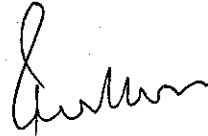
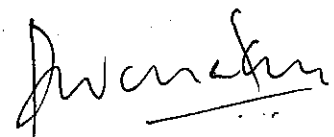




FORM A

1.	Name of the Company	GTN Textiles Limited
2.	Annual financial statements for the year ended	31 st March, 2014
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 (DIN 00003516)
	CFO	 Shri. A.K. Warerkar Chief Financial Officer (Membership No. 030165)
	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 (DIN 00006433)

GTN TEXTILES LIMITED

CIN: L18101KL2005PLC018062

MARKETING / HEAD OFFICE :

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

REGISTERED OFFICE :

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

ISO 9001 : 2008 / 14001 : 2004 Certified



9TH | NINTH
ANNUAL REPORT

2013-14



Board of Directors

B K Patodia	Chairman & Managing Director
B L Singhal	Independent Director
Prem Malik	Independent Director
Mahesh C Thakker	Additional Director (w.e.f 31.10.2013)
S Sundarshan	Independent Director (w.e.f 19.09.2014)
C D Thakker	Director (up to 10.10.2013)
N K Bafna	Independent Director (up to 31.07.2014)
R Rajagopalan	Independent Director (up to 31.07.2014)

Vice President (Corporate Affairs) & Company Secretary	E K Balakrishnan
Vice President (Finance) & Chief Financial Officer	A K Warekar

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

Auditors M/s. M S Jagannathan & Visvanathan,
[Chartered Accountants], Coimbatore

Legal Advisors M/s. Menon & Pai, Kochi

Registered Office Door No.VIII/911, Erumathala P O.,
Aluva, Ernakulam 683112

Corporate Office 43, 4th Floor, Mittal Chambers,
228, Nariman Point, Mumbai 400021

Corporate ID No. (CIN) L18101KL2005PLC018062

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GTN TEXTILES LIMITED

NOTICE

NOTICE is hereby given that the **NINTH** Annual General Meeting of **GTN TEXTILES LIMITED** will be held at the Oceanic Hall, Hotel Periyar, Aluva-683 101 at 12:15 p.m on Friday, the 19th day of September, 2014 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the year ended on that date and the Reports of Directors and the Auditors thereon.
2. To appoint Auditors and to fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.
“**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (corresponding to Section 224, and other applicable provisions, if any, of the Companies Act, 1956) M/s. MS Jagannathan & Visvanathan (Firm Reg. No: 001209S), Chartered Accountants, be and is hereby reappointed as the Statutory Auditors of the Company, to hold Office for a period of 3 years from the conclusion of this Annual General Meeting to, till the conclusion of the twelfth (12th) Annual General Meeting of the Company, subject to ratification by the shareholders annually, at a remuneration to be decided by the Board of Directors in consultation with the Auditors plus applicable service tax and reimbursement of traveling and out of pocket expenses incurred by them for the purpose of audit.”

SPECIAL BUSINESS:

3. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**.
“**RESOLVED THAT** Shri Mahesh C Thakker (DIN: 01386254), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 31.10.2013 in terms of Section 161 of the Companies Act, 2013 and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation.”
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**.
“**RESOLVED THAT** pursuant to the provisions of sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereon for the time being in force) read with Schedule IV to the Companies Act, 2013 (Act), approval of the Company be and is hereby given to the appointment of Shri. B.L. Singhal (DIN: 00006433), whose period of office was liable to determination by retirement of Directors by rotation and

in respect of whom the Company has received a notice in writing in terms of Section 160 of the Act, as an Independent Director of the Company who shall hold office from the date of this Annual General Meeting till 18th September, 2019 and whose office shall not, henceforth, be liable to determination by retirement of Directors by rotation.”

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 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereon for the time being in force) read with Schedule IV to the Companies Act, 2013 (Act), approval of the Company be and is hereby given to the appointment of Shri. Prem Malik (DIN 00023051), whose period of office was liable to determination by retirement of Directors by rotation and in respect of whom the Company has received a notice in writing in terms of Section 160 of the Act, as an Independent Director of the Company who shall hold office from the date of this Annual General Meeting till 18th September, 2019 and whose office shall not, henceforth, be liable to determination by retirement of Directors by rotation.”

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

“**RESOLVED THAT** pursuant to the provisions of sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereon for the time being in force) read with Schedule IV to the Companies Act, 2013 (Act), approval of the Company be and is hereby given to the appointment of Shri S.Sundareshan (DIN 01491102), and in respect of whom the Company has received a notice in writing in terms of Section 160 of the Act, as an Independent Director of the Company who shall hold office from the date of this Annual General Meeting till 18th September, 2019 and whose office shall not be liable to determination by retirement of Directors by rotation.”

7. 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 Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with the Companies (Meetings of Board and Its Powers) Rules, 2014 and read with Clause 49 (VII) of the Listing Agreements entered into with the Stock Exchange(s) and subject to such approvals, consents, sanctions and permission as may be necessary, consent of the members of the Company be accorded to the Board of Directors of the Company to enter in to contracts and / or agreements with related parties as defined under the Act with respect to (a) Sale, Purchase or supply of cotton, cotton

NOTICE (Contd.)

yarn, waste, stores & spares and other related materials, (b) Selling or otherwise disposing off, or buying properties, plant & machineries and other equipments, (c) Leasing or hiring property / assets of any kind and (d) Availing or rendering of processing charges or any other services of whatever nature with the following related parties :

1.	Patspin India Limited
2.	GTN Enterprises Limited
3.	Mrs. Prabha Patodia
4.	Mrs. Mala Patodia
5.	Mrs. Swati Patodia

“**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding”.

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

“**RESOLVED THAT** in supersession of the resolution passed under Section 293(1) (d) of the Companies Act, 1956, at the Annual General Meeting of the Company held on 26.7.2007 and pursuant to Section 180(1) (c) and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time, 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 include any Committee thereof for the time being exercising the power conferred on the Board by this Resolution) for borrowing from time to time, any sum or sums of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business), may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose, provided that the total outstanding amount so borrowed shall not at any time exceed the limit of Rs. 250 crores.”

“**FURTHER RESOLVED THAT** the Board be and is hereby authorized and empowered to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit and to do all such acts, deeds and things as they may deem necessary to give effect to the above resolution including but not limited to the appointment of any manager/ consultant or any other intermediary in respect of the above offerings and / or to execute all such documents, instruments and writings as may be required”.

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**.

“**RESOLVED THAT** the Board of Directors of the Company,

be and is hereby authorized pursuant to Section 181 of the Companies Act, 2013, to contribute and/or donate, from time to time, to any bona fide charitable and other funds, amounts not exceeding in aggregate to all such funds taken together up to a sum of Rs. 10 lakhs (Rupees Ten Lakhs only) during any Financial Year of the Company”.

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

E K BALAKRISHNAN

Vice President (Corporate Affairs) &
Company Secretary

Place : Kochi
Date: 30th July, 2014.

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 AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.

The instrument appointing proxy in order to be effective should be deposited at the registered office of the Company duly completed and signed not less than 48 hours before the commencement of the meeting. A proxy form is send herewith. Proxy submitted on behalf of the Companies, Societies etc, must be supported by an appropriate resolution / authority, as applicable.

2. Statement pursuant to Section 102 of the Companies Act, 2013, 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 Friday, 12th September, 2014 to Friday, 19th September, 2014 (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:

NOTICE (Contd.)

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.

- Pursuant to Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Security Holders are entitled to make nomination in respect of securities held by them in physical form. Individual Security holder(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 securities shall vest in the event of the death of the Security holder(s). In the case of joint holding, all joint holders shall together nominate any person as nominee. A minor can be a nominee provided the name and address 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. Security holders desirous of making nominations are requested to send their requests in Form No. SH-13 (which will be made available on request) to the Registrar and Share Transfer Agent, M/s. Integrated Enterprises (India) Limited.
- Disclosure relating to particulars of Cost Auditor as per general Circular No. 15/2011 dated 11th April, 2011 for the year ended 31.03.2013.

Name	M/s STR & Associates
Address	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 31.03.2013	30.09.2013
Actual date of filing Cost Audit Report in XBRL Format	26.09.2013

- Disclosure as per Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

No. of Complaints of sexual harassment received during the year	NIL
No. of complaints disposed off during the year	--
No. of cases pending for more than ninety days	--
No. of workshops or awareness programme against sexual harassment carried out	2
Nature of action taken by the employer	--

REQUEST TO THE MEMBERS:

- Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least 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 their 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: corpserve@integratedindia.in.
- The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to register/update your e-mail addresses, in respect of shares held in dematerialized form with your respective Depository Participants and in respect of shares held in physical form with above RTA directly to enable Company to send communication / documents via e-mail.
- Copies of the Annual Report 2014 alongwith Notice of the 9th AGM, Attendance Slip and Proxy Form, are being sent by electronic mode to all members whose email address are registered with the Company/ Depository Participant (s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.
- 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.
- Voting through electronic means**

Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and Clause 35B of the Listing Agreement with the Stock Exchanges, the Company is pleased to offer e Voting facility to the members to cast their votes electronically as an alternative to participation at the 9th Annual General Meeting (AGM) to be held on Friday, 19th September, 2014 at 12:15 p.m at Oceanic Hall, Hotel Periyar, Aluva-683 101. The Company has engaged the services of Central Depository Services India Ltd

NOTICE (Contd.)

(CDSL) to provide e-Voting facilities. The e-Voting facility is available at the link <https://www.evotingindia.com>

The Company had fixed Thursday, 14th August, 2014 as the cut off date for determining voting right of shareholders entitled to participating in the e-Voting process. In this regard, your demat account / folio number has been enrolled by the Company for your participation in e-Voting on all the resolutions placed by the Company on e-Voting system.

The e-Voting facility will be available during the following period:

Commencement of e-Voting	from 9:00 a.m. on Wednesday, 10th September, 2014
End of e-Voting	Up to 6:00 p.m on Friday, 12th September, 2014

During this period, members of the company may cast their vote electronically. The e-Voting module shall be disabled for voting thereafter. Once the vote(s) on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

The voting rights of the members shall be in proportion to their shares of the paid up equity share capital of the company as on Thursday, 14th August, 2014.

The instructions for members for voting electronically (both for physical shareholders as well as demat holders) are as under:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "GTN TEXTILES LIMITED" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the Demat Account .
	eg: For CDSL : last 8 digits of beneficiary ID

	For NSDL: 8 digits Client ID
	<ul style="list-style-type: none"> • Physical Shareholders who have not updated their PAN enter First Two letters of their name and Folio Number in PAN field .If the Folio is less than 8 Character enter the applicable number of 0's before the folio number after the first two characters of the name in CAPITAL letters.
	eg.: If your name is Ramesh Kumar with Folio Number 2345 then enter RA00002345 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. # Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the NUMBER OF SHARES held on cut off date in the Dividend Bank details field in order to login.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for GTN TEXTILES LIMITED on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

NOTICE (Contd.)

- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - a) They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - b) After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - c) The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - d) They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- The Company has appointed Shri MRL Narasimha, Practicing Company Secretary (M.No. 2851, C.P. No. 799) as the Scrutinizer for conducting the e voting process in fair and transparent manner.
- The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make Scrutiniser’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- The results shall be declared on or after the AGM of the Company. The results declared alogwith the Scrutinizer’s Report shall be placed on the Company’s web site www.gtn textiles.com and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and the National Stock Exchange of India Limited.

