

Ref. GTNC/2021-22

Sep 4, 2021



BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI – 400 001

The Manager,
Listing Department,
The National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor, Plot No.C/1, G-Block,
Bandra-Kurla Complex, Bandra (E),
MUMBAI – 400 051

Dear Sir/Madam,

Sub: Annual Report for FY2020-21

Ref: GTN Textiles Limited- Annual General Meeting to be held on Wednesday, 29th September 2021

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby enclose the copy of Annual Report for the Financial Year 2020-21 for your kind perusal.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For **GTN TEXTILES LIMITED**

E K Balakrishnan
Company Secretary

Encl : As Above



GTN TEXTILES LIMITED
CIN: L18101KL2005PLC018062

MARKETING / HEAD OFFICE :

3rd Floor, Palal Towers, M.G. Road, Ravipuram, Kochi-682 016, India
Phone : 91-484-2661900, Fax: 91-484-2370812
E-mail: fin.ho@gtntextiles.com

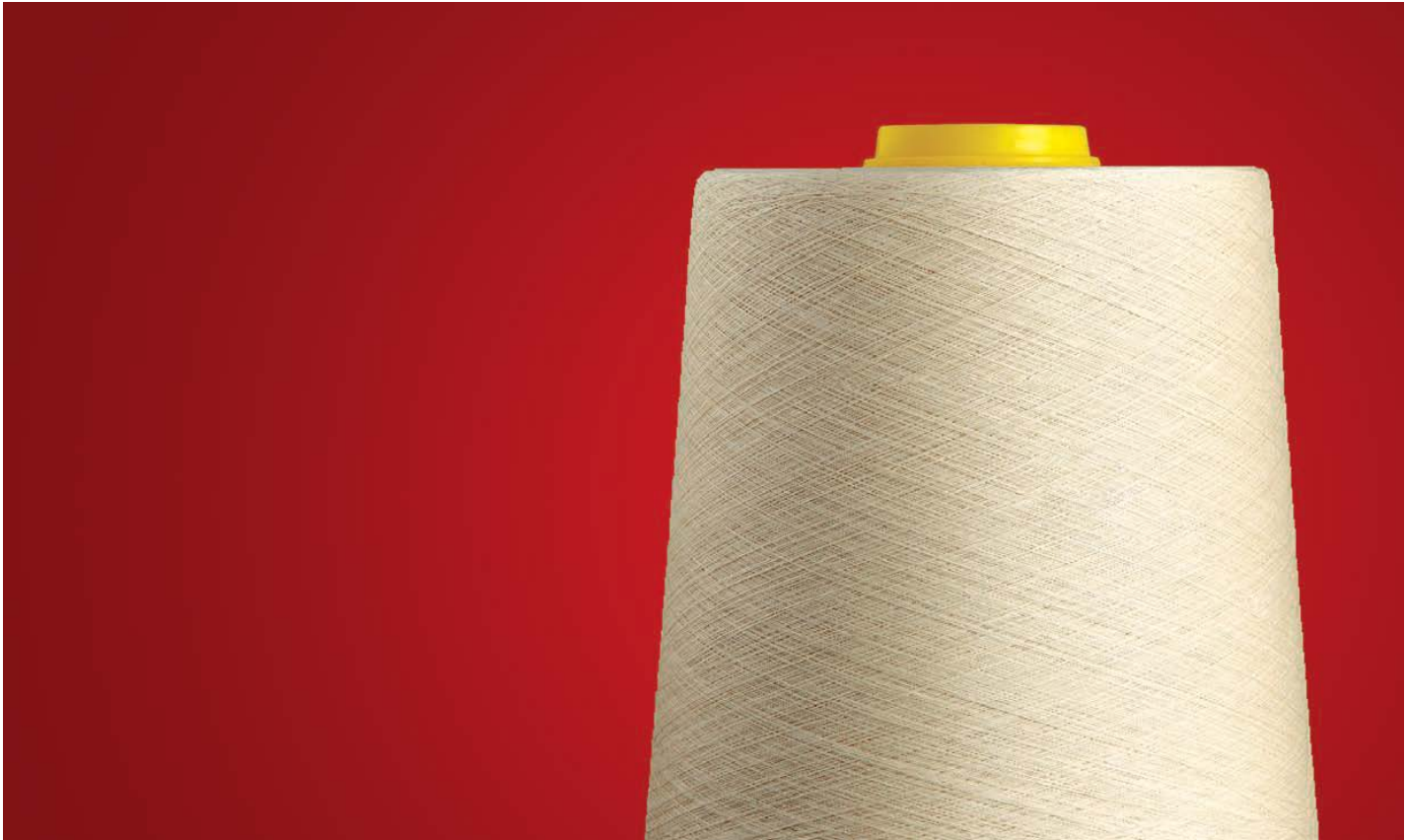
REGISTERED OFFICE :

Door No. VIII/911, Erumathala P.O., Aluva - 683 112, India
Phone: 91-484-2661000, 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 : 2015 / 14001 : 2015 Certified



Board of Directors

Shri B K Patodia	: Chairman & Managing Director
Shri B.L. Singhal	: Non-Executive Independent Director
Shri. N.K.Bafna	: Non-Executive Independent Director
Shri V.N.Balakrishnan	: Non-Executive Independent Director
Shri. C.K.Gopalakrishnan Nair	: Non-Executive Independent Director
Shri Prem Malik	: Non-Executive Independent Director (up to 12.7.2021)
Smt. Kalpana Mahesh Thakker	: Non-Executive Non-Independent Director
Shri. Umang Patodia	: Non-Executive Non-Independent Director

Shri E.K. Balakrishnan	Vice President (Corporate Affairs) & Company Secretary
Shri Arun S. Mohan	Chief Financial Officer

Bankers	Central Bank of India State Bank of India
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Auditors	M/s. L.U Krishnan & Co Chartered Accountants Chennai
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Legal Advisors	M/s. Menon & Pai, Kochi
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Registered Office	Door No. VIII/911, Erumathala P.O. Aluva, Ernakulam 683112
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Corporate Office	43, 4 th Floor, Mittal Chambers, 228 Nariman Point, Mumbai – 400 021
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Corporate ID No (CIN)	L18101KL2005PLC018062
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GTN TEXTILES LIMITED

NOTICE

NOTICE is hereby given that the **SIXTEENTH (16TH)** Annual General Meeting of the Members of **GTN TEXTILES LIMITED** will be held on **Wednesday, 29th September 2021 at 11.30 AM** through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business.

ORDINARY BUSINESS:

- 1) To receive, consider and adopt Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2021 together with the Reports of the Board of Directors and Auditors' thereon
- 2) To appoint a Director in place of Shri Umang Patodia (DIN: 00003588) who retires by rotation and being eligible, offers himself for re-appointment

SPECIAL BUSINESS

- 3) To consider and if thought fit, to pass with or without modification(s), the following as an **Ordinary Resolution**:
"Resolved that pursuant to the provisions of Section 148 of the Companies Act, 2013 and other applicable provisions, if any, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or reenactment thereof, for the time being in force), the consent of the Members of the Company be and is hereby accorded to the ratification of the remuneration of M/s. Hareesh K.N and Associates, Cost Accountants (Firm Reg. No. 101974), appointed as the Cost Auditors by the Board of Directors of the Company ("the Board") for the financial year ending 31st March, 2022 to conduct cost audits relating to cost records of the Company and that the said Cost Auditors be paid a remuneration of ₹ 35,000 (Rupees Thirty Five Thousand only) plus applicable taxes.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors

E.K BALAKRISHNAN

Company Secretary

Membership No. A7629

Place: Kochi

Date :14.08.2021

NOTES

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM only.

2. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. Since this AGM is being held through VC/OAVM, physical attendance of the Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.
3. Attendance of the Members participating in the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
4. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 and Regulation 36 of the SEBI (LODR) Regulations, 2015 in respect of the Special Business at Item No. 3 of the above Notice is annexed hereto
5. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 23rd September 2021 to Wednesday, 29th September 2021 (both days inclusive) for the purpose of AGM.
6. In compliance with the MCA Circulars and the Securities and Exchange Board of India ('SEBI') Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, Notice of the 16th AGM along with the Annual Report for Financial Year 2020-21 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company /Company's Registrar and Transfer Agent (RTA). A copy of this Notice along with the Annual Report for Financial Year 2020-21 is uploaded on the Company's website www.gtntextiles.com, websites of the Stock Exchanges i.e. The BSE Limited (www.bseindia.com) and The National Stock Exchange of India Limited (www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
7. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), read with MCA Circulars and SEBI Circular, Company is providing facility of remote e-voting to its Members to cast their vote electronically, through the E-voting services provided by CDSL on all the resolutions set forth in this Notice. The facility of casting votes by a member using remote e-voting system as well as e-voting on the date of the AGM will be provided by CDSL
8. In case the shareholder holding shares in physical mode has not registered his/her e-mail address with the Company/STA/Depositories, he/she may do so by sending a duly signed request letter to M/s. Integrated Registry Management Services Private Limited (IRMSPL)

NOTICE (Contd...)

- by providing Folio No. and Name of shareholder at 2nd Floor, Kences Towers, No.1, Ramakrishna Street, T Nagar, Chennai-600017, Tel: 044 28140801-803; E-Mail: corpserv@integratedindia.in
9. In the case of shares held in demat mode, the shareholder may contact the Depository Participant ('DP') and register the e-mail address in the demat account as per the process followed and advised by the DP.
 10. Members seeking any information with regard to Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, Register of Contracts or Arrangements in which directors are interested under Section 189 of the Act, and relevant documents referred to in the accompanying Notice and in the Explanatory Statements are requested to write to the Company on or before Friday 24th September 2021, through email on cs@gtntextiles.com, quoting their folio number. The same will be replied by the Company suitably.
 11. With effect from April 01, 2019, in terms of SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 08, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) are not being processed unless the securities are held in the dematerialized form with the depositories. Therefore, Members holding shares in physical form are requested to dematerialize shares held in physical form at the earliest available opportunity
 12. In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the Company or its RTA in the following cases viz. Deletion of name, Transmission of shares and Transposition of shares. Shareholders are requested to furnish copy of PAN card for all the above mentioned transactions.
 13. Members are advised to avail the nomination facility in respect of shares held by them pursuant to the provisions of Section 72 of the Act. Members holding shares in physical form desiring to avail this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to IRMSPL. Members holding shares in dematerialized form may contact their respective DP for availing this facility.
 14. Members are requested to notify change in address, if any, immediately to M/s. IRMSPL, quoting their folio numbers.
 15. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
 16. The cut-off date for the purpose of determining the Members eligible for participation in remote e-voting (e-voting from a place other than venue of the AGM) and voting at the AGM through e-voting system is Wednesday 22nd September 2021 ('Cut-off Date').
 17. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice, holds shares as on Cut-off Date, may obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com with a copy marked to the Company on cs@gtntextiles.com. However, if the Member is already registered with CDSL for remote e-voting, then he/she/it can use his/her/its existing User ID and password for casting the vote. Only a Member who is entitled to vote shall exercise his/her/its vote through e-voting and any recipient of this Notice who has no voting rights as on Cut-off Date should treat the same as intimation only.
 18. The Board of Directors of the Company has appointed Shri MRL Narasimha (Membership No.2851, CPNO 799), Practicing Company Secretary or failing him, Shri. Abhilash N.A, Practicing Company Secretary (Membership No. 22601 CP.No. 4524) as Scrutinizer for conducting the e-voting process in a fair and transparent manner.
 19. Corporate Members are required to scan and send a certified true copy of the Board Resolution, pursuant to Section 113 of the Act, authorizing their representatives to attend and vote on their behalf at the Meeting. The said Resolution/Authorization shall be sent to the Scrutinizer by e-mail through their registered e-mail address to mrln54@outlook.com with a copy marked to the Company on cs@gtntextiles.com.
 20. The results once declared along with the Scrutinizer's Report shall be placed on the Company's website www.gtntextiles.com and on website of CDSL within forty eight hours of conclusion of the AGM and will also be communicated to The BSE Limited and The National Stock Exchange of India Limited, where the shares of the Company are listed.
 21. In continuation of this Ministry's General Circular No. 20/2020, dated 5th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January,13,2021.

NOTICE (Contd...)

THE INTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

- (i) **The e-Voting period begins on Sunday 26th September 2021 at 9.00AM (IST) and ends on Tuesday 28th September 2021 at 5.00PM (IST).** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Wednesday 22nd September 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote during the meeting.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all
- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.
- (v) Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> Users of who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on Login icon and select New System Myeasi. After successful login the Easi / Easiest user will be able to see the e-Voting Menu. On clicking the e-voting menu, the user will be able to see his/her holdings along with links of the respective e-Voting service provider i.e. CDSL/ NSDL/ KARVY/ LINK INTIME as per information provided by Issuer / Company. Additionally, we are providing links to e-Voting Service Providers, so that the user can visit the e-Voting service providers' site directly. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/ EasiRegistration Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the e-Voting is in progress during or before the AGM.
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp

NOTICE (Contd...)

Type of shareholders	Login Method
	3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider’s website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(vi) Login method for e-Voting and joining virtual meeting for **shareholders other than individual shareholders & physical shareholders.**

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on “Shareholders” module.
- 3) 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

	For Shareholders holding shares in Demat Form other than individual and Physical Form
PAN	Enter your 10digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

NOTICE (Contd...)

