



GTN INDUSTRIES LIMITED

(A Government recognised 'TWO STAR EXPORT HOUSE')

CIN : L18101TG1962PLC054323, GSTNo:36AAACG8605N1ZB

Corp. Off : Plot No.29, Nagarjuna Hills, Punjagutta,

Hyderabad - 82, Telangana, INDIA. Phone:+91-40-43407777

Email:sharedept@gtnindustries.com , Website: www.gtnindustries.com



REF : AR: BSE: 2018-19/2019

Date : 04-09-2019

To

The Dy. General Manager
Department of Corporate Services
BSE LIMITED
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI - 400 001

Dear Sir,

Sub: In compliance of Regulation 34(1) of SEBI (LODR) Regulation, 2015- Annual
Report-2018-19

Ref: Company Scrip Code: 500170/GTN IND.

In compliance of Regulation 34(1) of SEBI (LODR) Regulation, 2015 a copy of 57th Annual Report containing Notice to Shareholders, Directors Report and Annual Financials along with e-voting form & proxy for the forth coming Annual General Meeting of the Company which will be held on 27th September, 2019 at 9.45 A.M. at the Registered Office of the Company.

This is for your information and record.

Thanking you,
Yours faithfully,

For GTN INDUSTRIES LIMITED


(P. Prabhakara Rao)

Company Secretary

Encl: a/a



GTN INDUSTRIES LIMITED

57th ANNUAL REPORT
2018-19



GTN INDUSTRIES LIMITED

Board of Directors

Mr. M.K.Patodia (DIN. 00004752)	Chairman & Managing Director
Mr. B.L.Singhal (DIN. 00006433)	Independent Director
Mr. M.R.Vikram (DIN. 00008241)	Independent Director
Mrs. Rajul Kothari (DIN. 06903721)	Independent Woman Director
Mr. C.George Joseph (DIN. 00309739)	Director

Chief Financial Officer

Mr.V. Raghu Ram (DIN. 03524068)
(from 01-06-2018)

Company Secretary & Compliance Officer

Mr. Prabhakara Rao

Institution / Bankers

Central Bank of India
State Bank of India
IDBI Bank Ltd
Export-Import Bank of India (Exim Bank)

Auditors

Bagaria & Co., LLP
Chartered Accountants, Mumbai

Registered Office

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

Corporate Office

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

CIN No. : L18101TG1962PLC054323

Website : www.gtnindustries.com

Email : sharedept@gtnindustries.com

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NOTICE

Notice is hereby given that the 57th Annual General Meeting of M/s. **GTN INDUSTRIES LIMITED** will be held at the Registered Office of the Company at Chitkul Village, Patancheru Mandal, Medak District- 502307, Telangana, at 9.45 A.M. on Friday the 27th day of Sept, 2019 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2019 and the 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 C.George Joseph (DIN 0309739), who retires by rotation and being eligible offers himself for reappointment.
3. To ratify appointment of Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 139(1), 141 and 142 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) or re-enactment (s) thereof, for the time being in force), M/s. Bagaria & Co., LLP., Chartered Accountants, Mumbai (Registration No.113447W/W-100019), as Statutory Auditors of the company made pursuant to the resolution passed by the members at the 55th Annual General Meeting held on 29th Sept, 2017 to hold office from the conclusion of the said Annual General Meeting till the conclusion of 60th Annual General Meeting to be held in the calendar year 2022, be and is hereby ratified for the financial year ending March, 31 2020 on such remuneration as may be mutually agreed between the Auditors and the Board of Directors based on the recommendations of the Audit Committee.”

SPECIAL BUSINESS

4. **To approve re-appointment of Shri M.K.Patodia as Chairman & Managing Director and in this regard to consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:**

“RESOLVED THAT in accordance with the provisions of Sections 196, 197 & 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force), the consent of the Company be and

is hereby accorded to the re-appointment of Shri M.K.Patodia as Chairman & Managing Director of the Company for a period of 5(Five) years with effect from 7th August, 2019, on the terms and conditions including remuneration as is set out in the agreement to be entered into between the Company and Shri M.K.Patodia, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to the 'Board' which terms shall be deemed to include the Nomination & Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration and / or agreement, subject to the same not exceeding the limits specified in Schedule V to the Companies Act, 2013 including any Statutory modifications or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments there to as may be agreed to between the Board and Shri M.K.Patodia.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

5. **Re-appointment of Shri B.L.Singhal as an Independent Director**

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and Schedule IV of the Companies Act, 2013 read with applicable Rules framed thereunder Shri B.L.Singhal, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (Five) years for a term up to the conclusion of the 62nd Annual General Meeting of the Company in the calendar year 2024 as per recommendation of Nomination and Remuneration Committee”

6. **Re-appointment of Shri M.R.Vikram as an Independent Director**

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and Schedule IV of the Companies Act, 2013 read with applicable Rules framed

NOTICE (Contd.,)

thereunder Shri M.R.Vikram, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (Five) years for a term up to the conclusion of the 62nd Annual General Meeting of the Company in the calendar year 2024 as per recommendation of Nomination and Remuneration Committee”

7. Re-appointment of Smt. Rajul Kothari as an Independent Woman Director

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution

“**RESOLVED THAT** pursuant to the provisions of Sections 149,152 and Schedule IV of the Companies Act, 2013 read with applicable Rules framed there under Smt. Rajul Kothari, be and is hereby re-appointed as an Independent Woman Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (Five) years for a term up to the conclusion of the 62nd Annual General Meeting of the Company in the calendar year 2024 as per recommendation of Nomination and Remuneration Committee”

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution:

“**RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014, including any statutory modification or re-enactment there of for the time being in force, remuneration of Rs.2.00 Lacs p.a. and out-of-pocket expenses as may be authorized by the Board payable to M/s. STR Associates, Cost Accountants, Trichy who were appointed by the Board of Directors of the Company to conduct the cost audit for the financial year ending March 31, 2020.”

By order of the Board
For GTN Industries Limited

(P.Prabhakara Rao)
Company Secretary & Compliance Officer

Place : Hyderabad
Date : 29-05-2019

Notes:

1. A Member entitled to attend and vote at the meetings is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The proxy form duly filled in should be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
2. An Explanatory statement pursuant to section 102(2) of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting is annexed here to and forms part of the Notice.
3. Register of Members and Share Transfer Books will remain closed from 21st Sept, 2019 to 27th Sept, 2019 (both days inclusive).
4. Consequent upon introduction of Section 72 of the Companies Act, 2013, 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.
5. **Details of Director(s) retiring by rotation and seeking re-appointment**
(In Pursuance Regulation 36 (3) of the Listing Regulations)

Name of the Director	Shri C. George Joseph
Date of Birth	2 nd February, 1950
Date of Appointment	28 th January, 2010
Qualification	Engineering Graduate(B.Tech)
Expertise in specific Functional Area	He is having experience in spinning, textile projects and running factory over a period of 31 years
Shareholding	200 Shares
Details of other Directorship	GTN Engineering (India) Ltd.,
Details of other Committee and Membership status	Member: GTN Industries Ltd., -Nomination & Remuneration Committee GTN Engineering (India) Ltd., -Audit Committee

NOTICE (Contd.,)**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013****Item No.4**

Present term of office of Shri. M.K.Patodia as a Chairman & Managing Director will expire on 6th August, 2019. Subject to Shareholders approval, the Board of Directors may reappoint him for a further period of Five (5) years from 7th August, 2019, on the remuneration determined by the Nomination & Remuneration Committee of the Board of Directors.

In terms of Govt. of India, Ministry of Corporate Affairs, Notification NCAR rules, 2014, dated 27th March, 2014 where in any financial year, during the currency of tenure of the managerial person, a Company has no profits or its profits are inadequate, it may without Central Govt. approval, pay remuneration to the managerial person not exceeding higher of the limits mentioned under (A) and (B) of Section 2 of Part II of Schedule V of the Companies Act, 2013. (A) Payment of remuneration by way of Salary, Dearness Allowance, Perquisites and any other allowance shall not exceed Rs.60 lacs per annum.

However, if the appointment is approved by special resolution the above limit shall be Rs.120 lacs. (B) In the case of a managerial person who was not a security holder holding securities of the Company of nominal value of rupees five lakh or more or an employee or a director of the company or not related to any director or promoter if any time during the two years prior to his appointment as a managerial person - 2.5% of the current relevant profit whichever is higher. The Principle terms of the re-appointment and remuneration are as follows:

- a) Salary: Rs.4,25,000/- per month in the scale of Rs.4,25,000 - 75,000 - 6,50,000 effective from 7th August, 2019 for a period not exceeding 3 years.
- b) Commission: As per the provisions of the Companies Act, 2013
- c) Perquisites :
 - (i) Housing : NIL
 - (ii) The expenditure incurred on gas, electricity and water shall be reimbursed by the Company.
 - (iii) Medical expenses including premium paid for mediclaim policy incurred for self and family shall be reimbursed.

- (iv) Leave Travel Concession for self and family will be allowed once in a year as per the Rules of the Company.
- (v) Fees of Clubs subject to a maximum of two Clubs. This will not include admission and life membership fees.
- (vi) The premium for personal accident insurance policy which shall not exceed Rs.25,000/- per annum.
- (vii) Provision of Car with driver, mobile phone and Telephone at the residence
- (viii) Un-availed Leave to be en-cashed as per the rules of the Company.

The value of the above perquisites shall not exceed Rs.75,000/- per month. In addition, Company will make contribution to:

- a) Provident Fund
- b) Superannuation or Annuity Fund to the extent not taxable under the Income Tax Act, and
- c) Gratuity as per the provisions of the Payment of Gratuity Act and as per the Gratuity Scheme of the Company.
- d) Minimum Remuneration:

The above appointee shall be paid the same remuneration as stated above as minimum remuneration in the event of inadequacy of profit subject to the ceiling of minimum remuneration as stated in Part II, Section II of Schedule V of the Companies Act, 2013 with such modifications as may be made there in from time to time being in force.

Provided, however, that the overall remuneration payable shall not exceed the limits specified under Sections 197 and 203 of the Act.

Shri M.K.Patodia, while continue to be the Chairman & Managing Director, shall not be subject to retirement by rotation pursuant to the provisions of Section 152 of the Companies Act, 2013.

Pursuant to the provisions of Section 203 read with Schedule V of the Companies Act, 2013, the approval of the members in General Meeting is required to be obtained with regard to the re-appointment of Shri M.K. Patodia as the Chairman & Managing Director and to the remuneration as set out in item No.4 of the accompanying Notice.

NOTICE (Contd.,)

Further, approval of the members in General Meeting by way of a Special resolution is required to be obtained for payment of minimum remuneration, by way of salary and perquisites and allowances as specified above in the event of absence or inadequacy of profit in any financial year during the tenure of Shri M.K. Patodia as the Chairman & Managing Director of the Company.

Information required to be disclosed in terms of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 under the Companies Act, 2013:

I. General Information:

- i) Nature of Industry : Textile Industry - The Company is mainly engaged in manufacture and sale of Cotton Yarn in the segment of medium, fine, and superfine Combed yarn.
- ii) Date or expected date of commencement of commercial production : It is an established company and the production commenced in 1964.
- iii) In case of New Companies expected date of commencement as per project approved by financial Institutions appearing in the prospectus: Not applicable.
- iv) Financial Performance based on given indicators.

The turnover and profitability from 2014-15 onwards is furnished below:

(Rs. in lacs)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Sales *	40869	28006	28384	29553	35670
Other Income	293	210	247	221	167
Operating Profit	1606	2401	2175	2067	1955
Interest	2146	1832	1894	2252	2331
PBDT	(540)	569	351	(185)	(376)
Profit/(Loss) Before Tax	(1412)	446	(526)	(1061)	(1296)
Profit/(loss) After Tax	(1254)	(442)	(648)	(647)	(810)
*Including trading sale					

The Effective Capital of the Company based on the Audited accounts for the year ended 31st March, 2019 is **Rs.53.80 Crores.**

Regarding default in the repayment of its dues (including Public Deposits) or interest payments thereon are NIL.

The Company has not issued any debentures.

- v) Foreign Investments or collaboration, if any: The Company does not have any Foreign collaboration.

II. Information about the appointee:

- i) Background details: Shri M.K.Patodia is an Indian citizen having 68 years of age. He is a Chartered Accountant with over 44 years of experience in Textile Industry.

He looks after the operations of the Company besides financial planning and control. Shri M.K.Patodia was appointed as an Executive Director with effect from 1st October, 1980 and has been elevated to the post of Managing Director during October, 1989 and continuing since then.

- ii) Past remuneration : During the Financial Year 2018-19, Shri M.K.Patodia was paid the following remuneration as against the AGM approved salary of Rs.3,00,000/-lacs per month in the scale of Rs.2,85,000-30,000-3,75,000/- and other perquisites namely Medical expenses, L.T.C., Fees of Clubs, gas, electricity, water bills, carwith driver and personal accident insurance etc. along with contribution to PF, Superannuation and Gratuity.

(Rs. in lacs)

Salary	Commission	Perquisites	P.F/Gratuity/ Superannuation	Total
14.99	-	1.79	4.45	21.23

NOTICE (Contd.,)

The Nomination & Remuneration Committee and the Board of Directors of the company have recognized the expertise, increase in the activities, increase in the responsibilities shouldered and rich and diversified experience in the industry of Shri M.K.Patodia and recommended the remuneration subject to the approval of the shareholders of the Company. His remuneration is comparable with the market trend for a Chairman & Managing Director level Executive.

- i) Job Profile and his suitability: Shri M.K. Patodia is having rich experience in textile industry for 44 years besides he is a qualified Chartered Accountant.
- ii) Remuneration proposed : Rs.4,25,000/-per month and other perquisites as per the Schedule V of the Companies Act, 2013.
- iii) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person(in case of expatriates the relevant details would be with respect to the country of his origin)

The remuneration proposed is as per the provisions of the Companies Act.

- iv) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.

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. Further, all transactions with the Related Parties were in the ordinary course of business and at arm's length.

III. Other information:

The Directors' Report and Management Discussion and Analysis forming part of the Annual Report mentioned in detail, 'other information' as required under Schedule V and interms of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 under the Companies Act, 2013.

The draft Agreement referred in the resolutions would be available for inspection by the Members at the Registered Office of the Company on any working day between 11.00A.M. and 1.00 P.M. prior to the date of the meeting.

Shri M.K. Patodia is interested in this resolution mentioned in Item No.4 of the notice.

None of the other Directors of the Company is in any way concerned or interested in the resolution mentioned in item No.4 of the Notice.

The terms and conditions mentioned in item No.4 of the notice may also be taken as an abstract of the Agreement to be made by the Company with Shri M.K.Patodia, pursuant to Section190 of the Companies Act, 2013.

Item Nos.5,6&7

Shri B.L. Singhal, Shri M.R.Vikram are Independent Directors and Smt. Rajul Kothari, Independent Woman Director of the Company and have held the positions as such till forthcoming AGM of the Company.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of independent directors by a listed company.

It is proposed to appoint Shri B.L.Singhal, Shri M.R.Vikram are Independent Directors and Smt. Rajul Kothari, Independent Woman Director under Section 149 of the Act and Clause 49 of the SEBI (LODR) to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 62nd Annual General Meeting of the Company in the calendar year 2024.

Shri B.L.Singhal, Shri M.R.Vikram and Smt. Rajul Kothari are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors. The Company has received notices in writing under Section 160 of the Act proposing the candidature of Shri B.L.Singhal, Shri M.R.Vikram and Smt. Rajul Kothari for the office of Directors of the Company.

