative contracts entered into to hedge the foreign currency risk of future transactions and outstanding as at the year end.

5. Value of Imports on CIF basis in respect of:**(Rs. in lacs)**

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Raw Materials	7917.77	4661.18
Stores	86.26	65.28
Capital Goods	366.26	445.54
Total	8370.29	5172.00

6. Expenditure in Foreign Currency on account of:**(Rs. in lacs)**

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Agents' Commission	257.04	282.77
Others	89.87	80.26
Total	346.91	363.03

7. Earnings in Foreign Exchange:**(Rs. in lacs)**

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Export of goods calculated on FOB basis	21651.87	34366.10

8. Earnings per share:**(Rs. in lacs)**

	2014-15	2013-14
Numerator :		
Net Profit/(Loss) as disclosed in Statement of Profit & Loss	(1254.20)	(82.53)
Less: Preference Dividend including Dividend Distribution Tax	99.91	16.56
Net Profit/(Loss) attributable to the Equity Shareholders	(1354.11)	(99.09)
Denominator :		
Weighted average no. of Equity Shares Nos.	17540378	17540378
Basic and diluted Earnings Per Share (face value of Rs.10 each)		
Before Extra-ordinary Items Rs.	(7.72)	(0.56)
After Extra-ordinary Items Rs.	(7.72)	(0.56)

NOTES FORMING PART OF ACCOUNTS (Contd..)

9. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

10. Imported and Indigenous Materials Consumed:

Particulars	Year ended 31st March, 2015		Year ended 31st March, 2014	
	Rs. in lacs	%	Rs. in lacs	%
Raw Materials :				
Imported	6580.83	34.84	5856.92	29.55
Indigenous	12307.20	65.16	13966.74	70.45
Total	18888.03	100.00	19823.66	100.00
Components and Spare Parts:				
Imported	99.29	11.11	70.67	4.45
Indigenous	794.13	88.89	1025.08	95.55
Total	893.42	100.00	1095.75	100.00

11. Disclosure in respect of related parties pursuant to Accounting Standard 18:**(A) List of related parties:**

Related parties with whom the Company entered into transactions during the year:

i) ASSOCIATES

Purav Trading Limited
 GTN Engineering (India) Limited
 JEL Finance & Investment Limited
 M/s. Patcot Co.
 M/s. Perfect Cotton Co.
 M/s. Standard Cotton Corporation

ii) KEY MANAGEMENT PERSONNEL AND ENTERPRISES (HAVING COMMON KEY MANAGEMENT PERSONNEL OR THEIR RELATIVES)**Key Management Personnel**

Shri M.K. Patodia - Chairman & Managing Director
 Shri C.R. Gang-Chief Financial Officer
 Shri P. Prabhakara Rao-Company Secretary

Relatives of Key Management Personnel and their entities

Smt. Bimla Devi Chowdhary-Sister of Shri M.K. Patodia
 Smt. Sharada Devi Chowdhary-Sister of Shri M.K. Patodia

NOTES FORMING PART OF ACCOUNTS (Contd..)

(B) During the year, the following transactions were carried out with related parties:

(Rs. in lacs)

S. No.	Nature of Transactions	Associates	Key Management Personnel	Enterprises / Relatives of Key Management Personnel
1.	Sales, Service and other income: GTN Engineering (India) Limited	1552.90 (941.41)		
	Total	1552.90 (941.41)		
2.	Purchase of Goods and Services: Purav Trading Limited	668.84 (182.75)		
	Perfect Cotton Co.	427.64 (1412.96)		
	GTN Engineering (India) Limited	979.10 (2591.15)		
	Standard Cotton Corporation	2031.00 (1544.84)		
	Patcot Co.	30.94 (-)		
	Total	4137.52 (5731.70)		
3.	Interest Paid on Fixed Deposits: Smt. Sharada Devi Chowdhary			0.38 (0.78)
	Smt. Bimla Devi Chowdhary			0.25 (1.00)
	Total			0.63 (1.78)
4.	Interest on Fixed / Term Loans: Mr. M.K. Patodia		8.98 (-)	
5.	Remuneration to Key Managerial Personnel: – Mr. M.K. Patodia		21.05 (20.80)	
	– Mr. C.R. Gang		22.88 (21.54)	
	– Mr. P. Prabhakara Rao		14.22 (13.55)	
			58.15 (55.89)	

GTN INDUSTRIES LIMITED

NOTES FORMING PART OF ACCOUNTS (Contd..)

