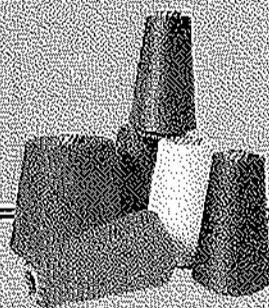




**GTN INDUSTRIES LIMITED**  
51st ANNUAL REPORT  
2012-2013



**Board of Directors**

Mr. M.K.Patodia	Chairman & Managing Director
Mrs. Anjana Patodia	
Mr. B.L.Singhal	
Mr. M.R.Vikram	
Mr. Sanjay Panicker	Nominee – IDBI Bank Ltd.
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**

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.

**Contents****Page No.**

Notice	2 - 4
Directors' Report & Annexures	5 - 7
Report on Corporate Governance	8 - 14
Management Discussion & Analysis	15 - 17
Auditors' Report	18 - 21
Balance Sheet	22
Statement of Profit and Loss	23
Notes to Accounts	24 - 39
Cash Flow Statement	40
Proxy Form & Attendance Slip	

## GTN INDUSTRIES LIMITED

### NOTICE

Notice is hereby given that the 51<sup>st</sup> 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 10.30 A.M on Thursday, 1<sup>st</sup> day of Aug, 2013 to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and Statement of 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 Shri B.L.Singhal, who retires by rotation and being eligible offers himself for reappointment.
  3. To appoint a Director in place of Shri M. R. Vikram, who retires by rotation and being eligible offers himself for reappointment.
  4. 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.
2. Register of Members and Share Transfer Books will remain closed from 27<sup>th</sup> July, 2013 to 1<sup>st</sup> August, 2013 (both days inclusive).
  3. Pursuant to Section 205A(5) of the Companies Act, 1956, unclaimed Dividend for the financial year ended 31<sup>st</sup> March, 2005 has been transferred by the Company to **INVESTOR EDUCATION AND PROTECTION FUND (IEPF)** established by the Central Government pursuant to Section 205C of the Companies Act, 1956 on 03-10-2012. Dividend for the Financial Year ended 31<sup>st</sup> March, 2006 and thereafter which remain 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:

Financial Year ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEPF
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/recommended for the financial 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)/cheques 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.

By order of the Board  
For GTN Industries Limited

Place : Hyderabad  
Date : 29<sup>th</sup> May, 2013

(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.
4. 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.

**NOTICE** (Contd.)**5. Details of Directors retiring by rotation and seeking re- appointment  
(In Pursuance of Clause 49 of the Listing Agreement)**

Name of the Director	Shri B. L. Singhal	Shri M. R. Vikram
Date of Birth	15 <sup>th</sup> April, 1947	18 <sup>th</sup> May, 1956
Date of Appointment	25 <sup>th</sup> June, 1987	17 <sup>th</sup> December, 2005
Qualification	Graduate in Commerce & Fellow member of the Institute of Chartered Accountants of India (ICAI)	Graduate in Science, LLB & Fellowmember of the Institute of Chartered Accountants of India (ICAI)
Expertise in specific Functional Area	Practicing Chartered Accountant and a partner of M/s. B. L. Singhal & Co., Chartered Accountants, Kolkata. Having vast experience in Finance, Taxation, Company Law matters besides proficiency in accountancy	Practicing Chartered Accountant and Partner of M/s. Anandam & Co., Chartered Accountants, Secunderabad. Having vast experience in Finance, Taxation, Company Law matters besides proficiency in accountancy.  Also Secretary of M.Venkatarangaiya foundation and past Chairman of SIRC of ICAI.
Details of other Directorship	GTN Textiles Ltd. GTN Enterprises Ltd. Prime Urban Development India Ltd. Patspin India Ltd. ATL Textiles Processors Ltd. Priti Credit Pvt.Ltd. BLS Securities Pvt.Ltd.	ASM Technologies Ltd. Glochem Industries Ltd. A Bond strands Pvt Ltd. Wings Infonet Ltd. Amrell Power Project Ltd. Normak Fashions Pvt. Ltd. Normak India Pvt Ltd. Institute of Insurance & Risk Management Dyka Accessories Private Ltd. M Anandam Consultancy Services Pvt Ltd. Associated Business Consulting Services Pvt. Ltd. Triumphant Institute of Management Education Pvt. Ltd. Venture Finance & Development Corporation Ltd. Microsol Inc. Tortola British Virgin Islands.
Details of other Committee and Membership status	<b>GTN Textiles Ltd</b> Audit committee Shareholders/Investors Grievance Committee Remuneration committee <b>Patspin India Ltd</b> Audit committee Shareholders/Investors Grievance Committee Remuneration committee <b>Prime Urban Development India Ltd</b> Audit committee Shareholders/Investors Grievance Committee	<b>Glochem Industries Ltd.</b> Audit Committee Remuneration Committee <b>Institute of Insurance &amp; Risk Managment</b> Audit Committee <b>Sahakara Mitra Samastha</b> <b>Manthan - India</b> Trustee <b>M.Venkatarangaiya Foundation</b> Secretary Trustee <b>REEDS</b> Chairman Trustee

**NOTICE** (Contd.)

**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 Annual General Meeting. Members are requested to bring their copies 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 dematerialize their holdings. This would be necessary for facilitating the transfer of Company's shares in all stock exchanges connected to the depository system.
5. Members are requested to note that the Ministry of Corporate Affairs has taken a **"Green Initiative in the Corporate Governance"** by allowing paperless compliance by the Companies after considering Sections 2,4,5 and 81 of the Information Technology Act, 2000 for legal validity of Compliance under Companies Act through electronic mode. Where as the Department of posts has discontinued the postal facility "Under Certificate of Posting" vide their letter dated 23-02-2011. Keeping in view of above, if the service of document has been made through electronic mode provided the Company has obtained e-mail address of its members of sending the notice/documents through e-mail by giving an advance opportunity to every shareholder to register their e-mail address and changes therein from time to time with the Company.

**DIRECTORS' REPORT****To the Members,**

Your Directors are presenting the 51<sup>st</sup> Annual Report together with the Audited Statements of Account for the year ended 31<sup>st</sup> March, 2013:

**FINANCIAL RESULTS**

(Rs. in Lacs)

	Year ended 31 <sup>st</sup> March, 2013	Year ended 31 <sup>st</sup> March, 2012
<b>INCOME</b>		
Net Sales/Income from operations*	42226	38018
Other Income	255	188
Variation in Stock	(511)	(75)
<b>Total</b>	<b>41970</b>	<b>38131</b>
<b>EXPENDITURE</b>		
a) Cost of Materials**	27738	26137
b) Staff Cost	3044	2764
c) Power & Fuel	4373	3098
d) Other expenditure	4561	4414
<b>Total</b>	<b>39716</b>	<b>36413</b>
<b>OPERATING PROFIT</b>	<b>2254</b>	<b>1718</b>
Interest	2137	1668
<b>PROFIT BEFORE DEPRECIATION AND TAXATION</b>	<b>117</b>	<b>50</b>
Depreciation	1517	1563
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>(1400)</b>	<b>(1513)</b>
Exceptional Items	749	-
Provision for Deferred Tax	(462)	(595)
Tax in respect of earlier years	(56)	-
<b>PROFIT/(LOSS) AFTER TAX</b>	<b>(1631)</b>	<b>(918)</b>

\* Sales includes Traded goods of Rs.11524 lacs (Previous year Rs. 8103 lacs) \*\* Cost of Material includes Trading purchases of Rs.10611 lacs (Previous year Rs.7120 lacs)

**DIVIDEND**

In view of the Net loss during the year, to conserve available resources and considering that company is still under CDR, 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.42226 lacs against Rs. 38018 lacs in the corresponding previous year. The operating and cash profit were higher by Rs.536 lacs and Rs.67 lacs (before exceptional items), respectively, as compared to the corresponding previous year.

The profitability was mainly affected due to increase in power cost because of imposition of FSA by APCPDCL for current year as well as earlier years and purchase of high cost power from market due to power cuts imposed in Andhra Pradesh. In addition there was increase in personnel, interest costs and provision of NPV amounts for the sacrifice made by lenders for restructuring of loans under CDR mechanism.

**CORPORATE DEBT RESTRUCTURING**

The Company had approached Corporate Debt Restructuring Cell during 2008-09 for the financial restructuring and CDR EG approved the scheme effective from 31<sup>st</sup> January 2009. The Company could achieve greater financial flexibility in the operations in 2009-10 and 2010-11. However, the Company had again sought restructuring which was approved with cut-off date from 1<sup>st</sup> July, 2012 with 18 months moratorium. Lenders were protected with the NPV amounts for their sacrifice due to restructuring. The Company has complied with all the terms of the Scheme including payment of NPV amount.

**AUDITORS' REPORT**

As regards observation stated in clause (xi) of the annexure to the Auditors' Report where in the auditors have mentioned that the Company has not defaulted in repayment of dues to banks and financial institutions except for delays ranging between 11 to 58 days in repayment of dues of Rs. 384.71 lakhs.

In this regard, we draw the attention to note no. 26B(2) to the financial statements, which is self explanatory.

**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 that year.
- they have taken proper and sufficient care, for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 1956, 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.



**DIRECTORS' REPORT (Contd.)**

**CORPORATE GOVERNANCE**

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

**FIXED DEPOSITS**

The Company had no Unclaimed Deposits 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, Shri B.L. Singhal and Shri M.R. Vikram, Directors retire from office by rotation and are eligible for re-appointment.