The Company has also received declarations from Shri B.L.Singhal, Shri M.R.Vikram and Smt. Rajul Kothari that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Shri B.L.Singhal, Shri M.R.Vikram and Smt. Rajul Kothari fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. Shri B.L.Singhal, Shri M.R.Vikram and Smt. Rajul Kothari are independent of the management.

GTN INDUSTRIES LIMITED

NOTICE (Contd.,)

Brief resume of Shri B.L.Singhal, Shri M.R.Vikram and Smt. Rajul Kothari, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Copy of the draft letters for respective appointments of Shri B.L.Singhal, Shri M.R.Vikram and Smt. Rajul Kothari as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the SEBI (LODR) with the Stock Exchanges.

No director, key managerial personnel or their relatives, except Shri B.L.Singhal, Shri M.R.Vikram and Smt. Rajul Kothari, to whom the resolution relates, is interested or concerned, financially or otherwise in the above resolution.

The Board recommends the Special Resolutions set out at Item Nos. 5 to 7 of the Notice for approval by the shareholders.

Item No. 8

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records And Audit) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified/approved by the shareholders of the Company at the General Meeting.

The Board, on the recommendation of the Audit Committee and subject to the rules to be notified by the Ministry of Corporate Affairs in this regard, has approved the appointment of M/s. STR Associates, Cost Accountants, as Cost Auditor to conduct the audit of the cost records of the Company at a remuneration of Rs.2.00 lacs p.a. plus applicable taxes and out of pocket expenses at actuals for the financial year ending March 31, 2020.

Accordingly, approval of the members is being sought for the proposal contained in the resolution set out at item No.8 of the notice.

None of the Directors, Key Managerial Persons and their relatives are concerned or interested in the resolution either financially or otherwise.

The Board recommends and propose to pass the resolution set out at item No.8 of the notice as an Ordinary Resolution.

By order of the Board
For GTN Industries Limited

(P.Prabhakara Rao)
Company Secretary &
Compliance Officer

Place : Hyderabad
Date : 29-05-2019

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 Agent M/s Integrated Registry Management Services Pvt.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 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. Further members are requested to **submit PAN / Bank particulars for updation in the members record as per SEBI circular.**

BOARDS' REPORT

To the Members,

Your Directors are presenting the 57th Annual Report together with the Audited Statements of Account for the year ended 31st March, 2019.

FINANCIAL RESULTS

(Rs. in Lacs)

	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Net Sales/Income from operations*	35670	29553
Other Income	167	221
Variation in Stock	530	711
Total	36367	30485
EXPENDITURE		
a) Cost of Materials**	24283	19443
b) Staff Cost	3393	2891
c) Power & Fuel	3033	2709
d) Other expenditure	3703	3375
	34412	28418
OPERATING PROFIT	1955	2067
Interest	2331	2252
Profit/(Loss) before Depreciation and Taxation	(376)	(185)
Depreciation	920	876
PROFIT/(LOSS) BEFORE TAX	(1296)	(1061)
Exceptional items	-	188
Provision for Deferred Tax	461	248
MAT Credit Entitlement	-	-
Tax in respect of Earlier Years	-	-
Other Comprehensive income/(Loss)	25	(21)
TOTAL COMPREHENSIVE PROFIT/(LOSS) AFTER TAX	(810)	(646)

* Sales includes Traded goods of **Rs.601 lacs** (Previous Year Rs.107 lacs).

** Cost of Material includes Trading purchases of **Rs. 561 lacs** (Previous Year Rs.98 lacs).

DIVIDEND

In view of the Net loss incurred by the Company 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.35670 lacs against Rs.29553 lacs in the corresponding previous year. The operating profit after considering exceptional items but before interest, depreciation and tax were lower by Rs.300 lacs and Net Comprehensive loss after Tax is higher by Rs.163 lacs as compared to the corresponding previous year.

CORPORATE DEBT RESTRUCTURING

The Company has complied with all the terms stipulated by the CDR.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- 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, 2013 for safe guarding 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.
- The directors, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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 Regulation 27 of the SEBI Regulations are attached as Annexure.

BOARDS' REPORT (Contd.,)

FIXED DEPOSITS

Company is not accepting Fixed Deposits from the public / shareholders.

DIRECTORS

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

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

Mr. B. L. Singhal, Mr. M.R. Vikram and Mrs. Rajul Kothai were re-appointed as Independent Directors at the Board of Director's Meeting held on 29th May, 2019.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of The Companies Act, 2013 and Regulation 27 of the SEBI Regulations.

PERFORMANCE EVALUATION

The Board under took the initiative to conduct a formal evaluation of its own performance and that of its committees & individual Directors. The Nomination & Remuneration Committee led the evaluation process.

The Independent Directors reviewed the performance of non-independent Directors, the Chairperson of the Company and the Board as a whole.

POTENTIALLY SICK COMPANY UNDER THE PROVISION OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISION) ACT, 1985

The Company has been classified as a potentially sick company during 2015-16 and intimated to the BIFR on 27th Oct, 2016 after approval of shareholders. However, Presently SICA, 1985 is withdrawn.

AUDITORS

i) Statutory Auditors

M/s. Bagaria & Co., LLP., Chartered Accountants, Mumbai, Auditors of the company hold office for a period of 5 years till the conclusion of the 60th Annual General Meeting of the Company. The Company has received letters from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

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

ii) Cost Auditors

M/s. S T R Associates, Cost Accountants were appointed by the Board of Directors as Cost Auditors of your Company for the year ended 31st March, 2019. For the Financial Year 2019-20 Cost Auditor proposed remuneration of Rs.2.00 lacs and same is recommended to the Shareholders for approval.

iii) Secretarial Audit

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

PERSONNEL & INDUSTRIAL RELATIONS

There were no employees whose particulars are to be given in terms of Section 134 of the Companies Act, 2013 read with the Companies (Particulars of Employees) Regulations Rules, 1975.

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

The information required under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 2014, are set out in **Annexure- I**, attached here to and forms part of this report.

VIGIL MECHANISM POLICY

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

RELATED PARTY TRANSACTIONS POLICY

In pursuance to the provisions of Section 188 of Companies Act, 2013, company established Related Party Transaction Policy. Related party transactions that were entered during the financial year were at an arm's length basis and wherein the ordinary course of business.

BOARDS' REPORT (Contd.,)

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

The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act, 2013, the Rules there under and the Listing Agreement. This Policy was considered and approved by the Board has been uploaded on the website of the Company at **www.gtnindustries.com under investors/policydocuments / Related Party Policy link.**

EXTRACT OF ANNUAL RETURN

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

RISK MANAGEMENT POLICY

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

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. During the Financial Year 2018-

19, the Company has received Zero complaints of sexual harassment.

OTHER MANAGEMENT POLICES

The following policies are placed in company's website.

- 1) Policy for determining materiality of events
- 2) Policy on preservation of documents
- 3) Policy on code of conduct for Board Members
- 4) Nomination and Remuneration Policy
- 5) Archival Policy for material event/material information disclosed to the stock exchanges

ACKNOWLEDGEMENT

Your Directors place on record their sincere thanks to Central Bank of India, State Bank of India, IDBI Bank Limited and Export-Import Bank of India (Exim Bank), 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 : 29-5-2019

M.K. PATODIA
Chairman & Managing Director

DECLARATION OF MANAGING DIRECTOR & CEO

This is to certify that the Company had laid down code of conduct for all the Board Members and senior Management personnel of the company and the same is uploaded on its website **www.gtnindustries.com**.

Further, certified that the members of the Board of Directors and Senior Management personnel have affirmed the compliance with the code applicable to them during the year ended 31st March, 2019

For and on behalf of the Board

Place: Hyderabad
Date : 29-5-2019

M.K. PATODIA
Managing Director & CEO

BOARDS' REPORT (Contd.,)**ANNEXURE – I**

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

A. Energy Conservation

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

Particulars		Year ended 31 st March, 2019	Year ended 31 st March, 2018
I. Power Consumption			
1. Electricity			
a) Purchased (Units in lacs)		623.21	588.70
Total amount (Rs. In lacs)		3009.08	2694.90
Rate per unit (Rs.)		4.78	4.58
b) Own generation through Diesel			
Generator (units in lacs)		1.16	0.80
Units per liter of diesel oil		3.48	3.42
Cost per unit (Rs.)		20.74	17.86
2. Coal		Nil	Nil
3. Furnace Oil (low sulphur high stock oil)		Nil	Nil
4. Other internal generation		Nil	Nil
II. Consumption per unit of production			
a) Electricity – Units per Kg. Yarn		6.44	7.20
Units		630.36	589.50
KG Produced		97.92	81.93
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 Southern Region (SITRA).

C. Foreign Exchange Earnings & Outgo

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

Earned : Rs.**12630.06** lacs (Previous year Rs.10257.77 lacs)

Used : Rs.**12758.60** lacs (Previous year Rs.8854.02 lacs)

For and on behalf of the Board

Place : Hyderabad

Date : 29-5-2019

M.K. PATODIA
Chairman & Managing Director

BOARDS' REPORT (Contd.,)**ANNEXURE – II**

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

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,
GTN Industries Limited

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019, complied with the statutory provisions listed hereunder and also the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations & Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

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

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

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

BOARDS' REPORT (Contd.,)

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the period under review.

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

All decisions of the Board are carried through unanimously. As per the records provided by the Company, none of the members of the Board dissented on any resolution passed at the Meetings of the Board and any of its committees.

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

Name of Company Secretary : **V.MOHAN**

ICSI Unique Code: 12001AP182400

ACS No. 9735

COP No. 3555

Place : Hyderabad

Date : 29-05-2019

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

To
The Members,
GTN Industries Limited

Annexure "A"

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

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

Name of Company Secretary : **V.MOHAN**

ICSI Unique Code: 12001AP182400

ACS No. 9735

COP No. 3555

Place : Hyderabad

Date : 29-05-2019

BOARDS' REPORT (Contd.,)**ANNEXURE – III****FORM AOC-2**

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

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

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

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

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

Sl. No.	Particulars	Details				
a)	Name (s) of the related party	Perfect Cotton Co.,	Standard Cotton Corporation	Patcot	Purav Trading Ltd	GTN Eng. (I) Ltd
b)	Nature of Relationship	Associate	Associate	Associate	Associate	Associate
c)	Nature of contracts /arrangements / transaction	Purchase of Cotton	Purchase of Cotton	Purchase of Cotton	Purchase of Cotton	Sale of Yarn, purchase of goods
d)	Duration of the contracts/ arrangements / transaction	Annually	Annually	Annually	Annually	Annually
e)	Salient terms of the contracts or arrangements or transaction	At Competitive rates and at Arms length	At Competitive rates and at Arms length	At Competitive rates and at Arms length	At Competitive rates and at Arms length	At Competitive rates and at Arms length
f)	Justification for entering into such contracts or arrangements or transactions	AGM approved on 29-09-2015	AGM approved on 29-09-2015	AGM approved on 29-09-2015	AGM approved on 29-09-2015	AGM approved on 29-09-2015
g)	Date of approval by the Board	28-05-2015	28-05-2015	28-05-2015	28-05-2015	28-05-2015
h)	Amount incurred during the year (Rs. In Crores)	23.21	17.16	0.0145	Nil	59.46

BOARDS' REPORT (Contd.,)**ANNEXURE – IV****EXTRACT OF ANNUAL RETURN
FORM MGT-9**

(Pursuant to Section 92 (3) of the Companies Act, 2013 and
Rule 12(1) of the Company (Management & Administration) Rules, 2014)
Financial Year ended on 31.03.2019

I. REGISTRATION & OTHER DETAILS

i	CIN	L18101TG1962PLC054323
ii	Registration Date	02/08/1962
iii	Name of the Company	GTN INDUSTRIES LIMITED
iv	Category/Sub-category of the Company	Public having Share Capital
v	Address of the Registered office	Chitkul Village, Patancheru Mandal, Medak District, Telangana - 502307
vi	Whether listed company	Yes
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Integrated Registry Management Services Pvt. Ltd 2 nd Floor, Kences Towers, No.1 Ramakrishna Street, North Usman Road, T.Nagar, Chennai – 600 017 Ph: 044 28140801-03 Fax: 044-28142479 E mail: csdstd@integratedindia.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

IV. SHAREHOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year (as on 01.04.2018)				No. of shares held at the end of the year (as on 31.03.2019)				Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
(A) SHAREHOLDING OF PROMOTER AND PROMOTER GROUP									

BOARDS' REPORT (Contd.,)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
(i) Indian									
Individual/Hindu Undivided Family	3613149	-	3613149	20.600	4354149	-	4354149	24.830	4.23
Central Government/ State Government/ Bodies Corporate	9425679	-	9425679	53.740	8684679	-	8684679	49.510	(4.23)
Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
Any other(specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL A(1)	13038828	-	13038828	74.340	13038828	-	13038828	74.340	0.000
(ii) Foreign									
Individual(Non resident/ foreign)	-	-	-	-	-	-	-	-	-
Bodies corporate Institutions	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor Any other(specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL A(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Shareholding of promoter and Promoter Group(A)=A(1)+A(2)	13038828	-	13038828	74.340	13038828	-	13038828	74.340	0.000
(B) Public Shareholding									
(i) Institutions Mutual funds/UTI	400	1286	1686	0.010	400	1286	1686	0.010	-
Financial Institutions/ Banks	925	42	967	0.010	925	42	967	0.010	-
Central Government / State Government(s)/ Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	45020	-	45020	0.260	45020	-	45020	0.260	-

BOARDS' REPORT (Contd.,)

Category of Shareholders	No. of shares held at the beginning of the year (as on 01.04.2018)				No. of shares held at the end of the year (as on 31.03.2019)				Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
Foreign Institutional Investors	-	1900	1900	0.010	-	1900	1900	0.010	-
Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Any other(specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL B(1)	46345	3228	49573	0.280	46345	3228	49573	0.280	-
(ii) Non-Institutions Bodies Corporate (Indian/foreign/ Overseas)	245995	10938	256933	1.460	153206	10924	164130	0.940	(0.52)
Individuals(Resident/ NRI/Foreign National)	-	-	-	-	-	-	-	-	-
Individual sharehodlers holding Nominal share Capital upto Rs.1 Lakh	2285828	404377	2690205	15.340	2280964	387601	2668565	15.210	(0.13)
Individual sharehodlers holding Nominal share Capital above Rs.1 Lakh	1359518	17700	1377218	7.850	1522476	17700	1540176	8.780	0.93
Any other(specify) Clearing Member	127421	-	127421	0.730	77648	-	77648	0.440	(0.29)
Trust	200	-	200	-	1458	-	1458	0.010	0.01
SUB TOTAL B(2)	4018962	433015	4451977	25.380	4035752	416225	4451977	25.380	-
Total Public Share Holding (B)=B(1)+B(2)	4065307	436243	4501550	25.660	4082097	419453	4501550	25.660	-
TOTAL (A)+(B)	-	-	-	-	-	-	-	-	-
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
Promoters & Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)	17104135	436243	17540378	100.000	17120925	419453	17540378	100.000	-

BOARDS' REPORT (Contd.,)

