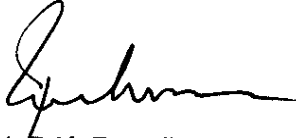
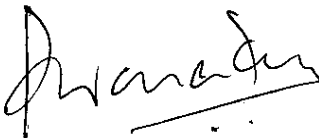
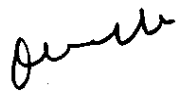



FORM A

1.	Name of the Company	GTN Textiles Limited
2.	Annual financial statements for the year ended	31 st March, 2013
3.	Type of Audit Observation	Un-qualified
4.	Frequency of observation	Not applicable
5.	To be signed by –	
	CEO/ Managing Director	 Shri. B.K. Patodia Chairman & Managing Director
	CFO	 Shri. A.K. Warkerkar Chief Financial Officer
	Auditor of the Company	 Shri. R. Mugunthan (Membership No. 21397) M/s. M.S. Jagannathan & Visvanathan, Chartered Accountants, Coimbatore – 641 030 (Firm Registration No. 0012095)
	Audit Committee Chairman	 Shri. B.L. Singhal Chairman – Audit Committee

GTN TEXTILES LIMITED

MARKETING / HEAD OFFICE :

3rd Floor, Palal Towers, M.G. Road, Ravipuram, Kochi-682 016, India
 Phones: 91-484-3928300, Fax: 91-484-2370812/3928380
 E-mail: cs@gtntextiles.com

CORPORATE OFFICE :

43, Mittal Chambers, 4th Floor, 228, Nariman Point, Mumbai-400 021 India.
 Phones: 91-22-2202 1013 / 22028246, Fax: 91-22-2287 4144.
 E-mail: mumbai@gtntextiles.com

REGISTERED OFFICE :

Door No. VIII/911, Erumathala P.O., Aluva - 683 112, India
 Phones: 91-484-3080100, Fax: 91-484-2838585
 www.gtntextiles.com

ISO 9001 : 2008 / 14001 : 2004 Certified

8TH ANNUAL REPORT 2012 / 2013



▶	Board of Directors	▶ Contents
	<p>B K Patodia Chairman & Managing Director C D Thakker N K Bafna B L Singhal R Rajagopalan Prem Malik</p>	<p>Notice 1 Directors' Report 5</p>
	<p>General Manager & Company Secretary E K Balakrishnan</p>	<p>Report on Corporate Governance..... 8</p>
	<p>Bankers & Financial Institution Central Bank of India State Bank of India Export-Import Bank of India State Bank of Travancore Bank of India Axis Bank Limited</p>	<p>Management Discussion & Analysis..... 18 Auditors' Report..... 23</p>
	<p>Auditors M/s. M S Jagannathan & Visvanathan, [Chartered Accountants], Coimbatore</p>	<p>Balance Sheet..... 26</p>
	<p>Legal Advisors M/s. Menon & Pai, Kochi</p>	<p>Statement of Profit & Loss..... 27</p>
	<p>Registered Office Door No.VIII/911, Erumathala P O., Aluva, Kochi 683 112</p>	<p>Notes to Financial Statements..... 29</p>
	<p>Corporate Office 43, 4th Floor, Mittal Chambers, 228, Nariman Point, Mumbai 400 021</p>	
	<p>Corporate ID No. (CIN) L18101KL2005PLC018062</p>	

GTN TEXTILES LIMITED

NOTICE

NOTICE is hereby given that the **EIGHTH** Annual General Meeting of **GTN TEXTILES LIMITED** will be held on Tuesday, the 30th day of July, 2013 at Oceanic Hall, Hotel Periyar, Aluva – 683 101 at 12:15 p.m, to transact the following business.

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013, the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
- 2) To appoint a Director in place of Shri. C. D. Thakker, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Shri. N. K. Bafna, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

- 5) 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 198, 269, and 309, read with schedule XIII and all other applicable provisions of the Companies Act, 1956 and Rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to fix remuneration to Shri B.K. Patodia, Chairman & Managing Director of the Company for his balance tenure from 1.4.2013 up to 18.12.2015 on the terms and conditions as set out and approved by the Remuneration Committee / Board of Directors. The draft remuneration structure placed before this meeting is specifically sanctioned with liberty to the Board of Directors (hereinafter referred to the “Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the remuneration structure, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory re-enactment thereof for the time being in force or as may hereinafter be made by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board and Shri B.K. Patodia.”

“**FURTHER RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Act, the remuneration payable to Shri. B.K. Patodia by way of salary, perquisites, commission and other allowance, shall not in any event exceed 5% of the net profits of the Company in that financial year”.

“**FURTHER RESOLVED THAT** in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of Shri. B.K.Patodia, the remuneration, perquisites and other allowances shall be governed by the limits prescribed in Section II of Part II of Schedule XIII to the Act”.

AND

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

- 6) To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution.

“**RESOLVED THAT** the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof) for creating such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties of the Company wheresoever situate,

both present and future and of conferring power to enter upon and take possession of the assets of the Company in certain events, to or in favour of Central Bank of India to secure on *pari passu* first charge basis for the financial assistance by way of Working Capital Term Loan (WCTL) of Rs. 750 lacs (Rupees Seven Hundred and Fifty Lacs only), lent and advanced by Central Bank of India (CBI) to the Company.

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

By Order of the Board
For **GTN TEXTILES LIMITED**
E K BALAKRISHNAN

Place : Kochi
Date: 30th May, 2013.

General Manager &
Company Secretary

NOTES:-

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto and forms part of the Notice.
3. The Company has already notified closure of Register of Members and Share Transfer Books thereof from Saturday, the 20th July, 2013 to Tuesday, the 30th July, 2013 (both days inclusive) for the purpose of the Annual General Meeting.
4. Pursuant to Section 205A (5) of the Companies Act, 1956, as amended with effect from 31st October 1998, dividends for the financial year ended 31st March 1996 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the date of transfer of the same under sub section (1) of the said Section will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government established under Section 205C of the Act. As per Section 205A(5) of the Companies Act, 1956, dividend for the Financial Year upto 31st March, 2006 have been transferred by the Company to the Investor Education and Protection Fund (IEPF), established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such Unclaimed Dividend when due for transfer to the said Fund with reference to dividend for the financial year ended 31st March, 2007 and thereafter, is given below:

Financial year Ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEPF
31.3.2007	26.7.2007	25.7.2014	24.8.2014
31.3.2008	25.7.2008	24.7.2015	23.8.2015

Shareholders who have not so far encashed the Dividend Warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company. Also note that no claim shall lie against the said Fund or the Company in respect of any amounts which were unclaimed and unpaid after a period of 7 (Seven) years from the date that they first became due for payment and no payment shall be made in respect of any such claim.

NOTICE (Contd.)

5. Consequent upon introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Individual Shareholder(s) can avail of the facility of nomination. The nominee shall be a person in whom all rights of transfer and / or amount payable in respect of the shares shall vest in the event of the death of the Shareholder(s). A minor can be a nominee provided the name of the guardian is given in the Nomination form. The facility of nomination is not available to non-individual Shareholders such as Bodies-Corporate, Kartas of Hindu Undivided Families, Partnership Firms, Societies, Trust and holders of Power of Attorney. For further details please contact Company's Secretarial Department. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Share Transfer Agent, M/s.Integrated Enterprises (India) Limited.
6. Disclosure relating to particulars of Cost Auditor as per general Circular No.15/2011 dated 11th April, 2011 for the year ended 31.03.2012.

Name	M/s STR & Associates
Address	Mr.S.T.Rengarajan, STR & Associates, 37 &38, Kaveri Nagar, Srirangam, Trichy - 620 006. Ph: 0431 6547726, 2432224 e mail ID's : strengarajan@hotmail.com strassociates@rediffmail.com

Due date for filing Cost Audit Report in XBRL format for F.Y ended 31.03.2012	28.02.2013
Actual date of filing Cost Audit Report in XBRL Format	30.01.2013

REQUEST TO THE MEMBERS:

- Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company atleast 7 (Seven) days in advance, so as to enable the Company to keep the information ready.
- As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.
- All communications relating to shares including change in address are to be addressed to the Company's Share Transfer Agent M/s.Integrated Enterprises (India) Ltd.,2nd Floor, Kences Towers, No.1, Ramakrishna Street, T Nagar, Chennai-600017, Tel: 044 28140801-803; E-Mail: Corpser@integratedindia.in.
- Members who hold shares in physical forms are requested to dematerialise their holdings for facilitating the transfers of Company's equity shares in all stock exchanges connected to the depository system.

DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING

RE-APPOINTMENT / REGULARISATION AT THIS ANNUAL GENERAL MEETING PURSUANT TO SECTION 257 OF THE ACT

(In pursuance of Clause 49 of the Listing Agreement)

Name of Director	Shri C.D Thakker	Shri N.K Bafna
Date of Birth	31.03.1938	03.07.1939
Date of appointment	17.12.2005	15.5.2008
Qualifications	S.S.C	B.Com, FCA, Law Graduate
Expertise in specific functional area	He has over 44 years experience in procurement and trading of raw cotton. He is employed in Purav Trading Ltd in the capacity of 'President'.	Shri. N.K. Bafna, aged 74 years, is a Practicing Chartered Accountant and Senior Partner of M/s. Lodha & Co., Chartered Accountants, Mumbai. Besides his proficiency in Finance and Accounts he is also an expert in Company Law matters.
Shareholding in the Company	11008 Equity shares of Rs 10 each	None

Details of other Directorship:-

Name of Director	Name of the Company	Position held	Committee type	Membership status
Shri. C.D Thakker	None	None	None	None
Shri N.K Bafna	Patspin India Limited	Director	Audit Shareholders/IGC	Chairman Member
	Prime Urban Development India Ltd.	Director	Shareholders/IGC Audit	Chairman Member
	National Collateral Management Services Ltd.	Director	Audit	Chairman

By Order of the Board
For **GTN TEXTILES LIMITED**

E K BALAKRISHNAN
General Manager &
Company Secretary

Place : Kochi
Date: 30th May, 2013.

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

ITEM No.5:

Shri. B.K. Patodia was appointed as the Chairman and Managing Director of the Company for a period of 5 years with effect from 19.12.2010 up to 18.12.2015. His remuneration had also been fixed by the Remuneration Committee / Board for a period of 3 years from 1.4.2010 to 31.3.2013.

Remuneration Committee constituted by the Board had met on 30.5.2013 and approved and recommended remuneration package of Shri. B.K Patodia , Chairman & Managing Director for his balance tenure from 1.4.2013 up to 18.12.2015, in accordance with Schedule XIII to the Companies Act, 1956.

In terms of Government of India, Ministry of Law, Justice and Company Affairs, Department of Company Affairs, Notification No.GSR 36(E) dated 16th January 2002, where in any financial year, during the currency of the tenure of the managerial person, a Company has no profits or its profits are inadequate, it may pay remuneration by way of Salary, Dearness Allowance, Perquisites and any other allowance in excess of Rs.2,00,000/-, per month but not exceeding Rs.4,00,000/- per month or exceeding Rs.4,00,000/- per month with prior approval of the Central Government, provided;

- (i) payment of remuneration is approved by a resolution passed by the Remuneration Committee;
- (ii) the Company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of appointment of such managerial person;
- (iii) a special resolution has been passed at the general meeting of the Company for payment of remuneration for a period not exceeding three years; and
- (iv) a statement along with notice calling the General Meeting referred to in Clause(iii) is given to the shareholders containing certain information as specified in the said notification.

Shri. B.K Patodia was drawing a monthly salary of Rs.320000/- in the scale of Rs 320000–Rs10000–Rs 340000 effective from 1st April, 2010 upto 31.03.2013 plus usual perquisites. The Remuneration Committee/the Board at their meetings held on 30.05.2013 had recommended a monthly salary of Rs 2,70,000 in the scale of Rs.2,70,000–Rs 10000–Rs 2,90,000 for his balance tenure from 1.4.2013 up to 18.12.2015 plus usual perquisites as set out below:

a) Salary:

Rs.2,70,000/- per month in the Scale of Rs.2,70,000–Rs 10000–Rs 2,90,000 effective from 1st April, 2013 up to 18th December, 2015.

b) Commission:

Subject to the overall limits laid down in Sections 198 and 309 of the Companies Act, 1956, such percentage of the Net Profit of the Company or such quantum as may be fixed by the Board of Directors for each financial year not exceeding 2% of the Net Profits of the Company, each year, restricted to an overall limit of Rs.36 lacs per annum.

c) Perquisites as follows:

- (i) Housing: Rent free accommodation will be provided to the appointee for which actual amount of lease rental paid or payable by the Company or 10% of the salary, whichever is lower, shall be recovered. In case no accommodation is provided by the Company, House Rent Allowance, subject to a ceiling of 60% of the appointee's salary shall be paid. In addition, the appointee shall be allowed Company owned furniture and fixtures, if required.
- (ii) The expenditure incurred by the appointee on gas, electricity and water shall be reimbursed by the Company.
- (iii) All Medical Expenses incurred by the appointee for self and his family shall be reimbursed.
- (iv) Leave Travel Concession for the appointee and his family will be allowed once in a year as per the Rules of the Company.

- (v) Fees of Clubs : Subject to a maximum of 2 Clubs. This will not include admission and life membership fees.
- (vi) Personal Accident Insurance: As per Rules of the Company.
- (vii) Contribution to Provident Fund, Superannuation or Annuity Fund to the extent the same are not taxable under the Income-Tax Act.
- (viii) Gratuity: As per the provisions of the Payment of Gratuity Act or as per the Gratuity Scheme of the Company, whichever is higher
- (ix) Provision of Car with driver and telephone at the residence for use of Company's business.
- (x) Encashment of Leave as per Rules of the Company.

d) Overall Remuneration:

The aggregate of salary, commission and perquisites in any financial year shall not exceed the limits prescribed from time to time under Section 198, 309, and other applicable provisions of the Act read with Schedule XIII to the said Act, as may for the time being in force.

e) Minimum Remuneration:

In case of loss or inadequacy of profits in any financial year during the currency of tenure of his service, the payment of salary, commission and perquisites shall be governed by the limits prescribed under the Section II of Part II of Schedule XIII to the Act.

Pursuant to the provisions of Section 269 read with Schedule XIII of the Companies Act, 1956, the approval of the members in general meeting is required to be obtained with regard to the remuneration as set out in Item No.5 of the accompanying notice.

Further more, 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 profits in any financial year during the tenure of Shri B.K Patodia, Managing Director of the Company.

Shri. B K Patodia is deemed to be interested in the resolution mentioned in Item no.5 of the Notice.

None of the other Directors of the Company is in any way concerned or interested in the resolution.