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- (ix) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant <**GTN TEXTILES LTD**> on which you choose to vote.
- (xi) 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.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) 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.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) Facility for Non – Individual Shareholders and Custodians –Remote Voting
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be

mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; mrln54@outlook.com (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **7 (seven) days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at cs@gtntextiles.com.. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 (seven) days prior to meeting i.e. by Wednesday 22nd September 2021** mentioning their name, demat account number/folio number, email id, mobile number at cs@gtntextiles.com. These queries will be replied to by the company suitably by email.

NOTICE (Contd...)

8. **Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability time at the AGM.**
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned

copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to corpserv@integratedindia.in .

2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to corpserv@integratedindia.in.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

NOTICE (Contd...)**Details of Director seeking re-appointment at the forthcoming AGM in pursuance of Regulation 36 of SEBI (LODR) Regulations 2015**

Name of the Director	Shri. Umang Patodia		
DIN	00003588		
Age & Date of Birth	52 years, 17.6.1969		
Nationality	Indian		
Qualification	Graduate		
Expertise	Shri. Umang Patodia, aged 52 years, is the Managing Director of Patspin India Limited since August 1994. He is a Commerce Graduate and has over 2 decades of experience in the textile business and has a successful presence in the textile business segment. He was Executive Director (Exports) in GTN Textiles Limited before he took over the post of Managing Director of Patspin India Limited. Presently, he is holding Directorship in the Confederation of Indian Textile Industry (CITI), New Delhi and The Cotton Textiles Export Promotion Council (TEXPROCIL), Mumbai. He was past Chairman of CII, Kerala State Council and member of various Committees, including Southern India Mills Association (SIMA).		
Date of Appointment in the Company	15.9.2020		
Other Directorships (Listed / Public Co.)	Patspin India Limited GTN Enterprises Limited		
Membership / Chairman in other Committees	Patspin India Limited :	Audit Committee	- Member
		Stakeholders Relationship Committee	- Member
	GTN Enterprises Limited :	Audit Committee	- Member
Shareholding in the Company	835120 equity shares of ₹ 10 each		
Relationship between Directors Inter -se Directors	Related to Shri. B.K. Patodia, Managing Director		

By Order of the Board of Directors

Place : Kochi
Date:14.8.2021**E K Balakrishnan**
Company Secretary
Membership No. A7629**Statement pursuant to Section 102 of the Companies Act, 2013 and Regulation 36 of SEBI (LODR) Regulations. 2015****Item No 3**

The Board of Directors of the company, on the recommendation of the Audit Committee, approved the appointment of M/s Hareesh K.N & Associates, Cost Accountants as Cost Auditors to conduct the audit of the cost records of the company's textile units at a remuneration of ₹ 35,000 (Rupees thirty-five thousand only) plus applicable taxes and reimbursement of travelling and out of pocket expenses incurred by them for the financial year 2021-22

In terms of the provisions of section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Cost Records & Audit) Rules, 2014, the remuneration payable to the cost auditor has to be ratified by the members of the company. Accordingly, consent of the shareholders is sought for passing an Ordinary Resolution as set out at Item No 3 of the notice for ratification of remuneration payable to the Cost Auditors for the financial year ending 31st March 2022.

None of the Directors / Key Managerial Personnel/Managers of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in this resolution set out as above.

The Board recommends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the members.

By Order of the Board of Directors

Place: Kochi
Date: 14.8.2021**E K Balakrishnan**
Company Secretary
Membership No. A7629

GTN TEXTILES LIMITED

BOARD'S REPORT

To the Members,

Your Directors present the 16th (**SIXTEENTH**) Board's Report together with the Audited Statement of Accounts (Standalone & Consolidated) for the year ended 31st March, 2021

1. FINANCIAL RESULTS

The financial highlights of your Company for the year ended 31st March 2021 are summarized as follows:

Amount ₹Cr

	STANDALONE		CONSOLIDATED	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Revenue from Operations / Other Income	46.51	131.40	46.51	131.40
EBITDA	(8.54)	0.44	(8.54)	0.44
Finance cost	9.00	8.58	9.00	8.58
Depreciation	3.09	3.22	3.09	3.22
Exceptional items	2.99	0.27	2.99	0.27
Share of Profit /(Loss) of Associate	-	-	-	(1.36)
Profit / (Loss) / before Tax	(23.62)	(11.63)	(23.62)	(13.00)
Deferred tax charge / (credit)	12.39	2.90	12.39	2.90
Profit (loss) for the year	(36.01)	(8.73)	(36.01)	(10.10)
Other Comprehensive income (net of tax)	(0.89)	(0.37)	(0.89)	(0.37)
Total Comprehensive income / (loss) for the year	(36.90)	(9.10)	(36.90)	(10.47)

2. FINANCIAL PERFORMANCE

The sudden outbreak of COVID-19 Pandemic worldwide since January 2020 and in India from March 2020 and the resultant nationwide lockdown announced by Government from 24th March 2020 has significantly affected normal working of your Company. Manufacturing operations was suspended since 24th March 2020 on account of Nation-wide lock down. Plant restarted in a phased manner from 27th May 2020. However due to State Govt regulation of COVID spread, the operations at plant was again suspended from 10th July 2020 to 12th August 2020. Due to suspension of operations for significant period on account of COVID-19 pandemic outbreak as aforesaid, the business conditions have become adverse and there was an acute liquidity stress. As a result of acute liquidity constraints and lower demand situation, operations were suspended again from 14th August 2020. Finally, the plant resumed operations from 25th September 2020. The plant could operate only for 50 days during first half of FY 2020-21. This has severely impacted the performance and the cash flows of the company. The capacity utilisation was gradually ramped up from 3rd Quarter and presently the plant is operating at 50% capacity due to paucity of working capital and liquidity stress. There were Nil revenues during the period of suspension of operations as aforesaid. However, your company had to meet various payment obligations towards wages & salary, Fixed overheads, Statutory payments.

In view of the aforesaid, Standalone Revenue from operations for the current year was lower at ₹46.51 Cr against ₹131.40 Cr achieved in the previous year. The Loss before Depreciation, Interest and Taxation for the current year was ₹ 8.54 Cr. as against EBITDA earnings of ₹0.44 Cr achieved in the previous year. After finance cost of ₹ 9 crores (₹ 8.58 crores for the previous year), Depreciation of ₹ 3.09 crores (₹ 3.22 crores for the previous year) and exceptional items (VRS expenditure) of ₹ 2.99 crores (₹0.27 Cr for the previous year), the loss before tax was higher at ₹ 23.62 crores against the Loss of ₹ 11.63 crores incurred in the previous year.

Deferred Tax Asset for the current financial year was not recognized and the Deferred tax Asset recognized in earlier year(s) of ₹12.39 Cr was reversed in the Financial Year 2020-21.

The net loss after reversal of deferred tax asset recognised in the earlier years of ₹ 12.39 crores was of ₹36.01 Cr as against ₹8.73 Cr in the previous year. The total comprehensive loss for the year was at ₹ 36.90 crores as against ₹ 9.11 Cr for the previous year. There are no material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this Report other than the impact of COVID-19 on the business operations of the Company detailed in this Report as well as in Notes to the Financial Statements of the Company. There is no change in the nature of your Company's business during the year under review.

3. RESTRUCTURING PROPOSAL

To tide over the unprecedented business disruption caused by Covid pandemic and resultant acute Liquidity stress, your Company has submitted Resolution Proposal to its bankers under RBI Circular dated 6th August 2020 to restructure the outstanding debts of the company. Since desired rating could not be obtained, the said resolution proposal could not be processed by lenders.

BOARD'S REPORT (Contd...)

In the meantime, due to irregularity, Lenders have classified the accounts of your company as NPA as on 31.03.2021 and issued Notice under Section 13 (2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act 2002.

Your Company has submitted a proposal to its Lenders to sell its non-core assets (surplus land at its Kerala Plant) without affecting operations and has sought NOC for the sale. This will enable the company to regularize the account and obtain required working capital and continue normal operations.

Due to lockdown imposed by State Government on account of 2nd wave of Covid pandemic, the movement of people has been severely affected and the whole process of visits by prospective buyers and further steps relating to the same were delayed. Meanwhile, your company has requested to Lenders to withdraw the Notice issued under Section 13(2) of the SARFAESI Act 2002, not to initiate any recovery / legal measures and extend continued support in this challenging Covid Pandemic time.

4. REDEEMABLE PREFERENCE SHARES

Pursuant to shareholders' approval at the Annual General Meeting held on 30th October 2020, the company has allotted on 26th November 2020 and issued 5,10,000 6.50% Non-Cumulative Non-Convertible Non-Participating Redeemable Preference Shares (NCRPS) of ₹100 each aggregating ₹5.10 Crores on a preferential / private placement basis to M/s Seajuli Developers and Finance Ltd. These shares have not been listed on stock exchanges and the proceeds had been used for the purposes as mentioned in the AGM Notice dated 21.9.2020.

5. DIVIDEND

In view of the losses for the financial year ended 31st March 2021, the Board of Directors regret their inability to recommend any dividend for the year 2020-21.

6. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements, prepared in accordance with the applicable Indian Accounting Standards issued by the Institute of Chartered Accountants of India and Regulation 33 of the SEBI (LODR) Regulations, 2015 together with Auditors Report. The Auditors report on the consolidated financial statements also attached.

7. SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANY

The Company did not have any Subsidiary or Joint Venture during the financial year. The Company has one Associate Company, Patspin India Limited.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report on the operations of the Company, as required under the SEBI (LODR) Regulations, 2015 (hereinafter referred to as "Listing Regulations") is provided in a separate section and forms an integral part of this Report.

9. PUBLIC DEPOSITS

The Company does not have "Deposits" as contemplated under Clause V of the Companies Act 2013. Further, the company has not accepted any such deposits during the year ended 31st March 2021.

10. CORPORATE GOVERNANCE

The Company has taken the requisite steps to comply with the recommendations concerning Corporate Governance.

As per Regulation 34 (3) read with Schedule V of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015, a separate statement on Corporate Governance practices followed by the Company, together with a Certificate from the Practising Company Secretary confirming compliance, forms an integral part of this Report.

11. DIRECTORS AND KEY MANAGERIAL PERSONS

Shri. Prem Malik, Independent Director have resigned effective from 12.07.2021 due to his personal reasons. He had confirmed that there is no other material reason for his resignation other than those provided.

There is no change in the composition of the Board of Directors and the Key Managerial Personnel, except as stated above.

12. KEY MANAGERIAL PERSONNEL

Shri B.K. Patodia, Managing Director, Shri. Arun S Mohan, Chief Financial Officer and Shri E.K.Balakrishnan, Company Secretary were the Key Managerial Personnel of your Company, in accordance with the provisions of Section 203 of the Companies Act 2013 during the year under review.

13. NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met 8 (Eight) times during the financial year 2020-21. The details of the meetings of the Board of Directors of the Company convened and attended by the Directors during the financial year 2020-21 are given in the Corporate Governance Report which forms part of this Annual Report.

14. MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met once during the Financial Year under review. The Meeting was conducted without the presence of the Non-Independent Directors and members of management.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors acknowledge the responsibility for ensuing compliances with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 in the preparation of annual accounts for the year ended on 31st March, 2021 and state that:

1. in the preparation of the Annual Accounts, the applicable Indian Accounting Standards have been followed and there are no material departures from the same

BOARD'S REPORT (Contd...)

2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your company as at 31st March 2021 and of the profit or loss of the company for that period;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities;
4. the Directors have prepared the Annual Accounts on a going concern basis;
5. the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively; and
6. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

16. BOARD EVALUATION

Pursuant to the provisions of Companies Act and Listing Regulations, annual evaluation of the Board, the Directors individually as well as working of its constituted committees has been carried out from time to time.

17. FAMILIARISATION PROGRAMME FOR DIRECTORS

At the time of appointing a Director, a formal letter of appointment is given, which inter alia explains the role, function, duties and responsibilities expected as a Director of the Company. This is to provide insights into the Company to enable the Independent Directors to understand its business in depth, to familiarize them with the process, business and functionalities of the Company and to assist them in performing their role as Independent Directors of the Company. The Director is also explained in detail the Compliance required under the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and other relevant regulations and affirmation taken with respect to the same.

The Chairman and the Management has also one to one discussion with the Directors to familiarize with the company's operations.

18. AUDITORS

M/s. L.U.Krishnan & Co. (Regn.No.001527S) Chartered Accountants, Chennai were appointed as the Auditors of the Company at the 12th Annual General Meeting (AGM) held on 22nd September, 2017 to hold office till the conclusion of the 17th AGM of the Company for a term of 5 years, subject to ratification of the appointment by the members at every Annual General Meeting. The requirement of seeking ratification of the members for continuance of their appointment has been withdrawn consequent up on the changes made by the Companies

(Amendment) Act 2017 with effect from May 07, 2018.

The Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Statutory Auditors.

Reports issued by the Statutory Auditors on the Standalone and Consolidated financial statements for the year ended 31st March 2021 are with unmodified opinion (unqualified).

19. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made there under, the Company has appointed Shri. MRL Narasimha (C.P No. 799), Practicing Company Secretary to undertake the Secretarial Audit of the Company.

Secretarial Audit Report issued by Shri. MRL Narasimha, Practicing Company Secretary in Form MR-3 forms part of this report as Annexure I. The said report does not contain any observation or qualification requiring explanation or adverse remark

20. COST AUDITORS

Pursuant to Section 148 of the Act read with Rule 14 of the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records of the Company are required to be audited. The Directors, on the recommendation of the Audit Committee, appointed M/s. Hareesh K.N and Associates, Cost Accountants (Firm Reg. No. 101974) Cost Accountants, to audit the cost accounts of the Company for the FY ending 31st March, 2022, on a remuneration as mentioned in the Notice convening the 16th Annual General Meeting for conducting the audit of the cost records maintained by the company.