(ii) Shareholding of Promoters

Sl.No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ Encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ Encumbered to total shares	
1	Emkaypee Investments Private Limited	2630574	15.00	0.00	0.00	0.00	0.00	(15.00)
2.	Mahendra Kumar Patodia	1986713	11.33	11.17	2727713	15.56	2.56	4.23
3.	Anjana Patodia	514332	2.93	2.85	514332	2.93	0.00	NIL
4.	Mahendra kumar Patodia (HUF)	1112104	6.34	5.82	1112104	6.34	0.00	NIL
5.	JEL finance and investments limited	5750000	32.78	18.23	0.00	0.00	0.00	(32.78)
6.	Megha investments private limited	629520	3.59	0.00	0.00	0.00	0.00	(3.59)
7.	GTN Engineering (India) Limited	415585	2.37	0.00	8684679	49.51	35.51	47.14
	Total	13038828	74.34	38.07	13038828	74.34	38.07	-

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

Sl.No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	13038828	74.34	13038828	74.34
1.	Date wise Increase / Decrease in Promoters Shareholding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus / sweat / equity etc.)	NIL	NIL	NIL	NIL
	At the end of the year			13038828	74.34

BOARDS' REPORT (Contd.,)

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

Sl.No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	SANTOSH SITARAM GOENKA	240915	1.373	274157	1.563
2.	DINESH CHAND JAIN	201826	1.151	201826	1.151
3.	SUPRIYA PUNIT AGARWAL	96382	0.549	86859	0.495
4.	VARINDER PANDHI	60989	0.348	60989	0.348
5.	DINESHKUMAR HIRJIBHAI BALAR	54925	0.313	57752	0.329
6.	SUNITA SANTOSH GOENKA	52360	0.299	85906	0.490
7.	PUNJABHAI KESHAVBHAI JADEJA	50514	0.288	50514	0.288
8.	SABITA PRASAD	42317	0.241	42317	0.241
9.	JITENDRA SAMPATLAL SANGHAVI	40099	0.229	37599	0.214
10.	POLISETTY SITA RAMA ANJANEYA GUPTA	36795	0.210	9146	0.052

(iii) Shareholding of Directors and Key Managerial Personnel :

Sl.No	For each of the Directors/ KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	M.K.Patodia	1986713	11.33	2727713	15.56
2.	B.L. Singhal	12130	0.06	12130	0.06
3.	C. George Joseph	200	0.00	200	0.00
4.	C.R.Gang (KMP)	1	0.00	1	0.00
5.	P.Prabhakara Rao (KMP)	1	0.00	1	0.00

V. INDEBTEDNESS

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

(Rs. In Thousands)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1673232	56160	-	1729392
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2076	4379	-	6455
Total (i+ii+iii)	1675308	60539	-	1735847

BOARDS' REPORT (Contd.,)

(Rs. In Thousands)				
Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
• Addition	-	286979	-	286979
• Reduction	324604	9000	-	333604
Net Change	-324604	277979	-	-46625
Indebtedness at the end of the financial year				
i) Principal Amount	1345381	334134	-	1679515
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5323	4384	-	9707
Total (i+ii+iii)	1350704	338518	-	1689222

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager : (Rs. in Lacs)

Sl.No	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
1	21.23	M.K.Patodia				21.23

B. Remuneration to other directors : (Amount In Rs.)

Sl. No	Particulars of Remuneration	Name of Director(s)				Total Amount
1	Independent Directors	B.L.Singhal	M.R. Vikram	C. George Joseph	Rajul Kothari	
	Fee for attending Board/Committee meetings	90,000	45,000	-	60,000	-
	Total (1)	90,000	45,000	-	60,000	1,95,000
2.	Other Non-Executive Directors					
	Fee for attending board / committee meetings	-	-	7,500	-	-
	Total (2)	-	-	7,500	-	7,500
	Total Remuneration (1+2)	90,000	45,000	7,500	60,000	2,02,500

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD (Rs. In Lacs)

Sl.No	Particulars	Name(s)	Total
1.	CFO	V. Raghu Ram (Part of the year)	9.20
2.	Company Secretary	P.Prabhakara Rao	9.25

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment Compounding fees imposed	Authority/ RD.NCLT. COURT	Appeal made if any (give details)
NIL	NIL	NIL	NIL	NIL	NIL

REPORT ON CORPORATE GOVERNANCE

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

The Company firmly believes in and has consistently endeavored to practice good Corporate Governance. The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, professionalism and accountability, in all facets of its operations and in all its interactions with its stake holders, including Shareholders, Employees, the Government and the Lenders.

2. Board of Directors

The Board of Directors Consists of 5 Directors.

a) Composition and category of Directors as on 31st March, 2019 is as follows:

Category	Name of the Director(s)
Promoter:	
Executive Chairman & Managing Director	Mr. M.K. Patodia (DIN. 00004752)
Independent Directors	Mr. B.L. Singhal (DIN. 00006433)
	Mr. M.R. Vikram (DIN. 00008241)
Independent Woman Director	Mrs. Rajul Kothari (DIN. 06903721)
Non-Executive Director	Mr. C.George Joseph (DIN. 00309739)

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

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

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

Name of the Director	No. of other Directorships & Committee member	
	Directorships including Pvt. Ltd. Cos.	Committee Membership
Mr. M.K.Patodia	6	3
Mr. B.L.Singhal	6	3
Mr. M.R.Vikram	17	4
Mr. C.George Joseph	1	2
Mrs. Rajul Kothari	-	2

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

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

28 th May, 2018	20 th Aug, 2018
14 th Nov, 2018	12 th Feb, 2019

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

e) Independent Directors:

The Company has complied with the conditions of Section 149(6) of the Companies Act, 2013 and Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 regarding independence.

The Company has also obtained declaration of Independence from each Independent Director pursuant to Section 149(7) of the Companies Act, 2013

f). Independent Directors Meeting:

A separate meeting of Independent Directors was held on 29-05-2019 without attendance of Non-Independent Directors and members of the Management.

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

The present Audit Committee consists of Non-executive Directors viz., Mr.B.L.Singhal, Chairman, Mr. M.R.Vikram and Mrs. Rajul Kothari. The constitution of Audit Committee also meets with the requirements under Section 177 of the Companies Act, 2013 and Regulation 27(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The composition, role, functions and powers of the Audit Committee are in line with the requirements of applicable laws and regulations.

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

ii. Composition, name of members and Chairman

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

iii. Meetings and attendance during the year 2018-19

Name of the Member	Meetings held on				No. of Meetings attended
	28-05-18	20-08-18	14-11-18	12-02-19	
Mr. B.L.Singhal	Attended	Attended	Attended	Attended	4
Mr. M.R.Vikram	Attended	L.A.	L.A.	Attended	2
Mrs. Rajul Kothari	Attended	Attended	Attended	Attended	4

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

M/s. D.K.Baid & Co., Chartered Accounts, Hyderabad, Internal Auditors carried out Internal Audit of the Company. Internal Audit plan and their remuneration are being approved by the Audit Committee. The reports and findings of the Internal Auditors, the Internal Control Systems are periodically reviewed by the Audit Committee.

v. Prevention of Insider Trading :

The Audit Committee also mentions implementation and compliance of the Company's Code of Conduct for prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulation, 2011 as amended update. Shri P.Prabhakara Rao, Company Secretary is the Compliance Officer of the Company.

vi. Vigil Mechanism :

The Company has established a vigil mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy duly adopted by the Board. The same is available on the website of the Company www.gtnindustries.com. No personnel has been denied access to the Audit Committee to lodge their complaints/concern.

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

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

ii. Composition, name of members and Chairperson

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

Nomination & Remuneration Committee Meeting held on 29th May, 2019

iv. Remuneration policy

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

v. Details of Remuneration to all the directors

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

Name of the Director	Amount (in Rs.)
Mr. B.L.Singhal	90,000
Mr. M.R.Vikram	45,000
Mr. C.George Joseph	7,500
Mrs. Rajul Kothari	60,000

5. Stakeholders Relationship Committee**i. Names of Non-executive Director(s) heading the committee:**

Mr. M R Vikram	-	Chairman
Mr. B.L. Singhal	-	Member
Mrs. Rajul Kothari	-	Member

REPORT ON CORPORATE GOVERNANCE (Contd.,)

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

6. General Body Meetings

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

Year	Location	Nature of Meeting	Date	Day	Time
2015-16	Chitkul village, Patancheru Mandal, Medak Dist., Telangana.	AGM	29 th Sept, 16	Thursday	10.15 A.M
		EGM	29 th Sept, 16	Thursday	11.15 A.M
2016-17	Chitkul village, Patancheru Mandal, Medak Dist., Telangana.	AGM	29 th Sept, 17	Friday	10.15 A.M
2017-18	Chitkul village, Patancheru Mandal, Medak Dist., Telangana.	AGM	28 th Sept, 18	Friday	9.45 A.M

- ii. Whether any special resolutions passed in the previous 3 AGMs: **YES**
- iii. Whether any Special Resolution passed last year through postal ballot - details of voting pattern - **NO**
- iv. Person who conducted the postal ballot exercise: **NA**
- v. Whether any special resolution is proposed to be conducted through postal ballot- **NO**
- vi. Procedure for postal ballot: Complied provisions of the Companies Act and Postal Ballot rules.

7. Disclosures

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

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

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

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

The Company promotes ethical 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.

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

The Company has complied with all mandatory requirements

- v) Reconciliation of Share Capital:

A qualified Practicing Company Secretary has carried out Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Report confirms that the total issued/paid up capital is in agreement with the total number of shares in physical forms and the total number of dematerialized shares held with NSDL and CDSL.

REPORT ON CORPORATE GOVERNANCE (Contd.,)

vi) CEO / MD and CFO Certification:

The Managing Director and CFO of the Company give quarterly/annual certification on financial reporting and internal controls to the Board in terms of Regulation 33 and 27(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

vii) Compliance on Corporate Governance:

The quarterly compliance report has been submitted to the Stock Exchange at BSE/NSE in the requisite format duly signed by the compliance officer, pursuant to Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Auditor's Certificate in compliance on conditions of Corporate Governance is published else where in the Annual Report.

8. Means of Communication**i. Quarterly / Half yearly results**

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

ii. Newspapers wherein results normally published

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

iii. Any website where displayed : www.gtnindustries.com**iv. Whether it also displays official news releases: Yes****v. The presentation made to institutional investors or to the analysts: Nil****9. General Shareholders Information****i) AGM: Date, Time and Venue**

Date and time : 27th Day of Sept, 2019 at 9.45 A.M
Venue : Chitkul Village, Patancheru Mandal,
Medak Dist-502307, Telangana

ii) Financial Year

: 2018-2019

iii) Date of Book closure

: From: 21-09-2019 To 27-09-2019 (Both days inclusive)

iv) Dividend payment date

: No dividend recommended by the Board for the year 2018-19

v) Listing on Stock Exchanges at

: BSE Limited (BSE) and National stock Exchange (NSE)
Annual listing fee for the year 2019-20 has been paid to BSE and NSE.

vi) STOCK CODE

Scrip Code No.

: BSE: **500170**

Trading Symbol

: NSE: **GTNIND**

vii) Market price Data High, Low during each month in last financial year : (Amount in Rs.)

Month & Year	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
Apr, 2018	14.85	12.55	14.75	12.15
May, 2018	13.45	10.50	13.65	10.60
June, 2018	15.90	10.68	15.95	10.70
July, 2018	18.40	13.61	18.40	13.50
Aug, 2018	21.70	14.65	22.00	14.15
Sep, 2018	24.45	10.40	24.50	10.30
Oct, 2018	11.10	8.40	11.00	8.45
Nov, 2018	11.11	9.02	11.05	8.80
Dec, 2018	12.07	9.61	12.50	9.75
Jan, 2019	10.48	8.43	10.50	8.40
Feb, 2019	9.25	7.59	9.50	7.50
Mar, 2019	10.99	8.76	10.80	9.15

REPORT ON CORPORATE GOVERNANCE (Contd.,)

viii) Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc.,- Our Company Scrip was not actively traded and transactions are not many.

ix) Registrar and Transfer agents : Integrated Registry Management Services Pvt. Ltd.,
2nd Floor, Kences Towers, No.1
Ramakrishna Street, North Usman Road,
T.Nagar, Chennai – 600 017
Ph:044-28140801-03 Fax: 044-28142479
E mail: csdstd@integratedindia.in

x) Share Transfer System : Presently, the share transfers which are received in physical form are processed and the share Certificates are returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. As regards shares held in Electronic form, the credit being given as per guidelines/by-laws issued by SEBI and NSDL/CDSL.

xi) Distribution of Shareholding as on 31st March, 2019

No. of Shares held	No. of shareholders	% of shareholders	No. of shares	% of Holding
Upto 100	18669	87.14	549389	3.13
101 - 500	1711	7.99	483364	2.76
501 - 1000	506	2.36	429678	2.45
1001 - 10000	475	2.22	1319190	7.52
10001 - 100000	55	0.26	1344898	7.67
ABOVE 100000	6	0.03	13413859	76.47
TOTAL	21422	100.00	17540378	100.00

xii) Dematerialization of Shares and liquidity

The Shares of the Company are compulsorily traded in **DEMAT** form by all categories of investors w.e.f 28th August 2000. The Company has arrangements with both National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity of our shares for scripless trading. As on **31st March, 2019**, 97.61% Equity shares of the company were held in dematerialized form.

xiii) Plant locations - Spinning Mills

Chitkul village, Patancheru Mandal, Medak District, Pin -502 307, Telangana	Khurajgaon Village, Saoner Tahsil, Nagpur District, Pin-441 112. Maharashtra.
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xiv) Address for Correspondence

Secretarial Department,
GTN INDUSTRIES LIMITED
Plot No.29, Nagarjuna Hills, Punjagutta,
Hyderabad - 500 082, Telangana.
Tel: 040-43407804/811, Fax: 040-23358400
E-mail: sharedept@gtnindustries.com
Website: www.gtnindustries.com

The above report was adopted by the Board of Directors at their meeting held on 29th May, 2019.

REPORT ON CORPORATE GOVERNANCE (Contd.,)

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE TO THE MEMBERS OF GTN INDUSTRIES LIMITED

1. This certificate is issued in accordance with our engagement letter dated 28th May, 2018.
2. This certificate contains details of compliance of conditions of corporate governance by **GTN INDUSTRIES LIMITED** ('the Company') for the year ended 31st March, 2019 as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and pursuant to the Listing Agreement of the Company with Stock exchanges.

Management's Responsibility for compliance with the conditions of Listing Regulations:

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations. Auditor's Responsibility.
4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on the procedures performed by us and to the best of our information and according to explanations given to us, in our opinion, we certify that the Company has complied, in all material respects, with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on Use

8. The certificate is addressed to and provided to the Members of the Company solely for the purpose to enable the Company to comply with requirement of aforesaid Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **Bagaria & CO LLP**
Chartered Accountants
FRN - 113447W/W-100019

Vinay Somani
Partner
M. No. 143503

Place : Mumbai
Date : 29-05-2019

MANAGEMENT DISCUSSION & ANALYSIS

1. INDUSTRY STRUCTURE & DEVELOPMENTS:

The Textile Industry is one of the oldest Industry in the country and plays a pivotal role in the country's economy in terms of Industrial Production, Employment and foreign exchange earnings. The Textile Industry has achieved a good growth in last two decades in terms of installed spindles and yarn production and India's installed spindles were expanded to 52.47 million at the end of March, 2018 and much capacity not added during the year 2018-19. Second largest yarn production capacity in the world next to China. This could happen due to buoyant domestic and international demand, conducive Government Policies. Indian Textile sector contributes to over 4% to the country's Gross Domestic Product (GDP), accounting for 14% of Industrial Production, over 10% to the country's export and also employs about 4.5 crores workers directly. In addition, this industry provides indirect employment to large number of workforce and also helps to develop many related ancillaries which generates further employment. It is the second largest employment provider after the agricultural sector.