Information required to be disclosed in terms of Notification No. GSR 36(E) dated 16.1.2002 of Schedule XIII to the Companies Act, 1956:-

I. General Information:

- i) Nature of the industry:
Textile Industry – the Company is mainly engaged in manufacture and exports of cotton yarn in the segment of medium, fine and superfine combed yarns.
- ii) Date or expected date of commencement of Commercial Production:
It is an established Company and the Commercial Production at its Always plant commenced in 1964.
- iii) In case of new companies, expected date of commercial activities as per Project approved by financial institutions appearing in the prospectus.
Not applicable.
- iv) Financial Performance:

(Rs. in lacs)

Particulars	2010-11	2011-12	2012-13
Sales	14943	14012	20939
Other Income	181	39	35
Operating Profit	1925	934	1202
Interest	805	951	1072
PBDT	1120	(17)	130
Profit Before Tax	471	(649)	(498)

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

Particulars	2010-11	2011-12	2012-13
Profit After Tax	381	(443)	(356)
Net Profit/(Loss)	381	(443)	(356)
Amount of Equity Dividend Paid	Nil	Nil	Nil
Rate of Dividend Declared (%)	Nil	Nil	Nil

The Effective Capital of the Company based on the Audited Accounts for the Year Ended 31.3.2013 is Rs 4075 lacs.

The Company has not made any default in the repayments of its dues (including Public Deposits) or interest payments thereon. The Company has not issued any debentures.

- v) Export Performance and Net foreign Exchange contributions:
(Rs. in Lacs)

Financial Year	Export Turnover
2009-10	5834
2010-11	8491
2011-12	6403
2012-13	10823

The Company does not have any Foreign Exchange Collaboration.

- vi) Foreign Investments or Collaborators, if any: The Company does not have any foreign investments or collaborators.

II. Information about the appointee: Shri. B.K Patodia

Vide Item No.5 of the Notice of this Annual General Meeting of the Company, the approval of the members is being sought for retaining the remuneration of Shri. B.K Patodia, Chairman & Managing Director from 1st April 2013 up to 18th December, 2015.

Shri. B.K Patodia is a Citizen of India, 68 years of age. He holds Engineering Degree from BITS, Pilani and has about over 4 decades of experience in Textile Industry, Yarn marketing and Cotton Trade. Mr. B. K. Patodia was elected as the Chairman of the Indian Cotton Mills' Federation (ICMF), New Delhi, (now known as Confederation of Indian Textile Industry – CITI, New Delhi), the apex organization of the textile industry, for the year 2000-01. In his capacity as Chairman of ICMF (CITI), he was appointed by the Government of India as the Member of the Working Group on Textile and Jute to evaluate performance of textile industry during 9th Five Year Plan and to fix targets for the 10th Plan. He is also the Chairman of the Market Access Sub-committee of CITI, which deliberates on issues relating to Market Access and Free Trade Agreements (FTAs), Regional Trade Agreements (RTAs) and Preferential Trade Agreements (PTAs) with various countries. He was elected as the Chairman of the Cotton Textiles Export Promotion Council (Texprocil), Mumbai for the years 2004-05 and 2005-06. He has been a Member of the Committee of Management of International Textile Manufacturers Federation, Zurich for several years. He has since been appointed as the Member of the Advisory Board on the Committee of Management of ITMF, Zurich, as a representative of India. In 2006, Mr. Patodia was appointed as the Chairman of the Joint Cotton Committee of ITMF for two years and he still continues to be active Member of that Committee. He is also the active member of the Spinners Committee of ITMF. He was elected as the Chairman of SIMA for two years, 1996-97 and 1997-98. He continues to be an active member of the Committee of Management of Southern India Mills' Association (SIMA), Coimbatore, which is the largest association of textile mills in the South.

He is the Co-Chairman of Advisory Committee for Strategic Planning of SIMA Cotton Development and Research Association. He is an ex-Director of the Board of Directors of Cotton Association of India (CAI), Mumbai as a nominee of Forward Markets Commission, Government of India. He has been inducted as a member of National

Cotton Advisory Committee (NCAC) of MCX. He has been nominated by Ministry of Consumer Affairs, Food and Public Distribution as a member of the Advisory Committee to advise the Central Government and Forward Markets Commission regarding Commodity Futures Markets. He is one of the leading members of the Cotton Advisory Board and Cotton Yarn Advisory Board constituted by the Ministry of Textiles, Government of India. He has the distinction of serving Cotton Advisory Board for over two decades. Apart from this, he is a member of various other Committees appointed by Government. He was also actively involved in the Sub-Group on Cotton to formulate National Fibre Policy of the Ministry of Textiles.

The Company's operations are managed by Shri.B K Patodia as well as implementation of all policy matters under the guidance of the Board of Directors, besides directly handling other crucial areas, such as raw material procurement and export of yarn. Shri.B K Patodia is holding the position of Managing Director of GTN Textiles Limited, since 1966.

During the financial year 2012-13, he was paid the following remuneration:

(Rs. in lacs)

Salary	Commission	Perquisites	P.F./Gratuity/ Superannuation	Total
38.40	—	3.54	12.79	54.73

Pecuniary Relationship: The Company had not entered into any transaction of material in 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 arms length.

III. Other Information:

The Directors Report and the Management Discussion and Analysis forming part of the Annual Report mention in detail "other information" as required under Schedule XIII as per the notification no. GSR 36(E) dated 16.01.2002.

None of the other directors of the Company is in any way concerned or interested in the resolution mentioned in Item No.5 of the notice.

Your Directors recommend this Resolution for approval.

Item No.6

The Company have been sanctioned a financial assistance by way of Working Capital Term Loan (WCTL) of Rs. 750 lacs by Central Bank of India. As per the terms of sanction, the said financial assistance is to be secured by way of pari passu First charge on the immovable properties of the Company, both present and future.

Hypothecation or mortgage does not amount to disposal of undertaking. The Board/Committee propose to create equitable mortgage in favour of Central Bank for the above said financial assistance ranking pari passu in all respects with the existing mortgage on the Company's property and assets created in favour of the Bank for the loan granted to the Company.

Copy of the Sanction Letter from the Bank is open for inspection at the registered office of the Company between 11.a.m and 2.p.m on any working day prior to the date of the meeting.

None of the Directors is interested or concerned in this resolution.

Your Directors recommend this resolution for approval.

By Order of the Board
For **GTN TEXTILES LIMITED**

E K BALAKRISHNAN
General Manager &
Company Secretary

Place : Kochi
Date: 30th May, 2013.

GTN TEXTILES LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors present the **EIGHTH** Annual Report together with the Audited Statements of Account for the year ended 31st March, 2013.

FINANCIAL RESULTS

(Rs in lacs)

PARTICULARS	Year Ended 31.03.2013	Year Ended 31.03.2012
REVENUE		
Revenue from operations	20939	14012
Other income	35	39
Changes in Inventories	(168)	1014
Total	<u>20806</u>	<u>15065</u>
EXPENSES		
a) Cost of materials	14071	9409
b) Employee benefits expense	2179	2054
c) Other expenses	3354	2668
Total	<u>19604</u>	<u>14131</u>
OPERATING PROFIT	1202	934
Finance Costs	1072	951
PROFIT / (LOSS) BEFORE DEPRECIATION, AMORTISATION & TAX EXPENSES	130	(17)
Depreciation and Amortization Expenses	628	632
PROFIT/(LOSS) BEFORE TAX	(498)	(649)
Tax Expenses		
a) Current Tax (MAT)	—	—
b) Deferred Tax	(142)	(206)
PROFIT/(LOSS) AFTER TAX	<u>(356)</u>	<u>(443)</u>

DIVIDEND

As explained in detail under Performance Review, your Company has incurred loss for the year under review, and hence the Board is unable to recommend a Dividend.

PERFORMANCE REVIEW

Last five years beginning from 2008-09 have been the most challenging period in the history of Indian Textile Industry, which faced multiplicity of adverse factors. Barring the year 2010-11 which reported exceptional recovery, rest of the period was mired in adversities arising from global meltdown, continued slowdown in advanced economies and weakening economic growth in India as well as other developing countries. Business related and political factors also took heavy toll on recovery of the textile industry which witnessed severe power constraints, rising interest rates, wide currency fluctuations, besides considerable mismatch in input/output costs resulting from faulty Government Policies relating to export of cotton and cotton yarn.

The first half of the financial year 2012-13 continued to be

affected from some of the above adverse factors, but from the second half of the financial year there was distinct improvement. The Government had announced series of policy measures which included un-hindered export of cotton yarn, continuation of Textile Upgradation Fund Scheme and announcement of Foreign Trade Policy which had many positive features for the textile industry including incentive for incremental exports. Simultaneously demand for cotton yarn has also improved significantly. China became one of the major importers of cotton yarn from India.

The cotton crop at 34 Million bales was also satisfactory to take care of indigenous consumption and yet leave a sizable exportable surplus. The prices of raw cotton which in the beginning of the crop were lower have since settled down at reasonable levels. During the period under review, 8400 spindles were converted to compact technology, thereby taking the compact capacity to 34,896 spindles out of total capacity of 58,864 spindles.

In the year under review, your Company continued its thrust by undertaking outsourced yarn exports to improve both the top line and the margins. This resulted in the total revenue of the Company going upto Rs.209 crores as against Rs.140 crores in the previous year. In spite of increase in power tariff by 30% which resulted in higher power cost of Rs.364 lacs, the Company could report a cash profit of Rs.130 lacs against cash loss of Rs.17 lacs in the previous year. The operating profit went upto Rs.1202 lacs from Rs.934 lacs. At net level, after charging depreciation of Rs.628 lacs, there is a loss of Rs.498 lacs as against loss of Rs.649 lacs in the previous year.

Your Company is hopeful of maintaining the tempo of growth and achieve better results in the current financial year. The areas of concern are continued high cost of salaries & wages as compared to industry norms and ever rising cost of power in Kerala.

PLEDGING OF SHARES

During the year under review, Patspin India Limited (PIL), has gone for a Corporate Debt Restructuring proposal under the CDR system. Your Company is the main promoter of PIL. The scheme has been approved by CDR-EG, Mumbai and as per the approved scheme, your company has to pledge 51% of its holdings in PIL, being 72,86,405 Equity Shares of Rs 10 each, in favour of PIL lenders. Accordingly, your Company has created pledge on 14.05.2013 with the Monitoring Institution (MI) of the CDR Scheme, viz. Central Bank of India.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;

DIRECTORS' REPORT (Contd.)

- (b) appropriate accounting policies have been selected and applied them consistently and have 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 period;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.
- (d) the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

Your Directors affirm their commitments to the Corporate Governance standards prescribed by the Securities and Exchange Board of India (SEBI).

A Report on Corporate Governance with Management Discussion and Analysis as required under Clause 49 of the Listing Agreement is attached.

FIXED DEPOSITS

The Company had no unclaimed deposits outstanding as at the close of the financial year.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Shri C.D Thakker and Shri N.K Bafna, Directors, retire from Office by rotation and are eligible for re-appointment.

STATUTORY AUDITORS

M/s. M S Jagannathan & Visvanathan, Chartered Accountants, Coimbatore, Auditors of the Company will retire at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

PERSONNEL & INDUSTRIAL RELATIONS

Industrial Relations were cordial and satisfactory. There were no employees whose particulars are to be given in terms of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011 dated 31st March, 2011.

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

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place : Kochi,
Date : 30th May, 2013

B.K PATODIA
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report.

A. Conservation of Energy

- a) energy conservation measures taken.

The Company is making all round efforts for the conservation of energy. To reduce the energy cost, energy efficient equipments were used and the effect of the same has been felt.

- b) additional investments and proposals, if any, being implemented for reduction of consumption of energy
- c) impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.
- d) Total energy consumption and energy consumption per unit of production as prescribed in Form-A

B. Technology Absorption

Efforts made in Technology Absorption as per Form B:

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

C. Foreign Exchange Earnings & Outgo

- a) Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans

The company is presently exporting yarn. Steps are being continued to explore new markets and product development.

- b) Total Foreign Exchange earned and used excluding capital goods, components & Spares:

Earned: Rs10826.76 lacs (Previous year Rs. 6405.52 lacs) (includes shipping freight and agents commission) Used: Rs. 4685.70 lacs (Previous year Rs. 5239.33 lacs)

	Year ended 31.3.2013	Year ended 31.3.2012
I. Power and fuel consumption		
1 Electricity		
a) Purchased (Units in lacs)	344.16	354.74
Total amount (Rs. In lacs)	1610.74	1252.04
Rate per unit (Rs.)	4.68	3.53
b) Own generation		
i) through Diesel Generator (units in lacs)	0.44	0.21
Total amount (Rs. in lacs)	7.70	2.52
Units per liter of diesel oil	2.91	3.27
Cost per unit (Rs.)	17.33	12.00
ii) through steam turbine / generator		
Units	Nil	Nil
Unit per liter of fuel oil / gas	Nil	Nil
Cost per unit (Rs.)	Nil	Nil
2 Coal	Nil	Nil
3 Furnace Oil	Nil	Nil
4 Others/internal generation	Nil	Nil
II. Consumption per unit of production		
a) Electricity – Units per Kg. Yarn	11.89	12.70
b) Furnace Oil	Nil	Nil
c) Coal	Nil	Nil
d) Others	Nil	Nil

For and on behalf of the Board

Place : Kochi,
Date : 30th May, 2013

B.K PATODIA
Chairman

GTN TEXTILES LIMITED

REPORT ON CORPORATE GOVERNANCE

1) The Company's Philosophy on Code of Corporate Governance

The Company firmly believes in and has consistently endeavoured 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 lenders.

2) Board of Directors

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

As on 31st March, 2013, the Board comprises of 4 Independent Directors constituting 67% of the total Board strength. The Company is in compliance with the Clause 49 of the Listing Agreement pertaining to Composition of Directors.

Composition and category of Directors is as follows:

Category	Name of Directors
Promoter/Executive Director	Shri.B K Patodia
Non-Executive/Non-Independent Director	Shri C.D Thakker
Independent Directors	Shri.N K Bafna Shri.B L Singhal Shri.R Rajagopalan Shri.Prem Malik

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

Name of the Director	DIN No	No. of shares held	Attendance particulars		No. of other Directorships and Committee memberships / Chairmanships			Relationship interse Directors
			Board meetings	Last AGM	Other Directorships including Pvt. Ltd.Cos.	Other Committee Memberships #	Other Committee Chairmanships #	
Shri.B K Patodia	00003516	11,95,580	4	Yes	8	None	None	None
Shri.N K Bafna	00019372	Nil	4	Yes	3	5	3	
Shri.B L Singhal	00006433	12,130	3	Yes	8	6	3	
Shri.R Rajagopalan	00003642	Nil	3	Yes	3	5	3	
Shri.Prem Malik	00023051	Nil	4	No	10	2	None	
Shri.C D Thakker	00006079	10,808	None	No	None	None	None	

In accordance with Clause 49 of the Listing Agreement, Membership / Chairmanship of only the Audit Committees and Shareholders/ Investors' Grievance Committees of all Public Limited Companies has been considered.