**DETAILS OF DIRECTORS SEEKING APPOINTMENT /RE-APPOINTMENT AT THIS ANNUAL GENERAL MEETING
PURSUANT TO SECTION 160 OF THE COMPANIES ACT,2013
(In pursuance of Clause 49 of the Listing Agreement)**

Name of Director	Shri B.L Singhal	Shri Prem Malik	Shri Mahesh C Thakker	Shri S.Sundareshan
Date of Birth	15.04.1947	03.02.1942	07.09.1964	28.10.1952
Date of appointment	20.06.2000	17.12.2005	31.10.2013	19.09.2014
Qualifications	B.Com, FCA	Post Graduate, Punjab University	Graduate	M.A,M.B.A,I.A.S
Expertise in specific functional area	Shri B.L Singhal, aged 67 years is a Graduate in Commerce and Fellow member of the Institute of Chartered Accountants of India (ICAI) and Senior Partner of M/s B.L Singhal & Co., Chartered Accountants, Kolkata. He has vast experience in Finance, Company Law matters besides proficiency in Accountancy.	Shri. Prem Malik, aged 72 years, is a post graduate from Punjab University and is having over 5 decades of experience in textiles and clothing. He had worked as Executive Director of main Board of M/s. Mafatlal Fine Spinning & Manufacturing Company Limited and M/s Bombay Dyeing and Manufacturing Company Limited. Presently, he is a Textile Consultant/Advisor. He is the Chairman of Confederation of Indian Textile Industry and Bombay Textiles Research Association and is the Vice Chairman of India ITME Society. He is a member/director of Textile Committee, Ministry of Textiles, Govt. of India. He was Past Chairman of Texprocil and a Past Vice Chairman of the Synthetic Rayon Textile Export Promotion Council.	Shri Mahesh C Thakker is aged 50 years, and is the Managing Director of M/s. Purav Trading Limited. He is also partner in M/s. Perfect Cotton Company, Mumbai and M/s. Patcot Company, Mumbai. These Company / firms are mainly engaged in raw cotton procurement. He is having more than 25 years of experience in raw cotton procurement line.	Shri S.Sundareshan, aged 61 years and did his Masters from University of Mumbai before joining the 1976 batch of Indian Administrative Service. He has worked at senior level in the Ministry of Heavy Industries & Public Enterprises as Secretary, Department of Heavy Industries since May,2011 onwards to October 2012 and Ministry of Petroleum & Natural Gas as Secretary, Special Secretary and Additional Secretary since April-2007. During the period from April, 2007 to May, 2011, he was on the Board of ONGC,GAIL India Ltd and IOC. He was also Chairman of Petronet LNG Ltd. He has also been Chairman, Forward Markets Commission, putting in place necessary regulation and structures for the growth of Commodities Futures market. An MBA from University of Leeds, UK, Shri Sundareshan has held several important positions in the Government of India including Joint Secretary in the Department of Economic Affairs (Ministry of Finance), Minister (Economic and Commercial), Embassy of India, Tokyo, Japan, Joint Chief Controller of Imports & Exports (Ministry of Commerce) and Deputy Secretary, Ministry of Environment, Government of India. He has handled important assignments in his cadre State Kerala. These include Principal Secretary (Revenue), Secretary (Department of Expenditure), District Collector in Kerala, Managing Director (MD), Kerala State Milk Marketing Federation, MD, Kerala Fisheries Corporation.
Shareholding in the Company.	9680 Equity Shares of Rs 10 each.	None	9475 Equity Shares of Rs 10 each	None
Relationship Inter -se Directors	None	None	None	None

Details of other Directorship:-

Name of Director	Name of the Company	Position held	Committee type	Membership status	Shareholdings
Shri B.L Singhal	Patspin India Limited	Director	Audit Shareholders/IGC Remuneration	Member Chairman Chairman	6,460 Equity Shares
	GTN Industries Limited	Director	Audit Shareholders/IGC	Chairman Member	9,680 Equity Shares
	Prime Urban Development India Ltd	Director	Audit Shareholders/IGC	Chairman Member	23,578 Equity Shares
	GTN Enterprises Limited	Director	Audit Remuneration	Chairman Chairman	Nil
	ATL Textile Processors Limited	Director	None	None	Nil
	Priti Credit Pvt. Limited	Director	None	None	2,860 Equity Shares
	B.L.S Securities Pvt Ltd	Director	None	None	32,500 Equity Shares
Shri Prem Malik	Patspin India Limited	Director	Audit	Member	Nil
	Gyscoal Alloys Ltd	Director	None	None	Nil
	Spentex Industries Limited	Director	Audit Remuneration	Member Chairman	0.017%
	Indo Count Industries Ltd	Director	None	None	Nil
	Four Seasons Residency Ltd	Director	None	None	Nil
	Lahoti Overseas Limited	Director	Audit	Member	Nil
	APPTEx Manpower Development Services Limited	Director	None	None	Nil
	Ginni International Ltd	Director	Audit Shareholders/IGC	Chairman Member	Nil
	Alder Trading Co. Pvt. Limited	Director	None	None	52.27%
	Smilesville Care Pvt Ltd	Director	None	None	6.79%
	CLC Textiles Park Pvt Ltd	Managing Director	None	None	7.19%
	Chhindwara Infrastructure Pvt Ltd	Managing Director	None	None	2.08%
	M & M Mining Pvt Ltd	Director	None	None	Nil
	Techware Consultants Pvt Ltd	Director	None	None	Nil
Shri Mahesh C Thakker	Purav Trading Ltd	Managing Director	None	None	7600 Equity Shares
Shri S. Sundareshan	None	None	None	None	Nil

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

E K BALAKRISHNAN
Vice President (Corporate Affairs) &
Company Secretary

Place : Kochi
Date: 30th July, 2014.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM No. 3:

In terms of Section 161(1) of the Companies Act, 2013 (corresponding Section 260 of the Companies Act, 1956) Shri Mahesh C Thakker holds office upto the date of this Annual General Meeting of the Company. A notice has been received from a member proposing Shri Mahesh C Thakker as a candidate for the office of Director of the Company together with requisite deposit of Rs. one lac.

The Board considers that his continued association would be of great benefit to the Company and accordingly the Board recommends his appointment as a Director of the Company whose period of office is liable to determination by retirement of directors by rotation.

None of the Directors and Key Managerial Personnel or their relatives except Shri Mahesh C Thakker is concerned or interested, financial or otherwise, in the resolution as set out at item No.3 of the Notice.

ITEM No. 4:

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013 read with Schedule IV of the Act and revised Clause 49 of the Listing Agreement, Shri B. L. Singhal being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 18th September, 2019. A notice has been received from a member proposing Shri B.L. Singhal as a candidate for the office of Director of the Company together with requisite deposit of Rs. one lac.

In the opinion of the Board, Shri B. L. Singhal fulfills the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an independent director of the Company and is independent of the management. He is holding 12130 equity shares in the Company and does not hold, by himself or for any other person any shares on a beneficial basis in the Company. Pursuant to revised Clause 49 of the Listing Agreement Shri. B. L. Singhal's tenure as Independent Director in the Company shall be more than 5 years as on 1st October, 2014 and therefore, this appointment will be treated as his 2nd term in the office.

The Board considers that his continued association would be of great benefit to the Company and it is desirable to continue the service of Shri B. L. Singhal as Independent Director of the Company. Accordingly, the Board recommends the Resolution in relation to appointment of Shri B. L. Singhal as Independent Director, for the approval by the shareholders of the Company by way of Special Resolution.

Copy of the draft letter for appointment of Shri B. L. Singhal as Independent Director would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day.

None of the Directors and Key Managerial Personnel or their relatives except Shri B. L. Singhal is concerned or interested, financial or otherwise, in the resolution set out at item No. 4.

ITEM No. 5:

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013 read with Schedule IV of the Act and revised Clause 49 of the Listing Agreement, Shri Prem Malik being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 18th September, 2019. A notice has been received from a member proposing Shri Prem Malik as a candidate for the office of Director of the Company together with requisite deposit of Rs. one lac.

In the opinion of the Board, Shri Prem Malik fulfills the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an independent director of the Company and is independent of the management. He does not hold by himself or for any other person on a beneficial basis any shares in the Company. Pursuant to revised Clause 49 of the Listing Agreement Shri. Prem Malik's tenure as Independent Director in the Company shall be more than 5 years as on 1st October, 2014 and therefore, this appointment will be treated as his 2nd term in the office.

The Board considers that his continued association would be of great benefit to the Company and it is desirable to continue the service of Shri Prem Malik as Independent Director of the Company. Accordingly, the Board recommends the Resolution in relation to appointment of Shri Prem Malik as Independent Director, for the approval by the shareholders of the Company by way of Special Resolution.

Copy of the draft letter for appointment of Shri Prem Malik as an Independent Director would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day.

None of the Directors and Key Managerial Personnel or their relatives except Shri Prem Malik is concerned or interested, financial or otherwise, in the resolution set out at item No.5.

ITEM No. 6:

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013 read with Schedule IV of the Act and revised Clause 49 of the Listing Agreement, Shri S.Sundareshan being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 18th September, 2019. A notice has been received from a member proposing Shri S.Sundareshan as a candidate for the office of Director of the Company together with requisite deposit of Rs. one lac.

In the opinion of the Board, Shri S.Sundareshan fulfills the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an independent director of the Company and is independent of the management. He does not hold any equity shares in the Company by himself or for any other person any shares on a beneficial basis in the Company.

The Board considers that his association would be of great benefit to the Company and it is desirable to have service of Shri S.Sundareshan as Independent Director of the Company. Accordingly, the Board recommends the Resolution in relation to appointment of Shri S.Sundareshan as Independent Director, for the approval by the shareholders of the Company by way of an Ordinary Resolution.

Copy of the draft letter for appointment of Shri S.Sundareshan as an Independent Director would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day.

None of the Directors and Key Managerial Personnel or their relatives except Shri S.Sundareshan is concerned or interested, financial or otherwise, in the resolution set out at item No. 6.

ITEM NO. 7

The Company has been hitherto entering into transactions with related parties confirming to prescribed statutory procedure under the Companies Act, 1956.

The Company proposes to enter into such transactions with related parties on Arms Length basis confirming to the requirements of the Companies Act, 2013 for a period of 5 years. Such transactions will now be also governed by the requirements of the revised clause 49 of the listing agreement.

In the above context, the necessary Special Resolution is proposed for the approval of the members. The transactions have been approved by the Audit Committee in their meeting held on 30.7.2014 and also by the Board of Directors, subject to the approval of the company in General meeting by a special resolution as per the requirement of the Act as applicable and the listing agreement.

The particulars as to the related party transactions are furnished below as per the requirements of the prescribed rules and the grounds for having the transactions.

All related party transactions shall be in the ordinary course of business and at arm's length and shall not be prejudicial to the interest of either parties.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (contd.)