The Indian Textile Industry faced a difficult period from April, 2007 to December 2009 due to global recession and economic conditions leading to a sharp fall in consumer demand for textile products. However, the market has become buoyant from 2010-11 onwards on account of strong export and domestic demand arising from favourable demographic factor and rapid changes in the lifestyle of consumers, however, textile industry was severely affected due to increase in global cotton prices, recession in Europe, devaluation of currency in China, Govt. policy to allow export of cotton, withdrawal of DEPB etc., and volatile exchange rates.

It is hoped that textile industry may perform better after arrival of new cotton crop in Oct-Nov 2019 since it is expected that cotton crop is likely to be stable and prices are forecasted to be relatively stable, as well as realization on exports due to stable Government. 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 2018-19 season is 361 lac bales (containing 170 kgs of cotton per bale) as against last year's production of 370 lac bales. The demand/consumption excluding exports was 317 lac bales as against previous year consumption of 314.61 lac bales. Cotton exports during 2018-19 estimated at 65 lacs bales as against previous year export of 67.83 lac bales. The estimated cotton crop area for the coming season i.e., October-November 2019 is 124.50 lacs hectares and estimated production for the marketing year 2019-20 will be 375 lac bales.

Cotton market at the beginning of the new financial year 2018-19 was a bit sluggish with prices hovering around Rs.40,500/- to Rs.41,000/- per candy which steadily started moving higher as quality stocks started becoming scarce and ginners holding on to their quality cotton. As expected, cotton prices started climbing on account of low availability and increasing demand. Delayed & insufficient rains added to the worries and further fuelled the prices to a high of Rs.49,600/- to Rs.50,000/- per candy till the end of August, 2018 until the new cotton arrives in the market. At the beginning of new cotton season of Oct, 2018 the markets started on a soft note with prices softening down from Rs.48,500/- spot for old cotton to Rs.46,000/- for new cotton. Arrivals although increased but were not satisfactory causing prices of raw cotton also increased from Rs.5300/- to Rs.5750/- per quintal.

The U.S.-China Tariff Trade War had its' effect on NYCE which in turn affected the global and Indian cotton markets as well. MNCs and exporters were in wait n watch mode and spinners were waiting for markets to come down as they themselves were facing huge disparity and slackness in yarn sales.

Now, again the U.S.-CHINA Trade War has returned to haunt the cotton industry and caused panic in trade circles as both nations have resorted to imposing heavy tariffs on imports. The panic has caused worldwide markets to tumble and Indian cotton has lost about Rs.3000/- per candy in 3 days. In real terms, if we look at the ground situation the cotton prices shouldn't have declined as much. Expected correction in prices was about Rs.1,000/- per candy. Since, the actual physical cotton stock available for consumption with in India is scarce and in a hand-to-mouth situation, the prices may turnaround or stabilize a bit higher on some good news from U.S.-CHINA trade negotiations.

MARKETING :

India is a large supplier of cotton yarn in world market. Due to recession from 2009 in global markets and US-China tariff trade war, 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 maintained excellent relations with all its overseas customers which have been dealing with the Company over the years, by adhering to quality standards, delivery schedules and competitive prices. However, due to strengthening of the dollar, net realization from exports are good. The demand in domestic market is improving for woven and garment sector and gradually Company expect to have larger sale in domestic market due to recession in export markets such as Europe and other Asian countries.

2. OPPORTUNITIES AND THREATS:

The future of Indian Textile industry is highly depending on availability of raw material at a competitive price. With the introduction of Hybrids and BT Cotton, the cotton production in India is increasing however, depends on timing and quantum of monsoon rains and it is expected that the supply of quality cotton will be comfortable in the coming season for 2019-2020.

MANAGEMENT DISCUSSION & ANALYSIS (Contd.,)

Chinese exports of Textiles and clothing are declining especially to USA due to devaluation of currency, thus, provides an opportunity to India for improving its export performance. In long run, the prospectus of Indian Textile Industry is likely to be bright. However, there is a recession in international markets such as Europe and other Asian countries.

However, fluctuation in cotton price, exchange rates, availability of labour are threats to the industry.

Withdrawal of DEPB is another set back to the industry, however, new schemes are introduced which are in temporary nature. The availability of workers is also a problem.

Spinning units are highly capital intensive and has to maintain large Raw Material inventory levels due to its seasonality.

Your Company makes all efforts to have efficient inventory management and constant efforts are being made to monitor the inventory levels keeping in view of 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 yarns. There are good prospects for increasing exports of cotton yarn to Asian countries. The company is making all efforts to explore new markets apart from current markets.

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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

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

6. FINANCIAL AND OPERATIONAL PERFORMANCE:

Please refer director's report on performance review.

7. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

(INCLUDING NUMBER OF PEOPLE EMPLOYED) :

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

Industrial relations were cordial and satisfactory As on 31st March 2019, the Company has about 781 (including casuals etc.) employees.

8. CAUTIONARY STATEMENT :

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

INDEPENDENT AUDITORS' REPORT

To
The Members of
GTN Industries Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of GTN Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Auditor's response
<p>Textile Upgradation Fund ('TUF') Interest Rebate receivable</p> <p>Other current assets include interest rebate receivables of ₹ 408.91 lakhs on term loans taken by the Company in earlier years under the "Textile Upgradation Fund" scheme of the Ministry of Textile, Government of India. These receivables include amounts which have not been disbursed to the Company on account of certain disputes regarding eligibility raised by the Ministry of Textiles <i>inter alia</i> including eligibility of rebate on second restructuring of loans and condonation of delay in filing of claims with the Ministry. These disputes are under resolution and the Ministry has appointed a third-party consultant for the same.</p> <p>Management judgement is involved in assessing the accounting for interest rebates and particularly in considering the probability of a rebate being released and we have accordingly designated this as a focus area of the audit.</p>	<p>Audit Procedure performed:</p> <p>Our procedures, in response to the risk of completeness of the accruals in the financial statements, included the following:</p> <ul style="list-style-type: none"> Examining the eligibility criteria for receipt of rebate obtained a list of year wise break-up of the interest rebate receivables by the Company for all the financial years and discussing the status of the assessment of rebates receivable for all the financial years and the Management view on the expected time frame by which the rebates will be received. Considering the status of the rebates received from other banks in the consortium and the adjustments, if any, done by the respective banks or financial institutions based on the report of the third-party consultant, while granting the rebate for similar or previous financial years. <p>Based on the above procedures performed, we did not find any significant exceptions to the accrual of Interest rebate receivables on TUF loans.</p>

INDEPENDENT AUDITORS' REPORT (Contd.,)

Information Other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT (Contd.,)

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

INDEPENDENT AUDITORS' REPORT (Contd.,)

- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 33 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were material foreseeable losses.
 - iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For Bagaria & Co. LLP
ICAI FRN: 113447W/W-100019
Chartered Accountants

Vinay Somani
Partner
Membership No.: 143503

Place : Mumbai
Date : 29.5.2019

ANNEXURE A TO THE AUDITORS' REPORT

ANNEXURE A 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 has maintained proper records showing full particulars, including quantitative details and situation of property, plant & equipment (fixed assets).
 - b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets have been physically verified by the Management during the year and no material discrepancies were noticed on such verification
 - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) According to the information and explanations given to us, the management has conducted physical verification of inventory at reasonable intervals during the year. Inventory lying with third parties and in-transit have been verified by the management with reference to the subsequent receipt of goods. 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) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting requirements of clause 3(iii) of the Order are not applicable to the Company and not commented upon.
- iv) In our opinion and according to the information and explanations given to us, the Company has not made investments, issued guarantees, given loans or issued any security and accordingly, reporting requirements of paragraph 3(iv) of the Order are not applicable to the Company.
- v) In our opinion and according to the information and explanations given to us, no deposits within the meaning of directives issued by RBI (Reserve Bank of India) and Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder have been accepted by the Company. Accordingly, reporting requirements of paragraph 3(v) of the Order are not applicable to the Company.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We are, however, not required to and have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii)
 - a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, have been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st March, 2019 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, there are no dues of income tax or goods and services tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited with the appropriate authorities on account of any dispute, except the following:

ANNEXURE A TO THE AUDITORS' REPORT (Contd.,)

Name of Statute	Nature of dues	Period to which amount relates	Amount (Rs. In Lakhs)	Forum where dispute is pending
Customs Act, 1962	Duty Drawback	1998-99	18.69	Madras High Court
Central Excise Act, 1944	Rebate of claims	2009-10	4.99	Joint Secretary, New Delhi
Income Tax Act, 1961	Income Tax	2011-12	28.04	CIT (Appeals), Cochin

- viii) According to the records maintained by the Company and information and explanations given to us, the Company has not defaulted in repayment of loans to banks and financial institutions. The Company does not have any loans from Government or dues to debenture holders.
- ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion, the term loans have been applied for the purpose for which they were taken.
- x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing standards in India and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the management.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
- xii) The Company is not a Nidhi Company and hence, reporting under clause 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards. Refer Note 35 to the financial statements.
- xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and accordingly, reporting requirements under paragraph 3(xiv) are not applicable and not commented upon.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them as per the provisions of Section 192 of the Act. Accordingly, reporting requirements under paragraph 3(xv) of the Order are not applicable to the Company.
- xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Bagaria & Co. LLP
ICAI FRN: 113447W/W-100019
Chartered Accountants

Place : Mumbai
Date : 29.5.2019

Vinay Somani
Partner
Membership No.: 143503

ANNEXURE B TO THE AUDITORS' REPORT

ANNEXURE B REFERRED TO IN PARAGRAPH 2(f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULARITY REQUIREMENTS” OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF GTN INDUSTRIES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **GTN Industries Limited** (“the Company”) as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting includes obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

ANNEXURE B TO THE AUDITORS' REPORT

A company's internal financial control over financial reporting includes those policies and procedures that

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, broadly in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For Bagaria & Co. LLP
ICAI FRN: 113447W/W-100019
Chartered Accountants

VinaySomani
Partner
Membership No.: 143503

Place : Mumbai
Date : 29.5.2019

BALANCE SHEET AS AT 31ST MARCH, 2019

(Rs. in lacs)

Particulars	Note	As at 31st March, 2019	As at 31st March, 2018
I. ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	2	16,736.65	17,045.95
(b) Capital Work-in-Progress	3	37.90	6.53
(c) Intangible Assets	4	3.02	2.16
(d) Financial Assets :			
Other Financial Assets	5	439.80	705.56
(e) Deferred Tax Assets (Net)	18	72.30	-
(f) Income Tax Assets	6	46.77	46.38
(g) Other Non-Current Assets	7	23.52	43.61
TOTAL NON - CURRENT ASSETS (A)		17,359.96	17,850.19
CURRENT ASSETS			
(a) Inventories	8	5,398.99	6,326.12
(b) Financial Assets :			
(i) Trade Receivables	9	2,693.51	3,218.58
(ii) Cash and Cash Equivalents	10	263.92	48.02
(iii) Other Balances with banks	11	607.36	179.14
(iv) Other Financial Assets	12	66.71	81.55
(c) Other Current Assets	13	1,828.37	2,463.60
(d) Assets held for disposal		26.87	26.87
TOTAL CURRENT ASSETS (B)		10,885.73	12,343.88
TOTAL ASSETS (A+B)		28,245.69	30,194.07
II. EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	14	1,754.96	1,754.96
(b) Other Equity	15	3,988.16	4,798.15
TOTAL EQUITY (A)		5,743.12	6,553.11
LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial Liabilities :			
Borrowings	16	7,906.08	6,143.10
(b) Provisions	17	87.64	93.40
(c) Deferred tax liabilities (net)	18	-	374.92
TOTAL NON - CURRENT LIABILITIES (B)		7,993.72	6,611.42
CURRENT LIABILITIES			
(a) Financial Liabilities :			
(i) Borrowings	19	8,927.16	9,826.41
(ii) Trade Payables	20		
(a) total outstanding dues of micro enterprises and small enterprises; and		-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		3,965.29	3,755.34
(iii) Other financial liabilities	21	1,266.76	2,977.70
(b) Provisions	22	24.67	30.60
(c) Other Current Liabilities	23	324.97	439.49
TOTAL CURRENT LIABILITIES (C)		14,508.85	17,029.54
TOTAL EQUITY AND LIABILITIES (A+B+C)		28,245.69	30,194.07
Summary of significant accounting policies	1		
The accompanying notes form an integral part of the financial statements			

As per our attached report of even date

For and on behalf of the Board

For **Bagaria & CO., LLP**Chartered Accountants
FRN - 113447W/W-100019**Vinay Somani**
Partner
M. No. 143503Place: Mumbai
Date : 29-05-2019**P.PRABHAKARA RAO**
Company Secretary
(M.No. 08974)**V. RAGHURAM**
Chief Financial Officer
(DIN No. 03524068)Place: Hyderabad
Date : 29-05-2019**M.K. PATODIA**Chairman and Managing Director
(DIN No. 00004752)**B.L. SINGHAL**

(DIN No. 00006433) } Independent

M.R. VIKRAM

(DIN No. 00008241) } Directors

RAJUL KOTHARI - Independent
(DIN No. 06903721) Woman Director

GTN INDUSTRIES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019			
(Rs. in lacs)			
Particulars	Note	For the year ended 31st March, 2019	For the year ended 31st March, 2018
I. Revenue from Operations	24	35,670.33	29,553.47
II. Other Income	25	166.91	220.67
III. TOTAL REVENUE (I + II)		35,837.24	29,774.14
IV. EXPENSES:			
Cost of Materials Consumed	26	23,722.03	19,346.00
Purchase of Stock in Trade	27	560.85	97.51
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	28	(530.35)	(711.14)
Employee Benefits Expenses	29	3,392.97	2,890.55
Finance Costs	30	2,331.10	2,251.79
Depreciation / Amortisation	2 & 4	919.77	876.10
Other Expenses	31	6,737.01	6,084.35
TOTAL EXPENSES		37,133.38	30,835.16
V. PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS (III-IV)		(1,296.14)	(1,061.02)
VI. EXCEPTIONAL ITEMS	43	-	188.49
VII. PROFIT/(LOSS) BEFORE TAX AND AFTER EXCEPTIONAL ITEMS (V-VI)		(1,296.14)	(872.53)
VIII. TAX EXPENSE	32		
Deferred Tax		(460.82)	(248.40)
IX. PROFIT / (LOSS) FOR THE YEAR (VII-VIII)		(835.32)	(624.13)
X. OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to Profit and Loss			
(a) Remeasurement of post-employment benefit obligations		38.93	(33.16)
(b) Income tax relating to these items		(13.60)	11.48
XI. TOTAL COMPREHENSIVE INCOME FOR THE YEAR (IX+X)		(809.99)	(645.81)
XII. EARNINGS PER EQUITY SHARE OF FACE VALUE OF `10/- EACH	37		
Basic & Diluted (in `)			
- before exceptional items		(4.76)	(4.63)
- after exceptional items		(4.76)	(3.56)
Weighted average number of Equity Shares		17,540,378	17,540,378
Summary of significant accounting policies	1		
The accompanying notes form an integral part of the financial statements			
<div> <p>As per our attached report of even date</p> <p>For Bagaria & CO., LLP Chartered Accountants FRN - 113447W/W-100019</p> <p>Vinay Somani Patner M. No. 143503</p> <p>Place: Mumbai Date : 29-05-2019</p> </div> <div> <p>For and on behalf of the Board</p> <p>P.PRABHAKARA RAO Company Secretary (M.No. 08974)</p> <p>V. RAGHURAM Chief Financial Officer (DIN No. 03524068)</p> <p>Place: Hyderabad Date : 29-05-2019</p> </div> <div> <p>M.K. PATODIA Chairman and Managing Director (DIN No. 00004752)</p> <p>B.L. SINGHAL (DIN No. 00006433) } Independent M.R. VIKRAM (DIN No. 00008241) } Directors</p> <p>RAJUL KOTHARI - Independent (DIN No. 06903721) Woman Director</p> </div>			