None of the Directors on the Board is a member on more than 10 committees and Chairman of more than 5 Committees across all the Companies in which he is a Director as per Clause 49 of the Listing Agreement.

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

Four Board meetings were held during the year. The maximum time gap between any such two meetings was not more than 4 calendar months.

REPORT ON CORPORATE GOVERNANCE (Contd.)

The details of the Board Meetings are as under:-

Sl. No.	Date	Board Strength	No. of Directors present
1)	23rd May, 2012	6	3
2)	12th August, 2012	6	5
3)	22nd October, 2012	6	5
4)	29th January, 2013	6	5

3) Audit Committee

Audit Committee comprises of four Independent Directors namely; Shri.B L Singhal, Chairman, Shri N K Bafna, Shri.R Rajagopalan, and Shri.Prem Malik. All the Members of the Audit Committee possess financial / accounting expertise. The composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Shri.E K Balakrishnan, General Manager & Company Secretary is the Secretary of the Audit Committee.

The composition, role, functions and powers of the Audit Committee are in line with the requirements of applicable laws and regulations.

The terms of reference of Audit Committee are broadly as follows;

- The Audit Committee shall oversee financial reporting process and disclosures.
- To review quarterly, half yearly and annual financial statements, management discussion and analysis of financial condition and results of operation.
- To review adequacy of internal controls in the Company including the plan, scope and performance of internal audit function
- To review management letters/letters of internal control weakness issued by the statutory auditors, internal audit report relating to internal control weakness,
- To review related party transactions.
- To review financial and risk management policies
- To look into the reasons for substantial defaults in the payment to depositors, debenture / shareholders and creditors.
- To oversee compliance with stock exchange and legal requirements concerning financial statements
- To review auditors qualifications (draft) and to ensure compliance with Accounting Standards
- Recommending the appointment and renewal of external Auditors / Chief internal auditor and their fees
- Recommending the appointment of Cost Auditor, fixation of audit fee, approval for payment for any other services and also approval of appointment of Chief Financial Officer (CFO).

During the year, the Committee met four times. Attendance of each Member at the Audit Committee meetings held during the year:

Sl. No.	Name of the Member	Status	No. of meetings attended
1)	Shri.B L Singhal	Chairman & Independent Director	3
2)	Shri N.K Bafna	Independent Director	4
3)	Shri.R Rajagopalan	Independent Director	3
4)	Shri.Prem Malik	Independent Director	4

REPORT ON CORPORATE GOVERNANCE (Contd.)

The details of the meetings are as under:-

Sl. No.	Date	Committee Strength	No. of Directors present
1)	23rd May, 2012	4	2
2)	12th August, 2012	4	4
3)	22nd October, 2012	4	4
4)	29th January, 2013	4	4

Shri B.L Singhal, Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 13th August, 2012.

The Managing Director, Chief Financial Officer, Internal Auditors, Statutory Auditors and other Executives as considered as appropriate were also attending the Audit Committee meetings

i) Internal Audit and Control:

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

ii) Prevention of Insider Trading:

The Audit Committee also monitors implementation and compliance of the Company's Code of Conduct for prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended upto date. The Board has designated Shri.E K Balakrishnan, General Manager & Company Secretary as the Compliance Officer of the Company.

iii) Risk Management:

The Company has laid down procedures to inform the Board Members about the risk assessment and minimization procedures. The Designated Officials submit quarterly reports which are reviewed periodically by the Management Committee to ensure effective risk management.

4) Remuneration Committee

The Remuneration Committee of the Board of Directors comprises of four Independent Non-Executive Directors namely; Shri.B L Singhal, Chairman; Shri N K Bafna, Shri.R Rajagopalan, and Shri.Prem Malik.

The broad terms of reference of the Remuneration Committee are as follows;

- Review the performance of the Managing Director and the Whole time Directors after considering the Company's performance
- Recommend to the Board, remuneration including salary, perquisites and commission to be paid to the Company's Managing Director and Whole time Directors. This including annual increment, commission and retirement benefits.

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

Remuneration Committee constituted by the Board had met on 30.05.2013 and approved remuneration package of Shri. B K Patodia , Chairman & Managing Director for his balance tenure from 1st April, 2013 upto 18th December, 2015, in accordance with Schedule XIII to the Companies Act, 1956. The remuneration structure approved is as follows;

a) Salary:

Rs.2, 70,000/- per month in the Scale of Rs.270000–10000–290000 effective from 1st April, 2013 upto 18.12.2015.

b) Commission:

Subject to the overall limits laid down in Sections 198 and 309 of the Companies Act, 1956, such percentage of the Net Profits of the Company or such quantum as may be fixed by the Board of Directors for each financial year not exceeding 2% of the Net Profits of the Company, each year, restricted to an overall limit of Rs.36 lacs per annum.

REPORT ON CORPORATE GOVERNANCE (Contd.)

c) Perquisites as follows:

- (i) Housing: Rent free accommodation will be provided to the appointee for which actual amount of lease rental paid or payable by the Company or 10% of the salary, whichever is lower, shall be recovered. In case no accommodation is provided by the Company, House Rent Allowance, subject to a ceiling of 60% of the appointees salary shall be paid. In addition, the appointee shall be allowed Company owned furniture and fixtures, if required.
- (ii) The expenditure incurred by the appointee on gas, electricity and water shall be reimbursed by the Company.
- (iii) All Medical Expenses incurred by the appointee for self and his family shall be reimbursed.
- (iv) Leave Travel Concession for the appointee and his family will be allowed once in a year as per the Rules of the Company.
- (v) Fees of Clubs : Subject to a maximum of 2 Clubs. This will not include admission and life membership fees.
- (vi) Personal Accident Insurance: As per Rules of the Company.
- (vii) Contribution to Provident Fund, Superannuation or Annuity Fund to the extent the same are not taxable under the Income Tax Act.
- (viii) Gratuity : As per the provisions of the Payment of Gratuity Act or as per the Gratuity Scheme of the Company, whichever is higher.
- (ix) Provision of Car with driver and telephone at the residence for use of Company's business.
- (x) Encashment of Leave as per Rules of the Company.

d) Overall Remuneration:

The aggregate of salary, commission and perquisites in any financial year shall not exceed the limits prescribed from time to time under Section 198, 309, and other applicable provisions of the Act read with Schedule XIII to the said Act, as may for the time being in force.

e) Minimum Remuneration:

In case of loss or inadequacy of profits in any financial year during the currency of tenure of his service, the payment of salary, commission and perquisites shall be governed by the limits prescribed under the Section II of Part II of Schedule XIII to the Act.

Pursuant to the provisions of Section 269 read with Schedule XIII of the Companies Act, 1956, the approval of the members in general meeting is required to be obtained with regard to the remuneration as set out in Item No.5 of the accompanying notice.

Details of the remuneration paid to Chairman & Managing Director for the Year:

The aggregate of salary and perquisites paid for the year ended 31st March, 2013 to Chairman & Managing Director, was as follows:-

Shri.B K Patodia : Rs.41.94 lacs

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

Remuneration paid to Non-Executive Directors:

No Remuneration is paid to Non-Executive Directors except sitting fee for attending the meeting of the Board and Committees thereof.

The details of payment of sitting fee are as follows;

Meeting	Amount (in Rs)
Board	7500
Committee	5000

REPORT ON CORPORATE GOVERNANCE (Contd.)

The Fee paid for the year ended 31st March, 2013 to the Non Executive Directors is as follows:

Name of the Non-Executive Director	Sitting fee (Rs.)
Shri N.K Bafna	70,000
Shri.B L Singhal	52,500
Shri.R Rajagopalan	52,500
Shri.Prem Malik	70,000
Total	2,45,000

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

5) Shareholders / Investors' Grievance Committee

The Board has constituted Shareholders / Investors' Grievance Committee comprising Shri.R Rajagopalan, Chairman, Shri.N K Bafna, Shri.B L Singhal and Shri Prem Malik as members.

The Committee reviews redressing of shareholders and investors complaints like transfer of shares, non-receipt of Balance Sheet, non-receipt of declared Dividends, etc besides complaints from SEBI, Stock Exchanges, Court and various Investor forums. The Committee also oversees the performance of Registrar and Transfer Agents and recommends measures for overall improvement in the quality of investors' services.

During the year, the Committee met four times, details of which are as under:-

Sl. No.	Date	Committee Strength	No. of Directors present
1)	23rd May, 2012	4	2
2)	12th August, 2012	4	4
3)	22nd October, 2012	4	4
4)	29th January, 2013	4	4

Shri.E K Balakrishnan, General Manager & Company Secretary officiates as the Secretary of the Committee and is also designated as the Compliance Officer in terms of the Listing Agreement with the Stock Exchanges.

Investor Grievance Redressal:

SEBI had introduced its electronic portal Sebi COmplaint REdress System (SCORES) with the intent to ensure speedy redressal of Investors Complaints thereby casting a responsibility on the Listed Companies to file Action Taken Reports (ATRs) under SCORES.

SEBI vide its circular dated April 17, 2013 has mandated all the Listed Companies to get their SCORES Registration before May 17, 2013. As per the mandate, your Company has also obtained SCORES Registration.

It has also been mandated that all the Listed Entities are required to upload Action Taken Reports (ATRs) on the electronic portal of SEBI i.e. SCORES within 30 days from the date of receipt of any Investor Grievance. Your Company regularly files Action Taken Reports (ATRs) within 30 days of receipt of any investor complaints.

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

Type of complaints	Receipt of Complaints			Total Number of complaints
	SCORES	STA/CO	OTHERS	
Non-receipt of Annual Reports	1	3	—	4
Non-receipt of Dividend Warrants	1	4	—	5
Non-receipt of Share Certificates	1	3	—	4
Complaints in respect of Electronic Transfers	—	—	—	—
Complaints / queries received from Regulatory Agencies	—	—	—	—
Total	3	10	—	13

REPORT ON CORPORATE GOVERNANCE (Contd.)

There were no outstanding complaints as on 31st March, 2013. One request for dematerialization was pending in the NSDL system for approval as on 31st March, 2013 which was approved / confirmed on 1st April, 2013 and no request for dematerialization was pending in the CDSL System.

The Shareholders/Investors may please take note of the following e mail id /website for lodging their grievances as well as accessing Company information.

Clause 47(f) of the Listing Agreement	Investor Grievance	Email ID : cs@gtntextiles.com
Clause 54 of the Listing Agreement	Functional Website	www.gtntextiles.com

6) General Body Meetings:

- i) Location, date and time of the Annual General Meetings held during the preceding 3 years and special resolution passed:

Year	Location	Date	Day	Time	Special Resolution
2009-10	'Oceanic Hall' Hotel Periyar, Aluva – 683 101	31.07.2010	Saturday	1.00 p.m	Consent for appointment and fixing of remuneration of Managing Director
2010-11	-do-	29.07.2011	Friday	12.15 p.m	Nil
2011-12	-do-	13.08.2012	Monday	12.15 p.m	Nil

- ii) No Extra –Ordinary General Meeting of the shareholders was held during the year.
- (iii) Whether special resolutions were put through postal ballot, last year?
Not Applicable
- (iv) Are votes proposed to be conducted through postal ballot, this year?
No

7) Disclosures:

i) Related Party Transactions/Material Contract

Disclosure on materially significant related party transactions that may have potential conflict with the interests 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 Compliance

Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI, or any Statutory Authority, on any matter related to Capital markets, during the last three years:

None.

iii) Code of Conduct

The Company has laid down a Code of Conduct for all Board Members as well as for all Employees of the Company. The Code of Conduct is available on www.gtntextiles.com. The Managing Director has confirmed and declared that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. The declaration to that effect forms part of this report.

REPORT ON CORPORATE GOVERNANCE (Contd.)

iv) Adoption, Compliance and Non Adoption of non mandatory requirements

a) The Board

The Company meets expenses to maintain Chairman's office in the performance of his duties. The Company has not fixed up the tenure of the Independent Directors of the Board. The dates of appointment of Independent Directors are, as follows:-

Name of Independent Directors	Date of first appointment
Shri. N K Bafna	15.05.2008
Shri.B.L.Singhal	08.04.2005
Shri.R.Rajagopalan	28.10.2005
Shri. Prem Malik	17.12.2005

b) Remuneration Committee

Information pertaining to Remuneration Committee is provided in Point No.4 of this report.

c) Shareholder Rights

The Company's quarterly and half yearly results are published in the Newspaper and also uploaded on its website www.gtntextiles.com. Therefore, no individual communication is sent to shareholders on the quarterly and half yearly financial results. However, if requested, the Company provides the same to them individually.

d) Audit Qualifications

There are no qualifications in the Auditors Report on the accounts for the year 2012-13.

e) Others

The Company has not adopted other non-mandatory requirements of Clause 49 of the Listing Agreement relating to imparting training to the Non-Executive Directors, evaluation of their performance and the whistle blower policy.

v) Reconciliation of Share Capital Audit

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

8) Means of communication

Half-yearly report sent to each household of shareholders

Although, Half-yearly report is not sent to each household of shareholders, the Company normally publishes the same in all India editions of THE HINDU: BUSINESS LINE/BUSINESS STANDARD [National Daily] and MANGALAM [Regional News Paper].

Quarterly results

The quarterly results are normally published in all India editions of THE HINDU: BUSINESS LINE /BUSINESS STANDARD [National Daily] and MANGALAM [Regional Newspaper].

Your Company is also uploading regularly quarterly Corporate Governance Report, Shareholding Pattern and other related documents through web based platforms of NSE and BSE. The same can be accessed at i) <https://www.connect2nse.com/LISTING>. and ii) <https://www.listing.bseindia.com>

The same were also displayed in the Web site of the Company, www.gtntextiles.com

The Company did not make any presentation to the analysts / institutional investors.

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

REPORT ON CORPORATE GOVERNANCE (Contd.)

9) General Shareholder information:

I) Annual General Meeting:

a)	Date and Time	:	30th July,2013
b)	Venue	:	'Oceanic Hall', Hotel Periyar, Aluva - 683 101.
c)	Book closure date	:	Saturday ,20th July 2013 to Tuesday, 30th July,2013 (both days inclusive)
d)	Financial calendar (tentative):		
	Annual General Meeting	:	30th July,2013
	Results for quarter ending 30th June, 2013	:	On or before 14th August, 2013
	Results for quarter ending 30th Sept.,2013	:	On or before 14th November, 2013
	Results for quarter ending 31st Dec., 2013	:	On or before 14th February, 2014
	Results for Year ending 31st March, 2014	:	On or before 30th May, 2014.

