

Board of Directors

Mr. M.K. Patodia	Chairman & Managing Director
Mrs. Anjana Patodia	
Mr. B.L. Singhal	
Mr. V. Narayana Murthy	Nominee - IDBI Bank Ltd.
Mr. M.R. Vikram	
Mr. C.George Joseph	

Chief Financial Officer

Mr. C.R.Gang

Company Secretary

Mr. P. Prabhakara Rao

Institution / Bankers

Central Bank of India
State Bank of India
IDBI Bank Ltd.
Export-Import Bank of India
ING Vysya Bank Ltd.
State Bank of Travancore

Auditors

M/s Lodha & Co.,
Chartered Accountants, Mumbai.

Registered Office

Chitkul Village, Patancheru Mandal,
Medak District - 502 307,
Andhra Pradesh.

Corporate Office

Plot No.29, Nagarjuna Hills,
Punjagutta, Hyderabad-500 082,
Andhra Pradesh.

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NOTICE

Notice is hereby given that the 48th Annual General Meeting of **GTN INDUSTRIES LIMITED** will be held at the Registered Office of the Company at Chitkul Village, Patancheru Mandal, Medak District, Andhra Pradesh at 10.15 A.M on Thursday, 29th day of July, 2010 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010 and the Profit and Loss account for the year ended on that date together with the Reports of Directors and the Auditors thereon.
2. To appoint a Director in place of Smt. Anjana Patodia, who retires by rotation and being eligible offers herself for re-appointment
3. To appoint M/s. Lodha & Company, Chartered Accountants, Mumbai, as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

4. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** Mr. C. George Joseph who was appointed as an Additional Director of the Company by the Board of Directors with effect from 28th January, 2010 pursuant to Article 96 of the Articles of Association of the Company and who holds office up to the date of the forthcoming Annual General Meeting under Section 260 of the Companies Act, 1956, being eligible for re-appointment and in respect of whom the Company has received a notice together with the required deposit under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.”
5. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** the consent of the Company be and is hereby accorded to the Board/Committee in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgage and/or to create charge on all the immovable properties and movable fixed assets of the Company, excluding assets on which exclusive charge was given and hypothecation of all current assets of the Company subject to prior charges in favour of Bankers for working capital, wherever situated, present and future and of conferring power to enter upon and to take possession of

assets of the Company in certain events, etc., on pari-passu first charge basis among existing term lenders, in favour of ING Vysya Bank Ltd and Central Bank of India to secure the following:

ING Vysya Bank Limited: Term Loan / WCTL Rs. 130 lacs

Central Bank of India : WCTL Rs. 30 lacs

“**RESOLVED FURTHER THAT** the Board/Committee of Directors of the Company be and is hereby authorised to do all such acts and things as may be necessary for giving effect to the above resolution.”

By order of the Board
For **GTN Industries Limited**

Place : Hyderabad
Date : 28th May, 2010

(**P. PRABHAKARA RAO**)
Company Secretary

Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The proxy form duly filled in should be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
2. An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto and forms part of the Notice.
3. Register of Members and Share Transfer Books will remain closed from 27th day of July, 2010 to 29th day of July, 2010 (both days inclusive).
4. Pursuant to Section 205A(5) of the Companies Act, 1956, Dividend for the financial year ended 31st March, 2002 has been transferred by the Company to **INVESTOR EDUCATION AND PROTECTION FUND (IEPF)** on 19/08/2009 established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Dividend for the financial year ended 31st March, 2003 and thereafter which remain unpaid or unclaimed for a period of 7 years will be transferred by the Company to the IEPF pursuant to the said provisions of the Act.

Information in respect of such unclaimed dividend when due for transfer to the said fund is given below:

NOTICE (contd.)

Financial Year Ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEPF
31-Mar-03	31-Jul-03	30-Jul-10	28-Aug-10
31-Mar-04	30-Jul-04	29-Jul-11	27-Aug-11
31-Mar-05	05-Sep-05	04-Sep-12	03-Oct-12
31-Mar-06	25-Jul-06	24-Jul-13	22-Aug-13
31-Mar-07	30-Jul-07	29-Jul-14	27-Aug-14

Note: No dividend was declared for the year 2007-08 and thereafter.

Shareholders who have not so far encashed the dividend

warrant(s) are requested to seek issue of new warrant(s)/cheque(s) by writing to the Company. Also note that no claim shall lie against the said fund or the Company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date that they first became due for payment and no payment shall be made in respect of any such claim.

5. Consequent upon introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Individual shareholder(s) can avail the facility of nomination. Shareholders desirous of making nominations are requested to send their request in Form 2B (which will be made available on request) to the Registrar and Share Transfer Agent.

**6. Details of Directors retiring by rotation and seeking re-appointment
(In pursuance of Clause 49 of the Listing Agreement)**

Name of the Director	Mrs. Anjana Patodia	Mr. C. George Joseph
Date of Birth	23 rd July, 1953	2 nd February, 1950
Date of Appointment	17 th December, 2005	28 th January, 2010
Qualification	Graduate	B.Tech.,
Expertise in specific Functional Area	In business of manufacturing and export of mercerized Garments over last 10 years. Presently, Director of M/s. Imperial Garments Ltd, having annual turnover of Rs. 2239 lacs during the financial year 2008-09.	Worked with GTN Group for more than 35 years in various positions. Presently, Executive Director of M/s. Imperial Garments Ltd, having annual turnover of Rs. 2239 lacs during the financial year 2008-09.
Details of other Directorship	1) Imperial Garments Ltd 2) Perfect Spinners Ltd 3) Emkaypee Investments Pvt. Ltd 4) Megha Investments Pvt. Ltd	1) Imperial Garments Ltd 2) Perfect Knitters Ltd
Details of other Committee & Membership status	<u>Imperial Garments Ltd</u> Audit Committee Remuneration Committee	<u>Imperial Garments Ltd</u> Audit Committee <u>Perfect Knitters Ltd</u> Audit Committee Remuneration Committee

GTN INDUSTRIES LIMITED

NOTICE (contd.)

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

ITEM NO.4

The Board of Directors of the Company appointed Mr.C.George Joseph as an Additional Director of the Company w.e.f 28th January,2010. In terms of the provisions of Section 260 of the Companies Act, 1956, he will hold the office as an Additional Director till the date of ensuing Annual General Meeting.

Mr. C. George Joseph worked with the group for more than 35 years and presently associated as a Director of a group Company. He is a Graduate in B.Tech. Considering his qualification and rich experience in the relevant field, the Company has received a notice, in writing, together with the prescribed deposit amount, from a member, under Section 257 of the Companies Act, 1956 signifying his intention to appoint him as a Director of the Company. The Board considers it desirable that the Company should avail the services of Mr. C. George Joseph and accordingly recommends the resolution for acceptance by the Members.

None of the Directors except the incumbent concerned is interested in the resolution of his appointment.

ITEM NO. 5

In terms of the letter dated 30th June, 2009, issued by Corporate Debt Restructuring Cell (CDR), the following Banks namely, ING Vysya Bank and Central Bank of India have yet to sanction the balance amounts of their share and is expected shortly. The said financial assistance has to be secured by mortgage and/or to create charge on all the immovable properties and movable fixed assets of the Company on pari-passu with other lenders, excluding assets on which exclusive charge was given and hypothecation of all current assets of the Company subject to prior charges in favour of Bankers for working capital.

(Rs. in Lacs)

S. No.	Facility	Bank	As per CDR approval	Sanctioned by Banks	Balance amount
1	Term Loan & WCTL	ING Vysya Bank Ltd.	130	40	90*
2	WCTL	Central Bank of India	735	705	30*
	Total				120

* Sanctions awaited

Section 293(1)(a) of the Companies Act, 1956, provides, inter alia, that the Board of Directors of a Public Limited Company shall not except with the consent of its Shareholders in the General Meeting sell, lease, or otherwise dispose of the whole or substantially the whole of the undertaking of the Company, where the Company owns more than one undertaking, the whole or substantially the whole of any such undertaking.

Since the mortgage by the Company of its Fixed Assets in favour of the lenders may be regarded as otherwise disposal of the Company's properties/undertaking, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956. Copies of LOA from CDR, sanction from ING Vysya Bank and Central Bank of India are open for inspection at the Registered office of the Company on any working day prior to the date of the meeting.

None of the Directors is concerned or interested in the Resolution.

Your Directors recommend this Resolution for approval.

By order of the Board
For **GTN Industries Limited**

Place : Hyderabad
Date : 28th May, 2010

(**P. PRABHAKARA RAO**)
Company Secretary

REQUEST TO THE MEMBERS

1. Members desiring any information on the Financial Statements at the Annual General Meeting are requested to write to the Company at least seven days in advance so as to enable the Company to keep the information ready.
2. As a measure of economy, copies of Annual Report will not be distributed at the meeting. Members are requested to bring their copy of the Annual Report to the meeting.
3. All communications relating to shares are to be addressed to the Company's Share Transfer Agents **M/s Integrated Enterprises (India) Ltd.**
4. Members are requested to note that the Company's Equity Shares are compulsorily traded in Demat form for all investors. Members are requested to open depository account in their names with a depository participant to dematerialise their holdings. This would be necessary for facilitating the transfer of Company's Shares in all stock exchanges connected to the depository system.

DIRECTORS' REPORT

To The Members,

Your Directors are presenting the 48th Annual Report together with the Audited Statements of Account for the year ended 31st March, 2010.

FINANCIAL RESULTS (Rs. in Lacs)

	Year Ended 31.03.2010	Year Ended 31.03.2009
INCOME		
Net Sales/Income from operations*	27305	20248
Other Income	150	(109)
Variation in Stock	(830)	1385
TOTAL	26625	21524
EXPENDITURE		
a) Cost of Materials**	16374	13845
b) Staff Cost	2203	2046
c) Power & Fuel	2329	2146
d) Other expenditure	3444	3392
TOTAL	24350	21429
OPERATING PROFIT	2275	95
Interest	1434	1529
PROFIT/(LOSS) BEFORE DEPRECIATION AND TAX	841	(1434)
Depreciation	1569	1537
LOSS BEFORE TAX	(728)	(2971)
Exceptional items (net)	230	(224)
Provision for Deferred Tax	(357)	(884)
Provision for Fringe Benefit Tax	-	13
LOSS AFTER TAX	(601)	(1876)

*Sales includes Traded goods of Rs.7203 lacs (Previous year Rs. 5826 lacs). **Cost of Material includes Trading purchases of Rs 7144 lacs (Previous year Rs. 5416 lacs)

DIVIDEND

In view of the Loss, 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.27305 lacs against Rs.20248 lacs in the corresponding previous year. The operating profit was higher by Rs.2180 lacs, however, the Company has incurred net loss before Tax (credit) and debit of exceptional items, of Rs. 728 lacs as against loss of Rs.2971 lacs in the corresponding previous year.