S. No.	Nature of Transactions	Associates	Key Management Personnel	Enterprises / Relatives of Key Management Personnel
6.	Unsecured Loans taken: Mr. M.K. Patodia	200.00 (-)		
7.	Fixed Deposits Repaid: Smt Sharada Devi Chowdhary Smt Bimla Devi Chowdhary Total			7.80 (4.30) 10.00 (-) <u>17.80</u> (4.30)
8.	Allotment of Redeemable Preference Shares: GTN Engineering (India) Limited JEL Finance & Investment Limited	800.00 (700.0) - (300.00)		
9.	Sale of Yarn Processing and Knitting Units on Slump Sale basis: GTN Engineering (India) Limited	3050.00 (-)		
10.	Transfer of Assets and Liabilities pursuant to Slump Sale: GTN Engineering (India) Limited Assets Liabilities	2658.83 (-) 5441.01 (-)		

(C) Outstanding balances as on 31st March, 2015:

(Rs. in lacs)

S. No.	Nature of Transactions	Associates	Key Management Personnel	Enterprises / Relatives of Key Management Personnel
1.	In respect of Sales, Service and other income: GTN Engineering (India) Limited	58.91 (112.74)		

NOTES FORMING PART OF ACCOUNTS (Contd..)

S. No.	Nature of Transactions	Associates	Key Management Personnel	Enterprises / Relatives of Key Management Personnel
2.	Loans Received:(Fixed Deposits)			
	Smt. Sharada Devi	-	-	-
	Chowdhary	(-)	(-)	(7.80)
	Smt. Bimla Devi	-	-	-
	Chowdhary	(-)	(-)	(10.00)
	Total	-	-	-
		(-)	(-)	(17.80)
3.	In respect of Purchase of goods and services:			
	Purav Trading Limited	7.38	-	-
		(42.99)	(-)	(-)
	Perfect Cotton Company	0.24	-	-
		(119.89)	(-)	(-)
	Standard Cotton Corporation	6.84	-	-
		(123.09)	(-)	(-)
	Patcot	0.33	-	-
		(-)	(-)	(-)
4.	0.01% Non-Cumulative Redeemable Preference Shares:			
	GTN Engineering (India) Limited	1500.00	-	-
		(700.00)	(-)	(-)
5.	10% Cumulative Redeemable Preference Shares:			
	JEL Finance & Investment Limited	300.00	-	-
		(300.00)	(-)	(-)
6.	Guarantees given by:			
	Mr. M.K. Patodia	-	15486.35	-
		(-)	(19397.77)	(-)

Notes:

1. No amounts in respect of related parties have been written off /written back during the year.
2. Figures in bracket represent previous year's figures.
3. Related parties are as identified by the management and relied upon by the auditors.

12. Employee Benefit Plans

The following table set out the status of the gratuity plan as required under AS 15:

NOTES FORMING PART OF ACCOUNTS (Contd..)

Reconciliation of Benefit Obligations and Planned Assets:

(Rs. in lacs)

	As at March 31, 2015	As at March 31, 2014
1. Change in Defined obligation		
Obligation at the beginning of the year	538.67	453.68
Less: Transfer on account of Hive-off of Yarn Processing Unit and Knitting Unit (Refer Note 26(B)(1))	(131.78)	-
Interest cost	33.49	36.29
Current Service cost	21.61	27.32
Benefits paid	24.23	44.19
Actuarial (gain)/loss in obligations	6.79	65.57
Obligation at year end	430.97	538.67
2. Change in Fair value of Planned Assets		
Fair value of planned assets at the beginning of the year	299.90	292.96
Less: Transfer on account of Hive-off of Yarn Processing Unit and Knitting Unit	(48.34)	-
Expected return on the plan assets	22.95	24.07
Contributions by the employer	18.93	27.06
Benefits paid	24.23	44.19
Actuarial gain/(loss) on planned assets	-	-
Fair value of planned assets at year end	269.21	299.90
3. Reconciliation or Present Value of the obligation and the Fair value of the Planned Assets		
Liability at year-end	430.97	538.67
Fair value of planned assets at year-end	269.21	299.90
Liability recognized in the balance sheet	161.76	238.77
4. Assumptions		
Discount Rate	8%	8%
Expected Rate of Return on planned assets	8%	8%
Salary Escalation Rate	4% to 6%	4% to 6%

With respect to compensated absences (leave entitlements), liability recognized in the Balance Sheet as on 31st March 2015 is Rs 21.21 lacs (Previous Year Rs.21.05 lacs).

13. In terms of Accounting Standard 17, the Company operates materially only in one business segment viz., yarn and has its production facilities and all other assets located in India. Sales to external customers comprise export sales of Rs. 22122.67 lacs (Previous Year Rs. 34914.16 lacs) and local sales of Rs. 17031.52 lacs. (Previous Year Rs. 19782.84 lacs).
14. a) Certain Land, Buildings, Plant & Machinery and Electrical Installations were revalued as on 31st March,

NOTES FORMING PART OF ACCOUNTS (Contd..)