**AUDITORS**

M/s. Lodha & Company, Chartered Accountants, Mumbai, Auditors of the Company will retire at the forthcoming 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 and satisfactory, except disruption in the operation due to labour unrest at Yarn Processing Unit for 57 days during the year under review. There were no employees whose particulars

are to be given in terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011.

**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-I, 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, (Exim Bank) ING Vysya Bank 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 : 29<sup>th</sup> May, 2013

**M.K .PATODIA**  
Chairman & Managing Director

**DIRECTORS' REPORT** (Contd.)**ANNEXURE – I**

Information as per Section 217(1)(e) of the Companies Act, 1956 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 all round efforts for the conservation of energy. To reduce the energy cost, energy efficient equipments are being used. Total energy consumption and energy consumption per unit of production as prescribed in form - A, is as under

Particulars	Year ended 31 <sup>st</sup> March, 2013	Year ended 31 <sup>st</sup> March, 2012
<b>I. Power Consumption</b>		
1. Electricity		
a) Purchased (Units in lacs)	633.54	621.76
Total amount (Rs. In lacs)	4431.71	2741.62
Rate per unit (Rs.)	7.00	4.41
b) Own generation through Diesel		
Generator (units in lacs)	13.18	16.47
Units per litre of diesel oil (No.)	3.14	3.19
Cost per unit (Rs.)	13.82	12.31
2. Coal	Nil	Nil
3. Furnace Oil (low sulphur high stock oil)	Nil	Nil
4. Other internal generation	Nil	Nil
<b>II. Consumption per unit of production</b>		
a) Electricity – Units per Kg. Yarn	6.44	7.77
b) Furnace Oil (low sulphur high stock oil)		
Ltrs. per Kg/unit.	-	-

**B. Technology Absorption**

Efforts made in Technology Absorption as per Form B:

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

**C. Foreign Exchange Earnings & Outgo**

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

Earned : Rs.23393.79 lacs (Previous year Rs. 21680.61 lacs)

Used : Rs.5855.32 lacs ( Previous year Rs. 8384.02 lacs )

For and on behalf of the Board

Place : Hyderabad  
Date : 29<sup>th</sup> May, 2013

**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.

Category and Composition of Directors as on 31<sup>st</sup> March, 2013 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. Sanjay Panicker
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 Directorship and Chairmanship/Membership of Committee(s) in various Companies:

Name of the Director	Attendance particulars		No. of other Directorships & Committee member / Chairmanship*			
	Board Meetings	Last AGM	Directorships including Pvt. Ltd. Cos.	Committee Membership	Committee Chairmanship	Shareholding in the Company (No. of Shares with Face Value of Rs. 10/- each)
Mr. M. K. Patodia	4	Yes	8	-	None	1986713
Mrs. Anjana Patodia	3	Yes	4	1	None	514332
Mr. B. L. Singhal	3	Yes	7	3	3	12130
Mr. M. R. Vikram	4	Yes	14	2	1	-
Mr. Sanjay Panicker (Nominee IDBI)	3	Yes	-	-	None	-
Mr. C. George Joseph	1	Yes	3	2	None	-

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

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

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

24 <sup>th</sup> May, 2012	30 <sup>th</sup> Oct, 2012
10 <sup>th</sup> Aug, 2012	8 <sup>th</sup> Feb, 2013

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

## 3. Audit Committee

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

**REPORT ON CORPORATE GOVERNANCE (Contd.,)**

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	3
2	Mrs. Anjana Patodia	Promoter/ Non-Executive Director	3
3	Mr. M.R Vikram	Independent Director	4
4	Mr.Sanjay Panicker	Independent Director	3

The Audit Committee meetings were held on following dates:

24 <sup>th</sup> May, 2012	30 <sup>th</sup> Oct, 2012
10 <sup>th</sup> Aug, 2012	8 <sup>th</sup> Feb, 2013

**4. Remuneration Committee**

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

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Chairman & Managing 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 two Remuneration Committee Meetings were held on 24<sup>th</sup> May, 2012 and 8<sup>th</sup> Feb, 2013.

Details of Remuneration Paid to Chairman & Managing Director during the year:

The aggregate of salary and perquisites paid to Mr. M.K.Patodia, Chairman & Managing Director for the year ended 31<sup>st</sup> March, 2013 was Rs. 20.90 Lacs. The remuneration consisting of salary of Rs.15.00 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.5.90 lacs.

Remuneration Paid to Non-Executive Directors

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

The fees paid for the year ended 31<sup>st</sup> March, 2013 to the directors is as follows:

Name of the Director	Amount (in Rs.)
Mrs. Anjana Patodia	67500
Mr. B. L. Singhal	67500
Mr. M. R. Vikram	90000
M/s. IDBI Bank Ltd (for Nominee Director)	45000
Mr. C.George Joseph	7500

**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 22 complaints were received and resolved. There was no pending complaint as on 31<sup>st</sup> March, 2013. No request for transfer of Shares was pending as on 31<sup>st</sup> March, 2013 except electronic request for 2 nos. which were dealt with by our STA on 04-04-2013.

# GTN INDUSTRIES LIMITED

## REPORT ON CORPORATE GOVERNANCE (Contd.,)

### 6. General Body Meetings

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

Year	Location	Nature of Meeting	Date	Day	Time
2009-10	Chitkul village, Patancheru Mandal, Medak Dist., Andhra Pradesh	EGM	5 <sup>th</sup> Jan, 10	Tuesday	11.00 AM
2009-10	Chitkul village, Patancheru Mandal, Medak Dist., Andhra Pradesh	AGM	29 <sup>th</sup> July, 10	Thursday	10.15 AM
2010-11	Chitkul village, Patancheru Mandal, Medak Dist., Andhra Pradesh	AGM	27 <sup>th</sup> July, 11	Wednesday	10.15 AM
2011-12	Chitkul village, Patancheru Mandal, Medak Dist., Andhra Pradesh	AGM	10 <sup>th</sup> Aug, 12	Friday	10.30 AM

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 minimization procedures. A quarterly action taken report is submitted to the Board to ensure effective risk management.

### 10. Disclosures

- 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.
- 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**
- Whistle Blower policy and affirmation that no person has been denied access to the Audit Committee:  
The Company promotes ethical behaviour in all its business activities and has put in place mechanism of reporting illegal or unethical behaviour. Employees are free to report existing / probable violations of laws, rules, regulations or unethical conduct to their immediate supervisor / notified person. The Directors and Senior Management are obligated to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practice.

**REPORT ON CORPORATE GOVERNANCE (Contd.,)**

- 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 Shareholder(s)**

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/Surya (Regional Newspapers).

**Quarterly Results**

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

**NSE Electronic Application Processing System (NEAPS)**

The NEAPS is a web based application designed by NSE for corporates. The Shareholding Pattern, Corporate Governance Report and Audited/Un-audited Financial Results are also filed electronically on NEAPS.

**SEBI Complaints Redress System (SCORES)**

The investor complaints are processed in a centralized web based complaints redress system. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATR) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status. 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 - 400023 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 annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the listing agreement.

**14. Share Capital Audit Report**

The Company has appointed Shri V. Chandra Mowli, Practicing Company Secretary, to conduct Audit and report on Reconciliation of Share Capital of the Company for the Financial Year ended March 31, 2013, 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.

**16. General Shareholders Information****a) Annual General Meeting**

Date and time

: 1<sup>st</sup> August, 2013 at 10.30 A.M.

Venue

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

# GTN INDUSTRIES LIMITED

## REPORT ON CORPORATE GOVERNANCE (Contd..)

### b) Financial calendar (tentative)

Annual General Meeting	: Thursday, 1 <sup>st</sup> August, 2013
Results for quarter ending 30 <sup>th</sup> June 2013	: Within 45 days from end of the quarter
Results for quarter ending 30 <sup>th</sup> Sep.2013	: Within 45 days from end of the quarter
Results for quarter ending 31 <sup>st</sup> Dec. 2013	: Within 45 days from end of the quarter
Results for quarter ending 31 <sup>st</sup> Mar. 2014	: Within 45 days from end of the quarter (if Un-audited) or Within 60 days from end of the financial year (if Audited)

c) Book closure date : 27<sup>th</sup> July, 2013 to 1<sup>st</sup> August, 2013  
(Both days inclusive)

d) Dividend payment date : No dividend recommended by the  
Board for the year 2012-13.

e) Listing of Equity shares at Stock Exchanges at : BSE Limited and  
National Stock Exchange  
Annual listing fee for the year 2013-14  
has been paid to BSE and NSE.