First three quarters of the financial year under review, continued to be affected by continuing global economic down trend emanated from US and European countries. However, from the last quarter of the year, the demand for Textile products in both domestic and export market is showing revival trend. This could result in higher sales realisation, favourable exchange rate and liquidation of finished goods inventories. Though the raw material prices have been going up significantly, but due to improved market demand, the increased

cost of the raw material could be passed on to the customers. This trend is likely to continue during the current financial year. However, the cause of concern is continuing lower demand for processed yarn and realisation there from which have been under pressure. This is affecting the financials of the Yarn Processing Unit.

In current financial year 2010-11, it is expected that there would be further increase in demand for grey yarn from both the markets. The realisations are also expected to improve due to strengthening of dollar against rupee inspite of withdrawal of Government Incentives viz., DEPB, Draw Back on cotton yarn export and Interest subvention. The Company is hopeful to achieve better performance in the current year.

CORPORATE DEBT RESTRUCTURING

The Company has been sanctioned Debt Restructuring Scheme by CDR – EG vide their letter dated 30-06-2009 with a cut off date 31-01-2009. The Scheme, inter-alia, provides for interest rate reduction, lower working capital margins, re-schedulement of term loans, funding of Rs.2150 lacs by way of term loan for Capex, WCTL and Corporate loan. The promoters have also brought in Rs.750 lacs by subscribing to 60 lacs Equity Shares of Rs.10/- each with a premium of Rs.2.50 per share, after obtaining necessary approvals from the Shareholders and SEBI.

Due to this restructuring, the Company could bridge the gap in the Cash Flow and achieved greater financial flexibility in the operations which could be achieved with the timely support from CDR – EG and the lenders to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed and there are no material departures;
- 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 the year;
- they have taken proper and sufficient care, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- they have prepared the Annual Accounts on a Going Concern basis.

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.

GTN INDUSTRIES LIMITED

DIRECTORS' REPORT (contd.)

FIXED DEPOSITS

The Company had no Unclaimed Deposit outstanding as at the close of the financial year.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Smt. Anjana Patodia, Director, retire from office by rotation and is eligible for re-appointment.

Shri. C. George Joseph was appointed as an additional Director on the Board at its meeting held on 28th January, 2010 and is retiring at the ensuing Annual General Meeting of the Company. He is eligible for re-appointment.

AUDITORS

M/s. Lodha & Company, Chartered Accountants, Mumbai, Auditors of the Company will retire at the forth coming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

PERSONNEL & INDUSTRIAL RELATIONS

During the year, the industrial relations were cordial at all units of the Company. A statement showing the particulars of Employees referred to in sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules,

1975 given in Annexure- I, attached hereto and forms part of this report.

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

The information required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, are set out in Annexure- II, attached hereto and forms part of this report.

ACKNOWLEDGEMENT

Your Directors place on record their sincere thanks to CDR – EG, Central Bank of India, State Bank of India, IDBI Bank Limited, Export-Import Bank of India, ING Vysya Bank Ltd and State Bank of Travancore, 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, 2010

M.K.PATODIA
Chairman & Managing Director

ANNEXURE – I

Particulars of Employees as required under Sub-section (2A) of Section 217 of the Companies Act, 1956 and the rules made thereunder forming part of the Directors' Report:

A. Employees who worked throughout the accounting year and whose remuneration aggregating Rs. 24 Lacs or more per year :

- NONE -

B. Employees who worked during part of the accounting year and whose remuneration aggregating Rs. 2 Lacs or more per month:

- NONE -

For and on behalf of the Board

Place : Hyderabad
Date : 28th May, 2010

M.K.PATODIA
Chairman & Managing Director

DIRECTORS' REPORT (contd.)**ANNEXURE – II**

Information as per Section 217(1)(e) read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report :

A. Energy Conservation

The Company is making continuous 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 31.03.2010	Year Ended 31.03.2009
I. Power Consumption		
1 Electricity		
a) Purchased (Units in lacs)	571.83	566.92
Total amount (Rs. in lacs)	1991.08	1900.37
Rate per unit (Rs.)	3.48	3.35
b) Own generation through Diesel Generator (Units in lacs)	17.09	13.58
Units per litre of Diesel Oil (No.)	3.26	3.25
Cost per unit (Rs.)	9.94	10.31
2. Coal	Nil	Nil
3. Furnace Oil	Nil	Nil
4. Other internal generation	Nil	Nil
II. Consumption per unit of production		
a) Electricity - Units per Kg. Yarn	7.91	8.36
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 Textiles Units situated in Southern Region (SITRA).

C. Foreign Exchange Earnings & Outgo

Earned: Rs. 15103.49 lacs (Previous Year Rs.12371.24 lacs)

Used : Rs. 3352.07 lacs (Previous Year Rs.3505.45 lacs)

For and on behalf of the Board

Place : Hyderabad
Date : 28th May, 2010

M.K.PATODIA
Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Corporate 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 stake holders including Shareholders, Employees, the Government and the Lenders.

2. Board of Directors

The Board of Directors consists of 6 Directors.

Composition and category of Directors as on 31-03-2010 is as follows

Category	Name of the Director
Promoter / Executive Director	Mr. M. K. Patodia
Promoter / Non-Executive Director	Mrs. Anjana Patodia
Non-Executive and Independent Directors	Mr. B. L. Singhal Mr. M. R. Vikram Mr. V. Narayana Murthy (Nominee of IDBI Bank Ltd.)
Non-Executive and Non- Independent Director	Mr. C. George Joseph

Attendance of each Director at the Board Meetings, last Annual General Meeting & Number of other Directorships and Chairmanship/ Membership of Committee(s) of Directors in various Companies:

Name of the Director	Attendance Particulars		No. of other Directorships & Committee member / Chairmanship*			
	Board Meetings	Last AGM	Other Directorship including Pvt. Ltd. Cos.	Other Committee Membership	Other Committee Chairmanship	Shareholding in the Company (No. of Shares with Face Value of Rs.10/-each)
Mr. M. K. Patodia	6	Yes	10	1	-	1986713
Mrs. Anjana Patodia	5	Yes	5	4	None	514332
Mr. B. L. Singhal	4	Yes	8	3	5	9680
Mr. V. Narayana Murthy	6	Yes	2	1	None	-
Mr. M. R. Vikram	4	No	10	3	1	-
Mr. M. Venkatesh (Up to 28-05-2009)	1	No	-	-	-	-
Mr. C. George Joseph (from 28-01-2010)	-	-	2	2	-	-

* Membership in Audit Committee/Shareholders/Investors Grievance Committee only considered.

Number of Board Meetings held and the date on which held:

Six Board Meetings were held during the year on the following dates:

28th May, 2009

28th October, 2009

27th June, 2009

26th November, 2009

29th July, 2009

28th January, 2010

The Maximum time gap between any two meetings was not more than three calendar months.

REPORT ON CORPORATE GOVERNANCE (contd.)**3. Audit Committee**

The Audit Committee consists of Non-Executive Directors viz. Mr. B.L.Singhal, Chairman, Mr. V.Narayana Murthy (Nominee of IDBI Bank Ltd), Mr. M.R.Vikram and Mrs.Anjana Patodia. The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956 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, fixation of audit fee and also approval for payment for other services etc.

Attendance of each member at the Committee Meeting is as follows:

S.No.	Name of the Member	Status	No. of Meetings attended
1	Mr. B.L.Singhal	Chairman(Audit Committee) & Independent Director	4
2	Mrs. Anjana Patodia	Promoter/ Non-Executive Director	4
3	Mr. V.Narayana Murthy	Independent Director	4
4	Mr. M.R. Vikram	Independent Director	2

The Audit Committee meetings were held on following dates:

28 th May, 2009	28 th October, 2009
29 th July, 2009	28 th January, 2010

4. Remuneration Committee

Remuneration Committee consists of Non-Executive Independent Directors viz. Mr. M. R. Vikram, Mr. B.L.Singhal and Mr. V.Narayana Murthy.

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Chairman & Managing Director and the Whole Time Director. The remuneration policy is in consonance with the existing industry practice and also with the provisions of the Companies Act, 1956.

During the year under review, Remuneration Committee Meetings were held on 28th May, 2009 and 28th January, 2010 to fix the remuneration of Mr. M K Patodia, Chairman & Managing Director .

Details of Remuneration Paid to Chairman & Managing Director and Director (Operations) during the year.

The aggregate of salary and perquisites paid to Mr. M.K.Patodia, Chairman & Managing Director for the year ended 31st March, 2010 was Rs. 16.22 lacs. The remuneration consists of salary Rs.12 lacs and other perquisites namely - reimbursement of Medical expenses, Club Fees, Personal accident insurance policy premium, Company's contribution to Superannuation Fund, Provident Fund and Gratuity Fund aggregating to Rs. 4.22 lacs.

The aggregate of Salary and perquisites paid to Mr. M. Venkatesh, Director (Operations) was Rs.2.45 lacs for the period from 01-04-2009 to 28-05-2009.

Remuneration Paid to Non-Executive Directors

No remuneration is paid to Non-Executive Directors except sitting fee at the rate of Rs. 5,000/- for each meeting of the Board or the Committee thereof except Remuneration Committee.

GTN INDUSTRIES LIMITED**REPORT ON CORPORATE GOVERNANCE (contd.)**

The fees paid for the year ended 31st March, 2010 to the Directors is as follows :

Name of the Director	Amount (in Rs.)
Mrs. Anjana Patodia	65000
Mr. B.L.Singhal	60000
IDBI Bank Ltd. (for Nominee Director)	50000
Mr. M.R.Vikram	40000

5. Shareholders/Investors Grievance Committee

Shareholders/Investors Grievance Committee consists of Mr. M.R.Vikram, Chairman, Mr. B.L.Singhal and Mrs. Anjana Patodia. The Committee reviews redressing of Shareholders and Investors Complaints like delay in transfer of shares, non- receipt of Balance Sheet, non-receipt of declared dividend warrant etc., besides complaints from SEBI, Stock Exchanges, Courts and various Investor Forums. The committee also oversee the performance of Registrar and Transfer Agents and recommends measures for overall improvement in the quality of investor services.

The Board has designated Mr. P.Prabhakara Rao, Company Secretary as the Compliance Officer.

During the year under review, 37 complaints were received and resolved. There was no pending complaint as on 31st March, 2010. No request for transfer of Shares was pending as on 31st March, 2010 except electronic request for 13 nos. which were dealt with by our STA on 6th, 9th and 16th April, 2010.