21. EXTRACT OF ANNUAL RETURN

Pursuant to provisions of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules ,2014, the extract of the Annual Return of the company for the Financial Year 31st March 2021 is uploaded on the website of the company and can be accessed at the www.gtn textiles.com

22. RELATED PARTY TRANSACTIONS

All transactions entered with related parties were on arm's length basis and in the ordinary course of business.

There were no materially significant transactions with the related parties during the financial year and were not in conflict with the interest of the company. Thus, a disclosure in Form AOC -2 in terms of Section 134 of the Companies Act 2013 is not required. All related party transactions are placed before the Audit Committee as also before the Board for approval.

The Board of Directors, as recommended by the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the

BOARD'S REPORT (Contd...)

Companies Act 2013, the Rules thereunder and the Listing Regulations. This Policy has been uploaded on the website of the Company.

23. LOANS & INVESTMENTS

Details of loans, guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to Financial Statements forming part of this report.

24. CREDIT RATING

During the previous year, Infomercials Valuation and Rating Pvt. Ltd. (Infomercials) has assigned - "IVR BB -" (IVR Double BB minus with stable outlook) credit rating for the long-term facilities and "IVR A4" (IVR A Four) credit rating for short term facilities of the company.

Further, during the year, the company had submitted a Resolution Proposal to its Bankers under RBI Circular dated 6th Aug 2020 to restructure the outstanding debts of the company. However desired rating could not be obtained and the said Resolution Proposal could not be processed by Lenders.

25. RISK MANAGEMENT

The company has laid down a well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitor business risks. The Audit Committee and the Board periodically review the risks and suggest steps to be taken to manage/ mitigate the same through a properly defined framework.

During the year, a risk analysis and assessment was conducted, and no major risks were noticed, which may threaten the existence of the company.

26. VIGIL MECHANISM / WHISTE BLOWER POLICY

The company has a Vigil Mechanism / Whistle Blower Policy to report genuine concerns or grievances. The Vigil Mechanism (Whistle Blower Policy) has been posted on the company's website (www.gtnntextiles.com).

27. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Even though the provisions of Section 135 (5) of Companies Act, 2013 regarding Corporate Social Responsibility are not yet attracted, the company has been, over the years, pursuing as part of its corporate philosophy, an unwritten CSR policy voluntarily which goes much beyond mere philanthropic gestures and integrates interest, welfare and aspirations of the community with those of the Company itself in an environment of partnership for inclusive development.

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

Information required under section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in the Annexure II

forming part of this report.

29. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an effective internal control and risk mitigation system designed to effectively control the operations at its Head Office, Plants and Depots. The internal control systems are designed to ensure that the financial and other records are reliable for the preparation of financial statements and for maintaining assets. The Company has well designed Standard Operating

Procedures. Independent Internal Auditors conduct audit covering a wide range of operational matters and ensure compliance with specified standards. Planned periodic reviews are carried out by Internal Audit. The findings of Internal Audit are reviewed by the top management and by the Audit Committee of the Board of Directors.

Based on the deliberations with Statutory Auditors to ascertain their views on the financial statements including the Financial Reporting System and Compliance to Accounting Policies and Procedures, the Audit Committee was satisfied with the adequacy and effectiveness of the Internal Controls and Systems followed by the company.

30. NOMINATION & REMUNERATION POLICY

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members. More details on the same are given in the Corporate Governance Report.

31. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

In accordance with the applicable provisions of Companies Act, 2013 (hereinafter referred to as "the Act") read with Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as the "IEPF Rules"), all unclaimed dividends are required to be transferred by the Company to the IEPF, after completion of seven (7) years. Further, according to IEPF Rules, the shares on which dividend has not been claimed by the shareholders for seven (7) consecutive years or more shall be transferred to the demat account of the IEPF Authority. The details relating to shares on which dividends were unclaimed are provided in the General Shareholders Information section of Corporate Governance report forming part of this Annual Report.

32. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an anti-sexual harassment policy in line with the requirements of the sexual harassment of women at the workplace (Prevention,

BOARD'S REPORT (Contd...)

Prohibition and Redressal) Act, 2013. Internal Compliance Committee (ICC) is already been functioned for redressing complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The Company has not received any complaints under this policy during the year ended 31st March, 2021.

33. PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134 (3) (q) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUENRATION OF MANAGERIAL PERSONNEL) RULES, 2014

The information required pursuant to section 134 (3) (q) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the company will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered office of the company during business hours on working days of the company up to the date of the ensuing Annual General meeting. If any Member is interested in obtaining a copy thereof, such member may write to the company in this regard.

34. PERSONNEL & INDUSTRIAL RELATIONS

Industrial Relations were cordial and satisfactory. There were no employees whose particulars are to be given in terms of Section 134(3)(q) of the Companies

Act,2013 read with Rule 5(2) and 5(3) of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

35. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

There are no significant and material orders passed by the Regulators or Courts or Tribunals that would impact the going concern status of your Company and its future operations.

36. GENERAL

- a) There was no issue of equity shares with differential rights as to dividend, voting or otherwise: and;
- b) There was no issue of shares (including sweat equity shares) to the employees of the company under any scheme.

37. ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

B K PATODIA
(DIN:00003516)
Chairman

Place: Mumbai
Date: 14.8.2021

Annexure - I

FORM MR - 3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021 [Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members of G T N TEXTILES LIMITED
(CIN: L18101KL2005PLC018062.)

I have conducted a secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **GTN TEXTILES LIMITED** (here in after called "the Company"). I have conducted the Secretarial Audit in a manner that provided me a reasonable basis for evaluating the Company's corporate conducts/statutory compliances and expressing my opinion there on.

I am issuing this report based on my verification of the books, papers, minutes books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company, during the financial year ended 31st March, 2021 and also after 31st March, 2021 but before the issue of this report and the information provided by the Company, its officers, agents and authorized representatives during my conduct of secretarial audit.

I hereby report that, in my opinion, during the audit period covering the financial year ended on 31st March 2021 (hereinafter referred to as "the year"), the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made here in after. The members are requested to read this report along with my letter of even date annexed to this report as Annexure- A.

1. I have examined the books, papers, minutes books and other records maintained by the Company and the forms and returns filed during the year according to the applicable provisions of:
 - i. The Companies Act, 2013 (the Act), the rules made there under.
 - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.
 - iii. The Depositories Act, 1996 and the regulations and bye-laws framed there under.
 - iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the Companies Act 2013 and dealing with client; and
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
 - v. The following laws, that are specifically applicable to the Company:
 - (a) Essential Commodities Act 1955, with reference to "Hank Yarn Packing Notification 2003" (No.2/TDRO/8/2003 dated 17 April, 2003).
2. I am informed that, during the year the Company was not required to maintain any books, papers, minute books or other records or to file any forms / returns according to the provisions of:
 - i) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - ii) The following Regulations and Guidelines prescribed under the SEBI Act:
 - (a) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008;
 - (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations 1998;
 - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009;
3. I am also informed that for the year, there were no other laws specifically applicable to the company, the books, papers, minute books, forms and returns of which were required to be examined by me for the purpose of this report.
4.
 - i) I have also examined compliance with the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.
 - ii) The Security Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - iii) Listing agreement entered by the company with BSE Limited and The National Stock Exchange Limited
5. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2021 but before the issue of this report, the Company has complied with the provisions of the Acts, Rules, Regulations and Agreements mentioned under paragraph 1 above, to the extent applicable. Attention is invited to
 - a) Para-4 titled 'Material Uncertainty Relating to Going Concern' of Report on Audit of the Standalone/Consolidated Financial statements.

Annexure - I (Contd...)

- b) The Board meeting, which was scheduled for last week of March 2020, could not be conducted on account of nation-wide lockdown, resulting in non-compliance of Regulation 17(1) of LODR 2015 regarding composition of Board. However due to the extension given by SEBI and MCA, the Board Meeting was conducted on 31-07-2020 and regulation 17(1) of LODR 2015, was complied with.
6. I further report that:
- (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director, except as stated in para 5(c) above. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
 - (ii) Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent at least seven days in advance.
 - (iii) A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. I am informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.
 - (iv) There are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.
 - (v) The Company has raised money by way of issuing 6.5% Non-Cumulative, Non-Convertible, Non-Participating Redeemable Preference shares, amounting to ₹ 510 lakhs by way of private placement.

Place:- Coimbatore

Date:- 14.8.2021

M.R.L.Narasimha

Practicing Company Secretary

Membership .No 2851

Certificate of Practice :- 799

UDIN: F002851C000785149

Annexure - A to Secretarial Audit Report of even date

To
The Members of
G T N TEXTILES LIMITED
(CIN: L18101KL2005PLC018062)

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March, 2021 is to be read along with this letter.

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also taken into consideration the compliance related action taken by the Company after 31st March, 2021 but before the issue of this report.
4. I have verified the records to see whether the correct facts are reflected in the secretarial records. I also examined the compliance procedures followed by the Company. I believe that the processes and practices I followed provide a reasonable basis for my opinion. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
5. I have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
6. My Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place:- Coimbatore

Date:- 14.8.2021

M.R.L.Narasimha

Practicing Company Secretary

Membership .No 2851

Certificate of Practice :- 799

UDIN: F002851C000785149

Annexure - II

ANNEXURE TO THE DIRECTOR'S REPORT

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

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo etc. required to be disclosed under Section 134 of the Companies Act 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

(A) Conservation of energy-

- | | |
|---|--|
| <ul style="list-style-type: none">(i) The step taken or impact on conservation of energy(ii) The steps taken by the company for utilizing alternate sources of energy(iii) The capital investments on energy conservation Equipment | <ul style="list-style-type: none">(i) During the year, we have taken the following steps on energy conservation.<ul style="list-style-type: none">a) 36W conventional fluorescent tubes used for lighting in production depts has been replaced with 18W LED energy efficient tube lights in a phased manner in 60% of the plants.b) Continued the exercise of Power conservation in humidification plants by stopping / adjusting the fresh and return air fans.c) Re-erected the Ring frames in C Shed to reduce the area of humidification to 50 % which resulted in equal energy savings.d) Good condition 2 nos Autoconers are re-erected in the main Autoconer shed along with others and very old 2 nos in the old shed. This helped us to save energy by the controlled usage of old shed Autoconers, its plant and lightings.e) Installed Centralized Duct System (CDS) in compact ring frames resulting in savings in energy consumption.f) Utilisation and energy loss in Ring frame variator drive system is being solved by replacing the same with inverter drives in a phased manner.g) Purchased a new air dryer to save the energy in compressor. |
|---|--|

(B) Technology absorption:

- | | |
|--|--|
| <ul style="list-style-type: none">a) The efforts made towards technology absorptionb) The benefits derived like product improvement, cost reduction, product development or import substitution | <ul style="list-style-type: none">: Technology absorption is a continuous process, adapted new developments in this front.
Replaced Ring frame Variator drive system with inverter drive system for energy saving, reduction in maintenance cost and to get better Ring frame utilization.• Indigenous CDS system in Ring frames by replacing the imported CDS system with inverters achieved cost saving, energy saving and better Utilisation of Ring frames.• Spinning geometry conversion (short stretch conversion) have been done in 4nos G5/1 Ring frames which helped to improve the productivity by 2.5% in addition to improvement in yarn quality in terms of reduced weak places.• In one Muratec 21 C Autoconer replaced the old kink preventers with new generation kink preventers to improve productivity and to reduce hard waste. |
|--|--|

Annexure - II (Contd...)

- c) In case of imported technology (imported during : NIL the last three years reckoned from the beginning of the financial year)
- a) the details of technology imported
 - b) the year of import;
 - c) whether the technology been fully absorbed
 - d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof
- d) The expenditure incurred on Research and : NIL Development

The Foreign Exchange earned in terms of actual inflow during the year ₹ 1488.86 Lakhs

The Foreign Exchange outgo during the year I terms of actual outflows ₹ 425.62 Lakhs

For and on behalf of the Board of Directors

B K PATODIA

Chairman

(DIN:00003516)

Place: Mumbai

Date:14.8.2021

GTN TEXTILES LIMITED

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2020-21

1. Company's Philosophy on Code of Corporate Governance

Your company is committed to the adoption of and adherence to the best corporate governance practices at all times. The Corporate Governance guidelines are in compliance with the requirements of Schedule V of SEBI (LODR), Regulations, 2015 (Listing Regulations). 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 Composition of the Board of Directors of the Company is presently governed by the provisions of Companies Act 2013, the Articles of Association of the Company and the SEBI (LODR) Regulations, 2015. The Board is comprised of 7 Directors, both Executive and Non- Executive and Shri. B.K.Patodia is the Chairman & Managing Director looking after day-to-day operations of the company under the overall guidance of the Board of Directors. None of the Directors on the Board holds directorships in more than ten public companies. None of the Independent Directors serves as an independent director on more than seven listed entities. None of the person on the Board serving as Managing Director / Whole Time Director is serving as an Independent Director on the Board of more than 3 listed entities. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2021 have been made by the Directors. Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

a) The Composition of the Board and category of directors as on 31.3.2021 are as follows:

Category	Name of Directors
Promoter / Managing Director	Shri. B.K Patodia
Non-Executive /Non independent Director	Smt. Kalpana Mahesh Thakker
	Shri Umang Patodia (w.e.f 15.09.2020)
Independent Directors	Shri. B.L Singhal
	Shri Prem Malik (up to 12.7.2021)
	Shri.S.Sundareshan (up.to 28.08.2020)
	Shri N K Bafna (w.e.f 15.09.2020)
	Shri. V N Balakrishnan (w.e.f 31.07.2020)
	Shri C K Gopalakrishnan Nair (w.e.f 21.09.2020)

b) Attendance of Directors at Board Meetings, last Annual General Meeting and Number of Other Directorships and Chairmanship/ Membership 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	1195580	8	Present	7	4	None	Relative of ShriUmang Patodia
Shri.B L Singhal	00006433	12,130	8	Present	5	7	4	None
Shri.Prem Malik (up to 12.7.2021)	00023051	Nil	8	Present	9	5	1	
Shri.S.Sundareshan (up.to 28.08.2020)	01675195	Nil	1	N.A	3	3	None	
Shri N K Bafna (w.e.f 15.09.2020)	00019372	Nil	7	Present	3	2	1	
Shri. V N Balakrishnan (w.e.f 31.07.2020)	08820393	270	8	Present	2	4	None	

REPORT ON CORPORATE GOVERNANCE (Contd...)