### f) (i) STOCK CODE

Scrip Code No. Trading Symbol : BSE Limited : 500170  
National Stock Exchange : GTNIND.

ii) Demat ISIN Nos. in NSDL & CDSL : INE 537A 01013

### g) Stock Market Data

Month & Year	BSE Limited (BSE)		National Stock Exchange (NSE)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
Apr -12	11.75	9.21	12.55	9.20
May -12	10.85	8.65	9.85	8.20
Jun -12	10.30	8.53	10.05	8.25
Jul -12	10.60	8.90	10.65	9.00
Aug -12	10.40	8.26	10.45	8.20
Sep -12	9.35	8.10	9.35	8.05
Oct -12	11.00	8.65	11.00	8.55
Nov-12	10.24	8.56	10.05	8.75
Dec-12	10.20	8.60	10.00	8.90
Jan -13	12.96	9.00	12.80	8.75
Feb-13	10.50	8.11	10.40	8.30
Mar-13	9.00	6.50	9.25	6.55

### h) Registrar and Transfer Agents

**Integrated Enterprises India Ltd.**  
2<sup>nd</sup> Floor, Kences Towers, No.1  
Ramakrishna Street, North Usman Road,  
T.Nagar, Chennai – 600 017  
Ph: 044-28140801-03 Fax: 044-28142479  
E-mail: corpserve@integratedindia.in

### 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/by-laws issued by SEBI and NSDL/CDSL.

**REPORT ON CORPORATE GOVERNANCE (Contd.,)**j) i) Shareholding Pattern as on 31<sup>st</sup> March, 2013

S.No.	Category	No. of Shares	%
1.	Promoters & Associates	*13092188	74.64
2.	Indian Financial Institutions, Banks and Mutual Funds	91930	0.52
3.	Others	4356260	24.84
	<b>Total</b>	<b>17540378</b>	<b>100.00</b>

\* out of 13092188 shares, 6677100 shares were pledged to lenders with Voting Rights.

ii) Distribution of Shareholding as on 31<sup>st</sup> March, 2013

No. of Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of holding
Up to 100	20137	87.70	618140	3.52
101 – 500	1856	8.08	516441	2.94
501 – 1000	448	1.95	368696	2.11
1001 – 10000	465	2.03	1328356	7.58
10001 – 100000	46	0.20	1269145	7.23
Above 100000	9	0.04	13439600	76.62
<b>Total</b>	<b>22961</b>	<b>100.00</b>	<b>17540378</b>	<b>100.00</b>

## k) Dematerialization of Shares and liquidity

The Shares of the Company are compulsorily traded in **DEMAT** form by all categories of investors w.e.f 28<sup>th</sup> 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 **31<sup>st</sup> March, 2013**, **97.29%** Equity Shares of the Company were held in dematerialized form.

## Liquidity of Shares

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

## 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, Mahabubnagar Dist., PIN - 509 202. Andhra Pradesh.

## m) Investor Correspondence

i) For transfer / Dematerialization of shares, payment of dividend on shares and any other query relating to the shares of the Company.

i) **For shares held in Physical form :**  
Registrar & Share Transfer Agent  
ii) **For shares held in Demat form :**  
To the Depository Participants

**GTN INDUSTRIES LIMITED**

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

ii) Any query on Annual Report

**Secretarial Department,**  
**GTN INDUSTRIES LIMITED**  
Plot No.29, Nagarjuna Hills,  
Punjagutta, Hyderabad – 500 082  
Andhra Pradesh.  
Tel: 040-43407804/811  
Fax: 040-23358400  
E-mail: sharedpt@gtindustries.com  
hyd1\_patodia@gtindustries.com

The above report was adopted by Board of Directors at their meeting held on 29<sup>th</sup> May, 2013.

**AUDITORS CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT:**

**TO**

**THE MEMBERS OF  
GTN INDUSTRIES LIMITED**

1. We have examined the compliance of conditions of Corporate Governance by **GTN INDUSTRIES LIMITED** (the Company) for the year ended 31<sup>st</sup> March, 2013, as stipulated in clause 49 of the Listing Agreement entered into by the Company, with the Stock Exchanges of India.
2. The Compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. On the basis of our review and according to the information and explanations given to us and representation made by the management, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the Stock Exchanges have been complied with in all material respects by the Company.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Lodha & Co.,**  
Chartered Accountants,  
(ICAI FRN. No.301051E)

Place : Mumbai  
Date : 29<sup>th</sup> May, 2013.

**A.M.Harisharan**  
Partner  
M.No. 38323



## MANAGEMENT DISCUSSION &amp; ANALYSIS

## 1. INDUSTRY STRUCTURE &amp; DEVELOPMENTS

The Textile Industry is one of the oldest Industry in the country and plays an important role in the country's economy in terms of Industrial Production, Employment and foreign exchange earnings. The Textile Industry has achieved a good growth in last two decades in terms of installed spindles and yarn production. India's installed spindles were expanded to 49.17 million as on March, 2013, accounting for 20 per cent of world's spindleage. This could happen due to buoyant domestic and international demand, conducive Government Policies. Indian Textile sector contributes to 4% to the country's Gross Domestic Product (GDP), accounting for 14% of Industrial Production, 11% to the country's exports and also employs about 3.5 crores workers directly. In addition, this industry provides indirect employment to large number of workforce and also helps to develop many related ancillaries which generates further employment. It is the second largest employment provider after the agricultural sector.

The Indian Textile Industry faced a difficult period since 2007-08 till December 2009 due to global recession and economic conditions leading to a sharp fall in consumer demand for textile products. In addition, unprecedented hike in minimum support price of seed cotton and massive exports of raw cotton resulted in substantial high cotton prices in the domestic market.

However, the markets became buoyant during 2010-11 on account of strong export and domestic demand arising from favourable demographic factor and rapid changes in the lifestyle of consumers. But again since June 2011, the Indian textile industry has severely affected due to increase in global cotton prices, Govt policy to allow export of cotton, increase in other costs like power, interest etc., withdrawal of DEPB from Oct, 2011 and volatile exchange rates.

It is hoped that textile industry may perform better after arrival of new cotton crop in Oct- Nov 2013 since it is expected that cotton crop is likely to be higher and prices are forecasted to be relatively stable. In addition, the Govt. has proposed to restructure the repayment of loans, continuation of TUF Scheme till 31-03-2014. These are favourable indicators for the reasonable growth of textile industry in the country.

**COTTON SCENARIO**

As per the Cotton Advisory Board, cotton crop estimates for 2012-13 is 354 lac bales (containing 170 kgs of cotton per bale ) which is 5.09% lesser than last year's production of 373 lac bales. The demand/consumption excluding exports was 281 lac bales which is higher on comparison of 2011-12 consumption of 254 lac bales. Cotton exports during 2012-13 was 95 lac bales as against exports of 129.59 lac bales of 2011-12. The estimated cotton crop area for the financial year 2012-13 is 116.14 lac hectare which is lower by 4.63% of 2011-12.

After hitting a low of Rs.33,000/- per candy, cotton prices rebounded to reach higher level of Rs.40,000/- per candy. The sudden spurt in prices was attributed to CCI holding huge stocks, esp. in AP with anticipation of huge demand for export of cotton. The effect took place on kapas prices as well which sold at a high of Rs.4700/- per quintal.

Though much didn't happen and exports remained within expectations, the markets didn't roll back and remained range bound with prices in the range of Rs.38,000/- to Rs.40,000/- per candy.

As of now, both buyer and seller are lying low and not much activity is seen in trade circles. Mills are reluctant to buy huge quantities as Yarn movement is poor and their payment position is also not good. Sellers are not holding large quantities and rather are in a mood to hold whatever stock they have until monsoon rains arrive in order to offset weight shortage and also better price expectation. Availability of long staple cotton especially, 30-32mm cotton is a big concern. Lot of mills have been buying cotton on hand-to-mouth basis only, hence it is expected that cotton buying will continue to keep the market firm until new cotton comes into the market.

According to USDA's first projection for the 2013 crop, U.S. cotton production forecast is at 14.0 million bales, i.e 19 percent below the financial year 2012 crop estimate. Based on the Prospective Plantings report, 2013 cotton area is expected to be 10.0 million acres which is 19 percent down from 2012 and the lowest in four seasons.

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

**MARKETING**

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

**FOREX/EXCHANGE RISK**

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

In last 3 years exchange rate has been quite volatile. At the end of 31-3-2011 dollar rupee exchange rate was at Rs.44.71. In 2011-12, Rupee was stable during first half of the year and more volatile during second half of the year and at the end of 31-03-2012 dollar rupee exchange rate was at Rs.51.21. In 2012-13 also dollar rupee exchange rate was significantly volatile at around Rs.54.00 to Rs.56.00. The Company expects to realize its exports at current rate. However, it will have impact on import of cotton.

**2. OPPORTUNITIES, THREATS AND CONCERN**

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 in the coming season 2013-14.

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.

However, fluctuation in cotton price, exchange rates, availability of labour, increasing interest rates to contain the inflation and power are threats to the industry. Withdrawal of DEPB is another set back to the industry. Power in Andhra Pradesh is a challenge and the cost has gone up significantly.

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 high interest costs.

Your company has a system of assessing the risks on an ongoing basis. This includes an effective internal control and management reporting system. Further, the framework also captures the existing practices to manage commodity price risk, interest risk, and foreign exchange risk etc. An important aspect of this framework is to promote a balanced approach that considers risk and return.

**3. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE**

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

**4. OUTLOOK**

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

**MANAGEMENT DISCUSSION & ANALYSIS (Contd.,)****5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has a proper and adequate Internal control system to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that all transactions are authorised, recorded and reported correctly.

The internal control is supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

**6. FINANCIAL AND OPERATIONAL PERFORMANCE**

Please refer Director's Report on performance review.

**7. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS**

The Company recognizes the importance and contribution of its human resources for its growth and development and is committed to the development of its people. The company has been adopting methods and practices for Human Resources Development. With utmost respect to human values, Company served its human resources with integrity through a variety of services by using appropriate training, motivation techniques and employee welfare activities etc. Industrial relations were cordial and satisfactory except disruption in the operation due to labour unrest at yarn processing unit for 57 days during the year under review. As on 31<sup>st</sup> March 2013, the Company has about 1518 employees in its various Offices and Plants.