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

(Rs. in lacs)

Particulars	2018-19	2017-18
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT / (LOSS) BEFORE TAX AS PER STATEMENT OF PROFIT AND LOSS	(809.99)	(645.81)
Adjustments for :		
Depreciation and Amortisation Expense	919.77	876.10
Interest Charged	2,331.10	2,251.79
Loss on Property, Plant and Equipment Discarded / Held for Disposal	(0.03)	(3.25)
Sundry Balances written back	-	(0.23)
OPERATING PROFIT / (LOSS) BEFORE WORKING CAPITAL CHANGES	2,440.85	2,478.60
MOVEMENT IN WORKING CAPITAL		
(Increase)/decrease in inventories	927.13	(409.35)
(Increase)/decrease in trade receivables	525.07	(1,771.49)
(Increase)/decrease in other bank balances	(428.22)	187.18
(Increase)/decrease in other financial assets	14.84	(12.22)
(Increase)/decrease in other assets	655.33	(1,473.97)
(Increase)/decrease in deposits	265.76	(167.71)
Increase/(decrease) in trade payables	209.94	1,112.66
Increase/(decrease) in other financial liabilities	(1,745.34)	1,683.39
Increase/(decrease) in provisions	(458.92)	(94.12)
Increase/(decrease) in other liabilities	(112.63)	(306.96)
CASH GENERATED FROM OPERATIONS	2,293.81	1,226.01
Less: Direct Taxes Paid (Net)	(0.39)	(10.46)
NET CASH (USED IN) / FROM OPERATING ACTIVITIES (A)	2,293.42	1,215.55
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Property, Plant and Equipment	(691.93)	(3,101.44)
Sale of Property, Plant and Equipment	49.27	84.51
NET CASH USED IN INVESTING ACTIVITIES (B)	(642.66)	(3,016.93)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Net increase / (decrease) in long term borrowings	(1,037.02)	840.94
Net increase / (decrease) in Short term borrowings	1,900.74	1,253.67
Proceeds from issue of 11% Cumulative Redeemable Preference Shares	-	1,700.00
Interest Paid	(2,298.58)	(2,220.54)
NET CASH FROM FINANCING ACTIVITIES (C)	(1,434.86)	1,574.07
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	215.90	(227.31)
ADD: CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR	48.02	275.33
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	263.92	48.02
Summary of significant accounting policies	1	
The accompanying notes form an integral part of the financial statements		

As per our attached report of even date

For **Bagaria & CO., LLP**Chartered Accountants
FRN - 113447W/W-100019**Vinay Somani**Partner
M. No. 143503Place: Mumbai
Date : 29-05-2019

For and on behalf of the Board

P.PRABHAKARA RAO
Company Secretary
(M.No. 08974)**V. RAGHURAM**
Chief Financial Officer
(DIN No. 03524068)Place: Hyderabad
Date : 29-05-2019**M.K. PATODIA**Chairman and Managing Director
(DIN No. 00004752)**B.L. SINGHAL**

(DIN No. 00006433)

M.R. VIKRAM

(DIN No. 00008241)

RAJUL KOTHARI

(DIN No. 06903721)

Independent
DirectorsIndependent
Woman Director

GTN INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

(Rs. in lacs)

	Balance as at 1st April, 2017	Changes in equity share capital	Balance as at 31st March, 2018	Changes in equity share capital	Balance as 31st March, 2019
A. EQUITY SHARE CAPITAL					
Paid up capital (Refer Note 13)	1754.96	-	1754.96	-	1754.96

(Rs. in lacs)

	Amalgamation Reserve	Securities Premium Reserve	Accumulated other comprehensive income Actuarial gain / (Losses)	Retained earnings*	Total
B. OTHER EQUITY					
Balances as at 1st April, 2017	621.49	1,112.08	(32.94)	2,362.48	4,063.11
Profit/(Loss) for the year	-	-	-	(624.13)	(624.13)
Equity Component of Compound Financial Instruments	-	-	-	1,389.80	1,389.80
Transfer to Statement of Profit and Loss	-	-	-	(8.95)	(8.95)
Remeasurement of post-employment Benefit obligations (Net of Tax)	-	-	(21.68)	-	(21.68)
Balance as at 31st March, 2018	621.49	1,112.08	(54.62)	3,119.20	4,798.15
Profit/(Loss) for the year	-	-	-	(835.32)	(835.32)
Remeasurement of post-employment Benefit obligations (Net of Tax)	-	-	25.33	-	25.33
Balance as at 31st March, 2019	621.49	1,112.08	(29.29)	2,283.88	3,988.16

*Balance as at 31st March, 2019 and 31st March 2018 includes Property, Plant and Equipment Reserve (Net of Deferred Tax) amounting to Rs. 3953.27 lakhs and Rs. 3953.27 lakhs.

Summary of significant accounting policies - 1

The accompanying notes form an integral part of the financial statements

As per our attached report of even date

For **Bagaria & CO., LLP**
Chartered Accountants
FRN - 113447W/W-100019

Vinay Somani
Partner
M. No. 143503

Place: Mumbai
Date : 29-05-2019

For and on behalf of the Board

P.PRABHAKARA RAO
Company Secretary
(M.No. 08974)

V. RAGHURAM
Chief Financial Officer
(DIN No. 03524068)

Place: Hyderabad
Date : 29-05-2019

M.K. PATODIA

Chairman and Managing Director
(DIN No. 00004752)

B.L. SINGHAL

(DIN No. 00006433) } Independent

M.R. VIKRAM

(DIN No. 00008241) } Directors

RAJUL KOTHARI - Independent

(DIN No. 06903721) Woman Director

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1.1 COMPANY OVERVIEW

The GTN Industries Limited (the "Company") is a public limited company incorporated and domiciles in India and has its registered office at Chitkul Village, Patancheru Mandal, Medak District, Telangana. It is incorporated under the Companies Act, 1956 and its shares are listed on the Bombay Stock Exchange and National Stock Exchange.

GTN Industries Limited has its Registered Office at Hyderabad, Telangana. It is engaged in the business of Spinning and Doubling of Yarn. The Company has its production facilities in the state of Telangana and Maharashtra.

1.2 BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with rule 4 of the Companies (Indian Accounting standards) Rules, 2015 (hereinafter referred to as the 'Ind AS').

The financial statements of the Company are prepared in accordance with the Indian Generally Accepted Accounting Principal (GAAP) on accrual basis and under the historical cost convention, except for the following material items that have been measured at fair value as required by the relevant Ind AS:

- Certain financial assets and liabilities are measured at Fair value (refer accounting policy on financial instruments)
- Defined Benefit and other Long-term Employee Benefits,

1.3 USE OF ESTIMATES AND JUDGEMENTS

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

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

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle of twelve months and other criteria set out in Schedule III to the Companies Act, 2013.

1.4 PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS

Property, Plant and Equipment

Property, Plant and Equipment are stated at cost net of recoverable taxes, trade discounts and rebates and include amounts added on revaluation, less accumulated depreciation (except Freehold Land) and impairment loss, if any. Costs include freight, import duties, non-refundable purchase taxes and other expenses directly attributable to the acquisition of the asset.

Capital Work-in-progress

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

Depreciation/Amortisation:

Depreciation on Fixed Assets is provided to the extent of depreciable amount on the Straight Line Method (SLM). Depreciation is provided based on useful life of the assets as prescribed in Schedule II of the Companies Act, 2013.

Individual Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase.

Depreciation on assets added/sold or discarded during the year is being provided on pro-rata basis up to the date on which such assets are added/sold or discarded.

Gains/Losses on disposals/de-recognition of property, plant and equipment are determined by comparing proceeds with carrying amount and these are recognized in Statement of Profit & Loss.

1.5 IMPAIRMENT OF NON FINANCIAL ASSETS

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a Group of non-financial assets are impaired. If any such indication exists, the Company estimates the amount of impairment loss. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

1.6 REVENUE RECOGNITION

The Company recognizes revenue, whenever control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account customer's creditworthiness.

Revenue is the transaction price the Company expects to be entitled to. In determining the transaction price, the Company considers effects of variable consideration, the existence of significant financing contracts, non-cash consideration and consideration payable to the customer, if any. The Company considers whether there are other promises in the contract that are separate performance obligations to which the transaction price needs to be allocated.

Variable Consideration

If the consideration in a contract includes a variable amount, the company estimates the amount of consideration to which it will be entitled to in exchange for transferring goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved.

The amount of variable consideration is calculated by either using the expected value or the most likely amount depending on which is expected to better predict the amount of variable consideration. Consideration is also adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the Company. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable, the Company reasonably estimates those.

Revenue is recognized for each performance obligation either at a point in time or over time.

Sale of goods:

Revenues are recognized at a point in time when control of the goods passes to the buyer, usually upon either at the time of dispatch or delivery. Export sales are recognized based on the shipped-on board date as per bill of lading, which is when substantial risks and rewards of ownership are passed to the customers. Revenue from sale of goods is net of taxes and recovery of charges collected from customers like transport, packing etc.

Other Income

Dividend income on investments is recognised when the right to receive dividend is established.

Interest income is recognized on a time proportionate basis taking into account the amounts invested and the rate of interest. For all financial instruments measured at amortised cost, interest income is recorded using the Effective interest rate method to the net carrying amount of the financial assets.

1.7 GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. When the grant relates to an asset, it is recognized as income over the expected useful life of the asset.

In case a non-monetary asset is given free of cost it is recognised at a fair value. When loan or similar assistance are provided by government or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is recognized as government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

1.8 INVENTORIES

Inventories includes Raw Material, Work-in-Progress, Finished goods, Stores & spares, Consumables and Packing Materials and are valued at lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)

Raw Material and Components – Cost include cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using Specific Identification Method.

Finished/Semi-Finished Goods –Cost includes cost of direct material, labour, other direct cost and a proportion of fixed manufacturing overheads allocated based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average cost basis.

Stores, Spare Parts, Consumables, Packing Materials etc. – cost is determined on weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

Adequate allowance is made for obsolete and slow moving items.

1.9 FINANCIAL INSTRUMENTS

Financial assets - Initial recognition

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets other than trade receivables are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Profit and Loss.

Subsequent measurement

Financial assets, other than equity instruments, are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) the entity's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

(a) Measured at amortised cost:

A financial asset is measured at amortised cost, if it is held under the hold to collect business model i.e. held with an objective of holding the assets to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest on the principal outstanding. Amortised cost is calculated using the effective interest rate ("EIR") method by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. On derecognition, gain or loss, if any, is recognised to Statement of Profit and Loss.

(b) Measured at fair value through other comprehensive income (FVOCI):

A financial asset is measured at FVOCI, if it is held under the hold to collect and sell business model i.e. held with an objective to collect contractual cash flows and selling such financial asset and the contractual cash flows are solely payments of principal and interest on the principal outstanding. It is subsequently measured at fair value with fair value movements recognised in the OCI, except for interest income which recognised using EIR method. The losses arising from impairment are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in the OCI is reclassified from the equity to Statement of Profit and Loss.

(c) Measured at fair value through profit or loss (FVTPL):

Investment in financial asset other than equity instrument, not measured at either amortised cost or FVOCI is measured at FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised in the Statement of Profit and Loss.

Equity Instruments:

All investments in equity instruments classified under financial assets are subsequently measured at fair value. Equity instruments which are held for trading are measured at FVTPL.

For all other equity instruments, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument shall be recognised in Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in the OCI. Amounts recognised in Other Comprehensive Income (OCI) are not subsequently transferred to Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised in Statement of Profit and Loss.

Impairment

The Company recognises a loss allowance for Expected Credit Losses (ECL) on financial assets that are measured at amortised cost and at FVOCI. The credit loss is difference between all contractual cash flows that are due to an entity in

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)

accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. This is assessed on an individual or collective basis after considering all reasonable and supportable including that which is forward-looking.

The Company's trade receivables or contract revenue receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall, being simplified approach for recognition of impairment loss allowance.

Under simplified approach, the Company does not track changes in credit risk. Rather it recognizes impairment loss allowance based on the lifetime ECL at each reporting date right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables.

The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For financial assets other than trade receivables, the Company recognises 12-month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. If, in a subsequent period, credit quality of the instrument improves such that there is no longer significant increase in credit risks since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12 months ECL.

The impairment losses and reversals are recognised in Statement of Profit and Loss. For equity instruments and financial assets measured at FVTPL, there is no requirement for impairment testing.

De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers rights to receive cash flows from an asset, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial Liabilities

Initial Recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss.

The Company's financial liabilities includes trade and other payables, loans and borrowings including bank overdrafts and derivative instruments.

Subsequent measurement

Financial liabilities measured at amortised cost are subsequently measured at using EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Loans & Borrowings:

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using EIR method. Gains and losses are recognized in profit & loss when the liabilities are derecognized as well as through EIR amortization process.

De-recognition

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

Derivative financial instruments

The Company uses derivative financial instruments, such as forward foreign exchange contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value, with changes in fair value recognised in Statement of Profit and Loss.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.10 FAIR VALUE MEASUREMENT:

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

1.11 EMPLOYEE BENEFITS

The Company provides following post-employment plans:

- (a) Defined benefit plans such a gratuity and
- (b) Defined contribution plans such as Provident fund and Superannuation fund

a) Defined-benefit plan:

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of defined benefit obligations at the end of the reporting period less fair value of plan assets. The defined benefit obligations is calculated annually by actuaries through actuarial valuation using the projected unit credit method.

The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- (a) Service costs comprising current service costs, past-service costs, gains and losses on curtailment and non-routine settlements; and
- (b) Net interest expense or income

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is included in employee benefit expenses in the statement of the profit & loss.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)

Re-measurement comprising of actuarial gains and losses arising from

- (a) Re-measurement of Actuarial(gains)/losses
- (b) Return on plan assets, excluding amount recognized in effect of asset ceiling
- (c) Re-measurement arising because of change in effect of asset ceiling are recognised in the period in which they occur directly in Other comprehensive income. Re-measurement are not reclassified to profit or loss in subsequent periods.

Ind AS 19 requires the exercise of judgment in relation to various assumptions including future pay rises, inflation and discount rates and employee and pensioner demographics. The Company determines the assumptions in conjunction with its actuaries, and believes these assumptions to be in line with best practice, but the application of different assumptions could have a significant effect on the amounts reflected in the income statement, other comprehensive income and balance sheet. There may be also interdependency between some of the assumptions.

b) Defined-contribution plan:

Under defined contribution plans, provident fund, the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. Defined Contribution plan comprise of contributions to the employees' provident fund with the government, superannuation fund and certain state plans like Employees' State Insurance and Employees' Pension Scheme. The Company's payments to the defined contribution plans are recognised as expenses during the period in which the employees perform the services that the payment covers.

c) Other employee benefits:

- (a) Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the obligation as at the Balance sheet date determined based on an actuarial valuation.
- (b) Undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the related services.