1.	Name of the related party	Patspin India Limited													
	Name of the Director / KMP who is related, if any	Shri. B.K. Patodia													
	Nature of Relationship	Interested as Director													
	Nature, Material terms, monetary value and particulars of the contract or arrangements	Rs. In lacs / Annum													
		Sale, Purchase or supply of cotton, cotton yarn, waste, stores & spares and other related materials	2000.00												
		Selling or otherwise disposing off or buying properties, plant & machineries and other equipments	500.00												
		Leasing or hiring property / assets of any kind	10.00												
		Availing or rendering of processing charges or any other services of whatever nature	500.00												
	Terms of the Contract	The Contract would be for a period of 5 years.													
	Any other information relevant or important for the members to take decision on the proposed resolution	<p>Your Company is the main promoter of Patspin India Limited, holding 46.21% equity shares. Both the companies are engaged in manufacture and exports of yarn for domestic and international markets.</p> <p>The Company has entered into transactions with Patspin India Limited for the last three years as under :</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th colspan="3"></th> <th style="text-align: right;">Rs. In lacs</th> </tr> <tr> <th>2011-12</th> <th>2012-13</th> <th>2013-14</th> <th></th> </tr> </thead> <tbody> <tr> <td>4752.10</td> <td>2163.06</td> <td>2282.93</td> <td></td> </tr> </tbody> </table> <p>These transactions were exempted pursuant to provisions of section 297(1) of the Companies Act, 1956.</p> <p>No approval from shareholders is required pursuant to the provisions of Section 188 of the Companies Act, 2013, since the transactions are in the ordinary course of business and at arm's length; however, pursuant to the revised Clause 49 (VII) (C) of the Listing Agreement, a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 5% of the annual turnover or 20% of the networth of the Company as per the last audited financial statements of the Company, whichever is higher. As per audited financial statement for the year ended 31.3.2014, the maximum permissible limit available without shareholders approval as stated above is about Rs. 1400 lacs only; since the transactions of the company will exceed the above said limit, the proposed resolution for shareholders approval.</p>						Rs. In lacs	2011-12	2012-13	2013-14		4752.10	2163.06	2282.93
			Rs. In lacs												
2011-12	2012-13	2013-14													
4752.10	2163.06	2282.93													
2.	Name of the related party	GTN Enterprises Limited													
	Name of the Director / KMP who is related, if any	Shri. B.K. Patodia													
	Nature of Relationship	Interested as Director													
	Nature, Material terms, monetary value and particulars of the contract or arrangements	Rs. In lacs / Annum													
		Sale, Purchase or supply of cotton, cotton yarn, waste, stores & spares and other related materials	4000.00												
		Selling or otherwise disposing off or buying properties, plant & machineries and other equipments	500.00												
		Leasing or hiring property / assets of any kind	10.00												
		Availing or rendering of processing charges or any other services of whatever nature	500.00												
	Terms of the Contract	The Contract would be for a period of 5 years													
	Any other information relevant or important for the members to take decision on the proposed resolution	<p>GTN Enterprises Limited is our group Company, controlled by Shri. B.K. Patodia. Both the companies are engaged in manufacture and exports of yarn for domestic and international markets</p> <p>The Company has entered into transactions with GTN Enterprises Limited for the last three years as under :</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th colspan="3"></th> <th style="text-align: right;">Rs. In lacs</th> </tr> <tr> <th>2011-12</th> <th>2012-13</th> <th>2013-14</th> <th></th> </tr> </thead> <tbody> <tr> <td>3344.28</td> <td>1244.58</td> <td>3525.81</td> <td></td> </tr> </tbody> </table> <p>These transactions were exempted pursuant to provisions of section 297(1) of the Companies Act, 1956.</p> <p>No approval from shareholders is required pursuant to the provisions of Section 188 of the Companies Act, 2013, since the transactions are in the ordinary course of business and at arm's length; however, pursuant to the revised Clause 49 (VII) (C) of the Listing Agreement, a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 5% of the annual turnover or 20% of the networth of the Company as per the last audited financial statements of the Company, whichever is higher. As per audited financial statement for the year ended 31.3.2014, the maximum permissible limit available without shareholders approval as stated above is about Rs.1400 lacs only; since the transactions of the company will exceed the above said limit, the proposed resolution for shareholders approval.</p>						Rs. In lacs	2011-12	2012-13	2013-14		3344.28	1244.58	3525.81
			Rs. In lacs												
2011-12	2012-13	2013-14													
3344.28	1244.58	3525.81													

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (contd.)

3.	Name of the related party	Smt. Prabha Patodia		
	Name of the Director / KMP who is related, if any	Shri. B.K. Patodia		
	Nature of Relationship	Interested as Relative		
	Nature, Material terms, monetary value and particulars of the contract or arrangements	Rent payment	Rs. 5 lacs per annum	
	Terms of the Contract	The Contract would be for a period of 5 years		
	Any other information relevant or important for the members to take decision on the proposed resolution	The Company has hired a portion of flat owned by Smt. Prabha Patodia for Managing Director's stay in Mumbai. The rent paid is being very low compared to the market value, details for the last 3 years is under.		
				Rs. In lacs
	2011-12	2012-13	2013-14	
	1.80	1.80	1.80	
	As per provisions of Companies Act, 1956, payment of rent did not attract Section 297, however as per the present provisions of the Companies Act, 2013, the same covers, hence the proposed resolution for shareholders approval.			
4.	Name of the related party	Smt. Mala Patodia and Smt. Swati Patodia		
	Name of the Director / KMP who is related, if any	Shri. B.K. Patodia		
	Nature of Relationship	Interested as Relative		
	Nature, Material terms, monetary value and particulars of the contract or arrangements	Rent payment	Rs. 5 lacs per annum	
	Terms of the Contract	The Contract would be for a period of 5 years		
	Any other information relevant or important for the members to take decision on the proposed resolution	The Company has hired a portion of flat owned by Smt. Mala Patodia and Smt. Swati Patodia for Director's stay in Mumbai. The rent paid is being very low compared to the market value, details for the last 3 years is under.		
				Rs. In lacs
	2011-12	2012-13	2013-14	
	1.80	1.80	1.80	
	As per provisions of Companies Act, 1956, payment of rent did not attract Section 297, however as per the present provisions of the Companies Act, 2013, the same covers, hence the proposed resolution for shareholders approval.			

The Board recommends the Special Resolution as set out in item 7 of the Notice for the approval of the members who are not related party(s).

Directors, Key Managerial Personnel of the Company or their relatives as mentioned as related parties above, may be deemed to be interested or concerned in the Resolution.

None of the other directors and Key Managerial Personnel of the company or their relatives is in any way, financial or otherwise, concerned or interested in the resolution.

Your Directors recommend this Resolution for approval.

ITEM NO. 8

In terms of the resolution passed by the members of the company at the annual general meeting held on 26.7.2007, The board of directors of the Company were authorized to borrow on behalf of the company up to Rs. 200 Crores (Rupees Two hundred crores only) at any point of time. The Ministry of Corporate Affairs (MCA), Government of India, vide their circular no. 4/2014 Issued on 25.03.2014, Have clarified that resolution passed under section 293 (1) (d) of the companies act, 1956 before 12.09.2013 Will be valid only till 1 year from the notification of section 180 i.e till 11.09.2014. Further, in view of expected growth in the business, it may be necessary for the company to borrow monies from various sources consequent to which the amount outstanding could exceed the present limit of rs. 200 Crores (Rupees two hundred crores). Further under the law, it is now required that such a resolution be by way of a special resolution.

Your directors accordingly recommend increase in the borrowing powers from Rs. 200 crores to Rs. 250 crores in the resolution at item no. 8 for approval of the members.

None of the Directors, Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financial or otherwise in this resolution.

ITEM NO. 9

As per Section 181 of the Companies Act, 2013, the Board of Directors of the Company can contribute to bona fide charitable and other funds, any amount the aggregate of which, in any financial year shall not exceed 5% of its average net profits, as determined in accordance with the provisions of Section 198 of Companies Act, 2013, for the three immediately preceding financial years.

The shareholders at the Annual General Meeting held on 31.07.2003 have fixed a limit of Rs 10 lakhs pursuant to Section 293 (1) (e) of the Companies Act, 1956. In view of the new provisions in the Companies Act, 2013, the Board of Directors considers that keeping in view the Company's obligations to the society at large and other social welfare and charitable funds /causes ,it is proposed to retain the earlier shareholders approval limit of Rs 10 lakhs.

This resolution is, therefore, recommended for your acceptance

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financial or otherwise in this resolution."

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

E K BALAKRISHNAN

Vice President (Corporate Affairs) &
Company Secretary

Place : Kochi
Date: 30th July, 2014.

GTN TEXTILES LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors present the **NINTH** Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS

(Rs in lacs)

PARTICULARS	Year Ended 31.03.2014	Year Ended 31.03.2013
REVENUE		
Revenue from operations	28612	20939
Other income	62	35
Changes in Inventories	(143)	(168)
Total	28531	20806
EXPENSES		
a) Cost of materials	19793	14071
b) Employee benefits expense	2443	2179
c) Other expenses	4001	3354
Total	26237	19604
OPERATING PROFIT	2294	1202
Finance Costs	1291	1072
PROFIT / (LOSS) BEFORE DEPRECIATION, AMORTISATION & TAX EXPENSES	1003	130
Depreciation and Amortization Expenses	611	628
PROFIT/(LOSS) BEFORE TAX	392	(498)
Tax Expenses		
a) Current Tax (MAT)	78	-
b) MAT Credit Entitlement	(78)	-
b) Deferred Tax Charge / (Credit)	197	(142)
PROFIT/(LOSS) AFTER TAX	195	(356)

DIVIDEND

In view of accumulated losses, your Directors regret their inability to recommend dividend for the financial year ended 31st March, 2014.

PERFORMANCE REVIEW

As mentioned in the last year's Directors report there has been steady demand recovery in textile business from second half of FY 2012-13, both in international as well as domestic market. Accordingly, the year under review witnessed overall improvement in performance of your company, with sales, operating margin and cash profit reporting substantial increase. Exports of the Company showed handsome increase of 66% over previous year to Rs. 179 crores, significant part of which came from outsourced yarn business. Amongst various importing countries, demand from China was main factor leading to export led growth of the industry. However, of late, exports

to China have been showing a declining trend for various reasons including uncertainty over cotton stocking policies of that country, which has direct impact on our export prices.

Total income during the year was substantially higher at Rs. 285.31 crores as against Rs. 208.06 crores of the previous year. While Operating profit increased to Rs. 22.94 crores from Rs. 12.02 crores, cash profit stood at Rs. 10.03 crores as compared to Rs. 1.30 crores. After charging depreciation of Rs. 6.11 crores, the profit before tax was at Rs. 3.92 crores as against a loss of Rs. 4.98 crores in previous year. After provision for deferred Tax of Rs. 1.97 crores, the Net profit was at Rs. 1.95 crores in comparison to previous year's Net Loss of Rs. 3.56 crores.

As mentioned earlier, there are signs of slowdown in exports, besides pressure on domestic prices. Other areas of concern are continued high cost of salaries and wages as compared to Industry norms and ever rising cost of power in Kerala. Under the circumstances, your company will have to strive hard to maintain the current level of performance during current financial year.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

DIRECTORS' REPORT (Contd.)

FIXED DEPOSITS

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

DIRECTORS

Pursuant to Section 149 of the Companies Act, 2013, the Board at its meeting held on 30th July, 2014 recommended appointment of Shri. B. L. Singhal, Shri. Prem Malik, and Shri. S. Sundarshan as Independent Directors of the Company, not liable to retire by rotation for a period of 5 years from the date of its 9th Annual General Meeting subject to approval of the members of the Company. These directors have given the declaration to the Board that they meet the criteria of Independence as provided under section 149 (6) of the said Act and also confirm that they will abide by the provisions as mentioned in Schedule IV of the Companies Act, 2013. The Board recommends the Resolutions for your approval for the above appointments.

Shri C.D. Thakker, has resigned from the Board effective from 10.10.2013 due to personal reasons. He has served as Director of the Company for a very long period of 25 years, including erstwhile GTN Textiles Limited. The Board places on record its profound appreciation for his valuable contribution as a Director of the Company.

Shri Mahesh C Thakker has been inducted as an Additional Director effective from 31.10.2013. The Board recommends and seeks shareholders approval for appointment of Shri. Mahesh C Thakker, whose period of office is liable to determination by retirement of Directors by rotation.

Shri N.K. Bafna and Shri R. Rajagopalan, Directors have resigned from the Board effective from 31.7.2014 for personal reasons.

Shri N.K. Bafna has joined the Board of the Company effective from 15.5.2008 and was member of "Audit Committee", "Stakeholders Relationship Committee" and "Nomination and Remuneration Committee" of the Board of Directors.

Shri R. Rajagopalan, has joined the Board of the Company effective from 31.7.2002 (erstwhile GTN Textiles Limited). He was Chairman of "Stakeholders Relationship Committee" and member of "Audit Committee and "Nomination and Remuneration Committee" of the Board of Directors".

The Board places on record its profound appreciation to Shri N.K. Bafna and Shri R. Rajagopalan for their valuable contributions as Independent Directors.

AUDITORS

M/s. M S Jagannathan & Visvanathan, Chartered Accountants, Coimbatore, who are the Statutory Auditors of the Company, hold office till the conclusion of the forthcoming AGM and are eligible for reappointment. Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder, it is proposed to appoint M/s. MS Jagannathan & Visvanathan, Chartered Accountants as Statutory Auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the 12th AGM to be held in the year 2017, subject to ratification of their appointment at every AGM.

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, Export-Import Bank of India, State Bank of Travancore, Bank of India and Axis Bank Limited 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 July, 2014

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 and knitted fabric. Steps are being taken to explore new markets and product development.