**8. CAUTIONARY STATEMENT**

Statements made in this report describing the Company's projections, estimates, expectations or predictions may be 'forward looking predictions' within the meaning of applicable securities laws and regulations. Actual results may differ from such estimates, projections, etc. whether expressed or implied. Factors which would make a significant difference to the Company's operations include availability of quality raw cotton, market prices, changes in Govt. regulations and tax laws, economic conditions affecting demand/ supplies and other environmental factors over which the Company does not have any control.

**INDEPENDENT AUDITORS' REPORT**

To

**The Members of  
GTN Industries Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of GTN Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year then ended and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

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

2. As required by Section 227(3) of the Act, 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 it appears from our examination of those books.
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement 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 the written representations received from the directors as on 31<sup>st</sup> March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

**For LODHA & CO.,**  
Chartered Accountants  
(ICAI FRN. No.301051E)

**A.M. Hariharan**  
Partner  
M.No.: 38323

Place : Mumbai

Date : 29<sup>th</sup> May, 2013.

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

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) As explained to us, 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.

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

- (b) The Company has taken unsecured loans by way of fixed deposits from 2 parties covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balances of such loans were Rs. 17.30 lacs and Rs. 17.30 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 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 Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been maintained. However, we have not made a detailed examination of the records with a view to determine whether these are accurate or complete.
- (ix) (a) According to the information and explanations given and records examined by us, the Company is 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:.

S.No.	Nature of dues	Amount (Rs. in lacs)	Year	Forum where the dispute is pending
1.	Duty Drawback	18.69	1998-99	Madras High Court
2.	CENVAT Claim	2.68	2010-2011	CESTAT, Bangalore
3.	Cess on Captive Generation	23.51	2004-05 to 2012-13	Andhra Pradesh High Court
4.	Sales Tax	2.56	2002-03 and 2003-04	Appellate Deputy Commissioner, Nagpur
5.	Agricultural Marketing Cess	13.75	2010-11	Andhra Pradesh High Court

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

- (x) The accumulated losses of the Company as at 31<sup>st</sup> March, 2013 are less than fifty percent of the net worth of the Company. The Company has incurred cash losses during the financial year covered by our audit but not in the immediately preceding financial year.
- (xi) Based on our audit procedures and based on the information and explanations given by the management, the Company has not defaulted in repayment of dues to banks and financial institutions except for delays ranging between 11 to 58 days in repayment of dues of Rs. 384.71 lacs to banks and financial institutions pending approval of Rework Package under CDR system as explained in Note no 26B(2) to the financial statements. However, there are no amounts outstanding against such defaults as on the balance sheet date.
- (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 (Auditors 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 outstanding at the beginning of the year and those raised during the year have been applied for the purpose for which they were raised.
- (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 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.
- (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 & Co.,**  
Chartered Accountants,  
(ICAI FRN. No.301051E)

**A.M.Hariharan**  
Partner  
M.No. 38323

Place : Mumbai  
Date : 29<sup>th</sup> May, 2013.



**GTN INDUSTRIES LIMITED**
**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013**

	NOTE	31 <sup>st</sup> March, 2013 (Rs. in Lacs)	31 <sup>st</sup> March, 2012 (Rs. in Lacs)
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	1754.96	1754.96
Reserves and Surplus	2	885.25	2521.84
<b>Non-Current Liabilities</b>			
Long Term Borrowings	3	12072.32	10912.54
Deferred Tax Liabilities (Net)	4	602.96	1065.33
<b>Current Liabilities</b>			
Short Term Borrowings	5	7648.77	7052.65
Trade Payables	6	5163.08	3388.27
Other Current Liabilities	7	1208.07	2105.98
Short Term Provisions	8	245.26	187.98
<b>TOTAL</b>		<b>29580.67</b>	<b>28989.55</b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>	9		
Tangible Assets		14355.76	15147.77
Intangible Assets		3.09	5.09
Capital Work-in-Progress		11.88	1.05
<b>Non-Current Investments</b>	10	0.05	0.05
<b>Long Term Loans and Advances</b>	11	786.66	699.90
Other Non-Current Assets	12	322.80	166.05
<b>Current assets</b>			
Inventories	13	7632.21	8899.33
Trade Receivables	14	4425.76	1919.70
Cash and Cash Equivalents	15	225.32	812.42
Short-term Loans and Advances	16	931.97	835.05
Other Current Assets	17	885.17	503.14
<b>TOTAL</b>		<b>29580.67</b>	<b>28989.55</b>
Significant accounting policies and notes on financial statements	1-26		
Notes 1 to 26 form an integral part of the financial statements			

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

**A.M. HARIHARAN**  
Partner

**C.R.GANG**  
Chief Financial Officer

**P.PRABHAKARA RAO**  
Company Secretary

Place : Mumbai  
Date : 29<sup>th</sup> May, 2013

Place : Hyderabad  
Date : 29<sup>th</sup> May, 2013

For and on behalf of the Board

**M.K.PATODIA**  
Chairman & Managing Director

**ANJANA PATODIA**

**B.L.SINGHAL**

**M.R.VIKRAM**

**SANJAY PANICKER**

**C. GEORGE JOSEPH**

Directors

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

	NOTE	For the year ended 31 <sup>st</sup> March, 2013 (Rs. in lacs)	For the year ended 31 <sup>st</sup> March, 2012 (Rs. in lacs)
I. REVENUE FROM OPERATIONS	18	42226.09	38018.48
II. OTHER INCOME	19	254.96	187.90
III. TOTAL REVENUE (I + II)		<u>42481.05</u>	<u>38206.38</u>
IV. EXPENSES			
Cost of Materials Consumed	20	17126.65	19016.54
Purchases of Stock-in-Trade	21	10611.31	7119.99
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	511.43	75.24
Employee Benefits Expense	23	3044.39	2764.50
Finance Costs	24	2137.14	1701.75
Depreciation		1517.34	1562.68
Other Expenses	25	8934.27	7478.87
TOTAL EXPENSES		<u>43882.53</u>	<u>39719.57</u>
V. PROFIT /(LOSS) BEFORE EXCEPTIONAL ITEM AND TAX (III-IV)		(1401.48)	(1513.19)
VI. Exceptional item (Refer note no.26B (3))		748.23	-
VII. PROFIT /(LOSS) BEFORE TAX (V - VI)		(2149.71)	(1513.19)
VIII. TAX EXPENSES			
Deferred Tax		(462.37)	(594.80)
Prior Years' Income Tax adjustments		(56.22)	-
IX. PROFIT /(LOSS) FOR THE YEAR (VII -VIII)		<u>(1631.12)</u>	<u>(918.39)</u>
X. Earnings per equity share of face value of Rs 10 each. Basic & Diluted (in Rupees )	26B-8	(9.30)	(5.24)
Significant accounting policies and notes on financial statements	1-26		
Notes 1 to 26 form an integral part of the financial statements			

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

**A.M. HARIHARAN**  
Partner

Place : Mumbai  
Date : 29<sup>th</sup> May, 2013

**C.R.GANG**  
Chief Financial Officer

**P.PRABHAKARA RAO**  
Company Secretary

Place : Hyderabad  
Date : 29<sup>th</sup> May, 2013

For and on behalf of the Board

**M.K.PATODIA**  
Chairman & Managing Director

**ANJANA PATODIA**

**B.L.SINGHAL**

**M.R.VIKRAM**

**SANJAY PANICKER**

**C. GEORGE JOSEPH**

} Directors

**GTN INDUSTRIES LIMITED**
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
	Number	(Rs. in Lacs)	Number	(Rs. in Lacs)
<b>1 SHAREHOLDERS' FUNDS</b>				
<b>SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
Equity Shares of Rs. 10 each	20000000	2000.00	20000000	2000.00
Redeemable Preference Shares of Rs. 100 each	3500000	3500.00	3500000	3500.00
		<u>5500.00</u>		<u>5500.00</u>
<b>ISSUED SHARE CAPITAL</b>				
Equity Shares of Rs. 10 each	17558778	1755.88	17558778	1755.88
<b>SUBSCRIBED &amp; FULLY PAID SHARE CAPITAL</b>				
Equity Shares of Rs. 10 each	17558778	1755.88	17558778	1755.88
Less : Forfeited shares				
Equity shares of Rs. 10 each; paid thereon Rs.5	18400	0.92	18400	0.92
<b>TOTAL</b>	<b>17540378</b>	<b>1754.96</b>	<b>17540378</b>	<b>1754.96</b>

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

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

Particulars	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
	Number	Rs. Lacs	Number	Rs. Lacs
Shares at the beginning of the year	17540378	1754.96	17540378	1754.96
Shares outstanding at the end of the year	17540378	1754.96	17540378	1754.96

b) As stipulated by CDR-EG, the promoters have pledged their 51% shareholding i.e., 6677100 Equity Shares in favour of the lenders.