1.12 LEASES

A lease is classified at the inception date as a finance lease or an operating lease. Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss

Other leases are treated as operating leases, with payments are recognised as expense in the Statement of Profit & Loss on a straight-line basis over the lease term.

1.13 FOREIGN CURRENCY TRANSACTIONS

a) Initial Recognition

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss of the year.

b) Measurement of Foreign Currency Items at the Balance Sheet Date

Foreign currency monetary items of the Company are restated at the closing exchange rates. Non-monetary items are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising out of these transactions are charged to the Statement of Profit and Loss.

1.14 TAXES ON INCOME

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

Current tax is based on taxable profit for the year. Taxable profit is different from accounting profit due to temporary differences between accounting and tax treatments, and due to items that are never taxable or tax deductible. Tax provisions are included in current liabilities. Interest and penalties on tax liabilities are provided for in the tax charge. The Company offsets, the current tax assets and liabilities (on a year on year basis) where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis or to realise the assets and liabilities on net basis.

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)

amount in financial statements. Deferred income tax asset is recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred tax assets are not recognised where it is more likely than not that the assets will not be realised in the future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

1.15 PROVISIONS AND CONTINGENCIES

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources or an obligation for which the future outcome cannot be ascertained with reasonable certainty. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.16 CASH AND CASH EQUIVALENTS

Cash and Cash equivalents include cash and Cheque in hand, bank balances, demand deposits with banks and other short-term highly liquid investments that are readily convertible to known amounts of cash & which are subject to an insignificant risk of changes in value where original maturity is three months or less.

1.17 CASH FLOW STATEMENT

Cash flows are reported using the indirect method where by the profit before tax is adjusted for the effect of the transactions of a non-cash nature, any deferrals or accruals of past and future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

1.18 BORROWING COST

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of Cost of that assets, during the period till all the activities necessary to prepare the Qualifying assets for its intended use or sale are complete during the period of time that is required to complete and prepare the assets for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

1.19 EARNINGS PER SHARE

Basic EPS is arrived at based on net profit after tax available to equity shareholders to the weighted average number of equity shares outstanding during the year.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive.

1.20 OPERATING SEGMENT

Operating segments are reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker (CODM).

The Company has identified its Managing Director as CODM which assesses the operational performance and position of the Company and makes strategic decisions.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)**1.21 RECENT ACCOUNTING PRONOUNCEMENTS****Ind AS 116, Leases**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

The Company is currently evaluating the effect of this amendment on the standalone financial statements. Hence, the effect due to this amendment would be insignificant in the financial statements.

Amendment to Ind AS 12 – Income taxes

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

Ind AS 12 – "Income taxes" - Appendix C – Uncertainty over income tax treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements. The effect due to this amendment would be insignificant in the financial statements.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)

(Rs. in Lacs)							
	Free hold Land	Freehold Buildings	Plant and Equipments	Furniture and Fixtures	Electrical Equipments	Vehicles	Total
2. NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT*							
Balance as at April 01, 2017							
Gross carrying amount							
Deemed cost	2,426.53	6,155.98	19,947.52	246.42	1,343.68	151.72	30,271.85
Additions	-	201.53	2,915.85	10.99	5.49	-	3,133.86
Disposals	-	-	1,382.48	0.14	-	6.48	1,389.10
Balance as at March 31, 2018	2,426.53	6,357.51	21,480.89	257.27	1,349.17	145.24	32,016.61
Additions	-	47.64	569.17	5.80	21.28	15.60	659.49
Disposals	-	-	165.72	0.52	-	19.55	185.79
Balance as at March 31, 2019	2,426.53	6,405.15	21,884.34	262.55	1,370.45	141.29	32,490.31
Accumulated depreciation as at April 01, 2017	-	2,268.68	11,635.81	197.39	1,162.94	101.62	15,366.44
Depreciation charge for the year	-	234.71	604.17	9.45	16.34	11.43	876.10
Disposals	-	-	1,265.55	0.06	-	6.27	1,271.88
Accumulated depreciation as at March 31, 2018	-	2,503.39	10,974.43	206.78	1,179.28	106.78	14,970.66
Depreciation charge for the year	-	238.21	638.91	14.18	15.57	12.68	919.56
Disposals	-	-	121.77	0.45	-	14.33	136.55
Accumulated depreciation as at March 31, 2019	-	2,741.60	11,491.57	220.51	1,194.85	105.13	15,753.66
Net carrying amount as at April 01, 2017	2,426.53	3,887.30	8,311.71	49.03	180.74	50.10	14,905.41
Net carrying amount as at March 31, 2018	2,426.53	3,854.12	10,506.46	50.49	169.89	38.46	17,045.95
Net carrying amount as at March 31, 2019	2,426.53	3,663.55	10,392.77	42.04	175.60	36.16	16,736.65

Footnote:

*Property, Plant and Equipment have been mortgaged against loans taken. Refer Note 42 for details.

(Rs. in Lacs)		
	Balance as at 31 st March, 2019	Balance as at 31 st March, 2018
3. CAPITAL WORK-IN-PROGRESS		
Plant and Equipment under installation	37.90	6.53
Total	37.90	6.53

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH, 2019 (Contd.,)			
(Rs. in lacs)			
4. NON CURRENT ASSETS - INTANGIBLE ASSETS	Software	Trademark	Total
Gross Block			
Balance as at 1st April 2017	-	-	-
Additions	2.16	-	-
Deductions/ Adjustment	-	-	-
Balance as at 31st March 2018	2.16	-	-
Accumulated Depreciation			
Balance as at 1st April 2017	-	-	-
Additions	-	-	-
Deductions/ Adjustment	-	-	-
Balance as at 31st March 2018	-	-	-
Net carrying amount as at 1st April 2017	2.16	-	-
Net carrying amount as at 31st March 2018	2.16	-	-
Gross Block			
Balance as at 31st March 2018	2.16	-	2.16
Additions	-	1.07	1.07
Deductions/ Adjustment	-	-	-
Balance as at 31st March 2019	2.16	1.07	3.23
Accumulated Depreciation			
Balance as at 31st March 2018	-	-	-
Additions	-	0.21	0.21
Deductions/ Adjustment	-	-	-
Balance as at 31st March 2019	-	0.21	0.21
Net carrying amount as at 31st March 2018	2.16	-	2.16
Net carrying amount as at 31st March 2019	2.16	0.86	3.02
			(Rs. in lacs)
5. NON-CURRENT ASSETS - FINANCIAL ASSETS - OTHER FINANCIAL ASSETS UNSECURED, CONSIDERED GOOD	As at 31 st March, 2019	As at 31 st March, 2018	
(a) Security Deposits			
Electricity Deposits	411.25	314.40	
Other Deposits	4.62	6.59	
(b) Margin Money Deposits (under lien)	23.93	384.57	
Total	439.80	705.56	
6. NON CURRENT ASSETS - INCOME TAX ASSETS			
Income Tax Deducted at source receivable	46.77	46.38	
Total	46.77	46.38	
7. NON-CURRENT ASSETS - OTHER NON-CURRENT ASSETS			
(a) Capital advances for Property, Plant and Equipment	9.51	-	
(b) Prepaid expenses	14.01	43.61	
Total	23.52	43.61	

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)

		(Rs. in lacs)	
		As at 31st March, 2019	As at 31st March, 2018
8. CURRENT ASSETS - INVENTORIES*			
(Valued at lower of cost and Net Realisable Value)			
(a) Raw Materials		1,723.95	3,230.35
(b) Finished Goods/Semi-finished goods		3,513.76	2,978.26
(c) Traded Goods		47.96	-
(d) Waste Stock		37.93	43.08
(e) Stores, Spares and Packing Materials		75.39	74.43
Total		5,398.99	6,326.12
*Inventories have been hypothecated as Security against loans taken. Refer Note 42 for details.			
9. CURRENT ASSETS - FINANCIAL ASSETS - TRADE RECEIVABLES			
Trade Receivables considered good - Secured		-	-
Trade Receivables considered good - Unsecured		2,660.94	3,160.84
Trade receivables which have significant increase in Credit Risk		71.86	72.72
Trade Receivables - Credit impaired		40.01	40.01
Total		2,772.81	3,273.57
Less: Provision for Estimated Credit Loss		(79.30)	(54.99)
Total		2,693.51	3,218.58
10. CURRENT ASSETS - FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS			
(a) Cash on Hand		2.30	3.58
(b) Balances with Banks			
- in Current Accounts		261.62	44.44
Total		263.92	48.02
11. CURRENT ASSETS - FINANCIAL ASSETS - OTHER BALANCES WITH BANKS			
Margin Money Deposit with banks (under lien)		607.36	179.14
Total		607.36	179.14
12. CURRENT ASSETS - FINANCIAL ASSETS - LOANS			
Unsecured, considered good			
(a) Advances to employees		20.10	45.43
(b) Interest Accrued on Deposits		40.66	33.16
(c) Other Assets		5.95	2.96
Total		66.71	81.55
13. CURRENT ASSETS - OTHER CURRENT ASSETS			
(a) Export Incentive receivable		233.25	206.54
(b) TUF Interest Rebate receivable		408.91	408.53
(c) Indirect Taxes recoverable		816.76	1,048.29
(d) Prepaid Expenses		69.84	135.59
(e) Advance to Vendors		65.40	480.37
(f) Other Advances		234.21	184.28
Total		1,828.37	2,463.60

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)

	As at 31 st March, 2019		As at 31 st March, 2018	
	Number	Rs. in lacs	Number	Rs. in lacs
14. EQUITY - EQUITY SHARE CAPITAL				
<u>Authorised</u>				
Equity Shares of ₹ 10 each	20,000,000	2,000.00	20,000,000	2,000.00
Redeemable Preference Shares of ₹ 100 each	6,000,000	6,000.00	6,000,000	6,000.00
<u>Issued, subscribed and paid-up</u>				
Equity Shares of ₹ 10 each	17,558,778	1,755.88	17,558,778	1,755.88
Less : Forfeited shares				
Equity Shares of ₹ 10 each; ₹ 5 paid up	18,400	0.92	18,400	0.92
Total	17,540,378	1,754.96	17,540,378	1,754.96

- (a) The Company has only one class of issued Equity Shares having a par value of Rs.10/- per share. Each Shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the residual assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.
- b) Pursuant to the Board Meeting held on 5th February, 2016 and after obtaining the prior approval of the Preference Shareholders, the Company has altered the terms of issue of 300,000 - 10% Cumulative Redeemable Preference Shares (CRPS) of Rs.100 each issued to M/s. JEL Finance and Investments Limited (an associate), from "10% CRPS" to "0.01% NCRPS". The redemption period has been revised from 2 years but before 5 years from the date of issue to 10 years but before 15 years from the date of issue.
- c) The terms of issue of Preference Shares other than stated in (b) above, are as follows:

Particulars	Number	Amount (Rs. in lacs)	Redemption period from the date of issue
0.01% NCRPS of Rs.100/- each			
24.04.2013	200000	200.00	After-15 years
29.03.2014	500000	500.00	
16.10.2014	300000	300.00	
26.02.2015	500000	500.00	
23.07.2015	200000	200.00	
21.08.2015	300000	300.00	
10.09.2015	100000	100.00	
29.03.2016	300000	300.00	
18.07.2016	100000	100.00	
28.03.2017	100000	100.00	
15.04.2017	150000	150.00	10-15 years
05.05.2017	115000	115.00	
08.05.2017	135000	135.00	
08.08.2017	500000	500.00	
06.10.2017	100000	100.00	
27.12.2017	200000	200.00	
28.03.2018	500000	500.00	

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd..)

	As at 31 st March, 2019		As at 31 st March, 2018	
	Number	Rs. in lacs	Number	Rs. in lacs
(d) The reconciliation of the number of shares outstanding is set out below :				
i) Equity Shares of ₹ 10 each				
Shares at the beginning of the year	17,540,378	1,754.96	17,540,378	1,754.96
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	17,540,378	1,754.96	17,540,378	1,754.96
ii) 0.01% NCRPS of ₹ 100 each				
Shares at the beginning of the year	4,600,000	4,600.00	2,900,000	2,900.00
Add: Shares issued during the year	-	-	1,700,000	1,700.00
Less: Shares redeemed during the year	-	-	-	-
Shares outstanding at the end of the year	4,600,000	4,600.00	4,600,000	4,600.00
	As at 31 st March, 2019		As at 31 st March, 2018	
	No. of shares	% of Holding	No. of shares	% of Holding
(e) The details of shareholders holding more than 5% shares:				
i) Equity Shares of ₹ 10 each				
GTN Engineering (India) Limited	8,684,679	49.51	-	-
Mahendra Kumar Patodia	2,727,713	15.56	1,986,713	11.33%
Mahendra Kumar Patodia (HUF)	1,112,104	6.34	1,112,104	6.34%
JEL Finance and Investments Limited	-	-	5,750,000	32.78%
Emkaypee Investments Private Limited	-	-	2,630,574	15.00%
ii) 0.01% Non - Cumulative Redeemable Preference Shares of ₹ 100 each				
GTN Engineering (India) Limited	4,060,000	88.26	4,060,000	88.26%
JEL Finance and Investments Limited	300,000	6.52	300,000	6.52%
(f) Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceeding the reporting date - Nil.				

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)

	(Rs. in lacs)	
	As at 31 st March, 2019	As at 31 st March, 2018
15. EQUITY - OTHER EQUITY		
(a) Amalgamation Reserve		
As per last Balance Sheet	621.49	621.49
(b) Securities Premium		
As per last Balance Sheet	1,112.08	1,112.08
(c) Other Comprehensive Income		
As per last Balance Sheet	(54.62)	(32.94)
Add: Remeasurement of post-employment benefit obligations (Net of Tax)	25.33	(21.68)
Sub-Total	(29.29)	(54.62)
(d) Retained Earnings		
As per last Balance Sheet	3,119.20	2,362.48
Add: Net Profit / (Loss) for the current year	(835.32)	(624.13)
Add: Equity Component of Compound Financial Instruments	-	1,389.80
Add: Withdrawals on account of property, plant & equipment	-	(8.95)
Sub-Total	2,283.88	3,119.20
Total	3,988.16	4,798.15

Footnotes : Nature and purpose of reserves**Amalgamation Reserve:**

Amalgamation Reserve was created at the time of implementation of the Scheme of Amalgamation dated 01.04.2012. It is a non-distributable reserve in accordance with the provisions of the Act.

Securities Premium:

Securities premium is created due to premium on issue of shares. These reserve is utilised in accordance with the provisions of the Act.

Retained Earnings:

The balance in the Retained Earnings primarily represents the surplus after payment of dividend (including tax on dividend) and transfer to reserves. It includes gain on recognition of equity component of compound financial instruments and revaluation of property, plant and equipment.

	(Rs. in lacs)	
	As at 31 st March, 2019	As at 31 st March, 2018
16. NON-CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS		
Secured #		
from Banks (Interest rate - 11.94% p.a., Previous Year - 11.94% p.a.)	4,342.71	6,588.53
from a Financial Institution (Interest rate - 11.98% p.a., Previous Year - 11.98% p.a.)	725.68	878.98
	5,068.39	7,467.51
Less : Current Maturities of Long Term Debts (Refer Note 21)	(1,161.55)	2,395.26
Sub-Total	3,906.84	5,072.25
Unsecured		
Liability component of Compound Financial Instruments	1,199.24	1,070.85
Loan from a Body Corporate* (an associate)	2,800.00	-
(Interest Rate - 8.25% p.a., Previous Year - Nil)		
Sub-Total	3,999.24	1,070.85
Total	7,906.08	6,143.10

#Refer Note 42 for security clause.