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 C K Gopalakrishnan Nair (w.e.f 21.09.2020)	00521840	Nil	6	Present	1	0	None	
Smt Kalpana Mahesh Thakker	08601866	17,351	7	Present	2	None	None	
Shri Umang Patodia (w.e.f 15.09.2020)	00003588	8,35,120	7	Present	5	3	None	Relative of Shri B K Patodia

Notes:

- In accordance with Regulation 26(b) of SEBI (LODR) Regulations 2015, Membership/Chairmanship of only the Audit Committees and Stakeholders Relationship Committees of all Public Limited Companies has been considered.
- None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees across all the Companies in which he is a Director as per Regulation 26(1) of SEBI (LODR) Regulations 2015.

c) The details of Directorship in other listed entities and category of Directorship

SN	Name of the Director	Name of listed entity	Category of Directorship
1.	Shri. B.K.Patodia	Patspin India Limited	Promoter Non Executive
2.	Shri. B.L.Singhal	Prime Urban Development India Ltd	Independent Non-Executive Director
		GTN Industries Limited	Independent Non-Executive Director
3	Shri Prem Maik (up to 12.7.2021)	Indo Count Industries Ltd	Independent Non-Executive Director
		Lahoti Overseas Ltd	Independent Non-Executive Director
4	Shri S Sundareshan (up to 28.08.2020)	-	Independent Non-Executive Director
5	Shri N K Bafna (w.e.f 15.09.2020)	Patspin India Limited	Independent Non-Executive Director
		Prime Urban Development India Ltd	Independent Non-Executive Director
6	Shri. V N Balakrishnan (w.e.f 31.07.2020)	Patspin India Limited	Independent Non-Executive Director
7	Shri C K Gopalakrishnan Nair (w.e.f 21.09.2020)	Patspin India Limited	Independent Non-Executive Director
8	Smt Kalpana Mahesh Thakker	Patspin India Limited	Non-Independent Non-Executive Woman Director
9	Shri Umang Patodia (w.e.f 15.09.2020)	Patspin India Limited	Managing Director

REPORT ON CORPORATE GOVERNANCE (Contd...)

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

Eight Board meetings were held during the year. The maximum time gap between any two consecutive meetings did not exceed 120 days.

The details of the Board Meetings are as under:

SN.	Date	Board Strength	No. of Directors present
1)	31 July 2020	6	6
2)	15 Sept 2020	7	6
3)	21 Sept 2020	8	8
4)	28 Oct 2020	8	8
5)	12 Nov 2020	8	8
6)	26 Nov 2020	8	8
7)	13 Feb 2021	8	8
8)	18 Mar 2021	8	8

Due to the exceptional circumstances caused by the COVID-19 pandemic and consequent relaxations granted by MCA and SEBI, all Board Meetings and Committee Meetings in FY 2020-2021 were held through Video Conferencing.

e) Disclosure of Relationships between Directors inter-se

Please refer 2 (b) of the Report

f) No. of shares and convertible instruments held by Non-Executive Directors

Please refer 2 (b) of the Report

g) Weblink where details of Familiarization program imparted to independent Directors disclosed

An appropriate induction program for new Directors and ongoing familiarization with respect to the business / working of the company for all directors is a major contributor for meaningful board level deliberations and sound business decisions.

The Company has adopted a structured programme for orientation of independent directors at the time of their joining so as to familiarize them with the company's operation, business, industry and environment in which it functions and the regulatory environment applicable to it. The company updates the Board members on a continuing basis on any significant changes therein and provides them an insight to their expected roles and the responsibilities so as to be in a position to take well informed and timely decision and contribute significantly to the company.

The Company through its Managing Director / Senior Managerial Personnel makes presentations regularly to the Board, Audit Committee or such other Committees, as may be required, covering, inter-alia, business environmental, business strategies, operations review, quarterly and annual results, budgets, review of internal audit report and action taken, statutory compliance, etc.

Policy on Familiarization programme imparted is available on our website www.gntextiles.com

h) Matrix / Table containing skills expertise and competencies of Board of Directors

The Board members are from diversified areas having the required knowledge i.e Competency, Skills and Experience to effectively discharge their responsibilities. The range of experience of the Board members include in the areas of Spinning Industry, Marketing, Finance, Taxation, Legal and Administration as well as procurement of raw materials.

The Broad policies are framed by the Board of Directors. All strategic decisions are taken by the Board after due deliberations between the Board members which consists of Managing Director, Non-Executive Director and Independent Directors.

The Company has identified and broadly categorized its core skills, expertise and competencies as mentioned hereunder:

REPORT ON CORPORATE GOVERNANCE (Contd...)

Matrix / Table of Core Skills, Expertise and competencies of Board of Directors as whole:

Particulars	Detailed list of core skills, expertise and competencies	Name of Directors who have skills, expertise and competence								
		Shri. BK Patodia	Shri. BLSinghal	Shri Prem Malik Up to 12.7.2021	Shri S Sundereshan Up to 28.08.2020	Shri N K Bafna Wef 15.9.2020	Shri V N Balakrishnan Wef 31.7.2020	Shri C K Gopalakrishnan Nair Wef 21.9.2020	Smt. Kalpana M Thakker	Shri Umang Patodia Wef 15.9.2020
Core Skills	Strategic policy formulation and Advising	✓	✓	✓	✓	✓	✓	✓		✓
	Regulatory framework knowledge	✓	✓	✓	✓	✓			✓	✓
	Financial performance	✓	✓	✓	✓	✓			✓	✓
	Advising on Risk mitigation and Compliance requirements	✓	✓	✓	✓	✓				✓
Expertise	Knowledge of Spinning Industry	✓		✓			✓	✓	✓	✓
	Commercial acumen	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Procurement of right quality of raw cotton at competitive prices	✓					✓	✓	✓	✓
Competencies	Strategic Leadership	✓	✓	✓	✓	✓				✓
	Execution of policies framed by the Board	✓	✓	✓	✓	✓			✓	✓
	Identifying the growth areas for expanding the business	✓	✓	✓	✓	✓	✓	✓		✓
	Advising on Business Risks & environment	✓	✓	✓	✓	✓	✓	✓		✓

i) Confirmation of Board regarding Independent Directors

Board of Directors confirms that the Independent Directors fulfil the conditions specified in the SEBI (LODR) Regulations, 2015 as amended from time to time and are Independent of the Management.

j) Independent Directors Shri. S Sundareshan, and Shri. Prem Malik, have resigned effective from 28.08.2020 and 12.07.2021 respectively due to their personal reasons. They had confirmed that there is no other material reason for their resignation other than those provided.

k) Separate meeting of Independent Directors

Schedule IV of the Companies Act, 2013, Listing Regulations and Secretarial Standard - 1 on Meetings of the Board of Directors mandates that the Independent Directors of the Company hold at least one meeting in a year, without the attendance of Non – Independent Directors.

The meeting of Independent Directors held on 31.07.2020 and 13.08.2021, inter alia, discussed and reviewed performance of Non-Independent Directors, the Board as a whole, Chairman of the Company and assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to formal meetings, frequent interactions outside the Board Meetings also take place between the Chairman and Independent Directors

l) Evaluation of the Board's Performance

Pursuant to the provisions of the Act and Regulation 17 of the Listing Regulations, the Board has carried out the annual evaluation of its own performance, its Committees and Directors individually. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A consolidated summary of the ratings given by each Director was then prepared. The report of performance evaluation was then discussed and noted by the Board. The Directors expressed their satisfaction with the evaluation process.

The performance evaluation of the Chairman and Managing Director and Non-Independent Directors was carried out by the Independent Directors. The Independent Directors reviewed key transactions (including related party transactions), quality & timeliness of flow of information, recommended measures for corporate governance etc.

REPORT ON CORPORATE GOVERNANCE (Contd...)

m) Code of Conduct

The Company has adopted Code of Business Conduct & Ethics ("the Code") which is applicable to the Board of Directors and all Employees of the Company. The Board of Directors and the members of Senior Management Team of the Company are required to affirm semi-annual Compliance of this Code. A declaration signed by the Chairman and Managing Director of the Company to this effect is placed at the end of this report. The Code requires Directors and Employees to act honestly, fairly, ethically, and with integrity, conduct themselves in professional, courteous and respectful manner. The Code is displayed on the Company's website www.gtntextiles.com

3. Audit Committee

The Audit Committee has been constituted by the Board in compliance with the requirements of Section 177 of the Act and Regulation 18 of the SEBI (LODR) Regulations, 2015.

The terms of reference of the Audit Committee, inter-alia is as follows:

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii) Recommendation for terms of appointment and remuneration of Auditors of the Company
- (iii) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors
- (iv) Review with the management and statutory auditors of the annual financial statements thereon before submission to the Board with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any Related Party Transactions;
 - g. Modified opinion(s) in the draft Audit Report;
- (v) Reviewing, with the management the quarterly financial statements before submission to Board for approval;
- (vi) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue/rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice / and the report to be submitted by monitoring agency with regard to utilization of proceeds of a public or rights issue, and making appropriate recommendation to company's Board.
- (vii) Review and monitor Statutory Auditor's independence and performance and effectiveness of audit process;
- (viii) Approval or any subsequent modification of transactions with related parties;
- (ix) Scrutiny of Inter-Corporate Loans and Investments;
- (x) Valuation of undertakings or assets of the company, wherever it is necessary;
- (xi) Evaluation of Internal Financial Controls and Risk Management Systems;
- (xii) Review with the Management, Statutory Auditors and the Internal Auditors about the nature and scope of audits and of the adequacy of internal control systems;
- (xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- (xiv) Discussion with internal auditors of any significant findings and follow up thereon
- (xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (xvi) Discussion with statutory auditors before the audit commences, about the nature of scope of audit as well as cost audit discussion to ascertain any area of concern
- (xvii) To look into the reasons for any substantial defaults in payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividend) and creditors, if any;
- (xviii) Review the functioning of the whistle blower mechanism;
- (xix) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;

REPORT ON CORPORATE GOVERNANCE (Contd...)

- (xx) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- (xxi) To review the utilization of loans and / or advances from / investment by the holding company in the subsidiary exceeding ₹ 100 crores or 10% of the asset size of the subsidiary, whichever is lower, if any
- (xxii) Review of the following information:
- (i) Management Discussion and Analysis of financial condition and results of operations;
 - (ii) Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by Management;
 - (iii) management letters / letters of internal control weaknesses issued by the Statutory Auditors;
 - (iv) Internal Audit Reports relating to internal control weaknesses;
 - (v) the appointment, removal and terms of remuneration of the Chief Internal Auditor
 - (vi) Statement of deviations:
 - o quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1)
 - o annual statement of funds utilized for purposes other than those stated in the offer document/prospectus in terms of Regulation 32(7), if applicable

Internal Audit

The Company has adequate internal control and Internal Audit System commensurate with its size and nature of its business. The Internal Audit Plan is approved by the Audit Committee and the Internal Auditors directly present their report to the Audit Committee for their consideration.

Composition and Attendance during the year

All members of the Committee are financially literate, with Shri. B.L.Singhal, FCA as Chairman of the Committee, having the relevant accounting and financial management expertise.

The composition of the Audit Committee and the details of the meetings attended by its members during the financial year ended 31st March, 2021 are as under:

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

Sl. No.	Name of the Member	Status	No. of meetings held	No. of meetings attended
1)	Shri.B L Singhal	Chairman & Non-Executive Independent Director	4	3
2)	Shri Prem Malik (up to 12.7.2021)	Non-Executive Independent Director	4	4
3)	Shri S Sundareshan (up to 28.08.2020)	Non-Executive Independent Director	1	1
4)	Shri.N K Bafna (w.e.f 15.09.2020)	Non-Executive Independent Director	3	3
5)	Shri. V N Balakrishnan (w.e.f 15.09.2020)	Non-Executive Independent Director	3	3
6)	Shri C K Gopalakrishnan Nair (w.e.f 14.08.2021)	Non-Executive Independent Director	0	0
7)	Shri. B.K Patodia	Managing Director	4	4

Shri. E K Balakrishnan, Vice President (Corporate Affairs) and Company Secretary is the Secretary to the Committee

The Audit Committee met four (4) times during the financial year 2020-21 and the gap between two meetings did not exceed 120 days. The dates on which Audit Committee Meetings held were: 31st July 2020, 15th Sep, 2020, 12th November, 2020 and 13th February, 2021. Required quorum was present at the above meetings.