6. General Body Meetings

6.1 Location, date and time of General Meetings held during last 3 years are as under:

Year	Location	Nature of Meeting	Date	Day	Time
2006-07	Chitkul village, Patancheru Mandal, Medak Dist., Andhra Pradesh	AGM	30 th July,07	Monday	11.00 A.M
2007-08	Chitkul village, Patancheru Mandal, Medak Dist., Andhra Pradesh	AGM	30 th July,08	Wednesday	10.30 A.M
2008-09	Chitkul village, Patancheru Mandal, Medak Dist., Andhra Pradesh	AGM	29 th July,09	Wednesday	10.15 A.M
2009-10	Chitkul village, Patancheru Mandal, Medak Dist., Andhra Pradesh	EGM	5 th Jan,10	Tuesday	11.00 A.M

6.2 Whether special resolutions were put through postal ballot, last year: **NO**

6.3 Are votes proposed to be conducted through postal ballot this year: **NO**

7. Code of Conduct

The Board of Directors has laid the Code of Conduct pursuant to clause 49 (1D) of the Listing Agreement with Stock Exchanges. Accordingly, the Company Secretary communicated to the Board Members and Senior Management Personnel to affirm its compliance on an annual basis and also taken their confirmation in this regard.

8. Prevention of Insider Trading

In pursuance of the SEBI (Prohibition of Insider Trading) Regulations, 1992 (duly amended), the Board has approved the "Code of Conduct for Prevention of Insider Trading" and authorised Audit Committee to implement and monitor the various requirements as set out in the code. The Board has designated Company Secretary as the Compliance Officer.

9. Risk Management

The Company has laid down the procedure to inform the Board about the risk assessment and minimisation procedures. A quarterly action taken report is submitted to the Board to ensure effective risk management.

REPORT ON CORPORATE GOVERNANCE (contd.)**10. Disclosures**

- i) Disclosure on materially significant related party transactions, that may have potential conflict with the interest of the Company at large:
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 personnel 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 behavior. 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 and has not deliberated about adoption of the non-mandatory requirements.

11. Means of Communication

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

Half-yearly Report to each household of Shareholders

Half -yearly report is not sent to each household of Shareholders, the Company publishes the same in the all India circulated national and local dailies such as Business Standard / Financial Express (National Daily), Andhra Prabha/Andhra Bhoomi (Regional Newspapers).

Quarterly Results

The quarterly results are normally published in any two of the all India circulated national and local dailies such as Financial Express (National Daily) and Andhra Prabha (Regional Newspaper).

The Company did not make any presentation to the Analysts/Institutional Investors.

The Management Discussion and Analysis (MD&A) is a part of the Annual Report.

12. Compliance Certificate of the Auditors

Certificate from the Auditors of the Company, M/s.Lodha & Co., Chartered Accountants, Mumbai-400 023, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49, is forming part of the Annual Report.

13. CEO and CFO Certification

The CEO and the CFO of the Company give certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement.

14. Secretarial Audit Report

The Company has appointed M/s. SVJS & Associates, Practicing Company Secretaries firm, to conduct Secretarial Audit of the Company for the Financial Year ended March 31, 2010 who have submitted their report confirming the compliance with all the applicable provisions of various Corporate laws.

15. Capital Integrity Audit

The Audit Report, confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), is placed before the Board on a quarterly basis. A copy of the Audit Report is submitted to the Stock Exchange(s) in India, where the securities of the Company are listed.

GTN INDUSTRIES LIMITED
REPORT ON CORPORATE GOVERNANCE (contd.)
16. General Shareholders Information

- a) Annual General Meeting
 Date and Time : Thursday, 29th July, 2010 at 10.15 A.M.
 Venue : Chitkul Village, Patancheru Mandal,
 Medak Dist - 502 307, Andhra Pradesh.
- b) Financial Calendar (tentative)
 Annual General Meeting : Thursday, 29th July, 2010
 Results for quarter ending 30th June, 2010 : Within 45 days from end of the quarter
 Results for quarter ending 30th Sep, 2010 : Within 45 days from end of the quarter
 Results for quarter ending 31st Dec, 2010 : Within 45 days from end of the quarter
 Results for quarter / year ending 31st Mar, 2011 : Within 45 days from end of the quarter (if Unaudited) or
 Within 60 days from end of the financial year (if Audited)
- c) Book Closure date : 27th July, 2010 to 29th July, 2010 (both days inclusive)
- d) Dividend payment date : No Dividend recommended by the Board for the Year 2009-10.
- e) Listing of Equity Shares at Stock Exchanges at : Bombay Stock Exchange and National Stock Exchange
 Annual listing fee for the year 2010-11 has been paid to BSE and NSE.
- f) (I) STOCK CODE
 Scrip Code No. : Bombay Stock Exchange : 500170
 Trading Symbol : National Stock Exchange : GTNIND.
- (II) Demat ISIN Nos. in NSDL & CDS(I)L : INE537A01013
- g) Stock Market Data :

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-09	9.13	6.85	8.90	6.60
May-09	12.71	8.80	12.75	8.65
Jun-09	14.05	10.15	14.20	10.45
Jul-09	11.75	8.25	11.00	9.00
Aug-09	12.00	8.85	11.70	8.45
Sep-09	13.50	10.50	13.45	10.55
Oct-09	13.80	9.25	13.50	9.55
Nov-09	11.90	8.56	12.65	8.55
Dec-09	17.00	11.00	17.30	10.90
Jan-10	17.50	14.30	17.55	14.45
Feb-10	16.60	14.15	16.50	14.10
Mar-10	17.10	14.00	16.95	13.40

REPORT ON CORPORATE GOVERNANCE (contd.)

- h) Registrar and Transfer Agents : **Integrated Enterprises (India) Ltd.**
(Share transfer and communication regarding share certificates, dividends and change of address) "Seema" 41/426 Rajaji Road, Near Abad Metro Hotel, Ernakulam - 682035, Kerala.
Tel. 0484 - 2371494/2366099. Tel. Fax No. 0484 - 2384735
E-mail: yesbalu@iepindia.com or shaji@iepindia.com
- i) 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/bye-laws issued by SEBI and NSDL / CDSL.

- j) i) Shareholding pattern as on 31st March, 2010 :

S.No.	Category	No. of shares	%
1	Promoters & Associates	7092188	61.46
2	Indian Financial Institutions, Banks and Mutual Funds	91130	0.79
3	Foreign Institutional Investors / NRIs	800	0.00
4	Others	4356260	37.75
	TOTAL	11540378	100.00

- ii) Distribution of Shareholding as on 31st March, 2010 :

No. of Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of holding
Up to 100	21274	87.32	670401	5.81
101 – 500	2137	8.77	585740	5.08
501 – 1000	485	1.99	401735	3.48
1001 – 10000	417	1.71	1155676	10.01
10001 – 100000	42	0.17	1157280	10.03
Above 100000	9	0.04	7569546	65.59
Total	24364	100.00	11540378	100.00

- k) Dematerialisation of Shares and Liquidity of Shares:

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, 2010, 89.56%** Equity Shares of the Company were held in dematerialised form.

Liquidity of Shares

The Shares of the Company are traded in the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

GTN INDUSTRIES LIMITED**REPORT ON CORPORATE GOVERNANCE (contd.)**

l) Plant Locations

SPINNING UNIT	SPINNING UNIT	DOUBLING UNIT	KNITTING UNIT	YARN PROCESSING UNIT
Chitkul Village, Patancheru Mandal, Medak District, PIN- 502 307. Andhra Pradesh.	Khurajgaon Village, Saoner Tahsil, Nagpur District, PIN- 441 112. Maharashtra.	Chitkul Village, Patancheru Mandal, Medak District, PIN- 502 307. Andhra Pradesh.	Chitkul Village, Patancheru Mandal, Medak District, PIN- 502 307. Andhra Pradesh.	Gundlapotlapally Village, Balanagar Mandal, Mahaboobnagar District, PIN- 509 202. Andhra Pradesh.

m) Investor Correspondence

i) For transfer / dematerialisation of Shares,
payment of dividend and any
other query relating to the Shares of the Company.

i) **For Shares held in Physical form:**
Registrar and Share Transfer Agent

ii) **For Shares held in Demat form:**
To the Depository Participants

ii) Any query on Annual Report

Secretarial Department,
GTN INDUSTRIES LIMITED
Plot No. 29, Nagarjuna Hills, Punjagutta,
Hyderabad - 500 082, Andhra Pradesh.
Tel : 040 - 23351585, Fax : 040 - 23358400
E-mail: hyd1_Patodia@gtnindustries.com/
sharedept@gtnindustries.com

The above report was adopted by Board of Directors at their meeting held on 28th May, 2010.

AUDITORS CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT :**TO
THE MEMBERS OF
GTN INDUSTRIES LIMITED**

- We have examined the compliance of conditions of Corporate Governance by GTN INDUSTRIES LIMITED (the Company) for the year ended 31st March, 2010, as stipulated in clause 49 of the Listing Agreement entered into by the Company, with the Stock Exchanges of India.
- 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.
- 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.
- 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 & Company,
Chartered Accountants,

R.P. Baradiya
Partner
M. No.: 44101

Place : Mumbai
Date : 28th May, 2010

MANAGEMENT DISCUSSION & ANALYSIS

1. INDUSTRY STRUCTURE & DEVELOPMENTS

The Textile Industry is one of the oldest Industry in the country and plays a pivotal role in the Indian economy in terms of Industrial Production, Employment and Foreign Exchange earnings. This sector contributed to forex earnings around 12 per cent in 2009-10 and employs about 3.5 crores workers directly. The Textile Industry has achieved a good growth in last two decades in terms of installed spindles and yarn production. India's installed spindles were expanded to 41.90 million by February, 2010 representing over 18 per cent of world's spindleage. This could happen due to buoyant domestic and international demand, conducive Government Policies – rationalisation of fiscal duties, subsidised interest on loans granted under Technology Upgradation Fund (TUF) Scheme.

The Indian Textile Industry has been facing a difficult period since last 2 years due to global recession and economic conditions. During 2007-08, the Textile Industry was adversely affected due to unprecedented strengthening of rupee against dollar by 9% and escalating cotton prices on account of large exports of raw cotton. During 2008-09, the industry further suffered on account of continuing economic slowdown in advanced countries like USA and EU, leading to a sharp fall in consumer demand for textile products. In addition, unprecedented hike in minimum support price of seed cotton resulted in substantial higher cotton prices.

However, from the last quarter of the year 2009-10, there has been strong recovery in domestic as well as export demand for cotton yarn. The total production of spun yarn has again picked up in the year 2009-10 and is currently projected at 4200 million kgs, showing a rise of about 7 per cent. Similarly, production of cotton yarn has also enhanced from 2898 million kgs in 2008-09 to 3050 million kg in 2009-10. This shows a rise of over 5 per cent.