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

Name of Shareholder	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Emkaypee Investments Pvt. Limited	2630574	15.00%	2630574	15.00%
Mahendra Kumar Patodia	1986713	11.33%	1986713	11.33%
Mahendra Kumar Patodia (HUF)	1112104	6.34%	1112104	6.34%
JEL Finance and Investments Limited	4800000	27.37%	4800000	27.37%
GTN Engineering (India) Limited	1365585	7.79%	1365585	7.79%

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH, 2013 (Contd.,)		
	As at 31 <sup>st</sup> March, 2013 (Rs. in Lacs)	As at 31 <sup>st</sup> March, 2012 (Rs. in Lacs)
<b>2 SHAREHOLDERS' FUNDS</b>		
<b>RESERVES &amp; SURPLUS</b>		
(a) <b>SECURITIES PREMIUM ACCOUNT</b>		
As per last Balance Sheet	1112.08	1112.08
(b) <b>REVALUATION RESERVE</b>		
As per last Balance Sheet	37.76	48.94
Less : Transfer to Profit & Loss account	5.47	10.43
Less : Withdrawals on Fixed Assets sold/discarded	-	0.75
	<u>32.29</u>	<u>37.76</u>
(c) <b>GENERAL RESERVE</b>		
As per last Balance Sheet	717.86	717.86
Less: Set-off against the losses	<u>717.86</u>	-
	-	<u>717.86</u>
(d) <b>AMALGAMATION RESERVE</b>		
As per last Balance Sheet	<u>621.49</u>	<u>621.49</u>
	<u>621.49</u>	<u>621.49</u>
(e) <b>SURPLUS</b>		
As per last Balance Sheet	32.65	951.04
Add : Net Profit/(Net Loss) for the current year	(1631.12)	(918.39)
Less: Set-off against General Reserve	<u>717.86</u>	-
Closing Balance	<u>(880.61)</u>	<u>32.65</u>
<b>TOTAL</b>	<u>885.25</u>	<u>2521.84</u>
<b>3 NON CURRENT LIABILITIES</b>		
<b>LONG TERM BORROWINGS</b>		
<b>SECURED</b>		
(a) <b>Term Loans</b>		
- from Banks	7549.73	7610.09
- from Other Party	4334.97	4129.92
(i) Term loans are secured by first charge on immovable assets (except those mentioned in para (ii) below), both present and future, by way of equitable mortgage and hypothecation of movable fixed assets of the Company and further secured by way of a second charge, on the current assets as mentioned in Note 5 below, present and future, ranking paripassu, inter-se among the term lenders. These loans are guaranteed personally by the Managing Director and also secured by pledge of equity shares to the extent of 51% of promoters' holding. Term loans are repayable in quarterly installments. Interest Rate for the loans from Banks is 10% p.a to 15% p.a (Previous Year 10% p.a to 15% p.a) and for loan from Other Party is 8% p.a to 14% p.a (Previous Year 8% p.a to 14% p.a).		
(ii) One of the term loans amounting to Rs. 1240 lacs (Previous Year Rs. 1240 lacs) availed from a Bank is secured on exclusive charge basis on the specific machinery financed out of the said loan. It is repayable in quarterly installments. Interest Rate-14.75% p.a (Previous Year 14.75% p.a). Less : Current Maturities of Long-term Debts (Refer Note 7)	<u>745.40</u>	<u>1811.11</u>
	<u>11139.30</u>	<u>9928.90</u>
<b>UNSECURED</b>		
<b>DEFERRED PAYMENT LIABILITIES</b>		
Sales Tax Deferment Loan	983.64	1,011.47
(Interest free, repayable in yearly installments of varying amounts by August, 2023)		
Less : Current Maturities of Long-term Debt (Refer Note 7)	<u>50.62</u>	<u>27.83</u>
	<u>933.02</u>	<u>983.64</u>
<b>TOTAL</b>	<u>12072.32</u>	<u>10912.54</u>

GTN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH, 2013 (Contd.,)		
	As at 31 <sup>st</sup> March, 2013 (Rs. in Lacs)	As at 31 <sup>st</sup> March, 2012 (Rs. in Lacs)
<b>4 DEFERRED TAX LIABILITY (NET)</b>		
DEFERRED TAX LIABILITY		
Depreciation	2346.84	2402.06
Others	13.20	19.43
DEFERRED TAX ASSETS*		
Unabsorbed Depreciation/Business Losses	(1757.08)	(1356.16)
<b>TOTAL</b>	<b>602.96</b>	<b>1065.33</b>
*Refer Note 26B(4)		
<b>5 CURRENT LIABILITIES</b>		
<b>SHORT TERM BORROWINGS</b>		
<b>SECURED</b>		
<b>WORKING CAPITAL LOANS</b>	7602.57	6987.95
Working Capital Loans stated above and Non-Fund Based limits of Rs. 2324.02 lacs (Previous Year Rs. 2234.42 lacs) are secured by a first charge by way of hypothecation of current assets of the Company, both present and future and by way of second charge on the fixed assets mentioned in Note 3(a) (i) and 3(a)(ii) above, ranking paripassu, inter-se among working capital banks. These loans/Non-fund based facilities are further guaranteed by Managing Director and also secured by pledge of Equity Shares to the extent of 51% of promoters' holding-Interest on Packing Credit in Foreign Currency - 3% p.a. to 4% p.a. (Previous Year 3% p.a. to 4% p.a.) and Interest on Rupee Working Capital-12% p.a. to 14% p.a. (Previous Year 12% p.a. to 14% p.a.).		
<b>UNSECURED</b>		
<b>Public Deposits (Repayable on demand) :</b>		
from Directors	3.70	3.40
from Others	42.50	61.30
<b>TOTAL</b>	<b>7648.77</b>	<b>7052.65</b>
<b>6 CURRENT LIABILITIES</b>		
<b>TRADE PAYABLES</b>		
Micro, Small and Medium Enterprises*	-	-
Others	5163.08	3388.27
<b>TOTAL</b>	<b>5163.08</b>	<b>3388.27</b>
*Refer Note No. 26B(9)		
<b>7 Current Liabilities</b>		
<b>Other Current Liabilities</b>		
(a) Current maturities of long-term debt:(Refer Note.3)		
Term Loan - from Banks	509.64	1260.21
from Others	235.76	550.90
Sales Tax Deferment Loan	50.62	27.83
(b) Unpaid Dividend*	5.97	9.51
(c) Interest Accrued but not Due	19.50	19.44
(d) Other Payables:		
Statutory Dues	200.37	144.11
Advances from Customers	186.21	93.96
<b>TOTAL</b>	<b>1208.07</b>	<b>2105.98</b>
* These figures do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.		

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013 (Contd.,)

					As at 31 <sup>st</sup> March, 2013 (Rs. in Lacs)		As at 31 <sup>st</sup> March, 2012 (Rs. in Lacs)	
<b>8 CURRENT LIABILITIES</b>								
<b>SHORT TERM PROVISIONS</b>								
(a) Provision for Employee Benefits								
Compensated Absences					24.84		25.51	
Gratuity					160.72		107.47	
(b) Others								
Provision for Tax								
(Net of Advance Tax and TDS of Rs.108.90 lacs; Previous Year Rs.113.63 lacs)					59.31		54.59	
Provision for Wealth Tax					0.39		0.41	
<b>TOTAL</b>					<b>245.26</b>		<b>187.98</b>	

**9 NON CURRENT ASSETS**  
**FIXED ASSETS**  

(Rs. in lacs)

	GROSS BLOCK (At Cost or Book Value)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2012	Additions	Deductions/ Adjustments	As at 31.03.2013	As at 01.04.2012	For the year	Deductions/ Adjustments	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
(a) Tangible Assets										
Land-Freehold	90.88	-	-	90.88	-	-	-	-	90.88	90.88
Buildings	5453.22	-	-	5453.22	2697.68	174.52	-	2,872.20	2581.02	2755.54
Plant and Equipment	24331.48	762.55	329.12	24764.91	12912.70	1218.24	268.95	13861.99	10902.92	11418.78
Electrical Installations	2027.69	5.38	0.87	2032.20	1304.82	96.55	0.31	1401.06	631.14	722.87
Furniture and Fixtures	246.62	6.12	1.15	251.59	165.21	12.12	0.67	176.66	74.93	81.41
Vehicles	187.01	16.42	4.23	199.20	108.72	19.38	3.77	124.33	74.87	78.29
<b>Total</b>	<b>32336.90</b>	<b>790.47</b>	<b>335.37</b>	<b>32792.00</b>	<b>17189.13</b>	<b>1520.81</b>	<b>273.70</b>	<b>18436.24</b>	<b>14355.76</b>	<b>15147.77</b>
(b) Intangible Assets										
Software	254.39	-	-	254.39	249.30	2.00	-	251.30	3.09	5.09
<b>Total</b>	<b>254.39</b>	<b>-</b>	<b>-</b>	<b>254.39</b>	<b>249.30</b>	<b>2.00</b>	<b>-</b>	<b>251.30</b>	<b>3.09</b>	<b>5.09</b>
<b>Total (a) + (b)</b>	<b>32591.29</b>	<b>790.47</b>	<b>335.37</b>	<b>33046.39</b>	<b>17438.43</b>	<b>1522.81</b>	<b>273.70</b>	<b>18687.54</b>	<b>14358.85</b>	<b>15152.86</b>
<b>Previous Year Totals</b>	<b>31325.66</b>	<b>1455.63</b>	<b>190.00</b>	<b>32591.29</b>	<b>15993.20</b>	<b>1573.11</b>	<b>127.88</b>	<b>17438.43</b>	<b>15152.86</b>	<b>-</b>
(c) Capital Work in Progress										
Plant and Equipment under installation									11.88	1.05