The Audit Committee meetings are usually attended by the Managing Director, Chief Executive, CFO, Head of Finance and the respective departmental heads, wherever required. The Company Secretary acts as the Secretary of the Audit Committee. The Statutory Auditors, Internal Auditors as well as other Board Members also attended the Audit Committee meetings by invitation.

All the recommendations of the Audit Committee have been accepted by the Board of Directors.

During the year, the Audit Committee reviewed key audit findings covering Operational, Financial and Compliance areas, Risk Mitigation Plan covering key risks affecting the Company which were presented to the Committee.

The Chairman of the Audit Committee briefed the Board members on the significant discussions which took place at Audit Committee Meetings.

REPORT ON CORPORATE GOVERNANCE (Contd...)

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.

Prevention of Insider Trading:

The Company has adopted an 'Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Designated Persons ("the Code") in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time ("the PIT Regulations"). The Code is applicable to Promoters, Member of Promoter's Group, all Directors and such Designated Persons who are expected to have access to unpublished price sensitive information relating to the Company. The code lays down guidelines which included procedures to be followed and disclosures to be made while dealing with the shares of the Company.

The Audit Committee monitors implementation and compliance of the Company's Code of Conduct and Shri. E K Balakrishnan, Vice President (Corporate Affairs) and Company Secretary is the Compliance Officer of the Company. The Code is displayed on the Company's website viz. www.gtn textiles.com

Vigil Mechanism

Pursuant to Section 177(9) and (10) of the Act, and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company have been denied access to the Audit Committee. The Whistle Blower Policy is displayed on the Company's website viz. www.gtn textiles.com

4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been constituted by the Board in compliance with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations.

The Committee comprises of Independent Directors, viz. Shri. B.L.Singhal as Chairman, Shri Prem Malik (up to 12.7.2021), Shri S Sundareshan (up to 28.08.2020) Shri. N K Bafna (w.e.f 15.09.2020) Shri. V N Balakrishnan (w.e.f 15.09.2020) and Shri C K Gopalakrishnan Nair (w.e.f 14.08.2021) as members.

The broad terms of reference of the Committee include;

formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

- formulation of criteria for evaluation of performance of independent directors and the board of directors;
- devising a policy on diversity of board of directors;
- identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- recommend to the board, all remuneration, in whatever form, payable to senior management

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

The Committee met on 21st Sept 2020 to approve and recommend to Board appointment of Shri. N K Bafna (DIN 00019372), Shri. V N Balakrishnan (DIN 08601866) and Shri C.K.Gopalakrishnan Nair (DIN 00521840) as Independent Directors for a term of 5 years and also the appointment of Smt. Kalpana Mahesh Thakker (DIN 08601866) as a non-Independent Director and Shri. Umang Patodia (00003588) as a non-Independent Director in the Promoter category

The Committee also evaluated performance of the entire Board as per Regulation 19 of the SEBI (LODR), Regulations 2015. The Committee also met on 13th August 2021.

Remuneration to the Managing Director

The aggregate of salary and perquisites paid for the year ended 31st March, 2021 to the Managing Director is as follows: -

Shri. B K Patodia: ₹ 30.49 lacs

Besides this, the 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 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;

The details of payment of sitting fee are as follows;;

Meeting	Amount (in ₹)
Board	7500
Committee	5000

The Fee paid for the year ended 31st March, 2021 to the Non-Executive Directors is as follows:

Name of the Non-Executive Director	Sitting fee (₹)
Shri B L Singhal	95,000
Shri Prem Malik (up to 12.7.2021)	95,000
Shri S Sundareshan (up to 28.08.2020)	22,500
Shri. N K Bafna (w.e.f 15.9.2020)	67,500
Shri.V N Balakrishnan (w.e.f 31.7.2020)	75,000
Shri.C K Gopalakrishnan (w.e.f 21.9.2020)	45,000
Smt. Kalpana Mahesh Thakker	52,500
Shri Umang Patodia (w.e.f 15.9.2020)	52,500
Total	5,05,000

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

Remuneration Policy

The remuneration policy of your company is a comprehensive policy which is competitive, in consonance with the industry practices and rewards good performance of the employees of the company. The policy ensures equality, fairness and consistency in rewarding the employees on the basis of performance against set objectives.

The company endeavors to attract, retain, develop and motivate a high performance work force. The company follows a mix of fixed and variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process.

5. Stakeholders Relationship Committee

Pursuant to provisions of Section 178(5) of the Act read with Regulation 20 of the Listing Regulations, Stakeholders Relationship Committee of the Board of Directors has been constituted.

The terms of reference of the Stakeholders Relationship Committee is as under:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company

The Composition of the Committee comprises of Shri B.L.Singhal as Chairman (w.e.f 13.8.2021), Shri N K Bafna (w.e.f 15.9.2020), Shri Prem Malik (up to 12.7.2021), Shri. S.Sundareshan (up to 28.8.2020), Shri. V N Balakrishnan (w.e.f 15.07.2020), Shri C K Gopalakrishnan Nair (w.e.f 14.08.2021) and Shri. B.K. Patodia as members

During the year, one meeting of the Stakeholders Relationship Committee was held as under: -

SN	Date	Committee Strength	No. of Directors present
1	31 July 2020	4	4

The Committee also met on 13th August 2021.

Shri. E K Balakrishnan, Vice President (Corporate Affairs) and Company Secretary is the Secretary to the Committee.

REPORT ON CORPORATE GOVERNANCE (Contd...)

The details of correspondences / grievances received and redressed during the financial year 2020-21 through the Registrar M/s. Integrated are as under:

Sl.	Particulars	No. of Complaints
1.	Investor Correspondence / Complaints pending at the beginning of the year	Nil
2.	Investor Correspondence / Complaints received during the year	Nil
3.	Investor Correspondence / Complaints disposed during the year	Nil
4.	Investor correspondence / complaints remaining unresolved at the end of the year	Nil

Pursuant to Regulation 40(9) of SEBI (LODR) Regulation, 2015 a certificate on a half yearly basis confirming due compliances of share transfer formalities by the company from Practicing Company Secretary has been submitted to the Stock Exchanges within the stipulated time.

6. Disclosures:

Basis of Related Party Transactions

All transaction entered into by the Company with related parties, during the financial year 2020-21, were in ordinary course of business and on arm's length basis. The Company has formulated a framework for Related Party Transactions which is followed for identifying, entering into and monitoring related party transactions. The deviations, if any, to the said process have been brought to the attention of Audit Committee suitably. The Audit Committee reviews at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval granted. The company has obtained Shareholders approval by way of special resolution to enter into Related Party Transactions.

Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Act. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements

Board Disclosures - Risk Management:

The Company has laid down procedures to inform the Board of Directors about the risk assessment and minimization procedures. The Audit Committee and the Board of Directors review these procedures, periodically.

Details of preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of the Listing Regulations

The Company has not raised funds through preferential allotment or Qualified Institutional Placement during the year under review.

Credit Rating

During the previous year, Infomerics Valuation and Rating Pvt. Ltd. (Infomerics) has assigned - "IVR BB -" (IVR Double BB minus with stable outlook) credit rating for the long-term facilities and "IVR A4" (IVR A Four) credit rating for short term facilities of the company. Further, during the year, the company had submitted a Resolution Proposal to its Bankers under RBI Circular dated 6th Aug 2020 to restructure the outstanding debts of the company. However desired rating could not be obtained and the said Resolution Proposal could not be processed by Lenders.

Annual Secretarial Compliance

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial compliance audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder. The said Secretarial Compliance report is in addition to the Secretarial Audit Report by Practicing Company Secretary under Form MR – 3 and is required to be submitted to Stock Exchanges within 60 days of the end of the financial year.

The Company has engaged Shri. MRL Narasimha, Practicing Company Secretary, Coimbatore as Secretarial Auditor of the company for providing the above Certificate. Certificate issued in this regard has been submitted to Stock Exchanges within the prescribed time limit.

Certificate from Practicing Company Secretary

Certificate as required under Part C of Schedule V of Listing Regulations, received from Shri. MRL Narasimha, Practicing Company Secretary, Coimbatore, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory has annexed to this Report.

REPORT ON CORPORATE GOVERNANCE (Contd...)

Management Discussion and Analysis Report

The Management Discussion and Analysis Report have been included separately in the Annual Report to the shareholders.

Shareholders Information

- (1) The quarterly results approved by the Audit Committee / Board of Directors are put on the Company's website www.gtntextiles.com under "investor info" section
- (2) The Company has also send Annual Report through email to those shareholders who have registered their email address with Depository Participants

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.

Means of communication

The quarterly, Half-yearly and Annual results of the Company's financial results are published in two newspapers viz. BUSINESS STANDARD [National Daily] and DEEPIKA [Regional News Paper and displayed on company's website www.gtntextiles.com

- (i) The Annual Report of the Company for the financial year 2020-21 is being emailed to the members whose email addresses are available in the depositories as per Section 136 of the Companies Act 2013 and Regulation 36 of SEBI (LODR), Regulations 2015. For other members, who have not registered their e-mail addresses, are requested to register their email address at the earliest and ask for the soft copy of the annual report. In accordance with General Circular No. 20/2020 dated 5th May 2020 issued by Ministry of Corporate Affairs (MCA) and the Circular No. SEBI /HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020 issued by SEBI, Company is not printing copies of the Annual Report.
- (ii) The annual report is available on the company's website

The Company has complied with all the requirements of the Stock Exchange(s) and SEBI on matters relating to Capital Markets except the following:

Pursuant to Regulation 17(1) of SEBI (LODR) Regulations 2015, the composition of the Board of Directors of company would have been six Directors as on 1st April 2020. Though the Board of Directors at their meeting held on 14.03.2020 identified an Independent Director, the appointment was postponed for the next meeting scheduled prior to 31.03.2020. In view of the National Lock down announced by the Government of India/State Governments, the Board of Directors were not able to meet on the specified time and hence delayed the appointment. Thereafter, the Board met only on 31.7.2020 and appointed the sixth Director. As per Market Capitalization of NSE, our company falls in top 2000 companies and accordingly NSE has levied a fine of ₹ 5,36,900/- (including GST) for April- June 2020 Quarter and ₹ 1,77,700/- (including GST) for 30 days in month of July 2020 , aggregating ₹7,14,600/-. The company has filed separate applications requesting waiver of the fine. The said applications are pending with NSE and we expect a favorable decision.

In accordance with the provisions of Regulation 26 (6) of the Listing Regulations, the Key Managerial Personnel, Director(s), Promoter(s) and Employees including Senior Management Personnel of the Company have affirmed that they have not entered into any agreement for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

7. MD and CFO Certification

The Managing Director and CFO of the Company give quarterly / annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI (LODR) Regulations, 2015.

8. Compliance on Corporate Governance

The quarterly compliance report has been submitted to the Stock Exchanges at BSE & NSE in the requisite format duly signed by the compliance officer. Pursuant to Regulation 27 of SEBI (LODR) Regulations, 2015, the Practicing Company Secretary's certificate in compliance on conditions of Corporate Governance is published elsewhere in the Annual Report.

REPORT ON CORPORATE GOVERNANCE (Contd...)

9. General Body Meetings:

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

Year	Location	Date	Day	Time	Whether any Special Resolution passed in previous AGM
2017-18	Hotel Periyar, Aluva - 683 101	26.09.2018	Friday	12.15pm	Fixed remuneration to Shri B.K Patodia (DIN: 00003516), as Chairman and Managing Director of the Company for his balance tenure
2018-19	-do-	20.9.2019	Friday	12.15pm	Reappointment of Shri. Prem Malik (DIN 00023051), Shri. B.L.Singhal (DIN 006433), Shri. S.Sundareshan (DIN 01675195) as Independent Directors of the Company
2019-20	Video Conferencing (VC)/Other Audio Visual Means (OAVM)	30.10.2020	Friday	12.15pm	<ul style="list-style-type: none"> Increase in Authorized share capital of the company and consequent amendment in Memorandum of Association Capital Clause Authorizing Board to issue and allot 5,10,000 Redeemable Preference Shares of the Company of the face value of ₹100 each for an aggregate value not exceeding ₹5.10 crores (Rupees Five Crores Ten Lakhs only) for cash at par into Non-Cumulative, Non-Convertible, Non-Participating Redeemable Preference Shares ("NCRPS") on a private placement basis, to M/s. Seajuli Developers and Finance Limited Re-appointment of Shri B.K Patodia (DIN: 00003516), as Chairman and Managing Director of the Company for a period of five years with effect from 19.12.2020 and fixation of Remuneration for a period of three years up to 30.09.2023 pursuant to Schedule V of the Companies Act 2013 Appointment of Shri N.K.Bafna (DIN:00019372), Shri. V.N.Balakrishnan (DIN:008820393), Shri.C.K.Gopalakrishnan Nair (DIN 00521840) Independent Directors of the Company.

B. Extra-Ordinary General Meeting of the shareholders was held during the year - No

C. Whether Special Resolutions were put through postal ballot, last year? - No

D. Are votes proposed to be conducted through postal ballot, this year? - No

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Govern.

10. Compliance in respect of non-mandatory requirements

a) The Board

The Company meets expenses to maintain Chairman's office in the performance of his duties.

b) 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

c) Audit Qualifications

During the year under review, there is no audit qualification on the Company's financial statements. The Company continues to adopt best practices to ensure regime of unmodified audit opinion.

d) Reporting of internal Auditor

The Internal Auditor participates in the meetings of the Audit Committee of the Board of Directors and presents his internal audit observations to the Committee.

e) Total fees for all services paid by the listed entity to the statutory auditor

Total Fees paid to Statutory Auditors is ₹ 2.50 Lakhs (Details relating to the fees paid to the Statutory Auditors of the company are given in Note 31 to the Standalone Financial Statements)

REPORT ON CORPORATE GOVERNANCE (Contd...)