However, the cause of concern are increasing cotton prices, frequent power cuts during pre-monsoon period, withdrawal of interest subvention & export incentives – DEPB/DBK and foreign exchange rates volatility etc. It is pertinent to mention that despite these adverse factors, there has been improvement in the working of textile industry due to strong domestic demand and revival of export markets. It is expected that this trend will continue to sustain in the current financial year 2010-11.

COTTON SCENARIO

The Cotton Advisory Board has estimated the cotton crop for the season 2009-10 at 292 lakh bales as against 290 lakh bales for the year 2008-09 and 315 lakh bales for the year 2007-08 due to reduction in cultivated area and product yield. In this cotton season, per hectare yield has dropped to 488 kgs as against 524 kgs achieved in the season 2008-09 and 567 kgs in 2007-08. The decline in productivity and production has come down mainly on account of unfavourable weather conditions in the beginning of the season. Over 73% of the area under cotton cultivation is accounted for by BT Cotton. In the years to come, the share of BT Cotton in the total production is expected to increase significantly.

With the prediction of normal monsoon for the coming season and other favourable factors like higher cotton prices in the current season, farmers will find it attractive to increase area under cotton cultivation due to growing awareness among farmers for adoption of better technology and augmented supply of a good quality seed hopefully, cotton production in the coming season will increase. Even globally also cotton production in the coming year is projected to be higher than the current year.

According to International Cotton Advisory Committee (ICAC), both the global production and consumption of cotton in the season 2008-09 was 23.41 million tons and ending stocks were 12.73 million tons. For the cotton season 2009-10, ICAC has projected lower cotton production at 22.06 million tons and consumption at 24.37 million tons. The ending stocks for 2009-10 is estimated at 10.42 million tons, 18 per cent lower than previous year. For the cotton season 2010-11, global production forecast is higher by 13 per cent at 24.83 million tons and consumption at 24.79 million tons, with ending stocks of 10.46 million tons. World cotton area is expected to increase by 8 per cent to 32.68 million hectares in 2010-11. Assuming average weather, the world average yield is forecast to increase to 760 kgs per hectare.

MARKETING

India is a large supplier of cotton yarn in world market. Due to recession in global markets, volume and value of exports have come down significantly. Your Company is mainly 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 maintained excellent relations with all its overseas customers which have been dealing with the Company over the years, by adhering to quality standards, delivery schedules and competitive prices. The demand in domestic market is also improving for woven and garment sector and gradually the Company expect to have larger sale in domestic market.

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 the business competitiveness.

2. OPPORTUNITIES AND THREATS

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 every year and it is expected that the supply of quality cotton will be comfortable.

GTN INDUSTRIES LIMITED

MANAGEMENT DISCUSSION & ANALYSIS (contd.)

The Chinese Textile Industry is currently facing critical period on account of rapid appreciation of Chinese currency against US dollar, rising cotton prices, hike in wages, power shortage etc. Consequently, Chinese exports of Textiles and clothing are declining 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.

3. RISKS AND CONCERNS

The dismantling of quota has resulted in open global competition and every country has to become cost competitive and efficient. India suffers on account of high transaction cost, uncertainty about continuation of export incentives (since withdrawn in April, 2010 on export of cotton yarn), high cost of labour and power. The Government is fully aware of the global challenges and all these issues are being addressed. It is hoped that Government will continue to make its best efforts to provide competitive environment to the Textile Industry.

Cotton, an agricultural product is the key raw material for manufacture of cotton yarn and cotton crop largely depends on monsoon. Adequate availability of raw cotton at the right prices is crucial for the Industry. Any disruption in the supply and / or volatile changes in the cost structure could affect the profitability of the Company.

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.

4. 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.

5. OUTLOOK

The Company continues to be an important player in the field of cotton yarn in medium and fine count segment and specialised products like gassed, mercerised and compact yarns. There are good prospects for increasing exports of cotton yarn to Asian countries including China. The Company is making all efforts to explore new markets apart from current markets. Recent increase in demand in domestic and export market is likely to continue in the current year, which is a positive indication for the Industry.

6. 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.

7. FINANCIAL PERFORMANCE

Please refer Director's Report on performance review.

8. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS (INCLUDING NUMBER OF PEOPLE EMPLOYED)

The Company recognises 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 Resource Development. With utmost respect to human values, Company serves 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 during the year under review. As on 31st March 2010, the Company has about 1300 permanent employees in its various Offices and Plants.

9. 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, foreign exchange rates, 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.

AUDITORS' REPORT**TO
THE MEMBERS
GTN INDUSTRIES LIMITED**

1. We have audited the attached Balance Sheet of **GTN INDUSTRIES LIMITED** as at 31st March, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (hereinafter referred to as the "Act"), we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have 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 appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Act, to the extent applicable;
 - (e) On the basis of written representations received from Directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director of the Company in terms of clause (g) of Sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and Notes to Accounts in Schedule 19 and other notes appearing elsewhere in the accounts, 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:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii) in the case of the Profit & Loss Account, of the loss of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For LODHA & COMPANY
Chartered Accountants

R.P. Baradiya
Partner

M. No.: 44101

Firm Registration No.: 301051E

Place : Mumbai
Date : 28th May, 2010

GTN INDUSTRIES LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2010.

On the basis of our examination of the books and records of the Company carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we state that:

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The assets have been physically verified by the management in accordance with the phased programme of verification adopted by the Company, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. According to the information and explanations given to us, no material discrepancies between the book records and physical inventory were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, no substantial part of the fixed assets has been disposed off by the Company during the year.
- (ii) (a) As per the information furnished, the inventories have been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and book records were not material in relation to the operations of the Company and have been properly dealt with in the books of account.
- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, paragraphs iii(b), iii(c) and iii(d) of the said Order are not applicable.
- (b) The Company has taken unsecured loans by way of fixed deposits from a Company and six other parties covered in the register maintained under Section 301 of the Act. Maximum amount involved during the year and the year-end balances of such loans were Rs. 254.05 lacs and Rs. 152.05 lacs, respectively.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which such loans have been taken by the Company are, prima facie, not prejudicial to the interest of the Company.
- (d) The Company is regular in repayment of principal amount and interest thereon, as stipulated.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternate sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us and having regard to what is stated in para (iv) above, the transactions made in pursuance of such contracts or arrangements aggregating during the year to Rs. 5,00,000 or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) 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, the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Order of the Central Government under Section 209(1)(d) of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2010. (contd.)

- (ix) (a) According to the information and explanations given and records examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material 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 information and explanations given to us and the records of the Company examined by us, there are no dues of Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess which have not been deposited on account of any dispute except dues on account of the following which are being contested by the Company:

S. No.	Name of the Statute	Amount (Rs. in lacs)	Year	Forum where the dispute is pending
1.	Customs Duty Drawback	18.69	1998-99	Madras High Court
2.	Cess on Captive Generation	13.41	2004-05 to 2009-10	Andhra Pradesh High Court
3.	Sales Tax	2.56	2002-03 and 2003-04	Appellate Deputy Commissioner, Nagpur

- (x) The Company does not have any accumulated losses as at 31st March, 2010. It has not incurred cash loss during the current financial year and it had incurred cash loss in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, considering the Scheme sanctioned by CDR-EG as referred to in note no. 5 in Schedule 19, the Company has not defaulted in repayment of dues to any financial institution or bank.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the nature of the activities of the Company does not attract any special statute applicable to the chit fund and nidhi / mutual benefit fund / societies.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us and in our opinion, the term loans were applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Cash Flow Statement and Balance Sheet of the Company, in our opinion, the funds raised on short-term basis have, prima facie, not been used for long term investment.
- (xviii) During the year or in the recent past, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year or in the recent past.
- (xx) The Company has not raised any money by way of public issues during the year or in the recent past.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the management.

For LODHA & COMPANY
Chartered Accountants

R.P. Baradiya
Partner

M. No.: 44101

Firm Registration No.: 301051E

Place : Mumbai

Date : 28th May, 2010

GTN INDUSTRIES LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2010

		SCHEDULES	As at 31.03.2010 (Rs. in Lacs)	As at 31.03.2009 (Rs. in Lacs)
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital		1	1154.96	1154.96
Reserves & Surplus		2	2361.45	2977.05
			<u>3516.41</u>	<u>4132.01</u>
Loan Funds				
Secured Loans		3	19555.24	18139.85
Unsecured Loans		4	1173.77	1371.91
			<u>20729.01</u>	<u>19511.76</u>
Deferred Tax Liability			857.54	1213.90
		TOTAL	<u>25102.96</u>	<u>24857.67</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block		5	31257.04	31568.54
Less : Depreciation			15210.67	14254.07
Net Block			16046.37	17314.47
Capital Work-In-Progress			30.39	115.24
			<u>16076.76</u>	<u>17429.71</u>
Assets held for disposal			15.72	-
Investments		6	0.05	0.05
Current Assets, Loans & Advances				
Inventories		7	6488.48	6167.76
Sundry Debtors			2037.31	1887.05
Cash & Bank Balances			629.10	429.87
Interest Accrued on Deposits			21.25	15.41
Loans & Advances			2417.59	1775.68
			<u>11593.73</u>	<u>10275.77</u>
Less:Current Liabilities & Provisions		8		
Current Liabilities			2451.21	2878.35
Provisions			132.09	115.33
			<u>2583.30</u>	<u>2993.68</u>
Net Current Assets			9010.43	7282.09
Miscellaneous Expenditure		9	-	145.82
(to the extent not written off or adjusted)				
		TOTAL	<u>25102.96</u>	<u>24857.67</u>
Significant Accounting Policies and Notes to Accounts Schedules 1 to 9 and 19 form an integral part of the Balance Sheet.		19		

As per our report of even date attached
For **LODHA & COMPANY**
Chartered Accountants

C.R. GANG
Chief Financial Officer

R.P. BARADIYA
Partner

P. PRABHAKARA RAO
Company Secretary

Place : Mumbai
Date : 28th May, 2010

Place : Hyderabad
Date : 28th May, 2010

For and on behalf of the Board

M.K. PATODIA
Chairman & Managing Director

ANJANA PATODIA

B.L. SINGHAL

V. NARAYANA MURTHY

} Directors

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULES	For the Year Ended 31.03.2010 (Rs. in Lacs)		For the Year Ended 31.03.2009 (Rs. in Lacs)	
INCOME				
Sales	10	27305.15	20251.81	
Less: Excise Duty		-	4.25	20247.56
		27305.15		
Other Income	11	150.35		37.30
Increase/(Decrease) in Stocks	12	(830.01)		1384.78
TOTAL		26625.49		21669.64
EXPENDITURE				
Cost of Materials	13	16373.69		13844.56
Personnel Expenses	14	2202.71		2046.29
Manufacturing Expenses	15	3849.29		3576.62
Sales & Distribution Expenses	16	1112.68		1284.65
Interest Charges	17	1433.81		1528.73
Other Expenses	18	811.76		823.36
Depreciation		1580.03	1550.39	
Less: Transfer from Revaluation Reserve		10.74	13.65	1536.74
TOTAL		27353.23		24640.95
Loss before Exceptional items and Tax		(727.74)		(2971.31)
Exceptional Items- (net) (Refer Note No. 6 in Schedule 19)		(229.92)		223.63
Loss before Tax		(957.66)		(2747.68)
Provision for Deferred Tax(credit)		(356.36)		(883.83)
Fringe Benefit Tax		-		12.24
Net Loss after Taxation for the year		(601.30)		(1876.09)
Surplus brought forward from previous year		-		244.66
Transferred from General Reserve		601.30		1631.43
Surplus/(Deficit) carried over to Balance Sheet		-		-
Basic and Diluted EPS (Face value of Rs.10 each)				
Before Exceptional Items		(3.22)		(18.20)
After Exceptional Items		(5.21)		(16.26)
Significant Accounting Policies and Notes to Accounts	19			
Schedules 10 to 19 form an integral part of the Profit & Loss Account.				