*Refer Note 40.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)

		(Rs. in lacs)	
		As at 31 st March, 2019	As at 31 st March, 2018
17. NON-CURRENT LIABILITIES - PROVISIONS			
Provision for Employee Benefits*			
Gratuity		87.64	93.40
Total		87.64	93.40
*Refer Note 36			
18. DEFERRED TAX LIABILITIES / (ASSETS) (NET)#			
Deferred tax liabilities		3,432.68	2,420.41
Deferred tax assets		(3,298.37)	(1,838.88)
MAT Credit Entitlement		(206.61)	(206.61)
Total		(72.30)	374.92
#Refer Note 32			
19. CURRENT LIABILITIES - FINANCIAL LIABILITIES			
BORROWINGS			
Secured, repayable on demand			
Working Capital Loans from Banks (Interest rate - 11.32% p.a., Previous Year - 11.32% p.a.)		8,385.82	8,339.66
External Commercial Borrowings ('ECB') (Interest rate - 13.59% p.a., Previous Year - 13.59% p.a.)		-	925.15
Unsecured			
from a Director (Interest Rate - 9% p.a., Previous Year - 9% p.a.)		196.20	200.00
from Bodies Corporate (Interest Rate - 10.50% p.a., Previous Year - 10.50% p.a.)		345.14	361.60
Total		8,927.16	9,826.41
20. CURRENT LIABILITIES - FINANCIAL LIABILITIES			
TRADE PAYABLES@			
Amounts due to related parties		1,304.98	1,374.50
Total outstanding dues of micro enterprises and small enterprises		-	-
Others		2,660.31	2,380.84
Total		3,965.29	3,755.34
@Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management and the same has been relied upon by the auditors.			

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)

	(Rs. in lacs)	
	As at 31st March, 2019	As at 31st March, 2018
21. CURRENT LIABILITIES - FINANCIAL LIABILITIES		
OTHER FINANCIAL LIABILITIES		
(a) Current Maturities of Long Term Debts (Refer Note 16)	1,161.55	2,395.26
(b) Interest accrued but not due	97.07	64.55
(c) Payables towards property, plant & equipment	8.14	517.89
Total	1,266.76	2,977.70
22. CURRENT LIABILITIES - PROVISIONS		
Provision for Employee Benefits*		
Gratuity	24.67	30.60
Total	24.67	30.60
*Refer Note 36		
23. CURRENT LIABILITIES - OTHER CURRENT LIABILITIES		
a) Advances from customers	185.53	298.17
b) Statutory Dues	139.44	141.32
Total	324.97	439.49
	For the year ended 31st March, 2019	For the year ended 31st March, 2018
24. REVENUE FROM OPERATIONS		
Sale of Products		
Manufactured Products	32,300.78	26,693.63
Traded Goods	601.57	106.70
	32,902.35	26,800.33
Less: Discounts	-	0.78
	32,902.35	26,799.55
Other operating income		
Scrap Sales	150.85	233.57
Export Incentives	2,617.13	2,520.35
Sub-Total	2,767.98	2,753.92
Total	35,670.33	29,553.47
25. OTHER INCOME		
Interest Income	84.66	58.16
Rental Income	69.61	60.83
Foreign Currency Translation and Transactions (net)	-	82.17
Insurance Claims	8.56	7.21
Profit on sale of Property, Plant and Equipment (Net)	0.03	3.25
Miscellaneous Income	4.05	9.05
Total	166.91	220.67

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)

	(Rs. in lacs)	
	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
26. COST OF MATERIALS CONSUMED		
Opening Stock	3,230.35	3,557.34
Add: Purchases	22,215.63	19,019.01
	25,445.98	22,576.35
Less: Closing Stock	1,723.95	3,230.35
Total	23,722.03	19,346.00
Particulars of Material Consumed:		
Cotton	23,577.14	19,267.54
Fabric and Yarn	144.89	78.46
Total	23,722.03	19,346.00
27. PURCHASES OF STOCK IN TRADE		
Cotton Yarn	560.85	97.51
Total	560.85	97.51
28. CHANGES IN INVENTORY		
Opening Stock:		
Finished Goods/Semi-finished goods	2,978.26	2,246.70
Waste Stock	43.08	63.50
Total (a)	3,021.34	2,310.20
Closing Stock:		
Finished Goods/Semi-finished goods	3,513.76	2,978.26
Waste Stock	37.93	43.08
Total (b)	3,551.69	3,021.34
Total (a-b)	(530.35)	(711.14)
29. EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	3,015.42	2,609.63
Contribution to Provident and Other Funds	193.36	118.63
Workmen & Staff Welfare Expenses	184.19	162.29
Total	3,392.97	2,890.55
30. FINANCE COSTS		
Interest Expense	1,967.05	1,936.83
Other Borrowing Costs	235.66	217.74
Interest expenses on compound financial instruments	128.39	97.22
Total	2,331.10	2,251.79

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)

		(Rs. in lacs)	
		For the year ended 31st March, 2019	For the year ended 31st March, 2018
31. OTHER EXPENSES			
Stores and Spares Consumed		855.33	715.38
Consumption of Packing Material		457.47	444.38
Power and Fuel		3,033.10	2,709.18
Processing Charges		331.95	408.79
Other Manufacturing and Operating expenses		143.10	121.81
Repairs to Buildings		113.07	74.51
Repairs to Machinery		204.49	174.36
Rent		8.80	8.29
Insurance		83.08	73.30
Rates and Taxes		84.59	88.58
Advertisement		1.28	1.19
Commission to Selling Agents		357.75	321.73
Freight, Forwarding and Other Expenses		685.71	589.25
Legal and Professional Expenses		41.96	57.37
Donation		0.21	3.55
Payment to Auditors*		9.83	8.89
Provision for Estimated Credit Loss		24.31	48.00
Foreign Currency Translation and Transactions (net)		64.92	-
Miscellaneous Expenses		236.06	235.79
Total		6,737.01	6,084.35
*Payments to Auditors:			
for Statutory Audit		3.00	3.00
for Tax Audit Fees		0.50	0.50
for Limited review and certification fees		5.47	4.13
for Out of Pocket Expenses		0.86	1.26
Total		9.83	8.89
		(Rs. in lacs)	
		2018-19	2017-18
32. INCOME TAXES			
a) Tax expense recognised in the statement of Profit and Loss:			
Current tax			
Current year		-	-
Total current tax		-	-
Deferred tax			
Depreciation		464.31	(285.90)
Origination and reversal of temporary differences and Fair valuation of financial assets and financial liabilities		(925.13)	37.50
Total deferred income tax expense/(credit)		(460.82)	(248.40)
Total income tax expense/(credit)		(460.82)	(248.40)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)

		(Rs. in lacs)	
		2018-19	2017-18
b) A reconciliation of the income tax amount between the enacted income tax rate and the effective income tax of the Company is as follows :			
Enacted income tax rate in India		34.94	34.61
Profit before tax		(1296.14)	(872.53)
Income tax as per above rate		(452.92)	(301.98)
Adjustments:			
Expenses not deductible for tax purposes		(7.89)	53.58
Income tax as per profit and loss statement		(460.82)	(248.40)

	As at 31st, March, 2018	(Credit)/charge in statement of Profit and Loss and OCI	As at 31st March, 2019
c) The movement in deferred tax assets and liabilities during the year ended March 31, 2018 and March 31, 2019:			
Deferred tax assets/(liabilities)			
Depreciation	(2420.41)	(464.31)	(3432.68)
Timing differences in line with various provisions of the Income Tax Act, 1961	1838.88	911.53	3298.37
Less: MAT Credit Entitlement	206.61	-	206.61
Total	(374.92)	447.22	72.30

33. FINANCIAL INSTRUMENTS

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The carrying amounts and fair values of financial instruments by category are as follows:

		Instruments carried at fair value	carried at amortized cost		
Note	At Cost	FVTPL /FVTOCI	Carrying amount	Total carrying amount(A+B)	Total fair value
a. Financial assets					
As at 31st March, 2018					
Trade receivables	9	-	3,218.58	3,218.58	3,218.58
Cash & cash equivalents	10	-	48.02	48.02	48.02
Other bank balances	11	-	179.14	179.14	179.14
Other financial assets	5,13	-	787.11	787.11	787.11
Total	-	-	4,232.85	4,232.85	4,232.85

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)

(Rs. in lacs)

		Instruments carried at fair value	carried at amortized cost		
Note	At Cost	FVTPL /FVTOCI	Carrying amount	Total carrying amount(A+B)	Total fair value
As at 31st March, 2019					
Trade receivables	9	-	2,693.51	2,693.51	2,693.51
Cash & cash equivalents	10	-	263.92	263.92	263.92
Other bank balances	11	-	607.36	607.36	607.36
Other financial assets	5,13	-	506.51	506.51	506.51
Total	-	-	4,071.30	4,071.30	4,071.30
		Instruments carried at fair value	Instruments carried at amortized cost		
Note	FVTPL	Total carrying amount and fair value	Carrying amount	Total carrying amount	Total fair value
b. Financial liabilities					
As at 31st March, 2018					
Borrowings	16,19	1,070.85	14,898.66	15,969.51	15,969.51
Trade payables	20	-	3,755.34	3,755.34	3,755.34
Other financial liabilities	21	-	2,977.70	2,977.70	2,977.70
Total		1,070.85	21,631.70	22,702.55	22,702.55
As at 31st March, 2019					
Borrowings	16,19	1,199.24	15,634.00	16,833.24	16,833.24
Trade payables	20	-	3,965.29	3,965.29	3,965.29
Other financial liabilities	21	-	1,266.76	1,266.76	1,266.76
Total		1,199.24	20,866.05	22,065.29	22,065.29

34. RISK MANAGEMENT

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The company's activity expose it to market risk, liquidity risk, commodity risk and credit risk. In order to minimise any adverse effects on the financial performance of the company, derivative financial instruments, such as foreign exchange forward contracts, foreign currency option contracts are entered to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments. The Company's financial risk management policy is set by the Managing Director and governed by overall direction of Board of Directors of the Company.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)

S.No.	Risk	Exposure arising from	Measurement	Management
A	Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Ageing analysis Credit ratings	Credit limits and letters of credit and Performance guarantees.
B	Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
C	Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Includes fixed rate and floating rate financial instruments in its total portfolio
D	Market risk – foreign exchange	Future commercial transactions recognised financial assets and liabilities not denominated in INR.	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
E	Commodity risk	Purchase of Raw Material	Fluctuation of Crude Price and Currency rates	Procurement and inventory strategy

A. CREDIT RISK

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assess financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- i) Actual or expected significant adverse changes in business
- ii) Actual or expected significant changes in the operating results of the counterparty
- iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations
- iv) Significant increase in credit risk on other financial instruments of the same counterparty.

The company categorises financial assets based on the assumptions, inputs and factors specific to the class of financial assets into High-quality assets, negligible credit risk; Quality assets, low credit risk; Standard assets, moderate credit risk; Substandard assets, relatively high credit risk; Low quality assets, very high credit risk; Doubtful assets, credit-impaired.

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than one year past due. Where loans or receivables have been written off, the Company continues engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)**Provision for expected credit losses:**

Description of category	Category	Basis for recognition of expected credit loss provision		
		Investments	Loans and deposits	Trade Receivables
Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil	High-quality assets, negligible credit risk	12 month expected credit losses		Life time expected credit (simplified approach)
Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past	Quality assets, low credit risk			
Assets where the probability of default is considered moderate, counter-party where the capacity to meet the obligations is not strong	Standard assets, moderate credit risk			
Assets where there has been a significant increase in credit risk since initial recognition. Assets where the payments are more than 180 days past due	Substandard assets, relatively high credit risk	Life time expected credit losses		
Assets where there is a high probability of default. In general, assets where contractual payments are more than 180 days past due are categorised as low quality assets. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due	Low quality assets, very high credit risk			
Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.	Doubtful assets, credit-impaired	Asset is written off		

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)**Expected credit loss for loans, security deposits and investments:****As at 31st March' 2019**

Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Security deposits	415.87	-	-	415.87
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and not credit-impaired or credit impaired	NA	-	-	-	-

As at 31st March' 2018

Particulars		Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Security deposits	320.99	-	-	320.99
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and not credit-impaired or credit impaired	NA	-	-	-	-

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)**Expected credit loss for trade receivables under simplified approach****a. Ageing of Trade receivables****(Rs. in lacs)**

Due from the date of invoice	As at 31st March 2019	As at 31st March 2018
0-3 months	2561.53	3071.71
3-6 months	19.85	36.95
6 months to 12 months	0.26	-
beyond 12 months	111.87	109.92
Total	2693.51	3218.58

b. Reconciliation of loss allowance provision - Trade receivables

Opening provision	54.99	6.99
Additional provision made	24.31	48.00
Closing provisions	79.30	54.99

B. LIQUIDITY RISK

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time, or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related such risk are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

Financing arrangements

The Company had access to following undrawn Borrowing facilities at end of reporting period: **(Rs. in lacs)**

Particulars	As at 31st March 2019	As at 31st March 2018
Variable Borrowing -Cash Credit expires within 1 year	-	617.75

Contractual maturity patterns of borrowings**(Rs. in lacs)**

Particulars	As at 31st March 2019		
	0-1 years	1-5 years	Total
Long term borrowings (Including current maturity of long term debt)	1,161.55	3,906.84	5,068.39
Short term borrowings	8,927.16	-	8,927.16
Total	10088.71	3906.84	13995.55

Particulars	As at 31st March 2018		
	0-1 years	1-5 years	Total
Long term borrowings (Including current maturity of long term debt)	2,395.26	5,072.25	7,467.51
Short term borrowings	9,826.41	-	9,826.41
Total	12,221.67	5,072.25	17,293.92

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)**Contractual maturity patterns of Financial Liabilities****(Rs. in lacs)**

Particulars	As at 31st March 2019	As at 31st March 2018
	0-12 Months	0-12 Months
Trade Payable	3965.29	3755.34
Payable related to Capital goods	8.14	517.89
Other Financial liabilities including Derivative financial liabilities	97.07	64.55
Total	4070.50	4337.78

C. MARKET RISK- INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Exposure to interest rate risk**(Rs. in lacs)**

Particulars	As at 31st March 2019	As at 31st March 2018
Borrowings bearing fixed rate of interest	8409.73	8954.26
Borrowings bearing variable rate of interest	8385.82	8339.66

Interest rate sensitivity**A change of 50 bps in interest rates would have following Impact on profit before tax (Rs. in lacs)**

Particulars	2018-2019	2017-2018
50 bp increase- decrease in profits	(32.68)	(37.34)
50 bp decrease- Increase in profits	32.68	37.34

D. MARKET RISK- FOREIGN CURRENCY RISK.

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in overseas and purchases from overseas suppliers in various foreign currencies. Exports of the company are significantly higher in comparison to its imports. Foreign currency exchange rate exposure is partly balanced by exports of goods and prudent hedging policy.