Disclosure relating to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is committed to ensuring that all employees work in an environment that not only promotes diversity and equality but also mutual trust, equal opportunity and respect for human rights. The Company has formulated a Policy on prevention of Sexual Harassment in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder which is aimed at providing every woman at the workplace a safe, secure and dignified work environment. During the year under review, the company has not received any complaint in this regard.

11. General Shareholder information:

I) Annual General Meeting:

a)	Date and Time	:	Wednesday, 29 th September 2021 at 11.30AM
b)	Venue	:	The Company is conducting meeting through VC/ OAVM and as such there is no requirement to have a venue for the AGM.
c)	Book closure date	:	23 rd September 2021 to 29 th September 2021
d)	Financial calendar (tentative):		
	Annual General Meeting	:	Wednesday, 29 th September 2021
	Results for quarter ending 30 th June, 2021	:	14 th August 2021
	Results for quarter ending 30 th Sept., 2021	:	On or before 14 th November, 2021
	Results for quarter ending 31 st Dec., 2021	:	On or before 14 th February, 2022
	Results for Year ending 31 st March, 2022	:	On or before 30 th May, 2022

II) Listing

a)	Listing of Equity Shares on Stock Exchanges at	:	BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE)
b)	Listing Fee	:	Annual Listing fee for the year 2021-22 have been duly paid to the said Stock Exchanges within prescribed time limit.
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:

Month	BSE		NSE	
	High	Low	High	Low
April 2020	7.17	6.06	6.30	5.30
May	5.94	4.95	5.90	4.60
June	6.90	4.83	7.05	4.80
July	6.95	5.04	7.00	5.10
August	5.97	4.90	6.10	4.85
September	5.88	4.80	5.70	4.75
October	5.63	5.00	6.05	4.85
November	5.77	5.10	5.90	5.15
December	6.90	5.30	6.70	5.35
January 2021	8.01	6.14	8.00	6.10
February	6.17	5.19	6.40	5.20
March	6.06	4.75	6.15	4.95

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 Registry Management Service Private Ltd 2 nd 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	<p>Effective April 1, 2019, SEBI has amended Regulation 40 of the Listing Regulations, which deals with transfer or transmission or transposition of securities. According to this amendment, the requests for effecting the transfer of listed securities shall not be processed unless the securities are held in dematerialized form with a Depository.</p> <p>This will interalia, bring the following benefits:</p> <ul style="list-style-type: none"> • It shall curb fraud and manipulation risk in physical transfer of securities by unscrupulous entities • Transfer of securities only in demat form will lead to ease convenience and safety of transactions for investors <p>The Company has stopped accepting any transfer requests for securities held in physical form with effect from the said date. During the year, the Company accepted those transfer requests pertaining to securities held in physical form which were lodged for transfer before April 1, 2019 and were returned due to discrepancies</p> <p>Transfers of equity shares in electronic form are effected through the depositories with no involvement of the company.</p> <p>In view of the aforesaid amendment and in order to eliminate the risks associated with the physical holding of shares, members who are holding shares in physical form are hereby requested to dematerialize their holdings.</p>	

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

(a) Shareholding pattern as on 31st March, 2021:

S.N.	Category	No of shares (Issued Equity)	%
01)	Promoters & Associates	73,75,739	63.36
02)	Indian Financial Institutions, Banks, Mutual Funds	1,698	0.02
03)	Foreign Institutional Investors / NRIs	44,202	0.38
04)	Others	41,31,258	35.49
Total :		11640478	100.00

(b) Distribution of Shareholding as on 31.03.2021:

No. of shares held	No. of share-holders	% of shareholder	No. of shares (Issued Equity)	% of share-holding	
Upto 100	12075	79.94%	427471	3.67%	
101–500	1928	12.76%	548728	4.71%	
501–1000	524	3.47%	440646	3.79%	
1001–10000	514	3.40%	1583671	13.60%	
10001–100000	51	0.34%	952324	8.18%	
Above 100000	14	0.09%	7687638	66.04%	
Total :		15106	100.00%	11640478	100.00%

Share Transfer to Investor Education and Protection Fund Account (IEPF) where the dividend is unpaid or unclaimed for seven or more consecutive years.

In terms of Section 124(6) of the Act read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time) (IEPF Rules) shares on which dividend has not been paid or claimed by a shareholder for a period of seven consecutive years or more shall be credited to the Investor Education and Protection Fund (IEPF) within a period of thirty days of such shares becoming due to be so transferred. Upon transfer of such shares, all benefits (like bonus, dividend etc.), if any, accruing on such shares shall also be credited to such IEPF and the voting rights on such shares shall

remain frozen till the rightful owner claims the shares. Shares which are transferred to IEPF can be claimed back by the shareholders from Investors Education and Protection Fund Authority (IEPFA) by following the procedure prescribed under the aforesaid rules.

The company last declared dividend in 2007-08, thereafter no dividend was declared. The Company had sent letters to all the concerned Members and also published notice in newspaper three months before the due date asking them to claim their dividend amount to avoid transfer of the said unclaimed dividend and respective shares to IEPF.

Accordingly, 2,02,133 equity shares of the face value of ₹ 10 each for 7868 folios in respect of which dividend was not encashed for seven consecutive years were transmitted to Investor Education and Protection Fund (IEPF) Authority on 31st December 2019. The above mentioned shares were transmitted pursuant to requirement under section 124 of the Companies Act, 2013 read with Rule 6 of Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time

VIII) Dematerialization of shares and Liquidity:

97.69% of equity shares of the company have been dematerialized (NSDL 82.91% and CDSL 14.78%) as on 31st March, 2021. The company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited whereby shareholders have an option to dematerialize their shares with either of the depositories

Liquidity of shares:

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

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

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 Registry Management Service Private Ltd. 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@gtntextiles.com

X) Compliance Certificate from the Practicing Company Secretary

The Practicing Company Secretary have certified that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (LODR) Regulations, 2015 and the same is annexed to this Report.

DECLARATIONS

Compliance with the Code of Business Conduct and Ethics

As provided under Regulation 26(3) of the SEBI (LODR) Regulations, 2015, all the Board members and Senior Management Personnel have affirmed compliance with GTN TEXTILES LIMITED Code and Ethics for the year ended 31st March, 2021.

Place: Mumbai
Date: 14.08.2021

For **GTN TEXTILES LIMITED**
B K PATODIA
Chairman & Managing Director
(DIN 00003516)

CEO/ CFO CERTIFICATION

We the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of **GTN TEXTILES LIMITED** (the Company) to the best of our knowledge and belief certify that;

- a. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2021 and that to the best of our knowledge and belief, we state that:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal, or violation of the Company's Code of Conduct
- c. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting of the company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit committee
 - i. Significant changes, if any, in internal control over financial reporting during the year;
 - ii. Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control systems over financial reporting.

For **GTN TEXTILES LIMITED**

B.K. PATODIA
Chairman & Managing Director
(DIN 00003516)

Place: Mumbai
Date: 14.8.2021

ARUN S MOHAN
Chief Financial Officer

Place: Kochi
Date: 14.8.2021

CERTIFICATE

Based on my verification of books, papers, forms and returns filed and other records maintained by GTN Textiles Limited ("The Company"), and also the information provided by its officers, agents and authorized representatives during the conduct of secretarial audit of the Company, I hereby certify that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities Exchange Board of India, Ministry of Corporate Affairs or any such authority as on 31st March, 2021.

Place: Coimbatore

Date: 14.8.2021

MRL Narasimha

Practicing Company Secretary

MNo 2851 CP No:799

UDIN: F002851C000785639

Certificate on Corporate Governance for the year ended 31.3.2021

To,

The Members of **GTN Textiles Limited**.

I have examined the compliance conditions of corporate governance by M/s. GTN Textiles Limited ("the Company") for the financial year ended 31st March, 2021 as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to a review of the procedures and implementations thereof adopted by the company for ensuring compliance with the conditions of corporate governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the company.

In my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the directors and management, I certify that the company has complied with the conditions of corporate governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Coimbatore

Date: 14.8.2021

MRL Narasimha

Practicing Company Secretary

MNo 2851 CP No:799

UDIN: F002851C000785160

MANAGEMENT DISCUSSION & ANALYSIS

Global Textile Industry

The outbreak of Corona Virus Disease (COVID -19) has acted as a massive restraint on the textile manufacturing market in 2020-21 as supply chains were disrupted due to trade restrictions and consumptions declined due to lock downs imposed by Governments globally. The global economy reported de-growth of 3.5% in 2020 compared to a growth of 2.9% in 2019, the sharpest contraction since World War II. Steps by National Governments to contain the transmission have resulted in halting of manufacturing activities and decline in economic activity with countries entering a state of “lock down” and outbreak is expected to continue to have negative impact on businesses throughout 2020 and 2021. Asia, being the largest manufacturer for the textile industry in the world, has suffered due to sudden drop in international demand for their products coupled with prolonged lockdown and restrictions in majority of the Countries. The key consuming markets in the world are China, European Union, the United States and India, all of which were affected due to the COVID 19 pandemic.

The G20 countries experienced an aggregate slowdown of (-) 3.2%, with the Euro area contracting by (-) 6.8%, UK by (-) 9.9%, Japan by (-) 4.8% and the US by (-) 3.5%. Among major economies, India contracted by (-) 7.3% while China was the only major economy to record a growth of 2.3% in 2020. The global economy is projected to grow by 5.5% in 2021 largely due to the successful roll-out of vaccines across the globe, coupled with policy support in large economies and a revival in consumer demand. Cotton supports the global textile market. India, China, Pakistan and United States are major cotton producers. World cotton production in 2021-22 is forecast at 119.4 million bales, 6.3 million above the year before. Based on USDA's initial 2021-22 projection, each of the major cotton producers, except China, is expected to have a larger crop for the upcoming season, as global area is forecast to rise 4.5% amid higher cotton prices during the spring planting season.

INDIAN TEXTILE INDUSTRY

India's share in global exports of cotton yarn shrunk 600 basis points to 23% in CY2020 from 29% in CY2015, while in readymade garments (RMG), its share has stagnated at 3-4% over the past decade. Lack of free trade agreements (FTAs) and significant improvement in peer competitiveness have caused this. Textiles is important to India's \$313 billion merchandise exports as it accounts for ~11% of the pie. The sector is also a significant employment generator. Given its economic importance, the sector has seen a slew of measures from the government of late, including the textile parks announced in Union Budget 2021-22 and inclusion of the sector for allocations under the Production-linked Incentive (PLI) scheme. While these are steps in the right direction, CRISIL Research's analysis indicates more is needed to address the issues and spur a revival. In cotton yarn, India has lost market share over the past decade to Vietnam and China because of high cost and lack of FTAs amid intensifying competition. In RMG, India has done well to maintain its share even as global trade in the segment contracted. But competitors such as Vietnam and Bangladesh have done much better – they capitalised on China's falling share in the past five fiscals, while India could not. Further, Indian textiles players were pushed to the brink in 2020 as the Government of India reduced export incentives in line with guidelines of the World Trade Organization.

India ranks second in the production of textiles and garments worldwide. The textile industry is instrumental in the development of Indian economy as it contributes 2% to India's GDP and 7% of industry output by value. The industry is the second largest employer in the country, employing more than 4.5 crores people directly, 6 crores in allied sectors and contributing 15% export earnings in 2020-21. India's domestic textile and apparel market was estimated at USD 75 billion in 2020-21 and estimated at a CAGR of 12% to USD 220 billion by 2025-26. Some 75% of the total consumption was in the domestic market and the rest by exports. Growing population, demographic advantage and consumer preference for branded products could strengthen demand. India's textile and apparel exports were valued at USD 37 billion in FY 2019, USD 36 billion in FY 2020 and estimated at USD 70 billion by FY 2026.

The Government of India is working on major initiatives and reforms in textile sector, including launch of “Mega Integrated Textile Region and Apparel (MITRA) Park” Scheme to establish seven textile parks with state-of-the-art infrastructure and common utilities and R&D lab over a 3-year period; starting a focused product scheme; positioning the country as a global hub in the Man-Made Fibre (MMF) and technical textile segments. Inclusion of the sector for allocations under the Production-linked Incentive (PLI) scheme. These may help the sector enhance its export share over the medium to long term. Competitive advantage, robust demand, favourable government policies, increasing investments and urbanisation are expected to be the key drivers for revival of the industry.

Recently, however, the US imposed a ban on cotton and cotton-based products originating from Xinjiang region in China, which contributes more than 80% in China's cotton production. Since it is the largest cotton producing area globally, with ~20% contribution, the ban will affect the entire textile value chain. India is in negotiations with the UK – which accounts for ~10% of India's RMG exports for a new FTA. If the agreement is inked, Indian exporters (who pay 8-12% import duty at present), may gain a preferential and competitive status where India is offering higher-priced products compared with Bangladesh and Vietnam, which signed FTAs with the UK recently.

MANAGEMENT DISCUSSION & ANALYSIS (Contd...)

RAW COTTON SCENARIO IN INDIA

India is one of the largest global producers of cotton accounting for about 26% of the world cotton production. India has the distinction of having the largest area under cotton cultivation, which is about 41% of the world area under cotton cultivation. The yield per kgs / hectore of cotton in 2020-21 is 487 kgs / ha, lower than the world average yield of about 768 kgs /ha. The total cotton production in India was estimated at 371 lakhs bales of 170 kilos for the 2020-21 season. According to the Cotton Association of India, the opening Stock of the season was estimated at 120.95 lakhs bales and the carry over stock estimated at the end of the season was 97.95 lakhs bales. Total consumption was expected to be around 330 lakhs bales, whereas imports and exports were estimated at 11 lakhs bales and 75 lakhs bales respectively in FY 2021.