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

Earned: Rs 17478.48 lacs (Previous year Rs. 10826.76 lacs) (including shipping freight realisation and agents commission) Used: Rs.673.46 lacs (Previous year Rs. 4685.70 lacs)

For and on behalf of the Board

Place : Kochi,
Date : 30th July, 2014

B. K. PATODIA
Chairman

	Year ended 31.3.2014	Year ended 31.3.2013
I. Power and fuel consumption		
1 Electricity		
a) Purchased (Units in lacs)	339.51	344.16
Total amount (Rs. In lacs)	1644.12	1610.74
Rate per unit (Rs.)	4.84	4.68
b) Own generation		
i) through Diesel Generator (units in lacs)	0.79	0.44
Total amount (Rs. in lacs)	11.88	7.70
Units per liter of diesel oil	3.37	2.91
Cost per unit (Rs.)	15.10	17.33
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	10.75	11.89
b) Furnace Oil	Nil	Nil
c) Coal	Nil	Nil
d) Others	Nil	Nil

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. About 83% of the Board consists of Non-Executive Directors.

As on 31st March, 2014, 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 (Upto 10th October, 2013) Shri Mahesh C Thakker (w.e.f 31.10.2013)
Independent Directors	Shri N K Bafna (upto 31.07.2014) Shri B L Singhal Shri R Rajagopalan(upto 31.07.2014) Shri Prem Malik Shri S. Sundareshan (w.e.f 19.09.2014)

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	9,680	4	Yes	7	6	3	
Shri R Rajagopalan	00003642	Nil	4	No	2	3	2	
Shri Prem Malik	00023051	Nil	4	Yes	14	5	1	
Shri C D Thakker	00006079	10,808	None	No	None	None	None	
Shri Mahesh C Thakker	01386254	9,475	1	No	1	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 have 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)	30th May, 2013	6	5
2)	29th July, 2013	6	5
3)	31st October, 2013	6	6
4)	13th February, 2014	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 177 of the Companies Act, 2013 (Erstwhile Section 292A of the Companies Act, 1956) and Clause 49 of the Listing Agreement.

Shri E K Balakrishnan, Vice President (Corporate Affairs) and 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).
- Review and monitor the auditor's independence and performance and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of intercorporate loans and investments.
- Valuation of undertaking or assets of the company, wherever necessary.
- Evaluation of internal financial controls and risk management systems.
- Monitoring the end use of funds raised through public offers and related matters.

REPORT ON CORPORATE GOVERNANCE (Contd.)

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

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

The details of the meetings are as under:-

SI. No.	Date	Committee Strength	No. of Directors present
1)	30th May, 2013	4	4
2)	29th July, 2013	4	4
3)	31st October, 2013	4	4
4)	13th February, 2014	4	4

Shri B.L. Singhal, Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 30th July, 2013.

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, Vice President (Corporate Affairs) and 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 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. 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.

The Committee which is renamed as Nomination & Remuneration Committee by the Board as per Section 178 of the Companies Act, 2013 had met on 15.05.2014 and approved remuneration package of Shri. B K Patodia, Chairman & Managing Director for his balance tenure from 1st June, 2014 upto 18th December, 2015, in accordance with Section

REPORT ON CORPORATE GOVERNANCE (Contd.)

197 and 198 read with Schedule V of the Companies Act, 2013 (the Act) in pursuance of authority/power conferred upon the Board of Directors/Committee to alter or vary the remuneration of Managing Director vide Shareholders Resolution passed at the Annual General meeting held on 30th July, 2013 as per Schedule XIII to the Companies Act, 1956. The same was also approved by the Board. The remuneration structure approved by the Nomination & Remuneration Committee as well as the Board of Directors is as follows;

a) Salary:

Rs. 3,00,000/- per month in the Scale of Rs. 300000–Rs. 10000– Rs. 320000 effective from 1st June, 2014 upto 18.12.2015.

b) Commission:

Subject to the overall limits laid down in Sections 197 of the Companies Act, 2013, 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 5% of the Net Profits of the Company, each year, restricted to an overall limit of Rs. 42 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 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) Provision of Car with driver and telephone at the residence for use of Company's business.

Perquisites not included in Managerial Remuneration

- a. contribution to Provident Fund, Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b. gratuity payable at a rate not exceeding half a months salary for each completed year of service; and
- c. encashment of leave at the end of the tenure.

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 197, and other applicable provisions of the Act read with Schedule V 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 Section II of Part II of Schedule V to the Act.

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, 2014 to Chairman & Managing Director, was as follows:-

Shri B. K. Patodia : Rs. 34.95 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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

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

The Fee paid for the year ended 31st March, 2014 to the Non Executive Directors is as follows:

Name of the Non-Executive Director	Sitting fee (Rs.)
Shri N.K Bafna	75,000
Shri B L Singhal	75,000
Shri R Rajagopalan	75,000
Shri Prem Malik	75,000
Shri Mahesh C Thakker	7,500
Total	3,07,500

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 Board has renamed the Committee as Stakeholders Relationship Committee at its meeting held on 15.05.2014 in line with the Section 178 of the Companies Act, 2013.

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)	30th May, 2013	4	4
2)	29th July, 2013	4	4
3)	31st October, 2013	4	4
4)	13th February, 2014	4	4

Shri E K Balakrishnan, Vice President (Corporate Affairs) and 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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

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	—	—	—	—
Non-receipt of Dividend Warrants	—	6	—	6
Non-receipt of Share Certificates	1	2	—	3
Complaints in respect of Electronic Transfers	—	—	—	—
Complaints / queries received from Regulatory Agencies	—	—	—	—
Total	1	8	—	9

There were no outstanding complaints as on 31st March, 2014. Two requests for dematerialization were pending in NSDL system for approval as on 31st March, 2014, which were approved/confirmed on 3rd & 5th April, 2014 and no request for dematerialization was pending in the CDSL system.

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

Clause 47(f) of the Listing Agreement	Investor Grievance	Email ID : cs@gnttextiles.com
Clause 54 of the Listing Agreement	Functional Website	www.gnttextiles.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
2010-11	'Oceanic Hall' Hotel Periyar, Aluva – 683 101	29.07.2011	Friday	12.15 p.m	Nil
2011-12	-do-	13.08.2012	Monday	12.15 p.m	Nil
2012-13	-do-	30.07.2013	Tuesday	12:15 p.m	Consent to fix remuneration of Shri B.K Patodia, Chairman & Managing Director for his balance tenure from 1.4.2013 upto 18.12.2015

- 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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

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.

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 2013-14.

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 BUSINESS STANDARD [National Daily] and MANGALAM [Regional News Paper].

Quarterly results

The quarterly results are normally published in all India editions of 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	:	19th September, 2014
b)	Venue	:	'Oceanic Hall', Hotel Periyar, Aluva - 683 101.
c)	Book closure date	:	Friday, 12th September, 2014 to Friday, 19th September, 2014 (both days inclusive)
d)	Financial calendar (tentative):		
	Annual General Meeting	:	19th September, 2014
	Results for quarter ending 30th June, 2014	:	On or before 14th August, 2014
	Results for quarter ending 30th Sept., 2014	:	On or before 14th November, 2014
	Results for quarter ending 31st Dec., 2014	:	On or before 14th February, 2015
	Results for Year ending 31st March, 2015	:	On or before 30th May, 2015.

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 2014-15 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 , 2013	5.86	4.98	5.70	5.20
May , 2013	5.97	4.95	5.20	5.00
June, 2013	5.40	4.01	5.30	5.05
July, 2013	5.93	4.66	6.10	5.05
August, 2013	6.69	4.98	6.25	5.55
September, 2013	6.94	6.67	6.35	5.30
October, 2013	8.10	6.28	7.40	6.50
November, 2013	7.65	6.18	6.65	5.95
December, 2013	7.71	6.00	7.15	5.55
January, 2014	7.49	6.35	7.45	7.00
February, 2014	7.38	6.45	7.60	7.00
March, 2014	6.99	5.21	6.85	6.85

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 : corpseiv@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, 2014:

S.No.	Category	No of Shares	% of Shareholding
01	Promoters & Associates (Patodia Family)	7250438	62.29
02	Indian Financial Institutions, Banks, Mutual Funds	89105	0.76
03	Foreign Institutional Investors/NRIs	15088	0.13
04	Others	4285847	36.82
	Total:	11640478	100.00

(b) Distribution of Shareholding as on 31st March, 2014:

S.No.	Category	No of Holders	% of shareholders	No of shares	% of Shares
1	UPTO 100	21455	86.62	672950	5.78
2	101 - 500	2191	8.85	620627	5.33
3	501 - 1000	559	2.26	472800	4.06
4	1001-10000	502	2.03	1449382	12.45
5	10001 - 100000	47	0.19	1068000	9.18
6	Above 100000	14	0.05	7356719	63.20
	Total:	24768	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 2nd May 2014, 95.48% 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 / dematerialization 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. 1, Ramakrishna Street, T Nagar, Chennai 600 017 Tel: 044 28140801-803 E-Mail : corpseiv@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@gtn textiles.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, 2014”

For **GTN TEXTILES LIMITED**

Place : Kochi,
Date : 30th July, 2014

B.K PATODIA
Chairman & Managing Director
DIN No: 00003516

The above report was adopted by the Board of Directors at their meeting held on 30.07.2014.

REPORT ON CORPORATE GOVERNANCE (Contd.)

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, 2014 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)

R.MUGUNTHAN
PARTNER
M. NO.21397

Place : Kochi
Date : 30th July, 2014

GTN TEXTILES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENTS

The importance of textile industry in the national economy is overwhelming because of its contribution to economic growth, exports and employment. Exports of Textiles and Clothing during 2013-14 are estimated at around 37.47 billion USD, which works out to a share of about 12 per cent in the estimated total exports of 313.54 billion USD. This sector currently employs about 35 million workers directly and 47 million workers in allied sectors like Agriculture.

The Indian Textile Industry had faced a challenging year in 2011-12 because of economic crisis in Eurozone and the weak recovery in US, resulting in demand recession. Its working, however, improved in 2012-13 and 2013-14 on account of steady prices of raw material and better demand, both in international and domestic markets.

Spinning and Weaving Capacities

Figures of world's installed spinning and weaving capacities are available from International Textile Manufacturers Federation (ITMF) as of May, 2014. As at the end of 2013, world's total spindleage was 257 million, with China having 121 million spindles, representing the share of 47 per cent and India has having 48 million spindles, representing share of about 18.7 per cent. As of March, 2014, however, India's installed spindles have increased to 49.44 million, accounting for almost 19.25 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 of Indian textile mills has substantially increased to 90 per cent in 2013-14 as compared to 88 per cent in 2012-13.

Deducting 10 million spindles of closed mills, the number of operative spindles works out to around 40 million. The number of installed open-end rotors has marginally increased from 795 thousand in March, 2013 to 820 thousand in March, 2014. 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 and other cotton textile items, 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.

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

The total subsidy outflow to stand alone spinning sector will be kept at 26 per cent of the plan allocation (i. e., Rs. 11,952.80 crore) including commitment liabilities of spinning sector of erstwhile / modified TUFs, RTUFs and fresh sanctions in the 12th Plan period.

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. It further declined to 52,000 in 2013-14. However, the weaving capacity in the powerloom sector has increased from 22.46 lakhs looms in 2009-10 to almost 23.68 lakhs looms as of February, 2014.

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 was placed at 4867 million kgs showing a robust growth of 11 per cent. The total Spun yarn production in 2013-14 is projected at 5295 million kgs. Similarly, production of cotton yarn also escalated from 2009-10 to 2010-11. Production of cotton yarn in 2012-13 was placed at 3583 million kgs and for 2013-14 it is projected at 3923 million kgs. This shows a growth of 9 per cent both in respect of spun and cotton yarn in 2013-14 as compared to the previous year.

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 2013-14 are estimated at 1350 million kgs valued at 4.7 billion USD as against exports of 1108 million kgs valued at 3.54 billion USD in 2012-13. This shows a growth of 22 per cent in terms of quantity and 33 per cent in terms of value.

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

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

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. However, our exports of cotton yarn to China in the current fiscal are likely to suffer due to changes brought by the Chinese Government in its cotton pricing policy.

Exports of cotton yarn are permitted freely subject to registration of contracts with DGFT. In the year 2013-14, export contracts registered with DGFT were 1415 million kgs, whereas actual exports at 1350 million kgs, is the highest so far.