		As at 31 <sup>st</sup> March, 2013 (Rs. in Lacs)	As at 31 <sup>st</sup> March, 2012 (Rs. in Lacs)
<b>10 Non Current Assets</b>			
<b>Non Current Investments</b>			
<b>NON-TRADE INVESTMENTS</b>			
- In Government Securities (Unquoted)			
6% National Savings Certificates*		0.05	0.05
<b>TOTAL</b>		<b>0.05</b>	<b>0.05</b>

\*Pledged with Sales Tax authorities

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH, 2013 (Contd.,)		
	As at 31 <sup>st</sup> March, 2013 (Rs. in Lacs)	As at 31 <sup>st</sup> March, 2012 (Rs. in Lacs)
<b>11. NON CURRENT ASSETS</b>		
<b>LONG TERM LOANS AND ADVANCES</b>		
UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED		
(a) Capital Advances	27.83	21.47
(b) Security Deposits		
Electricity Deposits	344.82	266.73
Other Deposits	5.28	3.77
(c) MAT Credit Entitlement	401.94	401.94
(d) Other Loans and Advances:		
Prepaid Expenses	6.79	5.99
<b>TOTAL</b>	<b>786.66</b>	<b>699.90</b>
<b>12. NON CURRENT ASSETS (OTHER NON CURRENT ASSETS)</b>		
VAT Receivable	337.07	159.14
Less: Shown under Other Current Assets (Note 17)	(21.18)	-
Margin Money Deposits with a maturity period of more than 12 months	6.91	6.91
<b>TOTAL</b>	<b>322.80</b>	<b>166.05</b>
<b>13. CURRENT ASSETS</b>		
<b>INVENTORIES</b> (Valued at lower of cost and net realisable value)		
Raw Materials	4366.53	5108.15
Work-in-Progress	1126.86	940.66
Finished Goods	1712.50	2482.15
Traded Goods	219.58	156.25
Waste Stock	54.13	45.44
Stores and Spares	152.61	166.68
<b>TOTAL</b>	<b>7632.21</b>	<b>8899.33</b>
<b>14. CURRENT ASSETS</b>		
<b>TRADE RECEIVABLES</b>		
(Outstanding exceeding 6 months from the due date)		
Unsecured, considered good	294.58	29.37
Unsecured, considered doubtful	21.97	17.15
Less: Provision for Doubtful Debts	(21.97)	(17.15)
	294.58	29.37
<b>OTHERS</b>		
Unsecured, considered good	4131.18	1890.33
<b>TOTAL</b>	<b>4425.76</b>	<b>1919.70</b>
<b>15. CURRENT ASSETS</b>		
<b>CASH AND BANK BALANCES</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
(a) Balances with Banks:		
In Current Accounts	36.54	60.83
In Unpaid Dividend Accounts	5.97	9.51
(b) Cash on hand	11.80	8.57
<b>OTHERS</b>		
(a) Deposits with original maturity of less than 12 months	14.67	37.26
(b) Margin Money Deposits with original maturity of less than 12 months	156.34	696.25
<b>TOTAL</b>	<b>225.32</b>	<b>812.42</b>



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH, 2013 (Contd.,)		
	As at 31 <sup>st</sup> March, 2013 (Rs. in Lacs)	As at 31 <sup>st</sup> March, 2012 (Rs. in Lacs)
<b>16 CURRENT ASSETS</b>		
<b>SHORT TERM LOANS AND ADVANCES</b>		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	393.85	457.28
Advances to Suppliers	61.39	36.53
Excise/Service Tax/Sales Tax Receivable	476.73	323.73
Deposits	-	17.51
<b>TOTAL</b>	<b>931.97</b>	<b>835.05</b>
<b>17 CURRENT ASSETS</b>		
<b>OTHER CURRENT ASSETS</b>		
(a) Export Incentive Receivable	594.05	230.74
(b) Interest Rebate Receivable	251.10	229.97
(c) Interest accrued on Deposits/Investments	30.36	32.74
(d) Fixed Assets held for Disposal	9.66	9.69
<b>TOTAL</b>	<b>885.17</b>	<b>503.14</b>
	<b>For the Year Ended 31<sup>st</sup> March, 2013 (Rs. in Lacs)</b>	<b>For the Year Ended 31<sup>st</sup> March, 2012 (Rs. in Lacs)</b>
<b>18 REVENUE FROM OPERATIONS</b>		
Sale of Products		
(i) Manufactured Goods	28666.65	27526.17
(ii) Traded Goods	11124.37	7810.00
Other Operating Revenues		
(i) Export Incentives	770.04	1172.23
(ii) Waste Sales	1665.03	1510.08
<b>TOTAL</b>	<b>42226.09</b>	<b>38018.48</b>
<b>19 OTHER INCOME</b>		
Interest Income	167.90	85.50
Profit on Sale of Fixed Assets	-	38.66
Insurance Claims	19.93	19.37
Provision no longer required written back	10.83	31.11
Miscellaneous Income	56.30	13.26
<b>TOTAL</b>	<b>254.96</b>	<b>187.90</b>
<b>20 COST OF MATERIALS CONSUMED</b>		
Opening Stock	5108.15	5397.04
Add: Purchases	16385.03	18727.65
Less: Closing Stock	4366.53	5108.15
<b>TOTAL</b>	<b>17126.65</b>	<b>19016.54</b>
<b>Particulars of Materials Consumed</b>		
Cotton	13360.67	15177.54
Yarn	3765.98	3839.00
<b>TOTAL</b>	<b>17126.65</b>	<b>19016.54</b>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013 (Contd.,)

	For the Year Ended 31 <sup>st</sup> March, 2013 (Rs. in Lacs)	For the Year Ended 31 <sup>st</sup> March, 2012 (Rs. in Lacs)
<b>21 PURCHASES OF STOCK IN TRADE</b>		
Cotton Yarn	10611.31	7119.99
<b>TOTAL</b>	<u>10611.31</u>	<u>7119.99</u>
<b>22 CHANGES IN INVENTORY</b>		
<b>Opening Stock:</b>		
Finished Goods	2638.40	2616.56
Work-in-Progress	940.66	1038.87
Waste Stock	45.44	44.31
<b>SUB TOTAL</b>	<u>3624.50</u>	<u>3699.74</u>
<b>Closing Stock:</b>		
Finished Goods	1932.08	2638.40
Work-in-Progress	1126.86	940.66
Waste Stock	54.13	45.44
<b>SUB TOTAL</b>	<u>3113.07</u>	<u>3624.50</u>
<b>TOTAL</b>	<u>511.43</u>	<u>75.24</u>
<b>23 EMPLOYEE BENEFITS EXPENSE</b>		
(a) Salaries and Incentives	2609.40	2382.42
(b) Contributions to Provident and Other Funds	268.03	237.63
(c) Staff Welfare Expenses	166.96	144.45
<b>TOTAL</b>	<u>3044.39</u>	<u>2764.50</u>
<b>24 FINANCE COST</b>		
Interest Expense	2067.50	1667.89
Other Borrowing Costs	69.64	33.86
<b>TOTAL</b>	<u>2137.14</u>	<u>1701.75</u>
<b>25 OTHER EXPENSES</b>		
<b>MANUFACTURING EXPENSES:</b>		
Consumption of Stores and Spare Parts	1471.94	1660.08
Power and Fuel	4373.68	3097.79
Processing Charges	99.02	70.53
Other Manufacturing and Operating expenses	101.49	100.04
Repairs to Buildings	85.25	103.37
Repairs to Machinery	454.72	274.25
<b>SUB TOTAL</b>	<u>6586.10</u>	<u>5306.06</u>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013 (Contd.,)**

	For the Year Ended 31 <sup>st</sup> March, 2013 (Rs. in Lacs)	For the Year Ended 31 <sup>st</sup> March, 2012 (Rs. in Lacs)
<b>ADMINISTRATION AND OTHER EXPENSES:</b>		
Rent	10.81	9.63
Insurance	101.82	93.11
Rates and Taxes	61.81	56.03
Advertisement	0.76	4.28
Commission to Selling Agents	532.68	561.56
Freight Forwarding and Other Expenses	984.24	841.10
Legal & Professional charges	54.29	38.10
Donation	0.21	0.54
Payment to Auditors#	10.49	9.17
Loss on Sale of assets	16.30	-
Loss on Foreign Exchange Fluctuations (Net)	106.80	123.08
Miscellaneous Expenses	467.96	436.21
<b>SUB TOTAL</b>	<b>2348.17</b>	<b>2172.81</b>
<b>TOTAL</b>	<b>8934.27</b>	<b>7478.87</b>
<b># PAYMENTS TO AUDITORS:-</b>		
- for Statutory Audit	4.00	4.00
-for Tax Audit	0.75	0.75
-for other services	3.73	2.99
-for Out of Pocket Expenses	2.01	1.43
<b>TOTAL</b>	<b>10.49</b>	<b>9.17</b>

**NOTES FORMING PART OF ACCOUNTS**

**Note 26**

GTN Industries Limited has its Registered Office at Chitkul Village, Palancheru Mandal, Medak District, Andhra Pradesh. It is engaged in the business of Spinning, Doubling, Processing and Knitting of Yarn. It has production facilities in the state of Andhra Pradesh and Maharashtra.

**A) SIGNIFICANT ACCOUNTING POLICIES**

**1) 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 recognizes 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 recognized prospectively.