II) Listing

a)	Listing of Equity Shares on Stock Exchanges at	:	BSE Limited (Formerly Bombay Stock Exchange Ltd) (BSE) and The National Stock Exchange of India Limited (NSE)
b)	Listing Fee	:	Annual Listing fee for the year 2013-14 have been duly paid to the said Stock Exchanges. The Annual Custodial Charges to NSDL and CDSL has also been paid
i)	Stock Code: Scrip Code No. : Bombay Stock Exchange	:	532744
	Trading symbol : National Stock Exchange	:	GTNTEX
ii)	Demat ISIN Nos. in NSDL and CDSL for Equity Shares	:	INE302H01017

III) Stock market data :

(in Rs. per Share)

Month	BSE		NSE	
	High	Low	High	Low
April ,2012	11.70	8.00	11.45	8.50
May ,2012	9.10	7.63	9.90	7.55
June,2012	8.60	7.55	9.40	7.50
July,2012	10.00	7.72	9.50	7.95
August,2012	8.31	6.82	8.35	6.85
September,2012	8.48	7.19	8.65	7.30
October,2012	8.93	7.15	8.90	7.05
November,2012	8.63	7.12	8.00	7.15
December,2012	7.84	6.95	7.85	6.90
January 2013	8.72	6.90	8.35	6.90
February,2013	8.22	6.35	7.75	6.05
March,2013	8.47	4.38	7.30	4.50

REPORT ON CORPORATE GOVERNANCE (Contd.)

IV)	Registrar and Transfer Agents (Share Transfer and communication regarding Share Certificates, Dividends and change of Address)	:	M/s. Integrated Enterprises (India) Limited, 2nd Floor, Kences Towers, No 1, Ramakrishna Street, T Nagar, Chennai -600 017 Tel: 044 28140801-803 E-Mail : corpserv@integratedindia.in
V)	Share Transfer System	:	Presently, the share transfers which are received in physical form are processed and the share certificates returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The Board has delegated the authority for approving transfer, transmission, etc. of the Company's Securities to the Share Transfer Committee of the Board of Directors, constituted for this purpose. A summary of transfer / transmission of the Securities of the Company so approved by the Share Transfer Committee is placed at every Board Meeting. The Company obtains a Certificate on each half year from a Company Secretary in Practice in respect of Compliance with the Share Transfer formalities as required under Clause 47(C) of the Listing Agreement with Stock Exchanges and files a copy of the Certificate with the Stock Exchanges, within the prescribed time limit. As regards shares held in Electronic form, the credit being given as per guidelines / by-laws issued by SEBI / NSDL / CDSL

VI) Shareholding pattern and distribution on Shareholding of the Company:-

(a) Shareholding pattern as on 31st March, 2013:

S.No.	Category	No of Shares	% of Shareholding
01	Promoters & Associates (Patodia Family)	7237202	62.17
02	Indian Financial Institutions, Banks, Mutual Funds	89905	0.77
03	Foreign Institutional Investors/NRIs	14202	0.12
04	Others	4299169	36.94
	Total:	11640478	100.00

(b) Distribution of Shareholding as on 31st March, 2013:

S.No.	Category	No of Holders	%	No of shares	% Of Shares
1	UPTO 100	21554	86.49	678086	5.83
2	101 - 500	2235	8.97	632601	5.43
3	501 - 1000	568	2.28	480287	4.13
4	1001-10000	504	2.02	1464544	12.58
5	10001 - 100000	46	0.18	943519	8.10
6	Above 100000	14	0.06	7441441	63.93
	Total:	24921	100.00	11640478	100.00

VII) Dematerialisation of shares and Liquidity:

The shares of the Company are compulsorily traded in DEMAT form by all categories of investors with effect from 18th May, 2006. 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 scrip less trading. As on 26th April, 2013, 95.45% shares of the Company were held in Dematerialized form.

Liquidity of shares:

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

REPORT ON CORPORATE GOVERNANCE (Contd.)

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

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

DECLARATION BY CEO ON CODE OF CONDUCT AS REQUIRED BY CLAUSE 49 I(D)(ii) OF THE LISTING AGREEMENT

"As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, this is to declare that all the Members of the Board and the Senior Management have affirmed with the Code of Conduct for the year ended 31st March, 2013"

For **GTN TEXTILES LIMITED**

Place : Kochi,
Date : 30th May, 2013

B.K PATODIA
Chairman & Managing Director

The above report was adopted by the Board of Directors at their meeting held on 30.05.2013.

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

To the Members of GTN TEXTILES LIMITED

We have examined the compliance of conditions of corporate governance by GTN TEXTILES LIMITED for the year ended March 31, 2013 as stipulated in clause 49 of the Listing agreement(s) of the said Company with the stock exchange(s) in India.

The compliance of conditions on Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us read along with paragraph 2 of the Report on Corporate Governance, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s).

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

FOR M S JAGANNATHAN & VISVANATHAN
CHARTERED ACCOUNTANTS
(ICAI FIRM NO.001209S)

Place : Kochi
Date : 30th May,2013

R.MUGUNTHAN
PARTNER
M NO.21397

GTN TEXTILES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENTS

The importance of textile industry in the national economy is significant because of its contribution to economic growth, exports and employment. Exports of Textiles and Clothing during 2012-13 are estimated at around 33 billion USD, which works out to a share of about 11% in the total exports from the country of 301 billion USD. This sector currently employs about 35 million workers directly and 47 million workers in allied sectors like Agriculture.

The Indian Textile Industry which recovered handsomely in 2010-11 after two years of recession and adverse working, faced another challenging year in 2011-12 because of economic crisis in Eurozone aggravated by Cyprus problem and the weak recovery in US, resulting in demand recession. Broadly, the problems faced by the industry were as under:-

- 1) Global cotton shortage prevailed during 2010-11 and the same resulted in an unprecedented increase in global cotton prices from US \$ 0.84 per lb in October 2010 to US \$ 2.30 per lb in March 2011 on the New York Futures. The domestic cotton prices also increased from Rs.35000 per candy (356 kg) to Rs.62500 per candy for the Gujarat Shanker-6 variety. The situation was further aggravated due to premature announcement by Government, of cotton export of 55 lakhs bales in 45 days.
- 2) In the context, of losses and working capital crunch faced by the industry from April, 2011 onwards, the Confederation of Indian Textile Industry and other industry Associations requested Government for a Debt Restructuring package for the textile and clothing industry. The Industry's request was for a moratorium of two years for repayment of principal amounts against terms loans and conversion of working capital eroded due to price fluctuation to Working Capital Term Loans (WCTL). It was also proposed that the package should relax the NPA norms to avoid asset reclassification or additional provisioning for repeatedly restructured loans. The proposal was accepted by the Finance Ministry which referred the matter to RBI for further action. However, RBI declined to accept the request for asset reclassification and therefore, a large number of mills which need repeated restructuring run the risk of turning into NPAs. This in effect would make the unit ineligible for TUFS assistance. CITI has represented to Government to relax NPA norms and allow TUFS benefits to such units.
- 3) The Ministry of Textiles has announced continuation of Technology Upgradation Fund Scheme during Twelfth Five Year Plan period envisaging total investments of Rs. 151,082 crores with a cap of Rs. 40,000 for the spinning sector. The interest compensation rate under TUFS for spinning sector has been reduced to 4 per cent. The details of the Scheme are under formulation by Government and are expected to be announced soon.
- 4) In its fight against inflation, the RBI had increased the interest rates 13 times between March, 2010 and October, 2011. Moreover, the GDP growth declined to 6.9 per cent in 2011-12 and to 5 per cent in 2012-13. In spite of half a per cent reduction in interest rate in April, 2012, the interest rates are still higher. In the RBI Monetary Policy announced on 3rd May, 2013, RBI has reduced the interest rate further by quarter per cent. Despite these reductions, the average bank credit rate works out to 13 to 14 per cent, which is quite high and adds to the manufacturing cost and makes the cost of raising capital very high.
- 5) Extreme volatility in Forex market also lead to financial uncertainty. Rupee Exchange rate which was Rs. 51.86 to USD in April 2012 depreciated to Rs. 56 in June, 2012, again appreciated to Rs, 53.03 in October, 2012 and closed at Rs. 54.30 at year end.
- 6) Total production of Spun yarn and cotton yarn declined in 2011-12, in spite of the fact that cotton prices were more or less steady during the year. However, production in 2012-13 registered a robust growth of 10 per cent in respect of total spun yarn at 4800 million kgs and 14 per cent in respect of cotton yarn production at 3550 million kgs. The upward trend is expected to be continued in 2013-14. The improvement has come about on account of healthy growth both in the domestic and international markets.
- 7) Acute shortage of skilled and trained man-power is also affecting capacity utilization.

Spinning and Weaving Capacities

Figures of world's installed spinning and weaving capacities are available from International Textile Manufacturers Federation (ITMF) as of October, 2012. As at the end of 2011, world's total spindleage was 250 million, with China having 120 million spindles, representing the share of 48 per cent and India was having 48 million spindles, representing share of about 19 per cent. As of March, 2013, however, India's installed spindles have increased to 49.17 million, accounting for almost 20 per cent of the global spindleage. It is pertinent to mention that during the last four years, the spindleage in India has expanded by around 8 million. The capacity utilization of spinning in textile mills substantially increased to 83 per cent in 2011-12 as compared to 63 per cent in 2009-10 and 79 per cent in 2010-11.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Deducting 10 million spindles of closed mills, the number of operative spindles works out to around 39 million. The number of installed open-end rotors has marginally increased to 795 thousand in March, 2013 as compared to 771 thousand in March, 2012. It is pertinent to point out that expansion of spinning capacity has been significant both in the organized and small spinning sectors. To meet the rising domestic demand for cotton yarn from the downstream value chain and also to meet higher targets of exports of cotton yarn, the Twelfth Five Year Plan has envisaged investment of Rs.40,000 crores in the spinning sector.

A major chunk of spinning capacity expansion took place under the TUF Scheme, which was operative for a span of eight years from 1st April,1999 to 31st March, 2007. Further, under the modified TUF Scheme operative from 1st April, 2007, investments during three years 2007-08 to 2009-10, increased considerably towards modernization and expansion of spinning capacity.

The Restructured TUF Scheme was announced by the Ministry of Textiles on 28th April, 2011. The Scheme was operative from 28th April, 2011 to 31st March, 2012, the terminal year of the Eleventh Five Year Plan. The major change in the Restructured Scheme was a reduction in the repayment period to seven years with two years moratorium as compared to earlier repayment period of ten years with two years moratorium.

It is gratifying that Government has decided to continue TUF Scheme during the Twelfth Plan period, 2012-17.

The number of looms in the mill sector which remained stagnant at 71,000 for the three-year period, 2007-08 to 2009-10, declined to 66,000 during 2011-12 and 2012-13. However, the weaving capacity in the powerloom sector has increased from 22.46 lakh looms in 2009-10 to almost 23.33 lakh looms as of December, 2012.

Production of Yarn

The total production of spun yarn which was 4193 million kgs in 2009-10 expanded to 4713 million kgs in 2010-11, showing a creditable growth of over 12 per cent. However, total production of spun yarn in 2011-12 was lower at 4373 million kgs exhibiting a decline of 7 per cent. For the year 2012-13, total production of spun yarn is provisionally placed at 4842 million kgs showing a robust growth of 11 per cent. Similarly, production of cotton yarn also escalated from 3079 million kgs in 2009-10 to 3490 million kgs in 2010-11. For the year 2011-12, production of cotton yarn was 3126 million kgs. Production of cotton yarn in 2012-13 is provisionally placed at 3562 million kgs and for 2013-14 it is projected at 4000 million kgs.

Exports of Cotton Yarn

In pursuance of National Fibre Policy, Government set up in September 2010, Cotton Yarn Advisory Board (CYAB) to advise the Government on matters pertaining to production, consumption and exports of cotton yarn.

Exports of cotton yarn in 2011-12 are estimated at 750 million kgs valued at 2.99 billion USD as against exports of 694 million kgs valued at 2.7 billion USD in 2010-11. This indicates that unit value declined in 2011-12 as compared to 2010-11. This is mainly due to depressed prices in international markets, intensification of competition and a change in the pattern of trade.

China has been increasing its sourcing of cotton yarn from all over the world in view of the high value cotton stock held by it and to meet ever increasing demand for yarn for its domestic knitting and weaving industry. Import of cotton yarn in China increased by 69 per cent from all sources - 1526 million kgs in 2012 against 903 million kgs in 2011. As against this, import of cotton yarn from India in the year 2012 increased by 124 per cent. India's exports of cotton yarn in 2012 were 326 million kgs as against 111 million kgs in 2011. The share of India's exports of cotton yarn to China accounts for almost 33 per cent of India's total exports of cotton yarn. Thus, India has emerged as the leading exporter of cotton yarn to China. Increasing imports of cotton yarn by China from India will give a tremendous boost to the Indian spinning industry.

As per deliberations at the Cotton Yarn Advisory Board meetings, the Cotton Yarn Balance Sheets for 2012-13 and 2013-14 were drawn up in terms of which exportable surplus were arrived at 1000 million kgs. for 2012-13 and 1150 million kgs for 2013-14. The figure of exports as per export contract registration during 2012-13 is 1067 million kgs.

Upto 2009-10 exports of cotton yarn were operating smoothly and were in the range of 20 to 22 per cent of the production of cotton yarn. The slipshod manner in which Government handled exports of cotton yarn earlier has done immense harm to the textile industry. However, since March, 2012, Government has permitted free exports of cotton yarn, subject, of course, to registration of contracts with DGFT.

Cotton Scenario

For the cotton season 2010-11, Cotton Advisory Board had estimated area under cotton at 112.35 lakh hectares and crop at 339 lakh bales. The per hectare yield for the season increased to 513 kgs as against of 503 kgs achieved in 2009-10. For the cotton season 2011-12, Cotton Advisory Board has estimated the area at 121.78 lakh hectares and a crop of 355 lakh bales. Per hectare yield in the cotton season 2011-12 works out lower at 496 kgs.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Although the cotton crop during the 2011-12 season was quite high, the Indian textile industry did not derive the advantage of home-grown cotton on account of unprecedentedly higher quantum of exports of raw cotton. While the domestic industry was denied better quality cotton at competitive prices, our competitors like China and other South East Asian countries got the advantage of best quality Indian cottons at cheaper prices.