Domestic Cotton Scenario

For the cotton season 2012-13, Cotton Advisory Board had estimated area under cotton at 119.78 lakhs hectares and crop at 365 lakh bales. The per hectare yield for the season increased to 518 kgs as against of 496 kgs in the previous season. For the cotton season 2013-14, Cotton Advisory Board has estimated the area at 117.27 lakhs hectares and a crop of 390 lakhs bales. Per hectare yield in the cotton season 2013 -14 works out higher at 565 kgs.

Global Organic Cotton

Global organic cotton production in 2011 declined from 1,95,797 Metric tones to 1,03,004 metric tones in 2011-12, organic cotton saw a fall of about 47 per cent. The top ten organic cotton producing countries in order by rank are: India, Turkey, Syria, China, USA, Uganda, Tanzania, Peru, Egypt and Burkina Faso. India took over Turkey's long-time standing as the number one producer in 2007-08. More than 70 per cent of the world's organic cotton is grown in India. Over the past 6 years, India has been the global leader in organic cotton production. Recently production of organic cotton is coming down as the global brands shift to Better Cotton Initiative (BCI), a market driven green alternative to conventional cotton growing using chemicals. BCI is growing rapidly getting premium over conventional cotton.

Better Cotton Initiative

A sustainable environmental friendly approach of Better Cotton Initiative (BCI) is growing rapidly. BCI brings together Farmers, Ginners, Traders, Spinners, Garmenters, Retailers and Brands in a unique global community committed to develop better cotton as a sustainable main stream commodity. Today almost 900,000 Farmers from 17 countries are participating in BCI programs, including India.

Prospects of Cotton Crop in the Coming Season

Government's prediction of a weak monsoon, which is already delayed for the coming season, has been causing anxiety in the industry about uncertainty of the size of cotton crop. Encouraging factors are: growing awareness among farmers for adoption of better technology and use of augmented supply of a good quality seed. So far in the current cotton crop year 2014-15 sowing is far behind, but it is expected that even if with late rainfall, the area under cotton in all probability will be almost similar to previous season. Therefore, even though the crop is nearly a month late but due to higher productivity, we will have satisfactory and adequate crop.

Global Cotton Production

According to ICAC, for the cotton season 2012-13, global production was estimated at 26.68 million tons. Consumption, on the other hand, was 23.29 million tons. The ending stocks are expected to rise to 17.80 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 25.63 million tons and consumption is forecast at 23.48 million tons. Ending stocks are estimated at 19.94 million tons. Thus Cotlook 'A' Index for the cotton season 2011-12 which was 100 cents per pound declined to 88 cents per pound in 2012-13. However, for the cotton season 2013-14 the price forecast is 91 cents per pound. For the cotton season 2014-15, ICAC has forecast cotton production lower at 25.26 million tons and consumption at 24.35 million tons with ending stocks at 20.89 million tons. The price forecast for Cotlook 2014-15 A index is lower at 75.90 cents per lb. This indicates comfortable supply of cotton in international markets.

The above 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 59 per cent of global cotton stocks, is creating significant uncertainty for the global cotton market. With reduced imports of cotton by China, its share in the global cotton stocks is set to decline.

BUSINESS OVERVIEW

The company is engaged in the business of manufacture and export of cotton yarn. The yarn is manufactured from the world's best sources of raw cotton like the Egyptian Giza, American Supima, DCH 32, MCU-5, setting high standards of quality and excellence at all levels of production. The company manufactures yarns of various counts ranging from NE 40s to NE 240s. Permutations and combinations in spinning, finishing processes result in yarns of varied qualities for specific end users. The extensive range of products on company's portfolio is a testimonial to a continuous process of innovation

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

and expansion in manufacturing technology. The company was amongst the first in India to manufacture compact yarn using the breakthrough technology of compact spinning, and also uses state-of-art machineries across its plants. Presently, the company has a capacity of 58,864 spindles at Aluva, Kerala, consisting of 34,896 compact spinning and 23,968 ring spinning. The company has promoted Patspin India Limited which has 2 Plants at Palakkad in Kerala and Ponneri in Tamil Nadu having a capacity of 113,856 spindles, consisting of 79,025 Compact Spinning and 34,831 Ring Spinning.

Your company's performance improved during F.Y. 2013-14 in line with over all improvement in working of textile mills, mainly on account of robust demand for cotton yarn from China as well as spurt in domestic demand. There is however anxiety in the industry that exports to China may come down due to a change in the cotton policy of China, which was the largest importer of cotton yarn in 2013-14. Further, the power situation which was critical in Kerala in past few years is showing signs of improvement. However, power tariffs are expected to rise soon during the current fiscal. To overcome the problem of shortage of skilled and trained manpower and its increasing cost, it is gratifying that Confederation of Indian Textile Industry (CITI) has already initiated the work for establishment of Textile Sector Skill Council.

OUTLOOK, OPPORTUNITIES AND THREATS

- (a) Global exports of textiles and clothing in 2012 were 708 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 5 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 2022, world exports of textiles / clothing are projected to increase to 1,200 billion USD. The expectation is that India's exports would rise from 37.47 billion USD to 120 billion USD by 2022. 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. Surveys carried out by Textiles Committee also corroborate this. 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. Happily, new Government has announced that it will get necessary impetus for boosting exports of textiles. This augurs well for higher of textiles from the country. Another area is rapid growth of technical textiles for which Government has been providing encouraging support.

The Ministry of Commerce has been announcing 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.

- (b) 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. However, prospects for cotton crop in the season 2014-15 are uncertain on account of delayed and weak monsoon.
- (c) Inadequate Duty Drawback rates run counter to the well-accepted Government Policy of not taxing exports. 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. Texprocil has been pursuing this matter with Government by providing adequate justification in a logical manner. It is expected that new Government will deal with this problem dispassionately.

RISKS AND CONCERNS

1. 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, which this year has shown uncertain signs so far. 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.
2. The RBI's Monetary Policies are largely dictated towards controlling the inflation. However, of late RBI has been emphasizing the need to control inflation and has therefore kept the interest rates unchanged rates for the last two years.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

3. 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, Better Cotton Initiative (BCI), Supima yarns, Giza yarns have also proved to be beneficial.
4. 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.
5. 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.
6. 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 the new Government with substantial majority will be able to push through and implement growth oriented economic policies and introduce the long awaited labour reforms.
7. 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. In fact, 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.

Bilateral discussions for the Free Trade Agreement with European Union are progressing well and on conclusion of the Agreement India will have a level playing field to compete with our competitors, especially Pakistan.

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, 2014, the Company has about 927 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 comprises the Balance sheet as at **31st March, 2014**, 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 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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, 2014;
- (b) in the case of the Statement of Profit and Loss, of the Profit 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 Companies Act, 1956 and sub-section (11) of Section 143 of the Companies Act, 2013, 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 Companies Act, 1956, 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 and the report of the accounts of the branch offices audited by firm of Chartered Accountant(s) has been forwarded to us as required by clause (c) of Sub-section (3) of Section 228 and have been dealt with in preparing our report in the manner considered necessary by us.
 - (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 notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

(R. MUGUNTHAN)
PARTNER
M. NO.21397

Place : Kochi
Date : 15th May, 2014

ANNEXURE TO THE AUDITOR'S REPORT

The Annexure referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date to the members of GTN Textiles Limited for the year ended 31st March 2014. We report 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 periodical manner, which, in our opinion, is reasonable, having regard to the size of the Company and the nature of its assets and no material discrepancies were noted on such verification.
 - c) During the year, the Company has not disposed off a substantial part of its fixed assets, which affect the going concern status of the Company.
- (ii) (a) The Inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
 - b) 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 has maintained proper records of inventory. As explained to us, no material discrepancies were noticed on physical verification of inventories as compared to the book records.
- (iii) (a) The Company has not granted any loans or advances, secured or unsecured to firms, companies or other parties covered in the Register maintained under section 301 of the Companies Act, 1956 and hence sub clauses b, c & d are not applicable.
 - b) During the year, the Company has taken loan in the nature of deposit amounting to Rs.1.30 lakhs from a party covered in the Register maintained under section 301 of the Companies Act, 1956 and amount outstanding at the year end and maximum amount outstanding during the year was Rs.7.10 lakhs.
 - c) In our opinion and according to the information and explanations given to us, other terms and conditions on which such deposit have been taken are prima facie not prejudicial to the interest of the company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that made in pursuance of contracts or arrangements, that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements referred to in (v)(a) above 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 section 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.
- (viii) According to the information and explanations given to us, the Central Government has prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and Section 128 read with Section 2(13) of the Companies Act, 2013 in respect of manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however carried out a detailed examination of the same.

Annexure to the Auditor's Report (Contd.)

- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Investor Education Protection Fund, Value Added Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and Cess were in arrears, at the year end for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of which have not been deposited on account of dispute.
- (x) The Company has accumulated losses of Rs. 222.27 lakhs as at 31st March 2014. The Company has not incurred any cash loss during the financial year covered by our audit and during immediately preceding financial year.
- (xi) Based on our audit procedures and according to the information, the company has not defaulted in repayment of dues to Bank(s) or Financial Institution(s).
- (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 a 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) During the year, the Company has not given guarantees for loans taken by others from bank(s) or financial institution(s).
- (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 no funds raised on short time basis have been used for long term investments.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The company has not issued any debentures during the year.
- (xx) The company has not made any Public Issues during the year.
- (xxi) According to the information and explanations given to us, no material 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 : 15th May, 2014

GTN TEXTILES LIMITED

BALANCE SHEET

	Note	As at 31.03.2014 (Rs in lacs)	As at 31.03.2013 (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	1,889.38	1,694.07
Sub-Total		3,053.43	2,858.12
2 Non-current liabilities			
(a) Long-term borrowings	4	2,637.35	3,202.36
(b) Deferred tax liabilities (Net)	5	418.59	221.59
Sub-Total		3,055.94	3,423.95
3 Current liabilities			
(a) Short-term borrowings	6	3,098.07	2,997.70
(b) Trade payables	7	3,759.33	3,377.89
(c) Other current liabilities	8	2,378.29	2,192.30
(d) Short-term provisions	9	105.06	103.10
Sub-Total		9,340.75	8,670.99
TOTAL		15,450.12	14,953.06
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		5655.36	5992.26
(ii) Intangible assets		14.92	16.75
(b) Non-current investments	11	1984.92	1984.92
(c) Long-term loans and advances	12	164.30	104.43
Sub-Total		7819.50	8098.36
2 Current assets			
(a) Inventories	13	3891.15	3871.09
(b) Trade receivables	14	2245.18	1625.18
(c) Cash and Bank Balances	15	620.85	547.69
(d) Short-term loans and advances	16	850.74	787.67
(e) Other current assets	17	22.70	23.07
Sub-Total		7630.62	6854.70
TOTAL		15450.12	14953.06
Significant accounting policies	1		

The 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 (ICAI 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 : 15th May, 2014

E. K. BALAKRISHNAN
Vice President (Corporate Affairs) & Company Secretary

GTN TEXTILES LIMITED

STATEMENT OF PROFIT AND LOSS

	Note	Year ended 31.03.2014 (Rs in lacs)	Year ended 31.03.2013 (Rs in lacs)
REVENUE			
Revenue From Operations	18	28,611.84	20,938.66
Other income	19	61.67	35.30
Total Revenue		<u>28,673.51</u>	<u>20,973.96</u>
EXPENSES:			
Cost of materials consumed	20	11,024.29	9,674.55
Purchases of Stock-in-Trade		8,768.46	4,396.04
Changes in inventories of finished goods, work in progress and waste	21	142.90	168.45
Employee benefits expense	22	2,443.15	2,178.90
Finance costs	23	1,290.24	1,071.42
Depreciation and amortization expense		610.71	628.36
Other expenses	24	4,001.45	3,354.20
Total Expenses		<u>28,281.20</u>	<u>21,471.93</u>
Profit/(Loss) before exceptional and extraordinary items and tax		392.31	(497.96)
Exceptional items		—	—
Profit/(Loss) before extraordinary items and tax		392.31	(497.96)
Extraordinary Items		—	—
Profit/(Loss) before tax		392.31	(497.96)
Tax expense:			
Provision for Current tax - MAT		78.00	—
Less: Minimum Alternate Tax (MAT) credit entitlement		(78.00)	—
Deferred tax charge / (Credit)		197.00	(142.00)
Profit / (Loss) for the year		<u>195.31</u>	<u>(355.96)</u>
EARNINGS PER EQUITY SHARE:			
Basic and Diluted (in Rs.) (Face value of Rs.10 each)		1.68	(3.06)
Significant Accounting Policies	1		