**2) FIXED ASSETS**

- (i) All fixed assets are stated at cost net of CENVAT / Value Added Tax 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 Statement of Profit and Loss whenever the carrying amount of such assets exceeds its recoverable amount.

**3) INVESTMENTS**

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

**4) INVENTORIES**

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

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

**5) SALES**

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

**6) BORROWING COST**

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

**7) DEPRECIATION**

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

**NOTES FORMING PART OF ACCOUNTS (Contd.,)**

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 31<sup>st</sup> 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.

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

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

**b) Superannuation**

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

**c) Gratuity**

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

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

**9) FOREIGN CURRENCY TRANSACTIONS**

Transactions 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 Statement of Profit and Loss. 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 Statement of Profit and Loss.

**10) TAXATION**

Income tax expenses comprise current tax (i.e., amount of tax for the year determined in accordance with the income tax law) and deferred tax charges or credit (reflecting the tax effects of timing differences between accounting income and taxable income of the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax on assets are recognised and carried forward only if there is a virtual / reasonable certainty of realization of such assets in near future and are reviewed for their appropriateness of their respective carrying value at each Balance Sheet date. Tax credit is recognized in respect of Minimum Alternate Tax (MAT) paid in terms of Section 115JAA of the Income Tax Act, 1961 based on convincing evidence that the Company will pay normal tax within the statutory time frame and the same is reviewed at each Balance Sheet date.

**11) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

**NOTES FORMING PART OF ACCOUNTS** (Contd.,)**B) Other Notes**

- 1) a) In the opinion of the Management, assets other than Fixed assets and Non-current investments have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet. The provision for depreciation and all other known liabilities is adequate and not in excess of the amount reasonably necessary.
- b) Certain balances in Trade Payables, Trade Receivables and Short Term Loans and advances are subject to confirmations, reconciliation and adjustments. In the opinion of the Management, adjustments, if any, on such confirmations/reconciliations will not have material impact on the Loss for the year.
- 2) CDR-Cell vide its letter dated 28<sup>th</sup> March, 2013 communicated the approval of Rework Package for Restructuring of Debt stipulating the Cut-Off Date (COD) as July 1, 2012. As per the Package, the lenders are to be compensated by way of upfront payment of Rs. 296 lakhs on account of Net Present Value (NPV) of sacrifice. Pending approval and implementation of the Package, there were delays in repayment of dues to Banks and Financial Institutions during the relevant period.
- 3) Exceptional Items comprise of:
  - i) Rs. 296 lacs being NPV of sacrifice for the entire repayment period of term loans covered by 'Rework Package' approved under CDR System.
  - ii) Rs. 453 lacs towards provision /payment of Fuel Surcharge Adjustment (FSA) imposed by Central Power Distribution Company of A.P. Limited for earlier years.
- 4) The Company has recognized deferred tax asset on the basis of export/local sale orders on hand resulting in adequate future profits. Thus, management is virtually certain that sufficient future taxable income would be available against which brought forward business losses and unabsorbed depreciation would be setoff.
- 5) a) Contingent Liabilities and commitments (to the extent not provided for):
  - i) Contingent Liabilities
 

Disputed Drawback and Excise Duty (including interest up to the date of demand): Rs.22.04 lacs (Previous Year Rs. 22.04 lacs).

Others: Rs.103 lacs (Previous Year Rs. 105.32 lacs).
  - ii) Commitments
 

Estimated amount of contracts remaining to be executed on capital account and are not provided for: Rs. 305.11 lacs (Previous Year Rs. 241.51 lacs); net of advances of Rs. 27.83 lacs (Previous Year Rs. 21.47 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.

i) The following are the contracts entered into by the Company and outstanding at the year end:

**Forward Exchange Contracts outstanding:**

Particulars	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2012
No. of Contracts	29	12
Type	Sell	Sell
US \$ Equivalent (Lacs)	70.06	27.05
INR Equivalent(Lacs)	3859.17	1366.34

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

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

Particulars	31 <sup>st</sup> March, 2013			31 <sup>st</sup> March, 2012		
	Currency	Equivalent (Lacs)	INR Equivalent (Lacs)	Currency	Equivalent (Lacs)	INR Equivalent (Lacs)
Loans & Advances	USD	0.004	0.24	USD	0.61	31.28
	EURO	0.005	0.32	EURO	0.05	3.24
	CHF	0.03	1.51	CHF	-	-
	JPY	6.60	3.38			

**NOTES FORMING PART OF ACCOUNTS (Contd.,)****II. Amounts payable in foreign currency on account of the following :**

Particulars	31 <sup>st</sup> March, 2013			31 <sup>st</sup> March, 2012		
	Currency	FC Amount (Lacs)	Rupee Equivalent (Lacs)	Currency	FC Amount (Lacs)	Rupee Equivalent (Lacs)
Purchase of goods/ Services	USD	31.25	1696.20	USD	25.87	1324.89
	EURO	3.81	264.80	EURO	0.05	3.24
Loans payable (PCFC)	USD	23.65	1283.95	USD	36.86	1887.89

**6) Value of Imports on CIF basis in respect of: (Rs. in Lacs)**

Particulars	For the Year ended 31 <sup>st</sup> March, 2013	For the Year ended 31 <sup>st</sup> March, 2012
Raw Materials	4828.03	7528.99
Stores	75.50	83.38
Capital Goods	627.20	361.18
<b>TOTAL</b>	<b>5530.73</b>	<b>7973.55</b>

**7) (a) Expenditure in Foreign Currency on account of: (Rs. in Lacs)**

Particulars	For the Year ended 31 <sup>st</sup> March, 2013	For the Year ended 31 <sup>st</sup> March, 2012
Agents' Commission	281.68	359.90
Others	42.91	51.27
<b>TOTAL</b>	<b>324.59</b>	<b>411.17</b>

**(b) Earnings in Foreign Exchange: (Rs. in Lacs)**

Particulars	For the Year ended 31 <sup>st</sup> March, 2013	For the Year ended 31 <sup>st</sup> March, 2012
Export of goods calculated on FOB basis	22994.16	21327.03

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

Particulars		31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2012
<b>Numerator :</b>			
Net Profit/(Loss) as disclosed in Statement of Profit & Loss		(1631.12)	(918.39)
Net Profit/(Loss) attributable to the Equity Shareholders		(1631.12)	(918.39)
<b>Denominator :</b>			
Weighted average no. of Equity Shares	Nos.	17540378	17540378
Basic and diluted Earnings Per Share (face value of Rs.10 each)			
Before Exceptional Items	Rs.	(5.03)	(5.24)
After Exceptional Items	Rs.	(9.30)	(5.24)

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



**NOTES FORMING PART OF ACCOUNTS (Contd.,)****10) Imported and Indigenous Materials Consumed:**

Particulars	For the Year ended 31 <sup>st</sup> March, 2013		For the Year ended 31 <sup>st</sup> March, 2012	
	Rs. in Lacs	%	Rs. in Lacs	%
Raw Materials :				
Imported	5264.71	30.94	4568.25	24.02
Indigenous	11861.94	69.06	14448.29	75.98
<b>TOTAL</b>	<b>17126.65</b>	<b>100.00</b>	<b>19016.54</b>	<b>100.00</b>
Components and Spare Parts:				
Imported	59.91	4.07	107.03	4.07
Indigenous	1412.03	95.93	1553.05	95.93
<b>TOTAL</b>	<b>1471.94</b>	<b>100.00</b>	<b>1660.08</b>	<b>100.00</b>

**11) 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  
Purav Trading Limited  
GTN Engineering (India) Limited

**ii) Key Management Personnel and Enterprises****(Having Common Key Management Personnel or their relatives)****Key Management Personnel**

Shri M.K. Patodia - Chairman &amp; Managing Director

**Enterprises / Entities having common Key Management Personnel**

Patcot Company  
Perfect Cotton Co.  
Standard Cotton Corporation

**iii) Relatives of Key Management Personnel and their entities**

Smt. Bimla Devi Chowdhary - Sister  
Smt. Sharada Devi Chowdhary - Sister

**B) During the year following transactions were carried out with related parties:****(Rs. in lacs)**

S. No.	Nature of Transactions	Associates	Key Management Personnel	Enterprises / Relatives of Key Management Personnel
1.	<b>Sales, Service and other Income:</b>			
	Perfect Knitters Limited	278.70 (142.58)	- (-)	- (-)
	Imperial Garments Limited	453.06 (522.82)	- (-)	- (-)
	<b>TOTAL</b>	<b>731.76</b> <b>(665.40)</b>	<b>-</b> <b>(-)</b>	<b>-</b> <b>(-)</b>
2.	<b>Purchase of Goods and Services:</b>			
	Purav Trading Limited	527.79 (13.88)	- (-)	- (-)
	Imperial Garments Limited	10.99 (0.21)	- (-)	- (-)
	Perfect Cotton Co.	- (-)	- (-)	546.70 (58.90)