For the cotton year 2011-12, CAB had earlier arrived at the figure of 55 lakh bales of cotton as exportable surplus. However, DGFT subsequently allowed exports of raw cotton upto 95 lakh bales, subject to registration of contracts. The total quantity registered for exports was 120 lakh bales. In March, 2012 DGFT banned exports of cotton once it reached the figure of 95 lakh bales. However, due to persistent pressure from the trading community, the Group of Ministers decided that total quantity of registered contracts at 120 lakh bales be allowed for exports. However, actual exports were 129.59 lakh bales.

For the cotton season 2012-13, the CAB has estimated the crop at 340 lakh bales and exports at 81 lakh bales. Already, however, cotton export contracts registration has crossed 90 lakh bales.

Cotton prices in the current season were almost steady upto January, 2013. Since February 2013, however, cotton prices have exhibited a rising trend. CCI / NAFED covered cotton from farmers when prices went down below the Minimum Support Prices, mainly in Andhra Pradesh, where they covered 2.5 million bales. By not releasing such cotton to the industry, CCI / NAFED has added to the price spiral. Some of the ginneries are also holding back their stocks in the hope of earning higher prices. This is affecting the working of textile industry and therefore Confederation of Indian Textile Industry (CITI) and other industry Associations have represented at the highest level to advise CCI / NAFED to offer cotton to the industry at reasonable prices.

While on this, it is significant to note that Cotlook 'A' Index, representing international prices was 84.40 cents per lb in August, 2012 which has since risen to 93.20 as of 30th April, 2013. Cotlook 'A' Index has also shown a rising trend from February, 2013 onwards.

Global organic cotton production in 2011 dropped by 37 per cent to 151,079 tons. India, Syria, China, Turkey and the United States were the top five producers in that year. Production in India declined by 48 per cent from 195,412 tons to 102,452 tons on account of regulatory controls exercised by Agricultural and Processed Food Products Export Development Authority (APEDA). Prospects for 2011-12 cotton season indicate that cotton area will decline further in 2011-12 mainly in India. Organic cotton production is expected to reach 143,600 tons in 2011-12. International Cotton Advisory Committee (ICAC) anticipates that the production will start gaining momentum from 2012-13 onwards.

While importance of India as a major supplier is declining, that of Central Asian countries of Kyrgyzstan and Tajikistan is emerging as dominant suppliers. The average yield in respect of organic cotton is much lower than the conventional cotton. For instance, the overall average yield of countries producing organic cotton was 783 kg/ ha whereas yield of organic cotton was barely 466 kg / ha.

With Government's prediction of normal monsoon for the coming season and other favourable factors like higher cotton exports in the current season, farmers will find it attractive to increase area under cotton cultivation. Other encouraging factors are: growing awareness among farmers for adoption of better technology and augmented supply of a good quality seed. Undoubtedly, the performance of textile industry hinges largely on adequate availability of quality cotton. The industry has a potential to absorb larger cotton crop with the massive expansion of spinning capacity at the rate of 3 million spindles per year during Twelfth Plan period. However, Government should exercise abundant caution in deciding the policy for exports of raw cotton, keeping overall national interest in mind.

According to ICAC, global cotton production, in the season 2011-12 (August -July) was 27.79 million tons and consumption of 22.10 million tons, resulting in ending stocks of 15.27 million tons. This led to decline in cotton prices during 2012-13 by 5 per cent.

For the cotton season 2012-13, global production is estimated at 26.34 million tons, lower by 1.45 million tons. Consumption, on the other hand, is expected to increase to 23.71 million tons, a rise of 1.61 million tons. The ending stocks are expected to rise to 17.90 million tons, as against 15.27 million tons in 2011-12.

ICAC's forecast for global cotton production for the cotton season 2013-14 is lower at 24.61 million tons, consumption is forecast at 24.25 million tons.

Thus Cotlook 'A' Index for the cotton season 2011-12 which was 100 cents per pound has declined to 88 cents per pound in 2012-13. However, for the cotton season 2013-14 the price forecast is 122 cents per pound. These price forecasts are based on the assumption that the Chinese Government will continue its current reserve policy. As it is, China has built up a massive national cotton reserve, ensuring raw material security to its textile industry. China, holding 50 per cent of global cotton stocks, is creating significant uncertainty for the global cotton market.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

OPPORTUNITIES AND THREATS

The health of textile units is primarily dependent on adequate availability of quality cottons at competitive prices. With the augmented supply of quality seed and larger production of hybrids and Bt. cottons, production of cotton in the coming season 2013-14 is forecast to be comfortable.

Inadequate Duty Drawback rates run counter to the well-accepted Government Policy of not exporting taxes. It may be stated that Duty Drawback is not incentive but only refund of indirect taxes suffered by export products. Further, remission of duties suffered by exported products is totally WTO-compliant. One can only hope that Government will revise upward Duty Drawback rates to reflect the actual incidence of duties and taxes borne by exported textile products.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

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

OUTLOOK

Global exports of textiles and clothing in 2011 were 706 billion USD, as per WTO figures. China's share in the global trade in textiles / clothing was 35 per cent and that of India a barely 4 per cent. With the rising costs in China and its deliberate shift in favour of domestic consumption, India has tremendous scope for boosting its share to a more respectable figure. Further, by 2020, world exports of textiles / clothing are projected to increase to 1,000 billion USD. The expectation is that India's exports would rise from 30 billion USD to 80 billion USD by 2020. This will provide immense potential to India for enhancing its exports.

On the domestic front also India is poised for a healthy growth, in view of rising population, sustained increase in per capita income and disposable surplus, favourable demographic profile and changing lifestyle. Besides, Government of India is becoming increasingly sensitive to the needs of the textile industry and taking ameliorative measures in regard to debt restructuring scheme, extension of TUFS and TMC in the Twelfth Five Year Plan etc. Another area is rapid growth of technical textiles for which Government has been providing encouraging support.

The Ministry of Commerce has announced exporter-friendly measures in the Foreign Trade Policy. Favourable policy changes have been made in Focus Product Scheme, Market Product Scheme, Market Linked Focus Product Scheme, Incremental Exports Incentivisation Scheme, Liberalized EPCG Scheme, etc. All these measures will boost exports of textiles and clothing.

Above all, India is in a unique position of having an integrated textile set-up endowed with presence across all the textile value chain from fibres to fashion garments.

All these favourable factors indicate extremely optimistic and positive future for the healthy growth of the Indian textile industry.

RISKS AND CONCERNS

- (I) Raw Cotton, an agricultural product, is the key raw material used for the manufacture of cotton yarn. Almost 65 per cent of area under cotton cultivation is rain-fed and hence is dependent on vagaries of monsoon. Adequate availability of raw cotton at right prices is crucial for the Company. Any disruption in the supply and/or violent changes in the cost structure would affect the profitability of the Company.
- (II) The RBI's Monetary Policies are largely dictated towards controlling the inflation. However, in the last two years, RBI has announced marginal reduction in interest rates. However, for the first time in three years, RBI has announced in April, 2012 a reduction of a half per cent in interest rate and in May, 2013 RBI has announced a further cut of quarter per cent in the interest rate. This will provide some relief in the finance cost.
- (III) Your company follows an efficient inventory management system and a well-crafted strategy of procuring raw materials through a mix of spot and long-term contracts. The company's conscious efforts on maintaining a judicious mix of markets for its sales and thrust on specialty products like Organic, Fair Trade and Better Cotton Initiative (BCI) textile products have also proved to be beneficial
- (IV) Volatility in foreign currency exchange rates vis-a-vis Indian Rupee is another area of concern since a sizeable production of cotton yarn is exported by your Company. The Company has in place various Management Information Systems, which enable the management to take decisions on exposures relating to exports, imports, foreign currency loans, etc. The Company continues to strengthen these systems to minimize the risk involved due to adverse movement of exchange rates.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

- (V) 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.
- (VI) Apart from the intensification of international competition, the areas of concern are poor infrastructure resulting in higher transaction cost, very high power cuts especially in Tamil Nadu and Andhra Pradesh and Government's reluctance to introduce labour reforms. It is hoped that satisfactory solutions will be found in the near future.
- (VII) Another area of concern is Government's periodical announcements for liberalized tariff concessions offered to Least Developed countries like Bangladesh, Nepal, Bhutan and other countries under SAFTA. Recently, Government of India has unilaterally extended tariff concessions to Pakistan by reducing the number of products in the Sensitive List of India for non LDCs under SAFTA. The industry has requested the Ministry of Commerce and Industry that 146 products covered in the Sensitive List may be retained and no such tariff concession be offered to non-LDCs under SAFTA. The industry has also requested that at least a nominal import tariff of 5 per cent may be retained for all products that may be removed from the Sensitive List and specific duty rates, where applicable, may be retained.

The Free Trade Agreement with European Union is on the anvil and this will encourage higher exports to Eurozone area and provide level playing field with some of our competitors.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Please refer to Directors' Report on performance review.

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

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

Industrial relations are cordial and satisfactory.

As on 31st March, 2013, the Company has about 922 employees in its various offices and factory.

CAUTIONARY STATEMENT

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

Independent Auditor's Report
To the Members of GTN TEXTILES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statement of GTN TEXTILES LIMITED ('the Company') which comprise the Balance sheet as at 31st March, 2013, the Statement of Profit and Loss and the cash flow statement for the year then ended, and a summary of the significant accounting policy and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

FOR M S JAGANNATHAN & VISVANATHAN
CHARTERED ACCOUNTANTS (FRN 001209S)

(R.MUGUNTHAN)
PARTNER
M NO.21397

Place : Kochi
Date : 30th May, 2013

Annexure referred to in our Report of even date on the accounts for the year ended 31st March,2013 of GTN TEXTILES LIMITED.

On the basis of such checks as we considered appropriate during the course of our audit, we state that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets are physically verified in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noted on such verification.
- (c) During the year, there was no sale of substantial part of fixed assets and hence the going concern of the Company is not affected.
- (ii) (a) During the year, inventory has been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company had not granted loan to parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence sub clauses (b) to (d) of clause (iii) of the said Order are not applicable.
- (b) During the year company had not taken deposits from any parties covered in the register maintained under Section 301 of the Companies Act, 1956. However the deposits received during the previous year's from such parties were outstanding at the year end was Rs. 5.80 lakhs and same amount was maximum amount outstanding at anytime during the year.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the deposits taken by the Company are prima facie not prejudicial to the interest of the Company.
- (d) The re-payment of Deposits and payment of interest are as stipulated.
- (e) There is no overdue amount in respect of the fixed deposit mentioned in para (b) above.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules,1975 with regard to the deposits accepted from the public. No order has been passed by the National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

Annexure referred to in our Report of even date on the accounts for the year ended 31st March,2013 of GTN TEXTILES LIMITED.(Contd.)

- (viii) We have broadly reviewed the Books of Account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanation given to us there are no dues of which have not been deposited on account of dispute.
- (x) There are accumulated losses at 31st March, 2013 amounting to Rs.418 lakhs. The Company has not incurred any cash loss during the financial year covered by our audit and the company has incurred cash loss of Rs.17 lakhs during immediately preceding financial year.
- (xi) Based on our Audit procedures and according to the information given to us, the company has not defaulted in repayment of dues to Financial Institutions and Banks.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the no funds raised on short term basis have been used for long term investments.
- (xviii) During the year, Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any monies by way of Public Issues during the year.
- (xxi) According to the explanation and information given to us, based upon the audit procedures performed and representations made by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our Audit.

FOR M S JAGANNATHAN & VISVANATHAN
CHARTERED ACCOUNTANTS (FRN 001209S)

(R.MUGUNTHAN)
PARTNER
M NO.21397

Place : Kochi
Date : 30th May, 2013

GTN TEXTILES LIMITED

BALANCE SHEET

	Note	As at 31.03.2013 (Rs in lacs)	As at 31.03.2012 (Rs in lacs)
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	1,164.05	1,164.05
(b) Reserves and surplus	3	1,694.07	2,050.03
Sub-Total		2,858.12	3,214.08
2 Non-current liabilities			
(a) Long-term borrowings	4	3,202.36	3,691.75
(b) Deferred tax liabilities (Net)	5	221.59	363.58
Sub-Total		3,423.95	4,055.33
3 Current liabilities			
(a) Short-term borrowings	6	2,997.70	2,513.27
(b) Trade payables	7	3,377.89	3,232.71
(c) Other current liabilities	8	2,192.30	2,204.95
(d) Short-term provisions	9	103.10	110.00
Sub-Total		8,670.99	8,060.93
TOTAL		14,953.06	15,330.34
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		5992.26	6619.24
(ii) Intangible assets		16.75	25.46
(b) Non-current investments	11	1984.92	1984.92
(c) Long-term loans and advances	12	104.43	97.24
Sub-Total		8098.36	8726.86
2 Current assets			
(a) Inventories	13	3871.09	4077.21
(b) Trade receivables	14	1625.18	1389.84
(c) Cash and Bank Balances	15	547.69	494.77
(d) Short-term loans and advances	16	787.67	621.18
(e) Other current assets	17	23.07	20.48
Sub-Total		6854.70	6603.48
TOTAL		14953.06	15330.34

Significant Accounting Policies and other accompanying Notes
are an integral part of the financial statements

1 to 40

As per our report of even date attached
For **M.S. JAGANNATHAN & VISVANATHAN**
Chartered Accountants (FRN 001209S)

For and on behalf of the Board

B. K. PATODIA
Chairman & Managing
Director

B. L. SINGHAL
Director

R. MUGUNTHAN
Partner
(M. No. 21397)
Place: Kochi
Date: 30th May, 2013

E. K. BALAKRISHNAN
General Manager & Company Secretary

GTN TEXTILES LIMITED

STATEMENT OF PROFIT AND LOSS

		Year ended 31.03.2013 (Rs in lacs)	Year ended 31.03.2012 (Rs in lacs)
	Note		
REVENUE			
Revenue From Operations	18	20,938.66	14,000.65
Other income	19	35.30	50.03
Total Revenue		20,973.96	14,050.68
EXPENSES:			
Cost of materials consumed	20	9,674.55	9,126.79
Purchases of Stock-in-Trade		4,396.04	281.54
Changes in inventories of finished goods in process and Stock-in-Trade	21	168.45	(1,013.51)
Employee benefits expense	22	2,178.90	2,054.43
Finance costs	23	1,071.42	951.11
Depreciation and amortization expense		628.36	631.77
Other expenses	24	3,354.20	2,667.13
Total Expenses		21,471.92	14,699.26
Profit/(Loss) before tax		(497.96)	(648.58)
Tax Expense:			
(1) Current Tax		—	—
(2) Deferred Tax Liability / (Reversal)		(142.00)	(206.00)
Profit / (Loss) for the year		(355.96)	(442.58)
EARNINGS PER EQUITY SHARE:			
Basic and Diluted (in Rs.) (Face value of Rs.10 each)		(3.06)	(3.80)
Significant Accounting Policies and other accompanying Notes 1 to 40			
are an integral part of the financial statements		1 to 40	
As per our report of even date attached For M.S. JAGANNATHAN & VISVANATHAN Chartered Accountants (FRN 001209S)		For and on behalf of the Board	
		B. K. PATODIA Chairman & Managing Director	B. L. SINGHAL Director
R. MUGUNTHAN Partner (M. No. 21397) Place: Kochi Date: 30th May, 2013		E. K. BALAKRISHNAN General Manager & Company Secretary	