DOMESTIC COTTON YARN - WAY FORWARD

Domestic cotton yarn demand in fiscal 2022 to be driven by home textile segments recovery and focus on hygiene to support the cause. Industrial capacity utilization increased swiftly to reach over 90% during third quarter of fiscal 2021 and is expected to sustain at healthy levels next fiscal too Yarn realisations expected to remain healthy supported by both domestic and export demand primarily driven by ban on Chinese cotton by US. Higher surge in yarn prices vis-à-vis cotton prices resulted in high cotton-yarn spreads in fiscal 2021 should sustain in fiscal 2022 with expectation of continued high demand. Better business performance and working capital management to support debt protection metrics across segments in fiscal 2022. Cotton-Yarn spreads to remain high as yarn prices likely to stay firm vis a vis cotton prices due to sustained demand which should result in operating profitability increasing by 200-250 bps. Credit profiles of spinners to improve on higher operating profit and better working capital cycle.

BUSINESS OVERVIEW, INDUSTRY DEVELOPMENTS, OPPORTUNITIES AND THREATS

The Company is engaged in business of manufacture and export of high-quality combed cotton yarns. The yarn is manufactured from the world's best sources of long and extra-long staple cotton like American Supima, Egyptian Giza, contamination free Australian and American cottons and superior Indian cotton like Shankar-6, MECH and DCH-32. The company manufactures yarns of various counts ranging from NE 20's to NE 100s. Permutations and combinations in spinning and finishing process results in yarns of varied qualities for specific end users. 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 51,808 spindles at Aluva, Kerala, consisting of 27600 compact spinning and 24208 ring spinning. The Company has promoted Patspin India Ltd., which has 2 plants at Palakkad in Kerala and Ponneri in Tamil Nadu having a capacity of 1,14,000 spindles, consisting of 70,752 Compact Spinning and 43,248 Ring Spinning, and also capacity for value added products i.e. Twisting, Gassing and Soft winding.

The promoters have 5 decades of experience in spinning industry with its first unit in Kerala in 1966. The company derives its strength from rich experience of promoters in marketing of cotton yarns in international market for over 4 decades. The company has built up an excellent customer base over the years by supplying consistent quality and timely deliveries of yarns. With flexibility to produce varied counts of cotton yarns, carded, combed, single and twisted, multi fold and gassed, the company is able to retain its customers

For Spinning industry, raw material is cotton, which is a seasonal product, the cultivation of which is mainly rain-fed and as such dependent on vagaries of monsoon. Adequate availability of raw cotton at right price is crucial for the company. However, as import of cotton is freely allowed, the risk of cotton availability as well as exchange rate fluctuation is partly mitigated.

Some of the threats faced by the spinning industry include technological obsolescence, high minimum support price for cotton, overcapacity in industry, increasing input costs, skilled labour availability besides fluctuating demand for yarn. With the opening up of domestic and international markets, overall demands for cotton yarn are projected to remain good. The uptrend in domestic yarn price and its higher exports may provide opportunities and some respite to the spinning industry. However, prolonged prevalence of covid -19 might impact the Indian textile sector's supply and demand dynamics.

RISK AND CONCERNS

- a. Raw Cotton, an agricultural product, is the key raw material used for the manufacture of cotton yarn. Almost 65 percent 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.
- b. 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 Better Cotton Initiative (BCI), Supima yarns and Giza yarns have also proved to be beneficial.
- c. Volatility in foreign currency exchange rates vis-a-vis Indian Rupee is another area of concern since a sizable 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 and imports. The Company continues to strengthen these systems to minimize the risk involved due to adverse movement of exchange rates.

MANAGEMENT DISCUSSION & ANALYSIS (Contd...)

- d. 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.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that all transactions are 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 Board's 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 were cordial and satisfactory.

As on 31st March, 2021, the Company has about 594 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 Ltd

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying financial statements of **GTN Textiles Ltd** (the “**Company**”), which comprise the Balance Sheet **as at 31st March, 2021**, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information. (Hereinafter referred to as “**Standalone financial statements**”).
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements for the year ended 31st March, 2021 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, of the state of affairs of the company as at 31st March, 2021, and loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

4. The Company has incurred a net loss of Rs.3600.71 lakhs and cash loss of Rs 2,052.80 lakhs during the year ended 31st March, 2021 and net worth is eroded as on that date. Since, Company has been unable to conclude re-negotiations or obtain replacement financing, the Company's future cash flows are uncertain. This situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However as per the information and explanation provided by the Company (note no 5) Company's account with Lenders was classified as sub-standard as of 31st March 2021 due to irregularity in working capital account. Company is in discussion with Lenders and working on a proposal to regularise the account from sale proceeds of non-core assets. As the estimated sale value of non-core assets is higher than the amount of irregularity with Lenders, Management is hopeful of resolving it at the earliest.

In view of this our report is not modified

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there is no matter to be communicated as a key audit matter in our report.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

6. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated .

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

The above information is not available to us as on the date of our report.

Management's Responsibility for the Standalone Financial Statements:

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Standalone) specified under section 133 of the

INDEPENDENT AUDITOR'S REPORT (Contd...)

Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements:

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - (i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - (ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - (iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - (v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT (Contd...)

Other Matter

15. On account of the COVID 19 related lockdown restrictions, Management was not able to perform the year end physical verification of inventories in aggregating to Rs. 921.37 lakhs at certain locations. Consequently, we have performed alternative audit procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence – Specific consideration to selective items" which includes physical verification done by the management during the year and their supporting documents relating to purchases, construction and sales and have obtained sufficient audit evidence to issue our unmodified opinion on these standalone financial statements.

Report on Other Legal and Regulatory Requirements:

16. As required by Section 143(3) of the Act, we report that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - 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.
 - The Balance Sheet, the Statement of Profit and Loss (Including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - In our opinion, the aforesaid Standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - On the basis of written representations received from the directors as on 31st March 2021 taken on record by the board of directors, none of the directors are disqualified as on 31st March, 2021 from being appointed as directors in terms of section 164(2) of the Act.
 - With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financials controls with reference to financial statements.
 - In our opinion, according to the information and explanations given to us and based on our examination of the records of the company, the Company has paid/provided for managerial remuneration for the year ended on March 31, 2021 has paid/provided by the Company to its directors in accordance with the provisions of the section 197 of the Act read with Schedule V to the Act.
 - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - The Company did not have any pending litigations on its financial position in its Standalone financial statements.
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
17. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of subsection (11) of section 143 of the Companies Act, 2013, we give in "Annexure - B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

For **L U Krishnan & Co.**
Chartered Accountants
Firm's Registration No: 001527S

Place: Chennai
Date: 30-06-2021

P K Manoj
Partner
Membership No.207550
UDIN: 21207550AAAAEX5245

INDEPENDENT AUDITOR'S REPORT (Contd...)

Annexure - A to the Independent Auditors' Report

**(Referred to in paragraph 16(f) under 'Report on Other Legal and Regulatory Requirements' section of our report)
Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of **GTN Textiles Ltd** ("the Company") as at 31st March, 2021 in conjunction with our audit of the financial statements of the Company for the year ended and as at on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to financial statements.

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

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

Inherent Limitations of Internal Financial Controls with reference to financial statements.

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

INDEPENDENT AUDITOR'S REPORT (Contd...)

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance

Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **L U Krishnan & Co.**
Chartered Accountants
Firm's Registration No: 001527S

Place: Chennai
Date: 30-06-2021

P K Manoj
Partner
Membership No.207550
UDIN: 21207550AAAAEX5245

INDEPENDENT AUDITOR'S REPORT (Contd...)

Annexure - B to the Independent Auditors' Report

(Referred to in paragraph 17 under 'Report on Other Legal and Regulatory Requirements' section of our report)

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Standalone financial statements for the year ended 31 March, 2021 we report that:

- (i) Property Plant and Equipment.
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property Plant and Equipment.
 - (b) The Property, Plant & Equipment have been physically verified by the Management at reasonable intervals in accordance with regular programme of verification. According to the information and explanations given to us, no material discrepancies were found on such verification.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) During this year, Inventories has been physically verified by the management and there were no material discrepancies were noticed during such verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to any company, firm, Limited Liability Partnership or other parties listed in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, clauses from (iii) (a) to (iii) (c) of paragraph 3 of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has no loans, investments, guarantee and security which meets the requirements of section 185 and 186 of the Act.
- (v) According to the information and explanations given to us, the Company has not accepted deposits and does not have any unclaimed deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of the clause 3 (v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the company pursuant to rules prescribed by the Government of India for maintenance of cost records under sub section (1) of section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been maintained. However, we have not made a detailed examination of the records.
- (vii) a) According to the information and explanations given to us and according to the records as produced and examined by us, in our opinion, the Company is regular in depositing with appropriate authorities the undisputed statutory dues including income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess and other material statutory dues applicable to it and there are no arrears of outstanding statutory dues as at 31st March, 2021 for a period of more than six months from date they become payable.
 - b) According to the information and explanations given to us, there were no dues in respect of income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess and other material statutory dues which have not been deposited on account of dispute and the same being contested by the company.
- (viii) According to the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank and government. The Company has not issued any debentures during the year and does not have any outstanding dues in respect of debenture holders.
- (ix) The Company has raised money by way of issuing 6.5% Non-Cumulative Non-Convertible Non-Participating Redeemable Preference Shares amounting to Rs.510.00 Lakhs by way of private placement and Rs 653.94 lakhs by way of Term Loans from Central Bank India and State Bank of India and proceeds are applied the for the purpose for which funds are raised.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of the section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

INDEPENDENT AUDITOR'S REPORT (Contd...)

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares of fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **L U Krishnan & Co.**
Chartered Accountants
Firm's Registration No: 001527S

Place: Chennai
Date: 30-06-2021

P K Manoj
Partner
Membership No.207550
UDIN: 21207550AAAAEX5245

GTN TEXTILES LIMITED

BALANCE SHEET

		As at 31.03.2021 (₹ in lacs)	As at 31.03.2020 (₹ in lacs)
	Note No.		
I. ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3	11,804.05	12,137.03
(b) Capital Work in Progress	4	-	-
(c) Intangible Assets	5	16.28	25.61
(d) Financial Assets			
(i) Investments	6	1,964.71	1,964.70
(ii) Others	7	9.24	9.24
(e) Deferred Tax Assets (net)	8	-	768.76
(f) Other Non-Current tax assets	9	28.79	35.07
Sub-Total		<u>13,823.07</u>	<u>14,940.41</u>
2 Current assets			
(a) Inventories	10	921.37	2,668.83
(b) Financial Assets			
(i) Trade Receivables	11	224.18	1,096.39
(ii) Cash and Cash equivalents	12	165.13	526.42
(iii) Bank balances other than (ii) above	13	37.47	145.68
(iv) Other financial assets	14	17.04	17.26
(c) Other Current Assets	15	394.45	439.10
Sub-Total		<u>1,759.64</u>	<u>4,893.68</u>
TOTAL ASSETS		<u>15,582.71</u>	<u>19,834.09</u>
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	1,164.05	1,164.05
(b) Other Equity	17	4,916.91	8,225.51
Sub-Total		<u>6,080.96</u>	<u>9,389.56</u>
Liabilities			
1 Non current liabilities			
(a) Financial liabilities			
Borrowings	18	1,189.29	418.50
(b) Deferred Tax Liabilities (net)	8	470.17	-
(c) Other non current liabilities	19	447.21	326.91
Sub-Total		<u>2,106.67</u>	<u>745.41</u>
2 Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	6,046.17	6,007.72
(ii) Trade payables	20		
(a) Outstanding dues of Mirco enterprises and Small enterprises		5.65	6.59
(b) Total outstanding dues other than Mirco enterprises and Small enterprises		643.70	3,190.23
(iii) Other financial liabilities	21	383.59	185.69
(b) Other current liabilities	22	217.34	182.75
(c) Provisions	23	98.63	126.14
Sub-Total		<u>7,395.08</u>	<u>9,699.12</u>
TOTAL EQUITY AND LIABILITIES		<u>15,582.71</u>	<u>19,834.09</u>
Significant accounting policies	1 & 2		
The accompanying Notes 1 to 45 are an integral part of the financial statements			
As per our report of even date attached	For and on behalf of the Board		
For L.U. KRISHNAN & Co. Chartered Accountants (ICAI FRN 001527S)	B. K. PATODIA Chairman & Managing Director DIN No. 00003516	UMANG PATODIA Director DIN No. 00003588	
P. K. MANOJ Partner (M. No. 207550) UDIN : 21207550AAAAEX5245	E.K.BALAKRISHNAN Vice President (Corporate Affairs) & Company Secretary	ARUN S MOHAN Chief Financial Officer	
Place : Chennai Date : 30 th June 2021	Place : Kochi Date : 30 th June 2021	Place : Kochi Date : 30 th June 2021	