The 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 (ICAI 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 : 15th May, 2014

E. K. BALAKRISHNAN
Vice President (Corporate Affairs) & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

	2013-14 (Rs in lacs)	2012-13 (Rs in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax and extra ordinary items	392.31	(497.96)
Adjustments for:		
Depreciation	606.30	619.65
Amortisation	4.41	8.71
Loss on disposal/discard of fixed assets (Net)	1.32	5.69
Unrealised foreign currency losses	92.56	11.38
Interest income	(48.76)	(24.09)
Interest Expenditure	1,182.34	1,003.08
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,230.48	1,126.46
Changes in Working Capital:		
Increase / (Decrease) in trade payables	288.88	133.80
Increase / (Decrease) in provisions	1.92	(6.91)
Increase / (Decrease) in other current liabilities	297.24	28.84
(Increase) / Decrease in trade receivables	(619.99)	(235.33)
(Increase) / Decrease in inventories	(20.06)	206.12
(Increase) / Decrease in margin money and unpaid dividend	(33.49)	(58.88)
(Increase) / Decrease in Short Term loans and advances	(63.07)	(166.48)
(Increase) / Decrease in other current assets	(0.16)	(2.59)
CASH GENERATED FROM OPERATIONS	2,081.75	1,025.03
Taxes paid (net of refunds)	(66.28)	(3.54)
NET CASH GENERATED FROM OPERATING ACTIVITIES	2,015.47	1,021.49
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of tangible/intangible assets	(272.22)	(18.59)
Sale of tangible/intangible assets	5.86	19.09
Interest received	48.76	24.09
Purchase of non-current investments	—	—
NET CASH FROM INVESTING ACTIVITIES	(217.60)	24.59
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(1,182.34)	(1,003.08)
Proceeds from Long Term borrowings	457.50	750.00
Repayment of Long Term borrowings	(1,285.80)	(1,278.68)
Net Proceeds from Short Term Borrowings	100.37	484.43
Proceeds/(Repayment) of Finance Lease obligation (Net)	9.51	(2.18)
Long term Deposits	142.55	(2.52)
NET CASH USED IN FINANCING ACTIVITIES	(1,758.21)	(1,052.03)
NET INCREASE IN CASH AND BANK BALANCES	39.66	(5.95)
CASH AND BANK BALANCES AT THE BEGINNING OF THE YEAR	181.00	186.95
CASH AND BANK BALANCES AT THE END OF THE YEAR	220.66	181.00

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.

As per our report of even date attached
For **M. S. JAGANNATHAN & VISVANATHAN**
Chartered Accountants (ICAI 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 : 15th May, 2014

E. K. BALAKRISHNAN
Vice President (Corporate Affairs) & Company Secretary

GTN TEXTILES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

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 and 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 deduction 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 2014 (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 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 2014 (Contd.)

2 SHARE CAPITAL

	As at 31.03.2014 (Rs in lacs)	As at 31.03.2013 (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, 2014		As at March 31, 2013	
	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 31,2014		As at March 31,2013	
	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 72 986	5.78%	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 31.03.2014 (Rs in lacs)	As at 31.03.2013 (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>(417.58)</u>	<u>(61.62)</u>
Profit / (Loss) for the year	<u>195.31</u>	<u>(355.96)</u>
Balance at the end of the year	<u>(222.27)</u>	<u>(417.58)</u>
TOTAL (A) + (B)	<u><u>1,889.38</u></u>	<u><u>1,694.07</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (Contd.)

4 LONG - TERM BORROWINGS

	As at 31.03.2014		As at 31.03.2013	
	(Rs in lacs)		(Rs in lacs)	
	Non Current	Current	Non Current	Current
(A) Secured Loans				
Term Loans				
From Banks	2,387.62	831.71	2,849.29	1,063.34
From Financial Institution	225.00	207.19	350.69	216.50
Finance Lease Obligations				
From Banks	9.13	4.02	2.38	1.26
Total	<u>2,621.75</u>	<u>1,042.92</u>	<u>3,202.36</u>	<u>1,281.10</u>
(B) Un-secured:				
Fixed Deposits				
From Corporates	—	150.00	—	—
From Public	15.60	2.14	—	25.18
Total	<u>15.60</u>	<u>152.14</u>	<u>—</u>	<u>25.18</u>
Total (A) + (B)	<u>2,637.35</u>	<u>1,195.06</u>	<u>3,202.36</u>	<u>1,306.28</u>

I Term Loans are secured by :

- (i) Term loans borrowed from Banks and Financial Institution and total outstanding of Rs.3651.52 lacs (Previous year - Rs.4479.82 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 pasu 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 the extent of Rs.1242.96 lacs (Previous year end - Rs.1310.01 lacs).
- (iii) Loan from Export Import Bank of India outstanding of Rs.295 Lacs (Previous yearRs.225 Lacs) is further secured by Corporate guarantee given by Patspin India Limited to the 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. 21.40 lacs (Previous year end Rs.11.97 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	1039	2520	93
b Finance Lease obligations	4	9	—

5 DEFERRED TAX LIABILITIES (NET)

	As at 31.03.2014 (Rs in lacs)	As at 31.03.2013 (Rs in lacs)
(A) Deferred Tax Liability:		
Related to Fixed Assets	1,083.06	1,100.82
(B) Deferred Tax Asset:		
Unabsorbed Depreciation	<u>664.47</u>	<u>879.23</u>
Net (A) - (B)	<u>418.59</u>	<u>221.59</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (Contd.)

6 SHORT TERM BORROWINGS

SECURED LOANS

	As at 31.03.2014 (Rs in lacs)	As at 31.03.2013 (Rs in lacs)
Loan Repayable on demand		
From Banks- Working Capital facilities	3,098.07	2,997.70
Total	<u>3,098.07</u>	<u>2,997.70</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 inter se, 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 inter se, and personal guarantee of Chairman & Managing Director of the company. Total amount outstanding at the end of the year is Rs.3176.58 lacs (Previous year Rs.2874.63 lacs).

7 TRADE PAYABLES

Due to Micro, Small and Medium Enterprises (MSME's) (Refer Note no: 35)	0.49	1.04
Other than acceptances	3,758.84	3,376.85
Total	<u>3,759.33</u>	<u>3,377.89</u>

8 OTHER CURRENT LIABILITIES

Current maturities of Long Term Loan	1,038.90	1,279.84
Current maturities of finance lease obligation	4.02	1.26
Current maturities of Fixed Deposits	152.14	25.18
Interest accrued but not due on borrowings	14.71	5.23
Unclaimed dividends *[Refer note (a) below]	5.72	8.52
Creditors for Capital Expenditure	162.66	240.13
Advances from customers	260.90	54.35
Employee Benefits payable	7.47	2.63
Statutory payable and other dues	42.71	34.87
Expenses Payable	689.06	540.29
Total	<u>2378.29</u>	<u>2192.30</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	105.06	103.10
Total	<u>105.06</u>	<u>103.10</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (Contd.)

10 FIXED ASSETS

(Rs in lacs)

Description of Assets	Gross Block						Depreciation/Amortisation					Net Block	
	April 1, 2013	Addition	Disposal	Acquisition	Other Adjustments	March 31, 2014	Upto April 1, 2013	For the Year	Disposal/ Adjustments	Other Adjustments	Upto March 31, 2014	March 31, 2014	March 31, 2013
A. Tangible Assets													
a) Own Assets													
Land	24.34	—	—	—	—	24.34	—	—	—	—	—	24.34	24.34
Building *	1887.31	—	—	—	—	1887.31	1199.51	54.22	—	—	1253.73	633.58	687.80
Plant and Equipment	10950.84	244.34	25.66	—	—	11169.52	5715.90	537.51	20.01	—	6233.40	4936.12	5234.94
Office Equipment	233.16	16.84	4.52	—	—	245.48	206.66	8.41	3.73	—	211.34	34.14	26.50
Furniture and Fixtures	92.58	0.70	—	—	—	93.28	84.94	1.45	—	—	86.39	6.89	7.64
Vehicles	71.00	—	12.32	—	5.27	63.95	64.71	1.80	11.58	3.99	58.92	5.03	6.29
Total (a)	13259.23	261.88	42.50	—	5.27	13483.88	7271.72	603.39	35.32	—	7843.78	5640.10	5987.51
Previous year end	13338.93	17.45	97.15	—	—	13259.23	6726.10	617.99	72.37	—	7271.72	5987.51	—
b. Assets taken on Finance Lease													
Vehicles	11.97	14.70	—	—	(5.27)	21.40	7.22	2.91	—	(3.99)	6.14	15.26	4.75
Total (b)	11.97	14.70	—	—	(5.27)	21.40	7.22	2.91	—	—	6.14	15.26	4.75
Previous year end	11.97	—	—	—	—	11.97	5.56	1.56	—	—	7.22	4.75	—
Total (a) + (b)	13271.20	276.58	42.50	—	—	13505.28	7278.94	606.30	35.32	—	7849.92	5655.36	5992.26
Previous year end (i)	13350.90	17.45	97.15	—	—	13271.20	6731.66	619.65	72.37	—	7278.94	5992.26	—
B. Intangible Assets													
Own Assets (Acquired):													
Computer Software	241.68	2.58	—	—	—	244.26	224.93	4.41	—	—	229.34	14.92	16.75
Total B	241.68	2.58	—	—	—	244.26	224.93	4.41	—	—	229.34	14.92	16.75
Previous year end (ii)	241.68	—	—	—	—	241.68	216.22	8.71	—	—	224.93	16.75	—
Total A + B	13512.88	279.16	42.50	—	—	13749.54	7503.87	610.71	35.32	—	8079.26	5670.28	6009.01
Previous year end (i) to (ii)	13592.58	17.45	97.15	—	—	13512.88	6947.88	628.36	72.37	—	7503.87	6009.01	—

* 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 2014 (Contd.)

11 NON CURRENT INVESTMENTS

	As at 31.03.2014		As at 31.03.2013	
	(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 (31-03-2013 - 1,42,87,068) of Rs.10 each	1,964.26		1,964.26	
In Equity Shares (Non-Trade)				
Central Bank of India - 243 (31-03-2013 - 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		862.07		662.09

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

12 LONG TERM LOANS AND ADVANCES

	As at	As at
	31.03.2014 (Rs in lacs)	31.03.2013 (Rs in lacs)
Unsecured and considered good unless otherwise stated		
Capital Advances	5.81	12.75
Security Deposits	17.78	17.25
Income Tax (Net of Provision Rs.204.67 lacs ; Previous year Rs.126.67 lacs)	26.24	37.97
Minimum Alternate Tax Credit entitlement	114.47	36.46
	Total	164.30
		104.43

13 INVENTORIES

Stores, Spares and Packing Materials - (Refer note no 1(e) -Accounting Policies)	71.88	67.39
Stock In Trade - (Refer note no.1(e) - Accounting Policies)		
Raw Materials	2353.37	2194.90
Goods-in-Process	336.68	249.59
Finished Goods	1119.45	1354.47
Waste Stock	9.77	4.74
	Total	3891.15
		3871.09

14 TRADE RECEIVABLES

Unsecured and considered good unless otherwise stated		
Outstanding exceeding six months from the due date	0.88	6.60
Outstanding less than six months from the due date	2244.30	1618.58
	Total	2245.18
		1625.18

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (Contd.)