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

	2012-13 (Rs in lacs)	2011-12 (Rs in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax and extra ordinary items	(497.96)	(648.58)
Adjustments for:		
Depreciation	619.65	625.40
Amortisation	8.71	6.37
Loss on disposal of tangible assets (net)	5.69	0.79
Unrealised foreign currency losses	—	40.77
Interest income	(24.09)	(37.37)
Interest Expenditure	1,003.08	839.09
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,115.08	826.47
Changes in Working Capital:		
Increase / (Decrease) in trade payables	145.18	1,470.39
Increase / (Decrease) in provisions	(6.91)	21.63
Increase / (Decrease) in other current liabilities	28.84	319.29
(Increase) / Decrease in trade receivables	(235.33)	(271.83)
(Increase) / Decrease in inventories	206.12	(235.83)
(Increase) / Decrease in margin money and unpaid dividend	(58.88)	(44.68)
(Increase) / Decrease in Short Term loans and advances	(166.48)	642.51
(Increase) / Decrease in other current assets	(2.59)	(13.15)
CASH GENERATED FROM OPERATIONS	1,025.03	2,714.80
Taxes paid (net of refunds)	(3.54)	(6.72)
NET CASH GENERATED FROM OPERATING ACTIVITIES	1,021.49	2,708.08
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of tangible/intangible assets	(18.59)	(344.14)
Sale of tangible/intangible assets	19.09	0.29
Interest received	24.09	37.37
Purchase of non-current investments	—	(0.09)
NET CASH FROM INVESTING ACTIVITIES	24.59	(306.57)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(1,003.08)	(839.09)
Proceeds from Long Term borrowings	750.00	225.00
Repayment of Long Term borrowings	(1,278.68)	(1,399.09)
Increase / (Decrease) in Short Term Borrowings	484.43	(1,002.51)
Repayment of Finance Lease obligation (Net)	(2.18)	(1.96)
Long term Deposits	(2.52)	(1.80)
NET CASH USED IN FINANCING ACTIVITIES	(1,052.03)	(3,019.45)
NET INCREASE IN CASH AND BANK BALANCES	(5.95)	(617.94)
CASH AND BANK BALANCES AT THE BEGINNING OF THE YEAR	186.95	804.89
CASH AND BANK BALANCES AT THE END OF THE YEAR	181.00	186.95

Note:

- 1 The above cash flow statement has been prepared by using the indirect method as per Accounting Standard 3- cash Flow Statement.
- 2 Previous year's figures have been regrouped wherever necessary.
- 3 Significant Accounting Policies and other accompanying Notes 1 to 40 are an integral part of the financial statements.

As per our report of even date attached
For **M.S. JAGANNATHAN & VISVANATHAN**
Chartered Accountants (FRN 001209S)

For and on behalf of the Board

B. K. PATODIA
Chairman & Managing
Director

B. L. SINGHAL
Director

R. MUGUNTHAN
Partner
(M. No. 21397)
Place: Kochi
Date: 30th May, 2013

E. K. BALAKRISHNAN
General Manager & Company Secretary

GTN TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

1 Summary of significant accounting policies

a. Basis of preparation

The financial statements are prepared to comply with the mandatory Accounting Standards prescribed in the Companies (Accounting Standards) Rules 2006, (as amended) issued by the National Advisory Committee on Accounting Standards and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention, on the basis of a going concern and on accrual basis.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 (twelve) months for the purpose of current – non current classification of assets and liabilities

b. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses of that year. Actual result could differ from these estimates. Any revision to accounting estimates is recognised prospectively.

c. Fixed Assets

(i) Tangible Assets/Intangible Assets are stated at acquisition cost less net of accumulated depreciation. Expenditure during construction period in respect of new project/expansion is allocated to the respective fixed assets on their being ready for commercial use. Fixed assets are eliminated from financial statements, either on disposal or when retired from active use. Also refer Policy g and h below. Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

(ii) Impairment of Assets : The company assesses at each Balance Sheet date whether there is any indication that any asset (both tangible and intangible) may be impaired, if any such indication exists, the carrying value of such assets is reduced to recoverable amount and the impairment loss is charged to Statement of Profit and Loss. If at the Balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

d. Investments

Long term investments are stated at cost less provision, if any for other than temporary diminution in the value of investments.

e. Inventories

Inventories are stated at lower of cost and net realisable value. Cost of raw material is computed by using "Specific identification" method and for other inventories "Weighted Average" method. The cost includes cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition.

f. Revenue Recognition

Sales are recognised as and when risks and rewards of ownership are passed on to the buyer and ultimate realisation of price is reasonably certain.

Export Sales are inclusive of deemed exports while domestic sales are net of Value Added Tax.

g. Borrowing Cost

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

h. Depreciation

Depreciation has been provided at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Plant and equipments have been, on technical assessment, considered as continuous process plants as defined in the said Schedule and depreciation has been provided accordingly.

Depreciation on Plant and equipments is provided on Straight Line Method. In respect of other assets depreciation is provided on Written Down Value Method.

Intangible Assets are amortised at the rate of 16.21% based on their estimated useful lives.

i. Employee Benefits

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)

Defined Contribution Plans:

Retirement benefits in the form of Provident Fund, Family Pension Funds, Superannuation Fund (wherever opted) and ESIC are defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the period when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

Defined Benefit plans:

The Company provides for Gratuity, a defined benefit retirement plan, covering eligible employees. The scheme is funded with Life Insurance Corporation of India. Liability under Gratuity plan is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period.

Termination Benefits:

Payments under Voluntary Retirement Scheme, if any are recognized in the Statement of Profit and Loss of the year in which such payments are effected.

j. Foreign Currency Transactions

Transactions in Foreign Currency are recorded at the rate of exchange in force at the date of transactions

Foreign Currency assets and liabilities both monetary and non monetary are stated at the rate of exchange prevailing at the year end and resultant gains/losses are recognised in the statement of profit and loss. Premium / Discount in respect of Forward Foreign Exchange contracts are recognised over the life of the contracts

k. Taxation

Income Tax expenses comprises Current Tax and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year, unabsorbed depreciation or carry forward loss under taxation laws).

Deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted on the Balance Sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. At each balance sheet date the Company re-assesses the deferred tax assets.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax 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 and is reviewed at each balance sheet date.

l. Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

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

m. Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

n. Earnings Per Share

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)

2 SHARE CAPITAL

	As at 31.03.2013 (Rs in lacs)	As at 31.03.2012 (Rs in lacs)
(a) Authorised:		
1,20,00,000 (Previous year:1,20,00,000) Equity shares of Rs. 10 each	<u>1,200.00</u>	<u>1,200.00</u>
(b) Issued,Subscribed and Fully Paid up Shares :		
1,16,40,478 (Previous year : 1,16,40,478) Equity shares of Rs.10 each fully paid up (Out of the above,1,15,40,378 Equity shares of Rs.10 each, issued for consideration other than cash, in pursuance of the Scheme of Arrangement)	<u>1164.05</u>	<u>1164.05</u>
Total	<u><u>1164.05</u></u>	<u><u>1164.05</u></u>

(c) Reconciliation of number of shares

	As at March 31, 2013		As at March 31, 2012	
	Number of Shares	Amount Rs.Lacs	Number of Shares	Amount Rs.Lacs
Equity Shares:				
Balance as at the beginning of the year	11640478	1164.05	11640478	1164.05
Add: Shares issued during the year	NIL	NIL	NIL	NIL
Balance as at the end of the year	11640478	1164.05	11640478	1164.05

(d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31,2013		As at March 31,2012	
	No of Shares	% of holding	No of Shares	% of holding
I Mr.Binod Kumar Patodia	11 95 580	10.27%	11 95 580	10.27%
II Mr.Umang Patodia	8 35 120	7.17%	8 35 120	7.17%
III Mr.Ankur Patodia	7 32 331	6.29%	7 32 331	6.29%
IV Mrs.Prabha Patodia	6 82 418	5.86%	6 82 418	5.86%
V Binod Kumar Patodia HUF	11 58 880	9.96%	11 58 880	9.96%
VI Beekaypee Credit Private Limited	8 22 311	7.06%	8 22 311	7.06%
VII Patodia Exports & Investments Private Limited	6 59 750	5.67%	6 59 750	5.67%
VIII Umang Finance Private Limited	7 33 052	6.30%	7 33 052	6.30%

(e) There was no issue of shares allotted as fully paid up shares pursuant to contract(s) without payment being received in cash or buy back or bonus shares in the preceding five years

3 RESERVES AND SURPLUS

	As at 31.03.2013 (Rs in lacs)	As at 31.03.2012 (Rs in lacs)
(A) GENERAL RESERVE		
Balance as at the beginning and the end of the year	<u>2,111.65</u>	<u>2,111.65</u>
(B) SURPLUS/(DEFICIT) IN STATEMENT OF PROFIT AND LOSS		
Balance as at the beginning of the year	<u>(61.62)</u>	<u>380.96</u>
Profit / (Loss) for the year	<u>(355.96)</u>	<u>(442.58)</u>
Balance at the end of the year	<u>(417.58)</u>	<u>(61.62)</u>
TOTAL (A) + (B)	<u><u>1,694.07</u></u>	<u><u>2,050.03</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)

4 LONG - TERM BORROWINGS

	As at 31.03.2013		As at 31.03.2012	
	(Rs in lacs)		(Rs in lacs)	
	Non Current	Current	Non Current	Current
(A) Secured Loans				
Term Loans				
From Banks	3,062.79	1,074.84	3,312.12	1,163.26
From Financial Institution	137.19	205.00	342.19	158.00
Finance Lease Obligations				
From Banks	2.38	1.26	3.63	2.19
Total	<u>3,202.36</u>	<u>1,281.10</u>	<u>3,657.94</u>	<u>1,323.45</u>
(B) Un-secured:				
Fixed Deposits				
From Public	—	25.18	33.81	24.31
Total	<u>—</u>	<u>25.18</u>	<u>33.81</u>	<u>24.31</u>
Total (A) + (B)	<u>3,202.36</u>	<u>1,306.28</u>	<u>3,691.75</u>	<u>1,347.76</u>

I Term Loans are secured by :

- (i) Term loans borrowed from Banks and Financial Institution and total outstanding of Rs.4479.82 lacs (Previous year - Rs.4975.57 lacs) are secured by first charge by way of equitable mortgage on all immovable assets both present and future and hypothecation of all the movable assets of the Company (excluding assets purchased on hire purchase basis), subject to prior charges in favour of Banks for working capital, ranking pari passu interse.
- (ii) In the above mentioned Term Loans from certain Banks are further secured by personal guarantee given by Chairman & Managing Director of the Company to an extent of Rs.1310.01 lacs (Previous year - Rs.1318.19 lacs).
- (iii) Loan from Export Import Bank outstanding of Rs.225 Lacs (Previous year Rs.225 Lacs) is further secured by Corporate guarantee given by Patspin India Limited to an extent of Rs.175 lacs (Previous year Rs.175 Lacs).
- (iv) Finance Lease Obligations are relating to vehicles and are secured against respective vehicles hypothecated costing Rs. 11.97 lacs (Previous year Rs.17.05 lacs).

II The Maturity Profile of Secured Loans are as set out below:

	Maturity Pattern (Rs Lacs)		
	Within One Year	Between 2-5 Years	Beyond 5 Years
a Term Loans	1280	3200	—
b Finance Lease obligations	1	3	—

5 DEFERRED TAX LIABILITIES (NET)

	As at 31.03.2013 (Rs in lacs)	As at 31.03.2012 (Rs in lacs)
(A) Deferred Tax Liability:		
Related to Fixed Assets	1,100.82	1,233.20
(B) Deferred Tax Asset:		
Unabsorbed Depreciation	879.23	869.62
Net (A) - (B)	<u>221.59</u>	<u>363.58</u>

The deferred tax assets have been recognised based on export orders in hand and projections submitted to FI's and Banks

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)

6 SHORT TERM BORROWINGS

SECURED LOANS

	As at 31.03.2013 (Rs in lacs)	As at 31.03.2012 (Rs in lacs)
Loan Repayable on demand		
From Banks- Working Capital facilities	2,997.70	2,513.27
Total	<u>2,997.70</u>	<u>2,513.27</u>

- i Working Capital Loans from Banks are secured by first charge by way of hypothecation of current assets, and further secured/to be secured by way of second charge on all immovable assets, both present and future and on all movable assets of the Company (excluding assets purchased on hire purchase basis), ranking pari passu interse, and also guaranteed by Chairman & Managing Director of the Company.
- ii Non-fund based limits sanctioned by the bankers are secured by extension of first charge on the current assets of the Company and further secured/to be secured by second charge on the immovable properties of the company, ranking pari passu interse, and personal guarantee of Chairman & Managing Director of the company. Total amount outstanding at the end of the year is Rs.2874.63 lacs (Previous year Rs.2683.20 lacs).