Foreign Currency Exposure

Name of the Instrument	2018 - 2019		2017 - 2018	
	Foreign Currency	INR	Foreign Currency	INR
Open Foreign Exchange Exposures - Receivable-USD	4.73	326.93	7.41	483.43
Open Foreign Exchange Exposures - Receivable-EURO	-	-	0.58	46.95
Open Foreign Exchange Exposures - Receivable-GBP	0.00	0.32	0.00	0.33
Open Foreign Exchange Exposures - Payable-USD	0.17	11.86	51.46	3354.34
Open Foreign Exchange Exposures - Payable-EURO	0.01	0.46	0.07	5.94
Open Foreign Exchange Exposures - Payable-CHF	0.01	0.69	0.002	0.13
Open Foreign Exchange Exposures - Payable-JPY	3.42	2.62	10.64	7.35

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)**Foreign Currency Risk Sensitivity****A change of 1% in Foreign currency would have following Impact on profit before tax:**

Particulars	2018-2019		2017-2018	
	1% Increase	1% decrease	1% Increase	1% decrease
USD	(3.15)	3.15	28.71	(28.71)
EURO	0.004	(0.004)	(0.41)	0.41
SGD	(0.003)	0.003	(0.00)	0.00
GBP	0.01	(0.01)	0.00	0.00
JPY	0.03	(0.03)	0.07	(0.07)
Increase / (decrease) in profit or loss	(3.11)	3.11	28.37	(28.37)

Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forward and currency and interest rate swaps to mitigate the risk of changes in exchange rates on foreign currency exposures on account of trade receivables and future firm commitments. The counterparty for these contracts is generally are banks. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

Name of the Instrument	2018 - 2019		2017 - 2018	
	Foreign Currency	INR	Foreign Currency	INR
Forward Sale - USD	8.97	619.57	26.10	1701.00

The Company enjoys natural hedge to the extent of: a) Exports effected and b) Inventory held (being sensitive to exchange rate fluctuations). Although the Company believes that these derivatives constitute hedges from a economic prospective, they might not qualify for hedge accounting under Ind AS 109.

E. COMMODITY RISK

- a) Principal Raw Material for Company's textile products is cotton which is an agricultural commodity and thus, seasonal in nature. Company sources its raw material requirement from across the globe. Domestic market prices are also generally remains in sync with international market price scenario.
- b) Volatility in raw cotton prices, castings and forgings, currency fluctuation of Rupee vis-à-vis other prominent currencies coupled with demand-supply scenario in the world market affect the effective price and availability of raw materials for the Company. Company effectively manages deals with availability of raw material as well as price volatility through:
 1. Widening its sourcing base
 2. Appropriate contracts and commitments
 3. Well planned procurement & inventory strategy and

35. CAPITAL RISK MANAGEMENT

A The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders
- maintain an optimal capital structure to reduce the cost of capital

The Company monitors capital on the basis of the following current ratio:

(Rs. in lacs)

Particulars	31 March, 2019	31 March, 2018
Current Liabilities	13347.29	14634.28
Current Assets	10885.73	12343.88
Current Assets to Current Liabilities	0.82	0.84

The Company expects its Current ratio to improve in the next financial year in line with the budgeted performance and profit for financial year 2019-20

Company's capex plan has been largely funded through Long term loans availed. This capex plan will lead to higher production and consequent increase in revenues and profit which would assist the Company to repay its debt.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)**36. DISCLOSURE PURSUANT TO IND AS - 19 "EMPLOYEE BENEFITS"**

Gratuity: In accordance with the applicable laws, the Company provides for gratuity, a defined benefit retirement plan ("The Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date and the Company makes annual contribution to the gratuity fund administered by life Insurance Companies under their respective Group Gratuity Schemes.

Balance Sheet as at 31st March, 2019

The disclosure in respect of the defined Gratuity Plan are given below:

A. Balance Sheet**(Rs. in lacs)**

Particulars	Defined benefit plans	
	As at 31st March, 2019	As at 31st March, 2018
Present value of plan liabilities	448.21	471.21
Fair value of plan assets	335.90	347.21
Asset/(Liability) recognised	112.31	124.00

B. Movements in plan assets and plan liabilities

Particulars	Present value of obligations	Fair Value of Plan assets
As at 1st April 2017	426.10	216.34
Current service cost	58.15	-
Past service cost	-	-
Interest Cost/(Income)	31.16	23.11
Return on plan assets excluding amounts included in net finance income/cost	(7.70)	(9.93)
Actuarial (gain)/loss arising from changes in financial assumptions	(59.70)	-
Actuarial (gain)/loss arising from experience adjustments	25.06	-
Employer contributions	-	119.51
Benefit payments	(1.86)	(1.82)
As at 31st March 2018	471.21	347.21
As at 1st April 2018	471.21	347.21
Current service cost	62.54	-
Past service cost	-	-
Interest Cost/(Income)	35.83	26.41
Return on plan assets excluding amounts included in net finance income/cost	-	(3.03)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	2.79	-
Actuarial (gain)/loss arising from experience adjustments	(44.75)	10.75
Employer contributions	-	33.97
Benefit payments	(79.41)	(79.41)
As at 31st March 2019	448.21	335.90

The liabilities are split between different categories of plan participants as follows:

- active members - 100% (2017-18: 100%)

The Company expects to contribute to the funded plan as and when required.

The Plan assets have been invested in Insurance managed funds.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)**C. Statement of Profit and Loss****(Rs. in lacs)**

	2018 - 2019	2017 - 2018
Employee Benefit Expenses:		
Current service cost	62.54	58.14
Interest cost/(income)	9.42	8.00
Total amount recognised in Statement of profit & loss	71.96	66.14
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in net finance income/(cost)	3.03	9.93
Experience gains/(losses)	(41.96)	(42.34)
Total amount recognised in Other Comprehensive Income	(38.93)	(32.41)

D. Assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

The significant actuarial assumptions were as follows:

	As at 31st March, 2019	As at 1st March, 2018
Financial Assumptions		
Discount rate	7.50%	7.60%
Salary Escalation Rate	5.00%	5.00%
Attrition Rate	3.00%	3.00%

Demographic Assumptions

Mortality in Service : Indian Assured Lives Mortality (2006-08)

E. Sensitivity

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

(Rs. in lacs)

Impact on defined benefit obligation	As at 31st March, 2019		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	(13.68)	14.46
Salary Escalation Rate	0.50%	14.58	(14.06)
Attrition Rate	0.50%	1.57	(1.63)
Discount rate	0.50%	(24.78)	27.64
Salary Escalation Rate	0.50%	40.49	(35.77)
Attrition Rate	0.50%	14.45	(15.60)

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)**F. The defined benefit obligations shall mature as follows:****(Rs. in lacs)**

Particulars	As at 31st March, 2019	As at 31st March, 2018
0-4 years	7.16	145.77
4-10 years	18.86	38.11
10-15 Years	19.21	27.71
More than 15 Years	402.98	259.62

Compensated Absences: The Company permits encashment of compensated absence accumulated by their employees on retirement, separation and during the course of service. The liability in respect of the Company, for outstanding balance of leave at the balance sheet date is determined at actuals since outstanding leaves at the end of the year are not allowed to be carried forward.

37. EARNINGS PER SHARE (EPS)

	2018 - 2019	2017 - 2018
Profit after tax available for equity shareholders before exceptional items (Rs. in lacs)	(835.32)	(812.62)
Profit after tax available for equity shareholders after exceptional items (Rs. in lacs)	(835.32)	(624.13)
Weighted average number of equity Shares (in Nos)	17,540,378	17,540,378
Nominal value of equity Shares (In Rs.)	10.00	10.00
Basic & diluted earning per share before exceptional items (In Rs.)	(4.76)	(4.63)
Basic & diluted earning per share after exceptional items (In Rs.)	(4.76)	(3.56)

38. CONTINGENT LIABILITIES**(Rs. in lacs)**

Disputed Income Tax demands	44.13	44.13
Disputed Customs Duty demands	18.69	18.69
Disputed Excise Duty demands	4.99	4.99
Disputed other dues (Gram Panchayat Tax, FSA charges, Non-agricultural Tax, Sewerage Cess etc.)	75.12	75.12
Cross Subsidy charged by the Electricity Department	122.08	122.08
Arrears of Preference Dividend, including Dividend Distribution Tax	0.45	0.33

Notes:

- The issues of litigation pertaining to Central Excise/Income Tax are based on interpretation of the respective Law & Rules thereunder. Management has been opined by its counsel that many of the issues raised by revenue will not be sustainable in law as they are covered by judgments of respective judicial authorities which supports its contention. As such no material impact on the financials of the Company is envisaged.
- Other issues are either in ordinary course of business or not of substantial nature and management is reasonably confident of their positive outcome. Management shall deal with them judiciously and provide for appropriately, if any such need arises.

39. COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and are not provided for: Rs. 89.46 lakhs (Previous Year Rs. 92.40 lakhs); net of advances of 8.75 (Previous Year Nil).

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)**40. DISCLOSURE ON RELATED PARTY TRANSACTIONS****Names of related parties and description of relationship:****i) Parties with whom the Company has entered into transactions during the year****Associates :**

GTN Engineering (India) Limited
 JEL Finance & Investment Limited
 M/s. Patcot Co.
 M/s. Perfect Cotton Co.
 M/s. Standard Cotton Corporation
 M/s Megha Investments Private Limited
 M/s Emkaypee Investments Private Limited
 M/s Modesty Finance & Investments Private Limited

ii) Key Managerial Personnel : (KMP) :

Shri M.K. Patodia - Chairman & Managing Director
 Shri V. Raghuram-Chief Financial Officer
 Shri P. Prabhakara Rao-Company Secretary

Nature of Transactions	Associates	Key Management Personnel
Sales, Services and other income:		
GTN Engineering (India) Limited	4,363.45 (3,710.42)	
Purchase of Goods and Services:		
Perfect Cotton Co.	2,321.24 (2,279.53)	
GTN Engineering (India) Limited	1,582.83 (889.61)	
Standard Cotton Corporation	1,716.10 (2,841.34)	
Patcot Co.	1.45 (1.45)	
Total	5,621.62 (5,740.57)	
Interest on Fixed Loans:		
Mr. M.K. Patodia		20.33 (18.32)
M/s Emkaypee Investments Private Limited	1.06 (0.75)	
M/s Megha Investments Private Limited	7.70 (4.24)	
Remuneration to Key Managerial Personnel:		
– Mr. M.K. Patodia	21.23 (21.06)	
– Mr. V. Raghu Ram	9.20 (-)	
– Mr. P. Prabhakara Rao	9.25 (13.77)	

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)

Nature of Transactions	Associates	Key Management Personnel
Unsecured Loans taken:		
Mr. M.K. Patodia		30.00 (365.00)
M/s Emkaypee Investments Private Limited	- (15.00)	
M/s Megha Investments Private Limited	- (85.00)	
M/s GTN Engineering (India) Limited	2,800.00 (-)	
Unsecured Loans repaid:		
Mr. M.K. Patodia		50.00 (365.00)
M/s Emkaypee Investments Private Limited	15.00 (-)	
M/s Megha Investments Private Limited	25.00 (-)	
Allotment of 0.01% Non-Cumulative Redeemable Preference Shares:		
GTN Engineering (India) Limited	- (1,460.00)	
M.K.Patodia		- (125.00)
Emkaypee Investments Private Limited	- (90.00)	
Modesty Finance & Investments Private Limited	- (25.00)	
Outstanding balances as on 31st March, 2019:		
Trade Payables		
GTN Engineering (India) Limited	15.13 (534.75)	
Perfect Cotton Company	1220.07 (57.84)	
Standard Cotton Corporation	68.85 (772.02)	
Patcot Co.	0.93 (9.89)	
Borrowings:		
M.K. Patodia		196.20 (200.00)
Emkaypee Investments Private Limited	- (15.00)	
Megha Investments Private Limited	60.00 (85.00)	
M/s GTN Engineering (India) Limited	2800.00 (-)	
0.01% Non-Cumulative Redeemable Preference Shares:		
M/s GTN Engineering (India) Limited	4060.00 (4060.00)	
M/s JEL Finance & Investments Limited	300.00 (300.00)	
M/s Emkaypee Investments Private Limited	90.00 (90.00)	
M/s Modesty Finance & Investments Private Limited	25.00 (25.00)	
Mr M.K. Patodia		125.00 (125.00)
Guarantees given by:		
Mr M.K. Patodia		14402.40 (16732.32)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.,)**Notes:**

- a) Figures in brackets relate to previous year.
 b) Related party relationship is as identified by the management and relied upon by the auditors.
 c) No amounts in respect of related parties have been written off/ written back during the year

41. Based on the "Management Approach" as defined in Ind AS 108 – Operating Segments, the Company is engaged in the business of Textile Products and as such has only a Single Reportable Business Segment.

42. Assets provided as security

The carrying amounts of assets provided as security (First Charge) for current and non-current borrowings are:

		(Rs. in lacs)	
Particulars	As at 31 March, 2019	As at 31 March, 2018	
Current Assets			
Financial Assets			
Trade receivables	2,693.51	3,218.58	
Other Balances with Banks	607.36	179.14	
Non Financial Assets			
Inventories	5,398.99	6,326.12	
Total Current assets provided as security	8,699.86	9,723.84	
Non Current Assets			
Property, Plant and Equipment	16,736.65	17,045.95	
Margin Money Deposits	23.93	384.57	
Total non-current assets provided as security	16,760.58	17,430.52	
Total assets provided as security	25,460.44	27,154.36	

Note:

1. Term Loans from banks and Financial Institutions are secured as first pari passu charge basis on immovable assets by way of equitable mortgage and and first charge on hypothecation of movable fixed assets of the Company viz. property, plant and equipment, both present and future, situated at all the locations of the Company and further secured by way of second charge on current assets. These loans are guaranteed personally by Managing Director and also secured by pledge of equity shares to the extent of 51% of promoters' holding with voting rights ranking paripassu with working capital lenders.
2. Working Capital Loans are secured by a first charge by way of hypothecation of the current assets of the Company, both present and future and by way of second charge on fixed assets, 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 with voting rights ranking paripassu with Term lenders.

43. EXCEPTIONAL ITEMS**(Rs. in lacs)**

	2018 - 2019	2017 - 2018
Refund of Excess power tariff charged for the period from April, 2014 to July, 2015	-	188.49

To the extent of the impact of the exceptional item mentioned above, the current year figures are not comparable with those of the previous year.

44. Previous year 's figures have been re-grouped / re-classified wherever required to conform to current year's classification. All figures of financials has been rounded to nearest lacs to rupees.

The accompanying notes form an integral part of the financial statements

As per our attached report of even date

For **Bagaria & CO., LLP**

Chartered Accountants

FRN - 113447W/W-100019

Vinay Somani

Patner

M. No. 143503

Place: Mumbai

Date : 29-05-2019

For and on behalf of the Board

P.PRABHAKARA RAO

Company Secretary

(M.No. 08974)

V. RAGHURAM

Chief Financial Officer

(DIN No. 03524068)

Place: Hyderabad

Date : 29-05-2019

M.K. PATODIA

Chairman and Managing Director

(DIN No. 00004752)

B.L. SINGHAL

(DIN No. 00006433)

M.R. VIKRAM

(DIN No. 00008241)

RAJUL KOTHARI

(DIN No. 06903721)

} Independent

} Directors

- Independent

Woman Director



GTN
INDUSTRIES

GTN INDUSTRIES LIMITED

(CIN:L18101TG1962PLC054323)

AN ISO 9001-2015 CERTIFIED COMPANY

Registered Office

Chitkul Village, Patancheru Mandal,
Medak District - 502 307, Telangana.

Corporate Office

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