15 CASH AND BANK BALANCES

	As at 31.03.2014 (Rs in lacs)	As at 31.03.2013 (Rs in lacs)
a. Cash and cash equivalents:		
Cash in Hand	15.66	7.47
Balances with Scheduled Banks in Current Accounts	<u>205.00</u>	<u>173.53</u>
	<u>220.66</u>	<u>181.00</u>
b. Other Bank Balances:		
Unclaimed Dividend Accounts	5.72	8.52
Margin Money and other lien deposits	<u>394.47</u>	<u>358.17</u>
	<u>400.19</u>	<u>366.69</u>
Total	<u><u>620.85</u></u>	<u><u>547.69</u></u>

16 SHORT TERM LOANS AND ADVANCES

Unsecured considered good, unless otherwise stated:		
Considered doubtful	2.91	2.91
Less: Provision for Doubtful advances	<u>2.91</u>	<u>2.91</u>
	—	—
TUF Subsidy Receivable	85.69	66.13
Export Incentives Receivable	268.70	140.35
Security Deposits	137.99	105.05
Prepaid Expenses	32.16	13.79
Advances for Raw material	38.22	217.46
Other Advances	272.40	230.80
Balances with Statutory Authorities	<u>15.58</u>	<u>14.09</u>
Total	<u><u>850.74</u></u>	<u><u>787.67</u></u>
17 OTHER CURRENT ASSETS		
Interest Accrued on Deposits	22.70	23.07
Total	<u><u>22.70</u></u>	<u><u>23.07</u></u>

18 REVENUE FROM OPERATIONS

	Year ended 31.03.2014 (Rs in lacs)	Year ended 31.03.2013 (Rs in lacs)
(A) Sale of Products		
Finished Goods :		
Exports	8,253.58	6,142.36
Local	9,224.90	8,935.85
Traded Goods:		
Exports	9,665.88	4,651.19
Waste Sales:		
Exports	—	29.54
Local	<u>887.75</u>	<u>770.95</u>
Total	<u><u>28,032.11</u></u>	<u><u>20,529.89</u></u>
Less : Excise Duty	—	—
Net Sales	<u>28,032.11</u>	<u>20,529.89</u>
(B) Other Operating Income		
Job work charges	45.35	95.04
Export Incentive	<u>534.38</u>	<u>313.73</u>
Total	<u><u>579.73</u></u>	<u><u>408.77</u></u>
Total (A) + (B)	<u><u>28,611.84</u></u>	<u><u>20,938.66</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (Contd.)

19 OTHER INCOME

	Year ended 31.03.2014 (Rs in lacs)	Year ended 31.03.2013 (Rs in lacs)
Interest Income	48.76	24.09
Sale of scrap	11.50	10.01
Miscellaneous receipts	1.41	1.20
Total	61.67	35.30

20 COST OF MATERIALS CONSUMED

(A) Raw materials Consumed

Opening Stock		
Add :Purchases during the Year	12950.64	9589.79
Less:Sale of Cotton	1,998.02	161.69
Less:Closing Stock	2,353.37	2,194.89
Total (A)	10,794.14	9,476.06

(B) Packing Material Consumed

Opening Stock		
Add :Purchases during the Year	226.53	209.01
Less:Closing Stock	27.67	31.29
Total (B)	230.15	198.49
Total (A) + (B)	11024.29	9674.55

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

	Year ended 31.03.2014 (Rs in lacs)	Year ended 31.03.2013 (Rs in lacs)
(A) Stock at the beginning of the year:		
Finished goods	1,354.47	1601.91
Goods-in-process	249.59	171.32
Waste	4.74	4.02
Total (A)	1,608.80	1,777.25
(B) Less : Stock at the end of the year:		
Finished goods	1,119.45	1,354.47
Goods-in-process	336.68	249.59
Waste	9.77	4.74
Total (B)	1,465.90	1,608.80
Decrease /(Increase) in inventory (A) - (B)	142.90	168.45

22 EMPLOYEE BENEFITS EXPENSES

Salaries, Wages and Bonus		
Contribution to Provident and Other Funds	1,968.69	1,802.19
Welfare Expenses	325.41	253.80
	149.05	122.91
Total	2,443.15	2,178.90

23 FINANCE COST

Interest Expenses		
Other borrowing costs	1,182.34	1,003.08
Net Loss on foreign currency transaction and translation	103.56	103.90
	4.34	(35.56)
Total	1,290.24	1,071.42

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (Contd.)

24 OTHER EXPENSES

	Year ended 31.03.2014 (Rs in lacs)	Year ended 31.03.2013 (Rs in lacs)
Power and fuel	1657.31	1619.48
Process charges expenses	325.07	183.94
Consumption- Stores and Spares	52.38	68.88
Repairs & Maintenance- Plant & Machinery	230.53	184.47
Repairs & Maintenance- Building	2.20	0.53
Commission and Brockerage	290.88	189.61
Other selling expenses	563.23	353.95
Insurance	55.64	55.88
Rates and Taxes	14.48	10.48
Rent	9.07	8.89
Directors Sitting Fee	3.46	2.45
Payment to Auditors		
Audit Fee	1.97	1.38
Tax Audit Fee	0.70	0.43
Cost Audit Fee	0.56	0.45
Certification Charges	0.32	0.52
Out of Pocket Expenses	0.67	0.62
Net loss on foreign currency transaction and translation	430.96	389.58
Loss on disposal/discard of Fixed Assets (Net)	1.32	5.69
Miscellaneous Expenses	360.70	276.95
Total	4,001.45	3,354.20

25 EARNING PER SHARE

	31.03.2014 (Rs. in lacs)	31.03.2013 (Rs. in lacs)
Net profit /(Loss) as per statement of profit and loss	195.31	(355.96)
Weighted average Number of Equity Shares (Rs.10 per share)	Nos 11640478	11640478
Basic and Diluted Earning Per Share	Rs. 1.68	(3.06)

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 31.03.2014 (Rs. in lacs)	As At 31.03.2013 (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	9045.82	9577.87
	Intangible Assets	9.11	11.85
	Capital work-in-progress	0.12	242.76
	Non-current Investment	85.33	14.45
	Deferred Tax Asset(Net)	30.34	91.35
	Long term Loans and Advances	447.22	441.54
	Other Non-Current Assets	388.52	444.03
	Current Assets:		
	Inventories	5179.17	3738.07
	Trade receivables	1449.94	2164.93
	Cash and Bank Balances	562.08	364.17
	Short-term loans and advances	841.49	687.11
	Other current assets	61.08	65.63

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (Contd.)

	As At 31.03.2014 (Rs. in lacs)	As At 31.03.2013 (Rs. in lacs)
Current Liabilities		
Short-term Borrowings	4113.80	2964.33
Trade payables	1949.01	2092.62
Other current liabilities	2064.09	1731.54
Short-term Provisions	40.49	33.32
Non-Current Liabilities		
Long-term borrowings	8486.13	9834.15
Deferred Tax Liability(Net)	—	—
Revenue:		
Revenue From Operations	28170.04	21347.61
Other income	47.98	46.07
Expenditure		
Cost of Raw materials consumed	16234.04	12941.73
Purchases of Stock-in-Trade	5128.76	2946.78
Changes in inventories of finished goods, work-in-progress and Waste	(774.09)	486.71
Employee benefits expense	1215.47	845.50
Finance costs	1600.68	1342.00
Depreciation and amortization expense	877.42	939.10
Other expenses	3678.18	2965.74
Provision for Current Tax (MAT)	—	—
MAT Credit Entitlement	—	—
Deferred tax Liability / (Reversal)	61.01	(342.79)
Contingent Liabilities	834.63	489.60

27 GRATUITY

	Gratuity (Funded) 2013-14 (Rs. in lacs)	Gratuity (Funded) 2012-13 (Rs. in lacs)
A Expense recognised during the year		
1 Current Service Cost	27.01	26.98
2 Interest cost	56.26	62.30
3 Expected return on plan assets	(71.76)	(73.12)
4 Actuarial Loss/(Gain) during the year	74.25	(58.82)
5 Expenses recognised in Statement of Profit & Loss	85.76	(42.65)
B Actual return on Plan assets		
1 Expected return on plan assets	71.76	73.12
2 Actuarial Gain/(Loss) on Plan assets	—	—
3 Actual return on plan assets	71.76	73.12
C Net Asset/(Liability) recognised in the Balance Sheet		
1 Present value of the obligation at the year end	753.50	703.31
2 Fair Value of plan assets at the year end	882.82	860.68
3 Funded status - surplus/(deficit)	129.31	157.37
4 Unrecognised past service cost	—	—
5 Net Asset/(Liability) recognised in the Balance Sheet	129.31	157.37
D Change in Present value of the Obligation during the year		
1 Present value of the obligation as at the beginning of year	703.31	778.80
2 Current service cost	27.01	26.98
3 Interest cost	56.26	62.30
4 Benefits paid	(107.33)	(105.95)
5 Actuarial loss/(gain) on obligation	74.25	(58.82)
6 Present value of obligation at the year end	753.50	703.31

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (Contd.)

		Gratuity (Funded) 2013-14 (Rs. in lacs)	Gratuity (Funded) 2012-13 (Rs. in lacs)
E	Change in Assets during the year		
	Fair Value of plan assets at the beginning of the year	860.68	835.70
	Expected return on plan assets	71.76	73.12
	Contributions made	57.70	57.81
	Benefits paid	(107.33)	(105.95)
	Actuarial Loss/(gain) on plan assets	Nil	Nil
	Fair value of plan assets at the year end	882.82	860.68
F	Actuarial Assumptions		
	Discount rate	0.08	0.08
	Salary escalation	0.03	0.03

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	Patspin India Ltd GTN Enterprises Ltd		
Key Management Personnel	Shri B.K Patodia – Chairman & Managing Director		
Relatives of Key Management Personnel	1	Smt. Prabha Patodia, Wife of Sri. B.K. Patodia	
	2	Smt. Mala Patodia, Daughter in Law of Sri. B.K. Patodia	
	3	Smt. Swati Patodia, Daughter in Law of Sri. B.K. Patodia	
	4	Kum. Annaya Patodia (Minor), Grand Daughter of Sri. B.K.Patodia	

(b) Transactions / Balances	Associates		Key Management Personnel		Relatives of Key Management Personnel	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Sale of goods	2,365.48	816.65	—	—	—	—
Purchase of goods	2,715.75	2,306.98	—	—	—	—
Purchase of fixed assets	—	8.93	—	—	—	—
Sale of fixed assets	—	—	—	—	—	—
Rendering of services	45.11	95.44	—	—	3.60	3.60
Receiving of services	281.76	179.62	—	—	—	—
Remuneration paid	—	—	45.67	54.74	—	—
Lease rentals received	—	—	—	—	—	—
Lease rentals paid	—	—	—	—	—	—
Sitting Fees	—	—	—	—	—	—
Loans repaid	—	—	—	—	5.80	—
Loans taken	—	—	—	—	7.10	—
Interest Paid	—	—	—	—	0.77	0.63
Balances as at year end						
Trade Payables	246.63	1,466.08	—	—	—	—
Trade Receivables	—	—	—	—	—	—
Loans Outstanding	—	—	—	—	7.10	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 2014 (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, 2014	March 31, 2013
(I)	Interest on Fixed Deposit		
	Annaya Patodia	0.77	0.63
(II)	Loans taken		
	Annaya Patodia	7.10	—
(III)	Loans repaid		
	Annaya Patodia	5.80	—
(IV)	Sale of Goods		
	A) Cotton		
	I) GTN Enterprises Ltd.	914.11	104.95
	II) Patspin India Ltd.	685.74	56.74
	B) Cotton Yarn		
	I) GTN Enterprises Ltd.	624.84	451.32
	II) Patspin India Ltd.	139.48	203.42
	C) Store Items		
	I) Patspin India Ltd.	0.51	0.23
(V)	Purchase of Goods		
	A) Cotton		
	I) GTN Enterprises Ltd	1,177.20	47.42
	II) Patspin India Ltd.	549.72	1,209.07
	B) Cotton Yarn		
	I) GTN Enterprises Ltd	195.96	500.69
	II) Patspin India Ltd.	792.59	542.75
	C) Store Items		
	I) GTN Enterprises Ltd	—	0.20
	II) Patspin India Ltd.	0.28	6.86
	D) Machinery		
	I) Patspin India Ltd.	—	8.93
(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	23.53	30.97
	II) Patspin India Ltd.	19.06	61.95
(VII)	Receiving of Services		
	A) Rent		
	I) Prabha Patodia	1.80	1.80
	II) Mala Patodia	0.90	0.90
	III) Swati Patodia	0.90	0.90
	B) Processing Charges		
	I) GTN Enterprises Ltd.	188.19	107.83
	II) Patspin India Ltd.	93.57	71.79
(VIII)	Remuneration Paid		
	Sri. B.K. Patodia	45.67	54.74
(IX)	Guarantees Provided for Patspin India Limited	—	—
(X)	Guarantees Received from Patspin India Limited	—	—

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (Contd.)