As per our report of even date attached
For **LODHA & COMPANY**
Chartered Accountants

C.R. GANG
Chief Financial Officer

R.P. BARADIYA
Partner

P. PRABHAKARA RAO
Company Secretary

Place : Mumbai
Date : 28th May, 2010

Place : Hyderabad
Date : 28th May, 2010

For and on behalf of the Board

M.K. PATODIA
Chairman & Managing Director

ANJANA PATODIA

B.L. SINGHAL

V. NARAYANA MURTHY

} Directors

GTN INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET				
	As at 31.03.2010 (Rs. in Lacs)		As at 31.03.2009 (Rs. in Lacs)	
	SCHEDULE 1			
SHARE CAPITAL				
AUTHORISED				
2,00,00,000	Equity Shares of Rs. 10 each	2000.00		2000.00
35,00,000	Redeemable Preference Shares of Rs.100 each	3500.00		3500.00
		5500.00		5500.00
ISSUED				
1,15,58,778	Equity Shares of Rs.10 each	1155.88		1155.88
		1155.88		1155.88
SUBSCRIBED, CALLED UP AND PAID UP				
1,15,58,778	Equity Shares of Rs.10 each fully paid up (of the above, 42,00,000 Equity Shares were allotted as fully paid up Bonus Shares by capitalisation of Free Reserves)	1155.88	1155.88	
Less:	Shares forfeited (18,400 Equity Shares of Rs. 10 each; Rs. 5 paid up thereon)	0.92	0.92	
	TOTAL	1154.96	1154.96	1154.96
SCHEDULE 2				
RESERVES & SURPLUS				
AMALGAMATION RESERVE				
	Balance as per last Balance Sheet	621.49		621.49
SECURITIES PREMIUM ACCOUNT				
	Balance as per last Balance Sheet	962.08		962.08
REVALUATION RESERVE				
	Balance as per last Balance Sheet	74.32	100.16	
	Less : Transfer to Profit & Loss Account	10.74	13.65	
	Less : Withdrawals on Fixed Assets sold / discarded	3.56	12.19	74.32
GENERAL RESERVE				
	Balance as per last Balance Sheet	1319.16	2950.59	
	Less:Transfer to Profit & Loss Account	601.30	1631.43	1319.16
	TOTAL	2361.45	2977.05	2977.05
SCHEDULE 3				
SECURED LOANS				
I. TERM LOANS				
(a) from a Financial Institution :				
	Rupee Loans	4890.62	4659.61	
	Interest Accrued and Due thereon	15.85	30.24	4689.85
(b) from Banks				
(i) Rupee Loans				
	Interest Accrued and Due thereon	7633.79	6163.00	
	Interest Accrued and Due thereon	22.93	62.52	6225.52
(ii) Foreign Currency Loans				
	Interest Accrued and Due thereon	-	254.06	
	Interest Accrued and Due thereon	-	3.76	257.82
II. SHORT TERM LOAN FROM A BANK				
		-		15.95
III. HIRE PURCHASE LOANS FROM BANKS				
		2.98		7.06
IV. WORKING CAPITAL LOANS				
	from Banks	6989.07	6687.17	
	from Others	-	256.48	6943.65
	TOTAL	19555.24	18139.85	18139.85

SCHEDULES FORMING PART OF THE BALANCE SHEET (contd.)**Notes**

- I. Term loans are secured by first charge, on all immovable assets, both present and future, by way of equitable mortgage and hypothecation of all movable fixed assets of the Company (excluding assets purchased on hire purchase basis) and further secured by a second charge, on the current assets as mentioned in para III below, present and future, ranking pari-passu, inter-se among the term lenders. All the term loans are guaranteed by the Managing Director of the Company. The promoters have also pledged Equity Shares to the extent of 51% of their present holding to secure the aforesaid loans.
- II. Hire Purchase Loans are secured by hypothecation of vehicles purchased there against.
- III. Working Capital loans stated above and Non-Fund Based limits of Rs.958.73 Lacs (Previous Year Rs. 1450 Lacs) availed from Banks are secured by a first charge, by way of hypothecation of current assets of the Company, both present and future and by second charge on the fixed assets mentioned in para (I) above, ranking pari-passu, inter-se among working capital Banks. These loans are guaranteed by the Managing Director of the Company.

**SCHEDULE 4
UNSECURED LOANS**

Fixed Deposits from :

Directors
Bodies Corporate
Others

(Payable in one year Rs. 82.55 lacs;
Previous Year Rs. 260.25 lacs)

DEFERRED LIABILITY

Interest free incentive under Sales Tax Deferral Scheme of
Government of Andhra Pradesh
(Refer Note No. 3 in Schedule 19)

TOTAL

As at 31.03.2010 (Rs. in Lacs)		As at 31.03.2009 (Rs. in Lacs)	
52.60		92.10	
-		225.00	
<u>155.45</u>	208.05	<u>173.25</u>	490.35
	965.72		881.56
	<u>1173.77</u>		<u>1371.91</u>

**SCHEDULE 5
FIXED ASSETS****(Rs. in Lacs)**

DESCRIPTION OF ASSETS	GROSS BLOCK (AT COST OR BOOK VALUE)				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Additions	Deductions/ Adjustments	As at 31.03.2010	Upto 31.03.2009	For the Year	Deductions/ Adjustments	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Land-Freehold	88.16	-	-	88.16	-	-	-	-	88.16	88.16
Buildings	5291.15	117.98	-	5409.13	2145.91	191.72	-	2337.63	3071.50	3145.24
Plant & Machinery	23189.36	445.71	761.69	22873.38	10364.93	1229.05	493.41	11100.57	11772.81	12824.43
Electrical Installations	2288.35	16.88	4.45	2300.78	1250.87	114.10	3.48	1361.49	939.29	1037.48
Furniture & Office Equipments	512.97	8.58	121.58	399.97	386.24	28.37	109.87	304.74	95.23	126.73
Vehicles*	198.55	9.97	22.90	185.62	106.12	16.79	16.67	106.24	79.38	92.43
TOTAL	31568.54	599.12	910.62	31257.04	14254.07	1580.03	623.43	15210.67	16046.37	17314.47
Previous Year	30616.90	1218.37	266.73	31568.54	12903.89	1550.39	200.21	14254.07	17314.47	
**Capital Work - in- Progress									30.39	115.24

* includes cost of Vehicles Rs. 18.52 lacs (Previous Year Rs. 18.52 lacs); net block Rs.12.81 lacs (Previous Year Rs. 14.56 lacs) acquired on Hire Purchase basis.

** Capital Work in Progress (at cost) represents :

(Rs. in Lacs)

Particulars	As at 31.03.2010	As at 31.03.2009
Buildings	-	110.08
Plant & Machinery	30.39	5.16
TOTAL	<u>30.39</u>	<u>115.24</u>

GTN INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET (contd.)				
	As at 31.03.2010 (Rs. in Lacs)		As at 31.03.2009 (Rs. in Lacs)	
SCHEDULE 6				
INVESTMENTS (LONG TERM) (FULLY PAID UP)				
IN GOVT.SECURITIES - UNQUOTED				
6 Year National Savings Certificates		0.05		0.05
TOTAL		<u>0.05</u>		<u>0.05</u>
SCHEDULE 7				
CURRENT ASSETS, LOANS AND ADVANCES				
CURRENT ASSETS				
INVENTORIES				
(As taken, valued and certified by the Management)				
Stores and Spares		183.35		229.19
Stock-in-Trade:				
Raw Materials		3251.53		2054.96
Goods-in-Process		1055.87		871.15
Finished Goods		1982.75		2993.32
Waste Stock		14.98		19.14
TOTAL		<u>6488.48</u>		<u>6167.76</u>
SUNDRY DEBTORS				
UNSECURED				
Over Six months - Considered Good		347.80		87.81
Considered Doubtful	11.36		-	
Less:Provision for Doubtful Debts	<u>11.36</u>	-	-	-
Other Debts - Considered Good		1689.51		1799.24
TOTAL		<u>2037.31</u>		<u>1887.05</u>
CASH AND BANK BALANCES				
Cash on Hand		8.81		8.00
Balances with Scheduled Banks in:				
Current Accounts	274.39		126.86	
Margin Money Accounts	292.18		239.64	
Other Deposit Accounts	35.28		32.87	
Unpaid Dividend Accounts	<u>18.44</u>	620.29	<u>22.50</u>	421.87
TOTAL		<u>629.10</u>		<u>429.87</u>
Interest accrued on Deposits / Investments		21.25		15.41
TOTAL		<u>21.25</u>		<u>15.41</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET (contd.)				
	As at 31.03.2010 (Rs. in Lacs)		As at 31.03.2009 (Rs. in Lacs)	
	LOANS AND ADVANCES			
(Unsecured, Considered Good)				
Advances recoverable in cash or in kind or for value to be received				
Capital Advances	59.68		41.97	
Other Advances	<u>1773.55</u>	1833.23	<u>1083.52</u>	1125.49
Deposits		227.95		224.92
Balances with Excise and Sales Tax Authorities		307.57		352.44
Advance Income Tax (Including Tax Deducted at Source)		48.84		72.83
TOTAL		<u>2417.59</u>		<u>1775.68</u>
TOTAL		<u>11593.73</u>		<u>10275.77</u>
SCHEDULE 8				
CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors :				
Due to Micro, Small & Medium Enterprises (Refer Note No.8 in Schedule 19)	-		-	
Due to Others	<u>2139.56</u>	2139.56	<u>2646.41</u>	2646.41
Advances from Customers		150.15		46.57
Interest accrued but not due on loans		18.85		24.30
INVESTORS' PROTECTION FUND*				
Unpaid Dividend on Equity Share Capital		18.44		22.50
* (To be deposited on completion of 7 years)				
Other Liabilities		<u>124.21</u>		<u>138.57</u>
TOTAL		<u>2451.21</u>		<u>2878.35</u>
PROVISIONS				
Provision for Wealth Tax		0.41		0.63
Provision for Employee Benefits :				
Gratuity	78.59		83.20	
Leave Entitlements	<u>53.09</u>	131.68	<u>31.50</u>	114.70
TOTAL		<u>132.09</u>		<u>115.33</u>
TOTAL		<u>2583.30</u>		<u>2993.68</u>
SCHEDULE 9				
MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
Deferred Revenue Expenses (VRS)		-		145.82
TOTAL		<u>-</u>		<u>145.82</u>