7 TRADE PAYABLES

Due to Micro, Small and Medium Enterprises (MSME's)(Refer Note no:35)	1.04	—
Other than acceptances	3,376.85	3,232.71
Total	<u>3,377.89</u>	<u>3,232.71</u>

8 OTHER CURRENT LIABILITIES

Current maturities of Long Term Loan	1,279.84	1,321.26
Current maturities of finance lease obligation	1.26	2.19
Current maturities of fixed Deposits	25.18	24.31
Interest accrued but not due on borrowings	5.23	42.28
Unclaimed dividends *[Refer note (a) below]	8.52	8.53
Creditors for Capital Expenditure	240.13	237.12
Advances from customers	54.35	33.45
Employee Benefits payable	2.63	1.34
Statutory payable and other dues	34.87	35.79
Expenses Payable	540.29	498.68
Total	<u>2192.30</u>	<u>2204.95</u>

*Note (a) : Due to Investor's Education and protection Fund under Section 205C of the Companies Act, 1956 will be determined and deposited on the respective due dates

9 SHORT TERM PROVISIONS

Provision for Employee benefits	103.10	110.00
Total	<u>103.10</u>	<u>110.00</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)

10 FIXED ASSETS

Description of Assets	Gross Block					Depreciation/Amortisation				Net Block	
	April 1, 2012	Addition	Disposal	Acquisition	March 31, 2013	April 1, 2012	For the Year	Disposal/ Adjustments	March 31, 2013	March 31, 2013	March 31, 2012
A. Tangible Assets											
Land	24.34	—	—	—	24.34	—	—	—	—	24.34	24.34
Building *	1886.78	0.53	—	—	1887.31	1140.13	59.38	—	1199.51	687.80	746.65
Plant and Equipment	11032.20	14.13	95.49	—	10950.84	5238.78	548.51	71.39	5715.90	5234.94	5793.42
Office Equipment	233.25	1.57	1.66	—	233.16	201.20	6.44	0.98	206.66	26.50	32.05
Furniture and Fixtures	91.36	1.22	—	—	92.58	83.41	1.53	—	84.94	7.64	7.95
Vehicles	71.00	—	—	—	71.00	62.58	2.13	—	64.71	6.29	8.42
Total A	13338.93	17.45	97.15	—	13259.23	6726.10	617.99	72.37	7271.72	5987.51	6612.83
Previous year end	13026.82	317.95	5.84	—	13338.93	6107.70	623.16	4.76	6726.10	6612.83	
B. Assets taken on Finance Lease											
Vehicles	11.97	—	—	—	11.97	5.56	1.66	—	7.22	4.75	6.41
Total B	11.97	—	—	—	11.97	5.56	1.66	—	7.22	4.75	6.41
Previous year end	11.97	—	—	—	11.97	3.32	2.24	—	5.56	6.41	
Total A+B	13350.90	17.45	97.15	—	13271.20	6731.66	619.65	72.37	7278.94	5992.26	6619.24
Previous year end (i)	13038.79	317.95	5.84	—	13350.90	6111.02	625.40	4.76	6731.66	6619.24	
C. Intangible Assets											
Description of Assets	Gross Block					Amortisation				Net Block	
	April 1, 2012	Addition	Disposal	Acquisition	March 31, 2013	April 1, 2012	For the Year	Disposal/ Adjustments	March 31, 2013	March 31, 2013	March 31, 2012
Own Assets (Acquired): Computer Software	241.68	—	—	—	241.68	216.22	8.71	—	224.93	16.75	25.46
Total C	241.68	—	—	—	241.68	216.22	8.71	—	224.93	16.75	25.46
Previous year end (ii)	225.08	16.60	—	—	241.68	209.85	6.37	—	216.22	25.46	
Total A+B+C	13592.58	17.45	97.15	—	13512.88	6947.88	628.36	72.37	7503.87	6009.01	6644.70
Previous year end (i) to (ii)	13263.87	334.55	5.84	—	13592.58	6320.87	631.77	4.76	6947.88	6644.70	
* Includes Rs.500 (Previous year Rs.500) being cost of shares held in Mittal Chambers Owner's Co-operative Society											

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)

11 NON CURRENT INVESTMENTS

	As at 31.03.2013		As at 31.03.2012	
	(Rs in lacs)		(Rs in lacs)	
	Quoted (I)	Un-Quoted (II)	Quoted (I)	Un-Quoted (II)
(I) LONG TERM INVESTMENTS - Valued at cost				
In Equity Shares of Associate (Trade)				
Patspin India Limited - 1,42,87,068(31.03.2012-1,42,87,068) of Rs.10 each	1,964.26		1,964.26	
In Equity Shares (Non-Trade)				
Central Bank of India - 243 (31.03.2012- 243) Equity Shares of Rs.10 each	0.25		0.25	
In Bonds				
Central Bank of India - Series X 8.15% Tier II Bonds	20.00		20.00	
(II) IN OTHER INVESTMENTS				
GTN Consumer co-operative stores Limited (2100 shares of Rs. 10 each)		0.21		0.21
GTN Textiles Employees credit Co-op Society Limited (200 shares of Rs.100 each)		0.20		0.20
	1,984.51	0.41	1,984.51	0.41
Total (I) + (II)		1,984.92		1,984.92
Aggregate amount of quoted investments market value		662.09		1,256.08

In view of accumulated losses in Patspin India Limited, there is diminution in the value of Company's investment. However, the investment is long term and the diminution being temporary, no provisioning has been considered necessary.

12 LONG TERM LOANS AND ADVANCES

	As at 31.03.2013 (Rs in lacs)	As at 31.03.2012 (Rs in lacs)
Unsecured and considered good unless otherwise stated		
Capital Advances	12.75	11.61
Security Deposits	17.25	14.74
Income Tax (Net of Provision Rs.126.67 lacs ; Previous year Rs.126.67 lacs)	37.97	34.43
Minimum Alternate Tax Credit entitlement	36.46	36.46
Total	104.43	97.24

13 INVENTORIES

Stores, Spares and Packing Materials - (Refer note no 1(e) - Accounting Policies)	67.39	57.10
Stock In Trade - (Refer note no.1(e) - Accounting Policies)		
Raw Materials	2194.90	2242.86
Goods-in-Process	249.59	171.32
Finished Goods	1354.47	1601.91
Waste Stock	4.74	4.02
Total	3871.09	4077.21

14 TRADE RECEIVABLES

Unsecured and considered good unless otherwise stated		
Outstanding exceeding six months from the due date	6.60	—
Outstanding less than six months from the due date	1618.58	1389.84
Total	1625.18	1389.84

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)

15 CASH AND BANK BALANCES

	As at 31.03.2013 (Rs in lacs)	As at 31.03.2012 (Rs in lacs)
a. Cash and cash equivalents:		
Cash in Hand	7.47	7.81
Balances with Scheduled Banks in Current Accounts	173.53	29.14
Short Term Deposit with Banks	—	150.00
	181.00	186.95
b. Other Bank Balances:		
Unclaimed Dividend Accounts	8.52	8.53
Margin Money and other lien deposits	358.17	299.29
	366.69	307.82
Total	547.69	494.77

16 SHORT TERM LOANS AND ADVANCES

Unsecured considered good, unless otherwise stated:		
Considered doubtful	2.91	2.91
Less: Provision for Doubtful advances	2.91	2.91
	—	—
TUF Subsidy Receivable	66.13	121.57
Export Incentives Receivable	140.35	8.67
Security Deposits	105.05	99.47
Prepaid Expenses	13.79	8.23
Advances for Raw material	217.46	117.09
Other Advances	230.80	251.62
Balances with Statutory Authorities	14.09	14.53
Total	787.67	621.18

17 OTHER CURRENT ASSETS

Interest Accrued on Deposits	23.07	20.48
Total	23.07	20.48

18 REVENUE FROM OPERATIONS

	Year ended 31.03.2013 (Rs in lacs)	Year ended 31.03.2012 (Rs in lacs)
(A) Sale of Products		
Finished Goods :		
Exports	6,142.36	6,089.67
Local	8,935.85	6,318.42
Traded Goods:		
Exports	4,651.19	296.74
Waste Sales:		
Exports	29.54	15.60
Local	770.95	858.69
Total	20,529.89	13,579.12
Less : Excise Duty	—	—
Net Sales	20,529.89	13,579.12
(B) Other Operating Income		
Job work charges	95.04	73.50
Export Incentive	313.73	348.03
Total	408.77	421.53
Total (A) + (B)	20,938.66	14,000.65

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)

19 OTHER INCOME

	Year ended 31.03.2013 (Rs in lacs)	Year ended 31.03.2012 (Rs in lacs)
Interest Income	24.09	37.37
Sale of scrap	10.01	11.46
Miscellaneous receipts	1.20	1.20
Total	35.30	50.03

20 COST OF MATERIALS CONSUMED

(A) Raw materials Consumed

Opening Stock		2,242.86		3,022.02
Add :Purchases during the Year	9589.78		11449.12	
Less:Sale of Cotton	161.69	9,428.09	3,252.15	8196.97
Less:Closing Stock		2,194.89		2,242.86
Total (A)		9,476.06		8,976.13

(B) Packing Material Consumed

Opening Stock		20.77		23.78
Add :Purchases during the Year		209.01		147.65
Less:Closing Stock		31.29		20.77
Total (B)		198.49		150.66
Total (A) + (B)		9674.55		9126.79

21 CHANGES IN INVENTORY OF FINISHED GOODS, GOODS IN PROCESS AND WASTE

	Year ended 31.03.2013 (Rs in lacs)	Year ended 31.03.2012 (Rs in lacs)
(A) Stock at the beginning of the year:		
Finished goods	1,601.91	528.85
Goods-in-process	171.32	229.83
Waste	4.02	5.06
Total (A)	1,777.25	763.74
(B) Less : Stock at the end of the year:		
Finished goods	1,354.47	1,601.91
Goods-in-process	249.59	171.32
Waste	4.74	4.02
Total (B)	1,608.80	1,777.25
Decrease /(Increase) in inventory (A) - (B)	168.45	(1,013.51)

22 EMPLOYEE BENEFITS EXPENSES

Salaries, Wages and Bonus	1,802.19	1,695.24
Contribution to Provident and Other Funds	253.80	245.34
Welfare Expenses	122.91	113.85
Total	2,178.90	2,054.43

23 FINANCE COST

Interest Expenses	1,003.08	839.09
Other borrowing costs	103.90	51.52
Net Loss on foreign currency transaction and translation	(35.56)	60.50
Total	1,071.42	951.11

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)

24 OTHER EXPENSES

	Year ended 31.03.2013 (Rs in lacs)	Year ended 31.03.2012 (Rs in lacs)
Power and fuel	1619.48	1254.56
Process charges expenses	183.94	262.47
Consumption -stores and spares	68.88	68.26
Repairs & Maintenance- Plant & machinery	184.47	200.47
Repairs & Maintenance- Building	0.53	2.77
Commission and Brokerage	189.61	214.79
Other selling expenses	353.95	178.25
Insurance	55.88	59.15
Rates and Taxes	10.48	7.76
Rent	8.89	10.97
Directors Sitting Fee	2.45	2.35
Payment to Auditors		
Audit Fee	1.40	1.38
Tax Audit Fee	0.43	0.28
Cost Audit Fee	0.45	0.34
Certification Charges	0.52	0.35
Out of Pocket Expenses	0.62	0.18
Net loss on foreign currency transaction and translation	389.58	109.27
Loss on disposal/discard of Fixed Assets (Net)	5.69	0.79
Miscellaneous Expenses	276.95	292.74
Total	3,354.20	2,667.13

25 EARNING PER SHARE

	31.03.2013 (Rs. in lacs)	31.03.2012 (Rs. in lacs)
Net profit /(Loss) as per statement of profit and loss	(355.96)	(442.58)
Weighted average Number of Equity Shares (Rs.10 per share)	Nos 11640478	11640478
Basic and Diluted Earning Per Share	Rs. (3.06)	(3.80)

26 Disclosure In respect of Company's Interest in Joint Venture in India pursuant to Accounting Standard 27:

Financial Reporting of Interest in Joint Ventures:

		As At 31.03.2013 (Rs. in lacs)	As At 31.03.2012 (Rs. in lacs)
A.	Name of the Venture : Patspin India Limited		
B.	Proportion of Ownership Interest:	46.21%	46.21%
C.	The Aggregate of Company's share in the above venture in:		
	Non Current Assets:		
	Net Fixed Assets		
	Tangible Assets	9577.87	10,396.15
	Intangible Assets	11.85	16.63
	Capital work-in-progress	242.76	255.23
	Non-current Investment:	14.45	0.15
	Deferred Tax Asset(Net)	91.35	—
	Long term Loans and Advances:	441.54	435.68
	Other Non-Current Assets	444.03	—
	Current Assets:		
	Inventories	3738.07	4,359.54
	Trade receivables	2165.31	1,188.62
	Cash and Bank Balances	364.17	366.07
	Short-term loans and advances	687.12	687.86
	Other current assets	65.63	4.11

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)

	As At 31.03.2013 (Rs. in lacs)	As At 31.03.2012 (Rs. in lacs)
Current Liabilities		
Short-term Borrowings	2964.33	4,262.95
Trade payables	2092.86	1,256.17
Other current liabilities	1731.69	1,708.70
Short-term Provisions	33.32	25.90
Non-Current Liabilities		
Long-term borrowings	9834.15	8,847.90
Deferred Tax Liability(Net)	—	251.45
Revenue:		
Revenue From Operations	21347.61	19,678.66
Other income	46.07	39.12
Expenditure		
Cost of Raw materials consumed	12941.73	14,614.46
Purchases of Stock-in-Trade	2946.78	966.64
Changes in inventories of finished goods, work-in-progress and Waste	486.71	(177.56)
Employee benefits expense	845.50	848.53
Finance costs	1342.00	1,298.13
Depreciation and amortization expense	939.11	930.79
Other expenses	2965.74	2,910.27
Provision for Current Tax (MAT)	—	—
MAT Credit Entitlement	—	—
Deferred tax Liability / (Reversal)	(342.80)	(585.40)
Contingent Liabilities	328.53	266.19

27 GRATUITY

	Gratuity (Funded) 2012-13 (Rs. in lacs)	Gratuity (Funded) 2011-12 (Rs. in lacs)
A Expense recognised during the year		
1 Current Service Cost	26.98	25.29
2 Interest cost	62.30	60.07
3 Expected return on plan assets	(73.12)	(70.68)
4 Actuarial Loss/(Gain) during the year	(58.82)	11.72
5 Expenses recognised in Statement of Profit & Loss	(42.65)	26.39
B Actual return on Plan assets		
1 Expected return on plan assets	73.12	70.68
2 Actuarial Gain/(Loss) on Plan assets	—	—
3 Actual return on plan assets	73.12	70.68
C Net Asset/(Liability) recognised in the Balance Sheet		
1 Present value of the obligation at the year end	703.31	778.80
2 Fair Value of plan assets at the year end	860.68	835.70
3 Funded status - surplus/(deficit)	157.37	56.91
4 Unrecognised past service cost	—	—
5 Net Asset/(Liability) recognised in the Balance Sheet	157.37	56.91
D Change in Present value of the Obligation during the year		
1 Present value of the obligation as at the beginning of year	778.80	750.84
2 Current service cost	26.98	25.29
3 Interest cost	62.30	60.07
4 Benefits paid	(105.95)	(69.11)
5 Actuarial loss/(gain) on obligation	(58.82)	11.72
6 Present value of obligation at the year end	703.31	778.80

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)