- 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. 17919.46 Lacs (Previous year Rs. 10823.09 lacs) and within India sale of Rs. 10112.65 lacs (Previous year Rs. 9706.80 Lacs).
- 31 Finance Lease assets and their against loan repayable future payments disclosure required in AS 19.

Particulars	As at 31.03.2014			As at 31.03.2013		
	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	5.23	1.21	4.02	1.59	0.32	1.27
2. Between one year to five years	10.32	1.19	9.13	2.61	0.24	2.37
Total	15.55	2.40	13.15	4.20	0.56	3.64

32 CONTINGENT LIABILITIES AND COMMITMENTS

A COMMITMENTS

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Nil (Previous year Rs.Nil).
- Outstanding Export Forward Contracts (not in the nature of derivatives) as on 31st March 2014 which were entered into for hedging exchange risk arising from foreign currency fluctuations related to highly probable future transactions amounting to US\$ 11.17 Lacs (Previous year US\$ 32.64 Lacs) at average exchange rate of Rs. 64.22/US\$ (Previous year Rs. 55.64/US\$) and Euro 6.12 Lacs (Previous year 3.54 Lacs) at an average exchange rate of Rs. 88.52/Euro (Previous year Rs. 75.11/Euro). The period covered under these contracts spreads over April 2014 to October 2014 (Previous year April 2013 to September 2013). The average exchange rate applicable for above period based on exchange rate on 31.03.2014 works out to Rs. 61.66/US\$ (Previous year Rs. 55.49/US\$) and Rs. 83.94/Euro (Previous year Rs. 71.25/ Euro), resulting a notional profit of Rs. 56.62 lacs (Previous year notional profit of Rs. 18.73 Lacs).
- Outstanding Import Forward Contracts (not in the nature of derivatives) as on 31st March 2014 which were entered into for hedging exchange risk arising from foreign currency fluctuations related to highly probable future transactions amounting to US\$ 26.26 Lacs (Previous year US\$ 11.36 Lacs) at average exchange rate of Rs. 61.42/US\$ (Previous year Rs. 54.75/US\$). The period covered under these contracts spreads over April 2014 to July 2014 (Previous year April 2013 to June 2013). The average exchange rate applicable for above period based on exchange rate on 31.03.2014 works out to Rs. 60.84/US\$ (Previous year Rs. 55.02/US\$), resulting a notional loss of Rs. 15.35 lacs (Previous year notional profit of Rs. 3.15 Lacs).

B CONTINGENT LIABILITIES

- 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).
- 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. 1198 Lacs. (Previous year Rs 1237 Lacs).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (Contd.)

33 Particulars of un- hedged Foreign Currency exposures as at 31.03.2014 are given below:

Particulars	As at 31.03.2014			As at 31.03.2013		
	Amount in Lacs	Exchange Rate Rs.	Amount (Rs.in lacs)	Amount in Lacs	Exchange Rate Rs.	Amount (Rs. in lacs)
Accounts payable	USD 8.42 EUR 2.45	59.90 82.30	504.36 201.64	USD 14.76 EUR 3.90	54.29 69.52	801.46 271.13

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. 430.96 Lacs (Previous year Rs. 389.58 lacs loss). This included gain on account of export Rs. 27.43 Lacs (Previous year Rs.189.14 lacs loss), loss on account of import Rs. 254.61 lacs (Previous year Rs. 210.18 Lac loss) and loss on account of cancellation of forward contracts Rs. 203.78 lacs (Previous year Rs. 9.74 lacs gain).

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

	As at 31.03.2014 (Rs. in lacs)	As at 31.03.2013 (Rs. in lacs)
The principal amount due thereon remaining unpaid as on the Balance sheet date	Nil	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 31.03.2014 (Rs. in lacs)	Year ended 31.03.2013 (Rs. in lacs)
a Raw Materials - Cotton	5376.87	4536.08
b Stores	21.23	32.13
c Capital Goods	224.23	—
Total	5622.33	4568.21
37 EXPENDITURE IN FOREIGN CURRENCY	Year ended 31.03.2014 (Rs. in lacs)	Year ended 31.03.2013 (Rs. in lacs)
Agents Commission	210.81	114.62
Foreign Travel	33.42	11.07
Others	52.36	23.93
Total	296.59	149.62

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (Contd.)

38 IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED				
	2013-14 (Rs. in lacs)	Percentage	2012-13 (Rs. in lacs)	Percentage
a Raw Materials				
Cotton Imported	5534.50	51.27	4739.86	50.02
Cotton Indigenous	2574.57	23.85	2241.02	23.65
Yarn Indigenous	2685.07	24.88	2495.18	26.33
Total	10794.14	100.00	9476.06	100.00
b Traded Goods (Yarn-Indigenous)	8768.46		4396.04	
c Packing Materials				
Imported	11.80	5.13	9.97	5.02
Indigenous	218.35	94.87	188.52	94.98
Total	230.15	100.00	198.49	100.00
d Stores and Spares				
Imported	—	—	0.80	1.04
Indigenous *	64.26	100.00	75.78	98.96
Total	64.26	100.00	76.58	100.00
*Includes HSD Value Rs 11.88 Lacs (Previous Year Rs 7.70 lacs) Charged to Power & Fuel				
39 EARNINGS IN FOREIGN CURRENCY				
FOB Value of Exports	17500.52		10645.03	

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 (ICAI 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 : 15th May, 2014

E. K. BALAKRISHNAN

Vice President (Corporate Affairs) & Company Secretary

GTN TEXTILES LIMITED

L18101KL2005PLC018062

Registered Office: VIII/911, Erumathala PO, Aluva, Ernakulam – 683112

Website: www.gtntextiles.com; **E mail:** cs@gtntextiles.com

ATTENDANCE SLIP

(To be presented at the entrance)

Folio No. / Client ID _____

DP ID _____

I/We hereby record my/our presence at the 9th ANNUAL GENERAL MEETING of the Company at the 19th day of September, 2014 at 12:15 p.m. at, Hotel Periyar, Aluva 683101.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. JOINT SHAREHOLDER(S) MAY OBTAIN ADDITIONAL SLIP AT THE VENUE OF THE MEETING.

Signature of the Member/ Proxy

**Form No. MGT -11
PROXY FORM**

[Pursuant to Section 105 (6) of the Companies Act, 2013 read with Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

GTN TEXTILES LIMITED

L18101KL2005PLC018062

Registered Office: VIII/911, Erumathala PO, Aluva, Ernakulam – 683112

Website: www.gtntextiles.com; **E mail:** cs@gtntextiles.com

Name of the member (s)		
Registered address		
E-mail Id		
Folio No/ Client Id		DP ID:

I/We, being the member (s) of shares of the above named company, hereby appoint

1	Name:	Address:
	E-mail Id:	Signature:
Or failing him / her		
2	Name:	Address:
	E-mail Id:	Signature:
Or failing him / her		
3	Name:	Address:
	E-mail Id:	Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 9th Annual General Meeting of the company, to be held on the 19th day of September, 2014 at 12:15 p.m. at, Hotel Periyar, Aluva 683101 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1. _____ 2. _____ 3. _____ 4. _____ 5. _____
6. _____ 7. _____ 8. _____ 9. _____

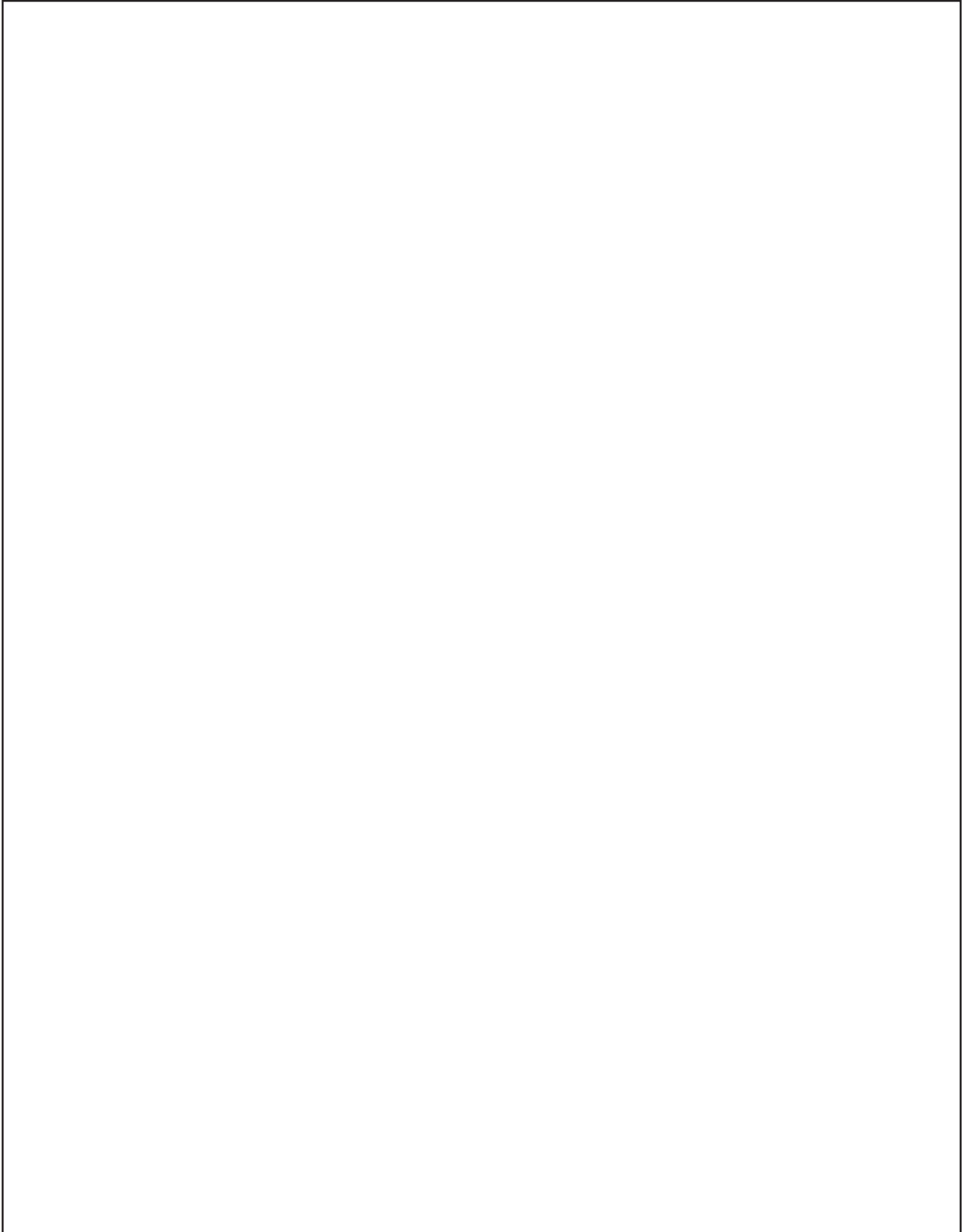
Signed this _____ day of _____ 2014

Signature of Shareholder(s) _____

Signature of Proxy holder(s) _____

<p>Affix Revenue Stamp of Re. 1/-</p>

Note: This Form of Proxy, in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before commencement of the meeting.



BOOK POST



Registered Office: Door No.VIII/911, Erumathala P O., Aluva, Ernakulam 683112
Corporate Office: 43, Mittal Chambers, 4th Floor, 228, Nariman Point, Mumbai 400021

An ISO 9001: 2008/14001:2004 Certified Company
www.gtntextiles.com