GTN INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT				
	For the Year Ended 31.03.2010 (Rs. in Lacs)		For the Year Ended 31.03.2009 (Rs. in Lacs)	
SCHEDULE 10				
SALES				
Finished Goods:				
Exports		8786.98		6701.93
Local		9776.70		6374.26
Traded Goods:				
Exports		6790.64		5512.68
Waste Sales		846.39		780.09
Export Incentives		956.73		735.40
Job Work Charges		147.71		147.45
	TOTAL	<u>27305.15</u>		<u>20251.81</u>
SCHEDULE 11				
OTHER INCOME				
Insurance Claims	15.25		7.92	
Sundry Balances written back	10.64		11.99	
Gain on Foreign Exchange Fluctuations (Net)	112.91		-	
Miscellaneous Receipts	11.55	150.35	17.39	37.30
	TOTAL	<u>150.35</u>		<u>37.30</u>
SCHEDULE 12				
INCREASE/(DECREASE) IN STOCKS				
CLOSING STOCK:				
Finished Goods	1982.75		2993.32	
Goods-in-process	1055.87		871.15	
Waste	14.98	3053.60	19.14	3883.61
LESS: OPENING STOCK:				
Finished Goods	2993.32		1732.13	
Goods-in-process	871.15		754.63	
Waste	19.14	3883.61	12.07	2498.83
	TOTAL	<u>(830.01)</u>		<u>1384.78</u>
SCHEDULE 13				
COST OF MATERIALS				
Opening Stock		2054.96		2687.32
Add: Purchases		10426.13		7796.36
		12481.09		10483.68
Less: Closing Stock		3251.53		2054.96
Raw Materials Consumed		9229.56		8428.72
Purchase of Traded Goods		7144.13		5415.84
	TOTAL	<u>16373.69</u>		<u>13844.56</u>
SCHEDULE 14				
PERSONNEL EXPENSES				
Salaries, Wages and Bonus		1868.10		1709.74
Contribution to Provident and Other Funds		201.50		210.75
Welfare Expenses		133.11		125.80
	TOTAL	<u>2202.71</u>		<u>2046.29</u>

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT (contd.)				
	For the Year Ended 31.03.2010 (Rs. in Lacs)		For the Year Ended 31.03.2009 (Rs. in Lacs)	
	SCHEDULE 15			
MANUFACTURING EXPENSES				
Processing Charges		32.63		1.47
Power & Fuel		2329.32		2145.97
Stores and Spares		734.74		702.42
Dyes and Chemicals consumed		375.33		354.93
Repairs and Maintenance:				
Building	47.43		44.93	
Plant & Machinery	230.45		226.62	
Others	<u>81.27</u>	359.15	<u>74.68</u>	346.23
Effluent Clearance Charges		<u>18.12</u>		<u>25.60</u>
TOTAL		<u>3849.29</u>		<u>3576.62</u>
SCHEDULE 16				
SALES AND DISTRIBUTION EXPENSES				
Commission & Brokerage		417.25		464.73
Freight, Forwarding and Other Expenses		<u>695.43</u>		<u>819.92</u>
TOTAL		<u>1112.68</u>		<u>1284.65</u>
SCHEDULE 17				
INTEREST CHARGES				
On Fixed Loans and Deposits		934.17		854.50
On Others (Net) (Refer Note No. 13 in Schedule 19)		499.64		674.23
TOTAL		<u>1433.81</u>		<u>1528.73</u>
SCHEDULE 18				
OTHER EXPENSES				
Insurance		67.36		70.51
Rates & Taxes		32.48		33.43
Rent		6.16		10.79
Electricity Charges		20.53		18.11
Auditors' Remuneration		8.30		7.75
Directors' Sitting Fees		2.15		2.05
Communication Charges		23.88		30.74
Postage & Courier Charges		13.45		16.13
Donation		0.30		0.20
Travelling & Conveyance		101.42		102.33
Printing & Stationery		25.55		24.55
Advertisement		1.84		5.72
Bank & Finance Charges		193.77		194.03
Excise Duty		2.54		0.16
Loss on Fixed Assets sold / discarded / held for disposal		162.05		28.26
Provision for Doubtful Debts		11.36		-
Loss on Foreign Exchange Fluctuation (Net)		-		146.49
Miscellaneous Expenses		<u>138.62</u>		<u>132.11</u>
TOTAL		<u>811.76</u>		<u>823.36</u>

GTN INDUSTRIES LIMITED

NOTES FORMING PART OF ACCOUNTS

SCHEDULE 19

1. SIGNIFICANT ACCOUNTING POLICIES

A) GENERAL

- a) The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention (except for certain revalued fixed assets) on the accounting principles of a going concern and the Company follows mercantile system of accounting and recognises income and expenditure on accrual basis except those with significant uncertainties.
- b) The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosure of an item or information in the financial statements are made relying on these estimates. Any revision to accounting estimates is recognised prospectively.

B) FIXED ASSETS

- (i) All fixed assets are stated at cost (net of CENVAT / Value Added Tax) and adjusted by revaluation in case of certain Land, Building, Plant & Machinery and Electrical Installations, less accumulated depreciation and impairment loss, if any. Expenditure during construction period in respect of new project / expansion is allocated to the respective fixed assets on their being ready for intended use.
- (ii) 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 Profit and Loss Account whenever the carrying amount of such assets exceeds its recoverable amount.

C) INVESTMENTS

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

D) INVENTORIES

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

E) 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. Local sales are inclusive of excise duty, wherever applicable and net of sales tax.

F) 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 Profit & Loss Account.

G) DEPRECIATION

Depreciation is provided at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Plant & 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.

Depreciation in respect of various units is provided as below:

- a) MEDAK SPINNING UNIT: Depreciation on Plant & Machinery and Electrical Installations (including revalued assets) installed upto 31st March, 1992 has been charged under Written Down Value Method and on additions thereafter under Straight Line Method. In respect of other assets (including revalued assets) depreciation has been charged under Written Down Value Method.
- b) MEDAK DOUBLING UNIT: Depreciation is provided on Written Down Value Method.
- c) Other Units (Nagpur Spinning Unit, Shadnagar Yarn Processing Unit and Knitting Unit): Depreciation is provided on Straight Line Method.

H) EMPLOYEE BENEFITS

a) PROVIDENT FUND

Provident Fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account 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.

NOTES FORMING PART OF ACCOUNTS (contd.)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) **LEAVE ENCASHMENT/ENTITLEMENT**

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

I) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are recorded at the rate of exchange in force at the date of transactions. Gains and losses resulting from settlement of such transactions and from the transaction of monetary assets and liabilities denominated in foreign currencies are recognised in Profit and Loss Account. Premium in respect of forward foreign exchange contract is recognised over the life of the contracts. In respect of Derivative Contracts, premium paid, provision for losses on restatement and gains/ losses on settlement are recognised alongwith the underlying transactions and charged to Profit and Loss Account.

J) 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 realisation 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 recognised 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.

K) 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.

2. Estimated amount of contracts remaining to be executed on capital account and are not provided for: Rs. 418.32 lacs (Previous Year Rs. 300.35 lacs); net of advances of Rs. 59.68 lacs (Previous Year Rs. 41.97 lacs).
3. The Company is eligible for deferment of sales tax payable in respect of its Yarn Processing Unit w.e.f. 20.08.1996 to 19.08.2010 for a period of 14 years, upper limit being Rs. 2233.82 lacs. The each year's liability is repayable after 14 years from the year of availment of the benefit. The Company has deferred sales tax liability of Rs. 965.72 lacs upto 31.03.2010 (Previous Year Rs. 881.56 lacs).
4. Contingent Liabilities not provided for in respect of :
Disputed demands for taxes, duties and other claims not acknowledged as debts:
Duty Drawback : Rs. 18.69 lacs (including penalty of Rs. 3 lacs but excluding interest, if any)(Previous Year Rs. 18.69 lacs)
Others: Rs. 47.61 lacs (Previous Year Rs. 40.87 lacs).
5. The Company has been sanctioned Debt Restructuring Scheme by CDR – EG, which inter-alia, provides for interest rate reduction, lower working capital margins, re-schedulement of term loans, funding of Rs.2150 lacs by way of term loan for Capex, WCTL and Corporate loan. After close of the year, the promoters have brought in Rs.750 lacs by subscribing 60 lacs Equity Shares of Rs.10/- each with a premium of Rs.2.50 per share after obtaining necessary approvals from the Shareholders and SEBI. Most of the terms and conditions of the Scheme have been complied with.
6. Exceptional item represents Debit of Rs. 229.92 lacs towards VRS charges written off (Previous Year –Credit of Rs.297.89 lacs on account of power refund received/receivable from Maharashtra State Electricity Distribution Company Limited (MSEDCL) for Regulatory Liability Charges (RLC) collected in earlier years and debit of Rs. 74.26 lacs towards VRS charges written off).
7. a) Account of certain creditors, debtors and advances given are subject to confirmation and reconciliation/adjustment, if any. However, in the opinion of management, there would not be any material impact on the financial statements.
b) In the opinion of the Board, the current assets, loans and advances have a value on realisation 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.
8. 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.
9. **EMPLOYEE BENEFIT PLANS**
The following table set out the status of the gratuity plan as required under AS 15:

GTN INDUSTRIES LIMITED
NOTES FORMING PART OF ACCOUNTS (contd.)
Reconciliation of Benefit Obligations and Plan Assets
(Rs. in Lacs)

Change in Defined obligation	As at March 31, 2010	As at March 31, 2009
Obligation at the beginning of the year	261.18	236.34
Interest cost	20.89	18.91
Current Service cost	19.63	17.89
Benefits paid	53.63	71.74
Actuarial (gain)/loss in obligations	35.53	59.78
Obligation at year end	283.60	261.18

(Rs. in Lacs)

Change in Fair Value of Plan Assets	As at March 31, 2010	As at March 31, 2009
Fair value of plan assets at the beginning of the year	209.88	230.67
Expected return on the plan assets	17.09	19.93
Contributions by the employer	27.08	31.00
Benefits paid	53.63	71.74
Actuarial gain/(loss) on plan assets	-	-
Fair value of plan assets at year end	200.42	209.86

(Rs. in Lacs)

Reconciliation or Present Value of the obligation and the Fair Value of the Plan Assets	As at March 31, 2010	As at March 31, 2009
Liability at year end	283.60	261.18
Fair value of plan assets at year end	200.42	209.86
Liability recognized in the Balance Sheet	83.18	51.32

(Rs. in Lacs)

Assumptions	As at March 31, 2010	As at March 31, 2009
Discount Rate	8%	8%
Expected Rate of Return on plan assets	8%	8%
Salary Escalation Rate	4%	4%

With respect to compensated absences (leave entitlements), liability recognised in the Balance Sheet as on March 31, 2010 is Rs 48.49 lacs (Previous Year Rs.63.39 lacs).