1993 on the basis of reports of approved valuer on market value / replacement cost basis using standard indices after considering the obsolescence and age of individual assets.

- b) The Company has again revalued its Land and Buildings as on March 31, 2015 based on the valuation made by an independent firms of consulting engineers and Government approved valuers. Accordingly, the original costs of the above assets as on 31st March, 2015 have been restated on market value / replacement cost basis using standard indices after considering the obsolescence and age of individual assets. The resultant increase in net book value arising on revaluation amounting to Rs. 4478.02 lakhs has been transferred to Revaluation Reserve Account during the year ended 31st March, 2015.
- c) The revalued amounts, net of withdrawals, of Rs. 8511.58 lacs for Land and Buildings and Rs. 1335.33 lacs for Plant & Machinery and Electrical Installations (Previous Year Rs. 422.08 lacs and Rs. 1423.27 lacs, respectively) remain substituted for the historical cost in the gross block of fixed assets.

15. Loans & Advances in the nature of loans to employees (disclosure pursuant to clause 32 of the listing agreement):

(Rs. in lacs)

Name	Rate of Interest	Amount out standing		No. of Equity shares held in the Company	
		As on 31.03.2015	Maximum outstanding during the year	As on 31.03.2015	Maximum during the year
Employees (as per the general policy of the Company)	(NIL) (NIL)	15.16 (18.34)	24.87 (29.93)	- (-)	- (-)

Note: Figures in the brackets represent previous year's figures.

16. Previous year's figures have been regrouped and rearranged wherever necessary so as to conform to the current year's presentation.

For and on behalf of the Board

M.K.PATODIA

Chairman & Managing Director

B.L.SINGHAL

M.R.VIKRAM

RAJUL KOTHARI

} Directors

C.R.GANG

Chief Financial Officer

P.PRABHAKARA RAO

Company Secretary

Place : Hyderabad
Date : 28th May, 2015

GTN INDUSTRIES LIMITED

CASH FLOW STATEMENT*	Year Ended 31st March, 2015 (Rs. in Lacs)	Year Ended 31st March, 2014 (Rs. in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT/(LOSS) BEFORE TAX	(1312.99)	(420.97)
Adjustments for:		
Depreciation	872.45	1494.96
Interest Charged	2146.01	2403.18
Loss/(Gain) on sale of assets	(133.94)	(20.35)
Sundry Balances written back	(3.13)	(6.26)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>1568.40</u>	<u>3450.56</u>
Adjustment for:		
Trade and other receivables	277.31	1293.18
Inventories	1768.01	179.88
Trade Payables	(1083.05)	(1524.47)
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>2530.67</u>	<u>3399.15</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1070.31)	(877.47)
Sale of Fixed Assets	263.88	110.12
NET CASH USED IN INVESTING ACTIVITIES	<u>(806.43)</u>	<u>(767.35)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings (Net)	(1238.96)	(771.12)
Proceeds from Short Term Borrowings(Net)	182.35	182.60
Preference Share Capital receipt	800.00	1000.00
Interest paid	(2104.60)	(2408.59)
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES	<u>(2361.21)</u>	<u>(1997.11)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(636.97)	634.69
CASH & CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	689.00	54.31
CASH&CASH EQUIVALENTS AS AT THE END OF THE YEAR	52.03	689.00
* Refer Note 26(B)(1)		
Note:		
1. The above cash flow statement has been prepared by using the indirect method setout in Accounting Standard 3 - on Cash Flow Statements as defined in Accounting Standards notified under Companies (Accounting Standards) Rules, 2006.		
2. Cash and Cash Equivalents include:		
Cash and Bank Balances	646.63	897.44
Less: Deposits with original maturity of less than 12 months	16.73	15.48
Less Margin Money Deposits with original maturity of less than 12 months	<u>577.87</u>	<u>192.96</u>
	<u>52.03</u>	<u>689.00</u>
3. Previous year's figures have been regrouped wherever necessary.		
As per our attached report of even date For LODHA & CO., Chartered Accountants	C.R.GANG Chief Financial Officer P.PRABHAKARA RAO Company Secretary	For and on behalf of the Board M.K.PATODIA Chairman & Managing Director B.L.SINGHAL M.R. VIKRAM RAJUL KOTHARI } Directors
R.P. BARADIYA Partner M.No. 44101 Place : Mumbai Date : 28 th May, 2015	Place : Hyderabad Date : 28 th May, 2015	

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AN ISO 9001:2008 CERTIFIED COMPANY

Registered Office

Chitkul Village, Patancheru Mandal,
Medak Dist., - 502307. Telangana State.

Corporate Office

Plot No. 29, Nagarjuna Hills, Punjagutta,
Hyderabad - 500 082. Telangana State.