**NOTES FORMING PART OF ACCOUNTS (Contd.,)**

	GTN Engineering (India) Limited	31.05 (-)	- (-)	- (-)
	Standard Cotton Corporation	- (-)	- (-)	1389.04 (409.68)
	Perfect Knitters Limited	1.89 (3.59)	- (-)	- (-)
	<b>TOTAL</b>	<u>571.72</u> (17.68)	<u>-</u> (-)	<u>1935.74</u> (468.58)
3.	<b>Interest Paid on Fixed Deposits:</b>			
	Smt. Sharada Devi Chowdhary	- (-)	- (-)	0.76 (0.70)
	Smt. Bimla Devi Chowdhary	- (-)	- (-)	0.99 (0.95)
	<b>TOTAL</b>	<u>-</u> (-)	<u>-</u> (-)	<u>-1.75</u> (1.65)
4.	Managerial Remuneration Mr. M.K. Patodia	- (-)	20.57 (19.66)	- (-)
5.	<b>Fixed Deposits taken:</b>			
	Smt. Sharada Devi Chowdhary	- (-)	- (-)	3.50 (4.30)
	Smt. Bimla Devi Chowdhary	- (-)	- (-)	10.00 (-)
	<b>TOTAL</b>	<u>-</u> (-)	<u>-</u> (-)	<u>13.50</u> (4.30)
6.	<b>Fixed Deposits Repaid:</b>			
	Smt. Sharada Devi Chowdhary	- (-)	- (-)	3.00 (4.30)
	Smt. Bimla Devi Chowdhary	- (-)	- (-)	10.00 (-)
	<b>TOTAL</b>	<u>-</u> (-)	<u>-</u> (-)	<u>13.00</u> (4.30)

**(C) Outstanding balances as on 31<sup>st</sup> March, 2013****(Rs. in lacs)**

S. No.	Nature of Transactions	Associates	Key Management Personnel	Enterprises / Relatives of Key Management Personnel
1.	<b>In respect of Sales, Service and other income:</b>			
	Perfect Knitters Limited	316.32 (68.32)	- (-)	- (-)
	Imperial Garments Limited	379.92 (319.15)	- (-)	- (-)
	<b>TOTAL</b>	<u>696.24</u> (387.47)	<u>-</u> (-)	<u>-</u> (-)
2.	<b>Loans Received: (Fixed Deposits)</b>			
	Smt. Sharada Devi Chowdhary	- (-)	- (-)	7.30 (7.30)
	Smt. Bimla Devi Chowdhary	- (-)	- (-)	10.00 (10.00)
	<b>TOTAL</b>	<u>-</u> (-)	<u>-</u> (-)	<u>17.30</u> (17.30)
3.	Guarantees given by: Mr.M.K.Patodia	- (-)	20571.28 ( 19722.38 )	- (-)

**NOTES FORMING PART OF ACCOUNTS (Contd.,)****Notes:**

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

**12) Employee Benefit Plans**

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

**Reconciliation of Benefit Obligations and Planned Assets:****(Rs. in lacs)**

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>1. Change in Defined obligation</b>		
Obligation at the beginning of the year	370.84	320.03
Interest cost	29.67	25.60
Current Service cost	22.50	20.81
Benefits paid	16.78	19.40
Actuarial (gain)/loss in obligations	47.46	23.80
Obligation at year end	453.68	370.84
<b>2. Change in Fair value of Planned Assets</b>		
Fair value of planned assets at the beginning of the year	263.38	216.42
Expected return on the planned assets	24.10	21.71
Contributions by the employer	22.26	44.65
Benefits paid	16.78	19.40
Actuarial gain/(loss) on planned assets	-	-
Fair value of planned assets at year end	292.96	263.38
<b>3. Reconciliation of Present Value of the obligation and the Fair value of the Planned Assets</b>		
Liability at year-end	453.68	370.84
Fair value of planned assets at year-end	292.96	263.38
Liability recognized in the balance sheet	160.72	107.46
<b>4. Assumptions</b>		
Discount Rate	8%	8%
Expected Rate of Return on planned assets	8%	8%
Salary Escalation Rate	4% to 6%	4% to 6%

With respect to compensated absences (leave entitlements), liability recognized in the Balance Sheet as on March 31, 2013 is Rs 24.84 lacs (Previous Year Rs.25.51 lacs).

- 13) In terms of Accounting Standard 17, the Company operates materially only in one business segment viz., yarn and has its production facilities and all other assets located in India. Sales to external customers comprise export sales of Rs. 23501.47 lacs (Previous Year Rs. 21767.61 lacs) and local sales of Rs. 17754.19 lacs (Previous Year Rs. 14948.07 lacs).
- 14) a) Certain Land, Buildings, Plant & Machinery and Electrical Installations were revalued as on 31<sup>st</sup> 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:

**(Rs. in lacs)**

Particulars	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
Land	14.62	14.62
Buildings	407.46	407.46
Plant & Machinery	1254.67	1257.76
Electrical Installations	168.60	168.60

**NOTES FORMING PART OF ACCOUNTS (Contd.,)**

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

(Rs. in lacs)

Name	Rate of Interest	Amount outstanding		No. of Equity shares held in the Company	
		As on 31st March, 2013	Maximum outstanding during the year	As on 31st March, 2013	Maximum during the year
Employees (as per the general policy of the Company)	(NIL) (NIL)	8.50 (11.95)	20.04 (25.19)	-	-

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

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

For and on behalf of the Board

**M.K.PATODIA**

Chairman & Managing Director

**ANJANA PATODIA**

**B.L.SINGHAL**

**M.R.VIKRAM**

**SANJAY PANICKER**

**C. GEORGE JOSEPH**

} Directors

**C.R.GANG**

Chief Financial Officer

**P.PRABHAKARA RAO**

Company Secretary

Place: Hyderabad

Date : 29<sup>th</sup> May, 2013

**GTN INDUSTRIES LIMITED**

<b>CASH FLOW STATEMENT</b>	<b>For the year ended 31<sup>st</sup> March, 2013 (Rs. in lacs)</b>	<b>For the year ended 31<sup>st</sup> March, 2012 (Rs. in lacs)</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT/(LOSS) BEFORE TAX</b>	<b>(2149.71)</b>	<b>(1513.19)</b>
Adjustments for:		
Depreciation	1517.34	1562.68
Interest Charged	2432.81	1701.75
Loss/(Gain) on sale of assets	16.30	(38.66)
Provision for Doubtful Debts	-	-
Sundry Balances written back	(10.83)	(31.11)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>1805.91</b>	<b>1681.47</b>
Adjustment for:		
Trade and other receivables	(3172.10)	1774.35
Inventories	1267.12	383.03
Trade Payables	1977.04	(607.00)
<b>CASH FLOW FROM OPERATIONS</b>	<b>1877.97</b>	<b>3231.85</b>
Direct taxes paid	-	(20.00)
<b>NET CASH FLOW FROM OPERATIONS</b>	<b>1877.97</b>	<b>3211.85</b>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>1877.97</b>	<b>3211.85</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(790.47)	(1028.48)
Sale of Fixed Assets	45.17	99.57
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(745.30)</b>	<b>(928.91)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings (Net)	144.69	(795.05)
Proceeds from Hire Purchase Borrowings (Net)	-	(0.82)
Proceeds from Short Term Borrowings (Net)	568.29	0.21
Interest paid	(2432.75)	(1709.26)
<b>NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>(1719.77)</b>	<b>(2504.92)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(587.10)</b>	<b>(221.98)</b>
<b>CASH &amp; CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR</b>	<b>812.42</b>	<b>1034.40</b>
<b>CASH &amp; CASH EQUIVALENTS AS AT THE END OF THE YEAR</b>	<b>225.32</b>	<b>812.42</b>

Note: 1. The above cash flow statement has been prepared by using the indirect method setout in Accounting Standard 3 - on Cash Flow Statements as defined in Accounting Standards notified under Companies (Accounting Standards) Rules, 2006.

2. Previous year's figures have been regrouped wherever necessary.

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

**A.M. HARIHARAN**  
Partner

Place : Mumbai  
Date : 29<sup>th</sup> May, 2013

**C.R.GANG**  
Chief Financial Officer

**P.PRABHAKARA RAO**  
Company Secretary

Place : Hyderabad  
Date : 29<sup>th</sup> May, 2013

For and on behalf of the Board

**M.K.PATODIA**  
Chairman & Managing Director

**ANJANA PATODIA**

**B.L.SINGHAL**

**M.R.VIKRAM**

**SANJAY PANICKER**

**C. GEORGE JOSEPH**

} Directors

**GTN INDUSTRIES LIMITED****PROXY**

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

**51<sup>ST</sup> 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 **Fifty-First ANNUAL GENERAL MEETING** of the Company to be held at Chitkul village, Patancheru Mandal, Medak District, AP at 10.30 A.M. on Thursday, the 1<sup>st</sup> day of August, 2013 or at any adjournment thereof.

Affix a  
Rs.1/-  
Revenue  
Stamp

Signed this \_\_\_\_\_ Day of \_\_\_\_\_, 2013.

Signature

**Note:**

The Proxy form duly completed should be deposited at the Corporate Office of the Company at Plot No. 29, Nagarjuna Hills, Punjagutta, Hyderabad – 500 082 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.

**51<sup>ST</sup> 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 **Fifty-First ANNUAL GENERAL MEETING** of the Company to be held at Chitkul village, Patancheru Mandal, Medak Dist, Andhra Pradesh at 10.30 A.M on Thursday, the 1<sup>st</sup> day of August, 2013.

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 them at the gate, affixing signature(s) on them. Duplicate slips will not be issued at the Venue.

**BOOK POST**



AN ISO 9001:2000 CERTIFIED COMPANY

**Registered Office**

Chitkul Village, Patancheru Mandal, Medak District - 502307  
Andhra Pradesh, India

**Corporate Office**

Plot No.29, Nagarjuna Hills,  
Punjagutta, Hyderabad-500082, Andhra Pradesh.