10. (a) Foreign Exchange difference (Net) credited to Profit and Loss Account Rs. 497.63 lacs (Previous Year : Debit Rs. 760.83 lacs).
- (b) 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. The following are the contracts entered into by the Company and outstanding at the year end:

	31.03.2010	31.03.2009
Forward Exchange Contracts:		
No. of Contracts	23	5
Type	Sell	Sell
US \$ Equivalent (Lacs)	37.20	11.57
INR Equivalent(Lacs)	1732.25	587.61

NOTES FORMING PART OF ACCOUNTS (contd.)

(c) The year end foreign currency exposures that have not been hedged, are given below:

I. Amounts receivable in foreign currency :

	2009-10			2008-09		
	Currency	Equivalent (Lacs)	INR Equivalent (Lacs)	Currency	Equivalent (Lacs)	INR Equivalent (Lacs)
Loans & Advances	-	-	-	CHF	0.09	3.94

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

	2009-10			2008-09		
	Currency	FC Amount (Lacs)	Rupee Equivalent (Lacs)	Currency	FC Amount (Lacs)	Rupee Equivalent (Lacs)
Purchase of Goods/ Services	USD EURO	13.64 -	615.74 -	USD EURO	18.19 0.01	926.90 0.49
Loans payable (PCFC)	USD	49.56	2350.09	USD	56.76	2892.97
Term Loans payable	USD	-	-	USD	4.98	254.07
Interest payable	USD	-	-	USD	0.07	3.36

11. Disclosures in respect of provisions pursuant to Accounting standard – 29. (Rs. in Lacs)

Particulars	Opening Balance 01.04.09	Provided During the Year	Utilised During the Year	Reversed During the Year	Closing Balance 31.03.10
Sundry Debtors	-	11.36	-	-	11.36

12. (a) Certain Land, Buildings, Plant & Machinery and Electrical Installations were revalued as on 31st March, 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 revalued amounts (net of withdrawals) remaining substituted for the historical cost in the gross block of fixed assets are:

Particulars	As at 31.03.2010 (Rs. in Lacs)	As at 31.03.2009 (Rs. in Lacs)
Land	14.62	14.62
Buildings	407.46	407.46
Plant & Machinery	1336.09	1462.39
Electrical Installations	278.18	278.18

13. Interest on others in Schedule - 17 is net of interest income of Rs. 44.72 lacs (Previous Year Rs. 52.40 lacs); tax deducted at source thereon Rs.4.31 lacs (Previous Year Rs. 8.66 lacs).

14. 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. 15577.62 lacs (Previous Year Rs. 12214.61 lacs) and local sales of Rs. 10623.09 lacs (Previous Year Rs. 7154.35 lacs).

15. Deferred Tax Liability / (Asset) as at the year-end comprises timing differences on account of :

Particulars	As at 31.03.2010 (Rs. in Lacs)	As at 31.03.2009 (Rs. in Lacs)
Depreciation	2462.15	2876.17
Unabsorbed Depreciation/Business Losses	(1555.01)	(1655.10)
Others	(49.60)	(7.17)
Net Deferred Tax Liability	857.54	1213.90

GTN INDUSTRIES LIMITED
NOTES FORMING PART OF ACCOUNTS (contd.)

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

Name	Rate of Interest	Amount Outstanding		No. of Equity shares held in the Company	
		As on 31.03.2010 (Rs. in Lacs)	Maximum Outstanding During the Year (Rs. in Lacs)	As on 31.03.2010	Maximum during the Year
Employees (as per the general policy of the Company)	NIL (NIL)	5.39 (3.23)	8.40 (9.95)	- -	- -

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

17. Earnings per share :

Particulars		2009-10 (Rs. in Lacs)	2008-09 (Rs. in Lacs)
Numerator			
Net Loss as disclosed in Profit & Loss Account		601.30	1876.09
Net Loss attributable to the Equity Shareholders		<u>601.30</u>	<u>1876.09</u>
Denominator			
Weighted average Equity Shares	Nos.	11540378	11540378
Basic and diluted Earnings Per Share (face value of Rs.10 each)			
Before Exceptional Items	Rs.	(3.22)	(18.20)
After Exceptional Items	Rs.	(5.21)	(16.26)

18. Disclosure in respect of related parties pursuant to Accounting Standard 18:

A) List of related parties:

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

 i) **ASSOCIATES**

 Perfect Knitters Limited
 Imperial Garments Limited

 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 M.Venkatesh - Director (Operations) (up to 28.05.2009)

Enterprises / Entities having common Key Management Personnel

 M.B. Credit Private Limited
 Patcot Co.,

Relatives of Key Management Personnel and their entities

 Shri R.K. Patodia – Brother
 Smt. Bimla Devi Chowdhary (Sister)
 Smt. Sharada Devi Chowdhary (Sister)
 Madanlal Purusottam Das (HUF)
 Rajendra Patodia (HUF)
 Mahendra Patodia (HUF)

NOTES FORMING PART OF ACCOUNTS (contd.)

B) During the year, following transactions were carried out with related parties in the ordinary course of business and at arms length:

(Rs. in Lacs)

S. No.	Nature of Transactions	Associates	Key Management Personnel	Enterprises / Relatives of Key Management Personnel
1.	Sales, Service and other income			
	Perfect Knitters Limited	327.17	-	-
		(718.80)	(-)	(-)
	Imperial Garments Limited	415.61	-	-
	(283.67)	(-)	(-)	
	Total	742.78	-	-
		(1002.47)	(-)	(-)
2.	Purchase of Goods and Services			
	Patcot Co.,	14.26	-	-
		(-)	(-)	(-)
	Others	1.45	-	-
	(2.05)	(-)	(-)	
	Total	15.71	-	-
		(2.05)	(-)	(-)
3.	Interest Paid on Fixed Deposits			
	Mr. M.K.Patodia	-	5.68	-
		(-)	(3.19)	(-)
	Mahendra Patodia (HUF)	-	-	5.09
		(-)	(-)	(-)
	M.B. Credit Private Limited	-	-	1.78
		(-)	(-)	(2.63)
	Madanlal Purusottam Das (HUF)	-	-	2.82
		(-)	(-)	(2.94)
	Mr. R.K.Patodia	-	-	2.69
	(-)	(-)	(2.18)	
Others	-	-	1.71	
	(-)	(-)	(6.64)	
	Total	-	5.68	14.09
		(-)	(3.19)	(14.39)
4.	Managerial Remuneration			
	Mr. M.K.Patodia	-	16.22	-
		(-)	(16.15)	(-)
Mr. M.Venkatesh	-	2.45	-	
	(-)	(4.83)	(-)	
5.	Fixed Deposits taken			
	Mr. M.K.Patodia	-	80.00	-
		(-)	(90.00)	(-)
	Mahendra Patodia (HUF)	-	-	50.00
		(-)	(-)	(50.00)
	Madanlal Purusottam Das (HUF)	-	-	28.00
		(-)	(-)	(28.00)
	M.B. Credit Private Limited	-	-	20.00
		(-)	(-)	(25.00)
Mr. R.K. Patodia	-	-	34.25	
	(-)	(-)	(34.25)	
Others	-	-	14.30	
	(-)	(-)	(16.00)	
	Total	-	80.00	146.55
		(-)	(90.00)	(153.25)

GTN INDUSTRIES LIMITED
(Rs. in Lacs)

S. No.	Nature of Transactions	Associates	Key Management Personnel	Enterprises / Relatives of Key Management Personnel
6.	Fixed Deposits Repaid			
	Mr. M.K. Patodia	-	120.00	-
		(-)	(-)	(-)
	Mahendra Patodia (HUF)	-	-	50.00
		(-)	(-)	(-)
	Madanlal Purusottam Das (HUF)	-	-	28.00
		(-)	(-)	(28.00)
	M.B. Credit Private Limited	-	-	45.00
		(-)	(-)	(25.00)
	Mr. R.K. Patodia	-	-	61.25
		(-)	(-)	(-)
	Others	-	-	14.30
		(-)	(-)	(88.65)
	Total	<u>-</u>	<u>120.00</u>	<u>198.55</u>
		(-)	(-)	(141.65)

C)

Outstanding Balances as on 31.03.2010:

(Rs. in Lacs)

S. No.	Particulars	Associates	Key Management Personnel	Enterprises / Relatives of Key Management Personnel
1.	In respect of Sales, Service and other income			
	Perfect Knitters Limited	293.12	-	-
		(281.48)	(-)	(-)
	Imperial Garments Ltd.	207.70	-	-
		(94.39)	(-)	(-)
	Total	<u>500.82</u>	<u>-</u>	<u>-</u>
		(375.87)	(-)	(-)
2.	Loans Received (Fixed Deposits)			
	Mr. M.K. Patodia	-	50.00	-
		(-)	(90.00)	(-)
	Mahendra Patodia (HUF)	-	-	50.00
		(-)	(-)	(50.00)
	Madanlal Purusottam Das (HUF)	-	-	28.00
		(-)	(-)	(28.00)
	Others	-	-	24.05
		(-)	(-)	(76.05)
	Total	<u>-</u>	<u>50.00</u>	<u>102.05</u>
		(-)	(90.00)	(154.05)

Notes:

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

NOTES FORMING PART OF ACCOUNTS (contd.)