		Gratuity (Funded) 2012-13 (Rs. in lacs)	Gratuity (Funded) 2011-12 (Rs. in lacs)
E	Change in Assets during the year		
	Fair Value of plan assets at the beginning of the year	835.70	786.11
	Expected return on plan assets	73.12	70.68
	Contributions made	57.81	48.02
	Benefits paid	(105.95)	(69.11)
	Actuarial Loss/(gain) on plan assets	Nil	Nil
	Fair value of plan assets at the year end	860.68	835.70
F	Actuarial Assumptions		
	Discount rate	8.00%	8.00%
	Salary escalation	3.00%	3.00%

28. Related Party Disclosures

(a) List of Related parties (as identified by the management)

Related parties with whom transactions are taken place during the year :

Associates	GTN Enterprises Ltd	
Joint Ventures	Patspin India Ltd	
Key Management Personnel	Shri B.K Patodia – Chairman & Managing Director	
Enterprises/Entities having Key Management Personnel:	1	M/S. Beekaypee Credit (P) Ltd
	2	M/S. Patodia Exports & Investments (P) Ltd
	3	M/S. Umang Finance Pvt. Ltd.
Relatives of Key Management Personnel	1	Sri. Umang Patodia, Son of Sri. B.K. Patodia
	2	Smt. Prabha Patodia, Wife of Sri. B.K. Patodia
	3	Sri. Ankur Patodia, Son of Sri. B.K. Patodia
	4	Smt. Mala Patodia, Daughter in Law of Sri. B.K. Patodia
	5	Smt. Swati Patodia, Daughter in Law of Sri. B.K. Patodia
	6	Kum. Anavi Patodia (Minor), Grand Daughter of Sri. B.K.Patodia
	7	Master. Arnav Patodia (Minor), Grand Son of Sri. B.K.Patodia
	8	Kum. Annaya Patodia (Minor), Grand Daughter of Sri. B.K.Patodia

(b) Transactions / Balances	Associates		Joint Ventures		Key Management Personnel		Enterprises/Entities of Key management Personnel	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Sale of goods	556.27	1,367.32	260.38	2,883.80	—	—	—	—
Purchase of goods	548.31	1,763.27	1,758.67	1,775.81	—	—	—	—
Purchase of fixed assets	—	—	8.93	0.00	—	—	—	—
Rendering of services	32.17	23.86	63.27	49.14	—	—	3.60	3.60
Receiving of services	107.83	189.83	71.79	43.36	—	—	—	—
Remuneration paid	—	—	—	—	54.74	53.08	—	—
Loans repaid	—	—	—	—	—	—	—	80.80
Loans taken	—	—	—	—	—	—	—	81.80
Interest Paid	—	—	—	—	—	0.30	0.63	1.07
Balances as at year end								
Trade Payables	772.48	438.39	693.60	—	—	—	—	—
Trade Receivables	—	—	—	136.16	—	—	—	—
Loans repaid	—	—	—	—	—	—	5.80	5.80
Investments	—	—	1,964.26	1,964.26	—	—	—	—
Guarantees provided for	—	—	300.00	300.00	—	—	—	—
Guarantees received	—	—	175.00	175.00	—	—	—	—

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)

(c) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties

		Transactions		
		March 31, 2013	March 31, 2012	
(I)	Interest on Fixed Deposit			
	M/s Binod Kumar Patodia – HUF	—	0.30	
	M/s Ankur Patodia – HUF	—	0.14	
	Mrs Mala Patodia	—	0.20	
	M/s Umang Patodia – HUF	—	0.19	
	Annaya Patodia	0.63	0.54	
(II)	Loans taken			
	Shri Umang Patodia	—	10.00	
	Smt Prabha Patodia	—	11.00	
	M/s Binod Kumar Patodia – HUF Fixed Deposit	—	12.00	
	Shri Ankur Patodia	—	13.00	
	Mrs Mala Patodia	—	7.00	
	M/s Umang Patodia – HUF	—	8.00	
	Mrs Swati Patodia	—	8.00	
	M/s Ankur Patodia – HUF	—	7.00	
Annaya Patodia	—	5.80		
(III)	Loans repaid			
	Shri Umang Patodia	—	10.00	
	Smt Prabha Patodia	—	11.00	
	M/s Binod Kumar Patodia – HUF - Fixed Deposit	—	12.00	
	Shri Ankur Patodia - Fixed Deposit	—	13.00	
	Mrs Mala Patodia	—	7.00	
	M/s Umang Patodia – HUF	—	8.00	
	Mrs Swati Patodia	—	8.00	
	M/s Ankur Patodia – HUF	—	7.00	
Annaya Patodia	—	4.80		
(IV)	Sale of Goods			
	A) Cotton			
	I) GTN Enterprises Ltd.	104.95	616.77	
	II) Patspin India Ltd.	56.74	2,588.39	
	B) Cotton Yarn			
	I) GTN Enterprises Ltd.	451.32	750.55	
	II) Patspin India Ltd.	203.42	289.50	
C) Store Items				
I) Patspin India Ltd.	0.23	5.91		
(V)	Purchase of Goods			
	A) Cotton			
	I) GTN Enterprises Ltd	47.42	990.71	
	II) Patspin India Ltd.	1,209.07	1,234.18	
	B) Cotton Yarn			
	I) GTN Enterprises Ltd	500.69	772.56	
	II) Patspin India Ltd.	542.75	541.37	
	C) Store Items			
	I) GTN Enterprises Ltd	0.20	—	
	II) Patspin India Ltd.	6.86	0.25	
D) Machinery				
I) Patspin India Ltd.	8.93	—		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)

		Transactions	
		March 31, 2013	March 31, 2012
(VI)	Rendering of Services		
	A) Rent		
	I) GTN Enterprises Ltd	1.20	1.20
	II) Patspin India Ltd.	1.32	1.32
	B) Processing Charges		
	I) GTN Enterprises Ltd	30.97	22.66
	II) Patspin India Ltd.	61.95	47.82
(VII)	Receiving of Services		
	A) Rent		
	I) Patspin India Ltd.	—	2.64
	II) Prabha Patodia	1.80	1.80
	III) Mala Patodia	0.90	0.90
	IV) Swati Patodia	0.90	0.90
	B) Processing Charges		
	I) GTN Enterprises Ltd.	107.83	189.83
	II) Patspin India Ltd.	71.79	40.72
(VIII)	Remuneration Paid		
	Sri. B.K. Patodia	54.74	53.08
(IX)	Guarantees Provided for Patspin India Limited	—	300.00
(X)	Guarantees Received from Patspin India Limited	—	175.00

Notes:

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

- 29 a) In the opinion of the management, assets other than fixed assets and non-current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
b) The accounts of certain Trade Receivables, Trade Payables, Loans & Advances and Banks are however, subject to formal confirmations/reconciliations and consequent adjustments, if any. The management does not expect any material difference affecting the current period's financial statements on such reconciliation/adjustments.
- 30 In term of Accounting Standard -17, the company operates materially only in one business segment viz., Textile industry and have its production facilities and all other assets located within India. Sales to external customers comprise outside India sales of Rs.10823.09 Lacs (Previous year Rs.6402.00 lacs) and within India sale of Rs.9706.80 lacs (Previous year Rs.7177.11 Lacs)
- 31 Finance Lease assets and their against loan repayable future payments disclosure required in AS 19.

Particulars	As at 31.03.2013			As at 31.03.2012		
	Total Minimum payments Outstanding (Rs.in Lacs)	Future Interest on outstanding (Rs.in Lacs)	Present value of minimum payments (Rs.in Lacs)	Total Minimum payments Outstanding (Rs.in Lacs)	Future Interest on outstanding (Rs.in Lacs)	Present value of minimum payments (Rs.in Lacs)
1. Due within one year	1.59	0.32	1.27	2.72	0.54	2.18
2. Between one year to five years	2.61	0.24	2.37	4.20	0.56	3.64
Total	4.20	0.56	3.64	6.92	1.10	5.82

32 CONTINGENT LIABILITIES AND COMMITMENTS

A COMMITMENTS

- 1 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Nil (Previous year Rs.Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)

- 2 Outstanding Forward Contracts (not in the nature of derivatives) as on 31st March 2013 which were entered into for hedging exchange risk arising from foreign currency fluctuations related to highly probable future transactions amounting to US\$ 32.64 Lacs (Previous year US\$34.29 Lacs) at average exchange rate of Rs.55.64/US\$ (Previous year Rs.49.31/US\$) and Euro 3.54 Lacs (Previous year 4.28 Lacs) at an average exchange rate of Rs.75.11/Euro (Previous year Rs.69.26/Euro). The period covered under these contracts spreads over April 2013 to September 2013 (Previous year April 2012 to March 2013). The average exchange rate applicable for above period based on exchange rate on 31.03.2013 works out to Rs.55.49/US\$ (Previous year Rs.52.67/US\$) and Rs.71.25/Euro (Previous year Rs.70.37/ Euro), resulting a notional profit of Rs.18.73 lacs (Previous year notional loss of Rs.119.83 Lacs)

B CONTINGENT LIABILITIES

- 1 Contingent Liabilities and commitments not provided for in respect of :
Disputed amounts of Taxes and duties and other claims not acknowledged as debts : Rs. NIL (Previous year Rs.Nil.)
- 2 The company has given corporate Guarantee amounting of Rs.300 Lacs (Previous year Rs 300 Lacs) to EXIM bank in respect of financial assistance provided by them to PATSPIN INDIA LIMITED under restructured TUF scheme and the outstanding amount of the said loan is Rs.1237 Lacs (Previous year Rs 908 Lacs)

33 Particulars of un- hedged Foreign Currency exposures as at 31.03.2013 are given below:

Particulars	As at 31.03.2013			As at 31.03.2012		
	Amount in Lacs	Exchange Rate Rs.	Amount (Rs.in lacs)	Amount in Lacs	Exchange Rate Rs.	Amount (Rs. in lacs)
Accounts payable	USD 24.69 EUR 3.90	54.29 69.52	1340.30 271.13	USD 41.97 EUR 3.69 CHF 0.54	51.22 68.38 56.72	2149.70 252.32 30.63

34 Net loss / Gain on foreign currency transaction and translation

The amount of net loss on foreign currency transaction and translation included in the Other expenses amounts to Rs.393.60 Lacs (Previous year Rs.109.27 lacs loss). This included loss on account of export Rs.193.16 Lacs (Previous year Rs.173.15 lacs loss), loss on account of import Rs.210.18 lacs (Previous year Rs.77.34 Lac gain) and gain on account of cancellation of forward contracts Rs.9.74 lacs (Previous year Rs.13.46 lacs loss)

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

	As at 31.03.2013 (Rs. in lacs)	As at 31.03.2012 (Rs. in lacs)
The principal amount due thereon remaining unpaid as on the Balance sheet date	1.04	Nil
Interest paid along with the amount of the payment during the year	Nil	Nil
Interest due and payable but without adding the interest specified in the above-mentioned act.	Nil	Nil
Interest accrued and remaining unpaid at the end of the year.	Nil	Nil
Amount of interest remaining due and payable in subsequent years, and such interest actually paid to and deductible expenditure under section 23 of the said act.	Nil	Nil
36 VALUE OF IMPORTS ON CIF BASIS	Year ended 31.03.2013 (Rs. in lacs)	Year ended 31.03.2012 (Rs. in lacs)
a Raw Materials - Cotton	4536.08	4987.41
b Stores	32.13	44.40
c Capital Goods	—	230.43
Total	4568.21	5262.24

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)

37 EXPENDITURE IN FOREIGN CURRENCY		
	Year ended 31.03.2013 (Rs. in lacs)	Year ended 31.03.2012 (Rs. in lacs)
Agents Commission	114.62	195.04
Foreign Travel	11.07	18.75
Others	23.93	38.13
Total	149.62	251.92
38 IMPORTED AND INDIGENOUS RAW MATERIALS COMPONENTS AND SPARE PARTS CONSUMED		
a Raw Materials		
Cotton Imported	4739.86	4344.83
Cotton Indigenous	2241.02	2984.37
Yarn Indigenous	2495.18	1646.93
Total	9476.06	8976.13
b Traded Goods (Yarn -Indigenous)		
	4396.04	281.54
c Packing Materials		
Imported	9.97	3.96
Indigenous	188.52	146.70
Total	198.49	150.66
d Stores and Spares		
Imported	0.80	1.42
Indigenous *	75.78	69.36
Total	76.58	70.78
*Includes HSD Value Rs 7.70 Lacs (Previous Year Rs 2.52 lacs) Charged to Power & Fuel		
39 EARNINGS IN FOREIGN CURRENCY		
FOB Value of Exports	10645.03	6340.98

40 PREVIOUS YEAR FIGURES

The previous year's figures have been regrouped/reclassified wherever necessary to conform to the current year's presentation.

Signature to Note 1 to 40

As per our report of even date attached
For **M.S. JAGANNATHAN & VISVANATHAN**
Chartered Accountants (FRN 001209S)

For and on behalf of the Board

B. K. PATODIA
Chairman & Managing
Director

B. L. SINGHAL
Director

R. MUGUNTHAN

Partner

(M. No. 21397)

Place: Kochi

Date: 30th May, 2013

E. K. BALAKRISHNAN

General Manager & Company Secretary



GTN TEXTILES LIMITED

Registered Office: Door No.VIII/911, Erumathala Post, Aluva – 683 112.

EIGHTH ANNUAL GENERAL MEETING

Folio No./Client ID No. :

No. of Shares :

I / We of in the District of being Member(s) of the above named Company, hereby appoint of or failing him of or failing him in the District of as my / our proxy to attend and vote for me / us on my / our behalf at the **EIGHTH ANNUAL GENERAL MEETING** of the Company to be held at 'Oceanic Hall', Hotel Periyar, Aluva – 683 101 on Tuesday, 30th July, 2013 at 12.15 p.m or at any adjournment thereof.

Signed this day of, 2013.

Please affix
Re.1/-
Revenue
Stamp

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

Attendance Slip



GTN TEXTILES LIMITED

Registered Office: Door No.VIII/911, Erumathala Post, Aluva – 683 112.

EIGHTH ANNUAL GENERAL MEETING

Folio No./Client ID No. :

No. of Shares :

Full Name of the Member attending :
(In BLOCK letters)

Full Name of the first joint-holder :
(To be filled in if first named joint-holder does not attend the meeting)

Full Name of Proxy :
(To be filled in by the Proxy attending instead of the Member)

I, hereby record my presence at the **EIGHTH ANNUAL GENERAL MEETING** of the Company to be held at 'Oceanic Hall', Hotel Periyar, Aluva – 683 101 on Tuesday, 30th July, 2013 at 12.15 p.m or at any adjournment thereof.

.....
Member's / Proxy's Signature

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

BOOK POST



Registered Office: VIII/911, Erumathala P O., Aluva, Kochi 683 112
Corporate Office: 43, Mittal Chambers, 4th Floor, 228, Nariman Point,
Mumbai 400 021

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