19. Additional information pursuant to the provisions of Schedule VI of the Companies Act, 1956

A) Installed Capacity : (As certified by the Management and relied upon by the Auditors being a technical matter)

Description of the Item	Unit	Year Ended 31.03.2010	Year Ended 31.03.2009
Spindles	Nos.	83416	83416
Doubling Spindles	Nos.	23826	23826
Yarn Processing	MT / day	10	10
Knitting	MT/ day	5.8	5.8

B) Sales, Production and Stocks (Kg./Rs. in Lacs)

Finished Goods	Unit	Opening Stock		Production		Sales		Closing Stock	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Yarn	(Kgs.)	11.05	7.05	*83.72	*77.54	73.05	60.53	5.77	11.05
	(Rs.)	2992.39	1700.68			18529.57	13381.47	1529.28	2992.39
Knitted Fabric	(Kgs.)	0.01	0.03	0.09	0.39	0.10	0.41	-	0.01
	(Rs.)	0.93	8.92	-	-	34.11	90.95	-	0.93

*Includes captive consumption for Knitted fabric.

C) Traded Goods (Cotton Yarn)

Finished Goods	Year Ended 31.03.2010		Year Ended 31.03.2009	
	Kgs. in Lacs	Rs. in Lacs	Kgs. in Lacs	Rs. in Lacs
Opening Stock	-	-	0.19	22.53
Purchases	47.99	7144.13	42.14	5415.84
Sales	45.48	6790.64	42.33	5512.68
Closing Stock	2.51	453.47	-	-

D) Raw Material Consumed

(Kg./Rs. in Lacs)

Finished Goods	Year Ended 31.03.2010			Year Ended 31.03.2009		
	Kgs.	Rs.	%	Kgs.	Rs.	%
Cotton Imported *	23.29	2533.32	27.45	27.55	2969.43	35.23
Cotton Indigenous	61.26	4482.13	48.56	51.99	3438.10	40.79
Yarn Indigenous	13.21	2214.11	23.99	12.97	2021.19	23.98
Total	<u>97.76</u>	<u>9229.56</u>	<u>100.00</u>	<u>92.51</u>	<u>8428.72</u>	<u>100.00</u>

* Includes imported cotton purchased indigenously.

E) Value of Imports on CIF basis in respect of

(Rs. in Lacs)

Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
Raw Material – Cotton	2607.88	2590.82
Stores	52.86	90.87
Capital Goods	318.95	453.13
Total	<u>2979.69</u>	<u>3134.82</u>

GTN INDUSTRIES LIMITED
NOTES FORMING PART OF ACCOUNTS (contd.)
F) Value of Consumption

Stores, Spares, Packing Materials and Dyes & Chemicals

Particulars	Year Ended 31.03.2010		Year Ended 31.03.2009	
	Rs. in Lacs	%	Rs. in Lacs	%
Imported	52.72	4.75	44.61	4.21
Indigenous	1057.33	95.25	1012.74	95.79
Total	1110.07	100.00	1057.35	100.00

Components [for Repairs & Maintenance (Machinery)]

Particulars	Year Ended 31.03.2010		Year Ended 31.03.2009	
	Rs. in Lacs	%	Rs. in Lacs	%
Imported	0.14	0.09	28.02	15.43
Indigenous	163.30	99.91	153.61	84.57
Total	163.44	100.00	181.63	100.00

G) Expenditure in Foreign Currency (on remittance basis)
(Rs. in Lacs)

Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
Agents' Commission	335.64	300.23
Interest	2.42	12.21
Others	34.32	58.19
Total	372.38	370.63

H) Earnings in Foreign Exchange (Rs. in Lacs)

 FOB Value of Exports 14841.57 11993.63
20. Remuneration to Managing Director & Director -Operations**
(Rs. in Lacs)

Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
Salaries	13.96	15.60
Contribution to Provident Fund, Superannuation Fund and Gratuity Fund	4.17	4.69
Perquisites*	0.54	0.69
Total	18.67	20.98

* Evaluated as per Income Tax Rules, wherever applicable.

** Upto 28th May, 2009.

21. In view of losses, no commission is payable to Managing Director and accordingly the Computation of Net Profit U/s. 198 / 349 of the Companies Act, 1956 for the payment of commission has not been furnished.

22. AUDITORS' REMUNERATION
(Rs. in Lacs)

Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
STATUTORY AUDITORS' REMUNERATION		
Audit Fees	3.00	3.00
Tax Audit Fees	0.75	0.75
Taxation / Other Services	1.74	1.40
Out of Pocket Expenses (including Service Tax)	1.30	1.36
	6.79	6.51
Cost Audit Fees	1.51	1.24
Total	8.30	7.75

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

CASH FLOW STATEMENT	Year Ended 31.03.2010 (Rs. in Lacs)	Year Ended 31.03.2009 (Rs. in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET LOSS BEFORE TAX AND EXTRAORDINARY ITEMS	(727.74)	(2971.31)
Adjustments for :		
Depreciation	1569.29	1536.74
Interest Charged	1433.81	1528.73
Exceptional items (net)	229.92	(223.63)
Loss/(Gain) on sale of assets	162.05	28.26
OPERATING PROFIT /(LOSS) BEFORE WORKING CAPITAL CHANGES	<u>2667.33</u>	<u>(101.21)</u>
Adjustment for :		
Trade and other receivables	(1172.81)	704.23
Inventories	(320.72)	(748.77)
Trade payables	(404.93)	1335.80
CASH FLOW FROM OPERATIONS	<u>768.87</u>	<u>1190.05</u>
Direct taxes paid	(2.00)	(13.00)
NET CASH FLOW FROM OPERATIONS	<u>766.87</u>	<u>1177.05</u>
 NET CASH FLOW FROM OPERATING ACTIVITIES	 766.87	 1177.05
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(411.11)	(1125.11)
Sale of Fixed Assets	17.00	23.59
NET CASH USED IN INVESTING ACTIVITIES	<u>(394.11)</u>	<u>(1,101.52)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings (Net)	1390.00	570.03
Proceeds from Hire Purchase Borrowings(Net)	(4.08)	(5.53)
Proceeds from Short Term Borrowings(Net)	(168.67)	919.86
Interest paid	(1439.26)	(1522.33)
NET CASH FLOW USED IN FINANCING ACTIVITIES	<u>(222.01)</u>	<u>(37.97)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	 150.75	 37.56
CASH & CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	167.73	130.17
CASH & CASH EQUIVALENTS AS AT THE END OF THE YEAR	<u>318.48</u>	<u>167.73</u>

- Note: 1. The above Cash Flow Statement has been prepared by using the indirect method as per Accounting Standard 3 - Cash Flow Statement, issued by the Institute of Chartered Accountants of India.
2. Cash and Cash Equivalents exclude Margin Money Deposits and balance in Unpaid Dividend account which have been included under "Trade and Other Receivables".
3. Previous year's figures have been regrouped wherever necessary.

As per our report of even date attached
For **LODHA & COMPANY**
Chartered Accountants

C.R. GANG
Chief Financial Officer

R.P. BARADIYA
Partner

P. PRABHAKARA RAO
Company Secretary

Place : Mumbai
Date : 28th May, 2010

Place : Hyderabad
Date : 28th May, 2010

For and on behalf of the Board

M.K. PATODIA
Chairman & Managing Director

ANJANA PATODIA

B.L. SINGHAL

V. NARAYANA MURTHY

} Directors

GTN INDUSTRIES LIMITED
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

As per notification dated 15.05.95 issued by Department of Company Affairs the additional information under para IV is as under :

I Registration Details

Registration No CIN No. L18101AP1962PLC054323 State Code : 01
 Balance Sheet Date 31032010
DD MM YYYY

II Capital Raised during the year (Amount in Rs. Thousands)

Public issue (Incl. Calls in arrears)

Rights Issue

NIL

NIL

Bonus Issue

Private placement

NIL

NIL

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

Total Assets

2510296

2510296

Sources of Funds :

Paid up Capital

Reserves & Surplus

115496

236145

Secured Loans

Unsecured Loans

195524

117377

Def. Tax Liability

85754

Application of Funds :

Net Fixed Assets

Investments

1607676

5

Net Current Assets

Misc. Expenditure

901043

-

IV Performance of Company (Amount in Rs. Thousands)

Turnover (Incl. Stock Adjustment and other income)

Total Expenditure

2662549

2735323

Profit / Loss

Profit / Loss

Before Tax

After Tax

(72774)

(60130)

Earnings per share in Rs.

Dividend rate

(5.21)

NIL

V Generic Names of Three Principal Products/ Services of Company (as per monetary terms)

Item code No (ITC) Code : 52.05
 Product Description : COTTON YARN / PROCESSED YARN
 Item code No (ITC) Code : 60.01
 Product Description : KNITTED FABRIC

For and on behalf of the Board

C.R. GANG

Chief Financial Officer

M.K. PATODIA

Chairman & Managing Director

P. PRABHAKARA RAO

Company Secretary

ANJANA PATODIA

B.L. SINGHAL

V. NARAYANA MURTHY

} Directors

Place : Hyderabad
 Date : 28th May, 2010

GTN INDUSTRIES LIMITED**PROXY**

Registered Office: Chitkul Village, Patancheru Mandal, Medak Dist.-502307, Andhra Pradesh.

48th ANNUAL GENERAL MEETING

Folio No./Client ID No.: _____

No. of Shares : _____

I/We of in the District of being Member(s) of the above named Company, hereby appoint..... of or failing him of or failing him of in the District of as my / our proxy to attend and vote for me / us on my /our behalf at the **Forty-Eighth** ANNUAL GENERAL MEETING of the Company to be held at Chitkul Village, Patancheru Mandal, Medak District, Andhra Pradesh at 10.15 A.M. on Thursday the 29th day of July, 2010 or at any adjournment thereof.

Signed thisDay of July, 2010.

Affix a Rs.1/- Revenue Stamp

Signature**Note:**

The Proxy form duly completed should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the aforesaid meeting.

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GTN INDUSTRIES LIMITED**ATTENDANCE SLIP**

Registered Office: Chitkul Village, Patancheru Mandal, Medak Dist.-502307, Andhra Pradesh.

48th ANNUAL GENERAL MEETING

Folio No./Client ID No.: _____

No. of Shares : _____

Full Name of the Member attending: _____
(in Block letters)Full Name of the first joint-holder : _____
(To be filled in if first named joint-holder does not attend the meeting)Full Name of Proxy : _____
(to be filled by the Proxy attending instead of the member)

I, hereby record my presence at the **Forty-Eighth** ANNUAL GENERAL MEETING of the Company to be held at Chitkul Village, Patancheru Mandal, Medak District, Andhra Pradesh at 10.15 A.M. on Thursday the 29th day of July, 2010.

Member's / Proxy's Signature**NOTE :**

Members / Joint Members / Proxies are requested to bring the attendance slip with them, duly completed when they come to the meeting and handover at the gate, affixing signature(s) on it. Duplicate slips will not be issued at the entrance of the Meeting.

Tear Here