GTN TEXTILES LIMITED

STATEMENT OF PROFIT AND LOSS

	Note No.	Year ended March 31, 2021 (₹ in lacs)	Year ended March 31, 2020 (₹ in lacs)
REVENUE:			
Revenue From Operations	24	4,625.88	13,099.87
Other income	25	24.51	39.73
Total Revenue		4,650.39	13,139.60
EXPENSES:			
Cost of materials consumed	26	2,099.83	7,163.82
Changes in inventories of finished goods, work in progress and waste	27	1,070.27	964.44
Cost of Land, plots, and other costs incurred during the year	28	22.31	186.30
Employee benefits expense	29	1,133.26	2,070.29
Finance costs	30	899.57	858.23
Depreciation and amortization expense		308.98	322.68
Other expenses	31	1,179.20	2,710.29
Total Expenses		6,713.42	14,276.05
Profit/(Loss) before exceptional items and tax		(2,063.03)	(1,136.45)
Exceptional items	32	298.74	27.18
Profit/(Loss) before tax		(2,361.77)	(1,163.63)
Tax expense / (Credit) :			
Current tax		-	-
Deferred tax charge / (Credit)		1,238.94	(290.38)
Profit / (Loss) for the year (A)		(3,600.71)	(873.25)
Other Comprehensive income (Net of Tax)			
Items that will not be reclassified in to Profit or loss			
(a) Re-measurement of defined benefit Obligation		(81.70)	(14.82)
(b) MTM of forward contract		28.00	(22.79)
(c) Impact on revaluation of Land		(35.10)	-
Total Other comprehensive income (B)		(88.80)	(37.61)
Total comprehensive income / (loss) for the year (A) + (B)		(3,689.51)	(910.86)
EARNINGS PER EQUITY SHARES OF ₹10 EACH			
Basic and Diluted (in ₹)	33	(30.93)	(7.50)
Significant accounting policies	1 & 2		
The accompanying Notes 1 to 45 are an integral part of the financial statements			
As per our report of even date attached	For and on behalf of the Board		
For L.U. KRISHNAN & Co. Chartered Accountants (ICAI FRN 001527S)	B. K. PATODIA Chairman & Managing Director DIN No. 00003516	UMANG PATODIA Director DIN No. 00003588	
P. K. MANOJ Partner (M. No. 207550) UDIN : 21207550AAAAEX5245	E.K.BALAKRISHNAN Vice President (Corporate Affairs) & Company Secretary	ARUN S MOHAN Chief Financial Officer	
Place : Chennai Date : 30 th June 2021	Place : Kochi Date : 30 th June 2021	Place : Kochi Date : 30 th June 2021	

GTN TEXTILES LIMITED

CASH FLOW STATEMENT

	2020-21 (₹ In Lacs)	2019-20 (₹ In Lacs)
A. Cash flow from operating activities		
Net Profit / (loss) before Tax exceptional items	(2,063.03)	(1,136.45)
Adjustment for :		
Depreciation and Amortization expense	318.16	322.68
Profit / (loss) on sale / Disposal / Discarded of Property, Plant and Equipments (Net)	-	0.16
Exchange difference (Net)	4.11	0.69
Gain / (Loss) on other comprehensive income (net)	(53.70)	(42.82)
Finance Cost	820.97	749.00
Interest Income	(19.29)	(29.48)
Operating profit before working capital changes	<u>(992.78)</u>	<u>(136.22)</u>
Changes in working Capital:		
Increase / (Decrease) in Trade Payables	(2,551.58)	(1,619.43)
Increase / (Decrease) in Other Current Liabilities	352.79	(56.95)
Increase / (Decrease) in Provision for Employee benefit	(27.50)	12.60
(Increase) / Decrease in Trade receivables	872.20	317.23
(Increase) / Decrease in Inventories	1,747.46	1,628.02
(Increase) / Decrease in Other Current Assets	44.87	129.09
(Increase) / Decrease in Balance in Margin Money / Deposit accounts	108.21	50.98
Cash generated from operations	<u>(446.33)</u>	<u>325.32</u>
Income Taxes refund / (paid) (net)	6.27	37.17
Net cash generated from operations before exceptional items	<u>(440.06)</u>	<u>362.49</u>
Less: Exceptional items	298.74	27.18
Net cash generated from operating activities (A)	<u>(738.80)</u>	<u>335.31</u>
B Cash flow from investing activities		
Purchase of property, Plant and Equipments, including capital work in progress and capital advances.	(1.76)	(4.37)
Proceeds from sale of property, Plant and Equipment	-	1.03
Interest Income	19.29	29.48
Net cash generated / (used) from/in investing activities (B)	<u>17.53</u>	<u>26.14</u>
C Cash flow from financing activities		
Loan availed / (Repayment) as Long term borrowings	588.40	(1.30)
Increase / (Decrease) in Short term borrowings (net)	529.45	447.77
Interest and other borrowing cost paid	(820.97)	(749.00)
Inter corporate Deposits/ Loans (net)	(446.90)	407.00
6.5% Non Cumulative Non Convertible Non Participating Redeemable Pre. Shares	510.00	-
Net cash generated / (used) from/in financing activities (C)	<u>359.98</u>	<u>104.47</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	<u>(361.29)</u>	<u>465.92</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>526.42</u>	<u>60.50</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>165.13</u>	<u>526.42</u>

Note:

The above cash flow statement has been prepared by using the indirect method as per the Accounting Standard (Ind AS 7) - Statement of Cash Flows.

The accompanying Notes 1 to 45 are an integral part of the financial statements

As per our report of even date attached	For and on behalf of the Board	
For L.U. KRISHNAN & Co. Chartered Accountants (ICAI FRN 001527S)	B. K. PATODIA Chairman & Managing Director DIN No. 00003516	UMANG PATODIA Director DIN No. 00003588
P. K. MANOJ Partner (M. No. 207550) UDIN : 21207550AAAAEX5245	E.K.BALAKRISHNAN Vice President (Corporate Affairs) & Company Secretary	ARUN S MOHAN Chief Financial Officer
Place : Chennai Date : 30 th June 2021	Place : Kochi Date : 30 th June 2021	Place : Kochi Date : 30 th June 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

₹ in Lacs

	Equity Share Capital		Other Equity					Total equity attributable to equity share holders of the Company
	General Reserves	Retained Earnings	Revaluation surplus	Equity instrument through other comprehensive income	Items of Other Comprehensive Income		Total	
					Re-measurement of Employee Benefit	Impact on MTM of Forward Contract		
Balance as at 31.03.2019	2,092.36	(2,400.78)	9,544.99	(0.17)	(89.55)	(5.21)	9,141.64	
FVTOCI - Investment				(0.06)			(0.06)	
Transfer to retained earnings	172.52		(172.52)				-	
Tax impact on OCI	(5.21)						(5.21)	
Remeasurement of the defined benefit obligation, net of tax effect					(14.82)		(14.82)	
Impact of MTM net of tax effect						(22.79)	(22.79)	
Profit/(Loss) for the year ended 31.03.2020		(873.25)					(873.25)	
Balance as at 31.03.2020	2,092.36	(3,106.72)	9,372.47	(0.23)	(104.37)	(28.00)	8,225.51	
FVTOCI - Investment				0.01			0.01	
Revaluation of Land			(35.10)				(35.10)	
Transfer to retained earnings		22.25	(22.25)				-	
Equity portion of 6.5% NCNCP		380.89	-				380.89	
Preference shares Transfer to retained earnings								
Remeasurement of the defined benefit obligation, net of tax effect					(81.70)		(81.70)	
Impact of MTM net of tax effect						28.00	28.00	
Profit/(Loss) for the year ended 31.03.2021		(3,600.71)					(3,600.71)	
Balance as at 31.03.2021	2,092.36	(6,304.29)	9,315.12	(0.22)	(186.07)	0.00	4,916.91	

The accompanying Notes 1 to 45 are an integral part of the financial statements

As per our report of even date attached

For **L. U. KRISHNAN & Co.**
Chartered Accountants
(ICAI FRN 001527S)

P. K. MANOJ
Partner
(M. No. 207550)
UDIN : 21207550AAAAX5245

Place : Chennai
Date : 30th June 2021

For and on behalf of the Board

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

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

Place : Kochi
Date : 30th June 2021

UMANG PATODIA
Director
DIN No. 00003588

ARUN S MOHAN
Chief Financial Officer

Place : Kochi
Date : 30th June 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Significant Accounting Policies and notes forming part of the Financial statements as at and for the year ended 31st March, 2021.

1 Corporate Information:

GTN Textiles Limited ('the company') is a Public Limited company incorporated and domiciled in India, and has its registered office at Erumathala, Aluva, Cochin, Kerala State, India. The company has been incorporated under the provisions of The Companies Act, 1956 and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Company is engaged primarily in the business of manufacture and Sale of Fine and super fine combed cotton yarn. The company was registered as "Medium Enterprises - Manufacturing" on 14th August 2020 under the Provisions of MSMED Act 2006 as per the registration certificate obtained from Udyam portal of Ministry of MSME.

2 Significant Accounting Policies

2.1 Basis of preparation of financial statements:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act 2013 read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act.

2.2 Rounding of amount

These standalone financial statements are presented in Indian Rupees, which is also the Company's functional currency. All amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs as per the requirement of Schedule III, of the Companies Act 2013, unless otherwise stated.

2.3 Historical Cost convention

The financial statements have been prepared under the historical cost convention, on the basis of a going concern and on accrual basis except for the following items –

- a. Certain Financial Assets and Liabilities (including derivative instruments) are measured at Fair value
- b. Defined benefit employee plan - Plan assets measured at fair value

2.4 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 the reporting period. The recognition, measurement, classification or disclosure of an item or information in the financial statements is made relying on these estimates.

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

2.5 Classification of Assets and Liabilities

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 III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisations 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.

2.6 Property, Plant and Equipment:

All items of property, plant and equipment are stated at cost net of accumulated depreciation and impairment, if any. The cost comprises its purchase price and any cost directly attributable to bringing the Property, Plant and Equipment to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in the statement of profit and loss. Property, plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Losses arising from the retirement of and gains or losses arising from disposal of Property, plant and equipment are recognised in the statement of profit and loss.

The cost of property, plant and equipment which are not ready for their intended use before such date, are disclosed as capital work-in-progress.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

The Company assesses at each Balance Sheet date whether there is any indication that any property, plant and equipment may be impaired, if any such indication exists, the carrying value of such property, plant and equipment is reduced to recoverable amount and the impairment loss is charged to statement of profit and loss. If at the Balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed, and the asset is restated to that extent.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1st April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment except Free hold Land for which the company had adopted revaluation model pursuant to the para 29 to 31 of Ind AS 16 and recognised revalued cost as its deemed cost as at 1st April 2016.

Revaluation of freehold land would be carried at sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

2.7 Depreciation:

Depreciation has been provided on straight line method based on useful life of Assets as prescribed in Schedule II to the Companies Act, 2013.

Depreciation is provided pro-rata from the date of capitalisation. Depreciation is calculated on the carrying amount, which is the cost of an asset less its residual value.

2.8 Intangible Assets

Intangible assets are carried at cost, net of accumulated amortization and impairment losses, if any. Cost of an intangible asset comprises of purchase price and attributable expenditure on making the asset ready for its intended use.

The Company assesses at each Balance sheet date whether there is any indication that any intangible asset may be impaired, if any such indication exists, the carrying value of such intangible asset is reduced to recoverable amount and the impairment loss is charged to statement of profit and loss. If at the Balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed, and the asset is restated to that extent.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its Intangible Assets recognized as at 1st April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of Intangible Assets.

2.9 Amortization:

Intangible assets are amortized based on their estimated useful lives.

2.10 Investments

The Company has elected to measure investment in equity shares of associate company at deemed cost, which is previous GAAP carrying amount. Accordingly, under Ind AS, the Company has recognised investment as follows:

Equity shares of associate company - At deemed cost.

Quoted equity shares in other Company - At fair value.

Unquoted Equity shares - At fair value through profit and loss (FVTPL)

2.11 Inventories

Inventories are stated at lower of cost and net realisable value. Goods in process is stated at cost. The cost includes cost of purchase, freight, taxes and duties and is net of input credit where ever applicable, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Raw Material is stated at "weighted average" cost method and finished goods at "Specific identification" cost method.

Realty business segment:

Land which is considered as Stock In Trade under realty business segment is valued at lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs of necessary to make the sale.

2.12 Financial Assets / Liability Policy:

a. Financial Assets

Classification and Measurement

All the financial assets are initially measured at fair value. Transactions costs that are directly attributable to the acquisition of financial asset (other than financial assets carried at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset.

Subsequent measurement

Subsequent measurement of financial assets depends on the classification i.e financial assets carried at amortised cost or fair value (either through other comprehensive income or through profit and loss). Such classification is determined

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

on the basis of Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company's financial assets primarily consists of cash and cash equivalents, trade receivables, balance with statutory authority, loans and advances and security deposits etc which are classified as financial assets carried at amortised cost.

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

A gain or loss on financial asset that is subsequently measured at amortised cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is recognized using the effective interest rate method.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. For trade receivables, the Company provides for lifetime expected credit losses recognized from initial recognition of the receivables.

De-recognition of financial assets

A financial asset is de-recognised only when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

b. Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction cost.

The Company's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through statement of profit and loss :

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risks are recognized in OCI. These gains/losses are subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit and loss.

De-recognition

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

Derivative financial instruments:

Derivative financial instruments such as future contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Statement of Profit and Loss in the period when they arise.

2.13 Fair Value Measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

2.14 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Sale of Goods:

Revenue from sale of goods are recognised on transfer of significant risk and rewards of ownership to the buyer which generally coincides with shipment. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Revenue from sale of land and plots:

In respect of realty business segment the revenue from sale of land and plots is recognised in the year in which the underlying sale deed is executed and there exists no uncertainty in the ultimate collection of consideration from buyers.

Rendering of Services :

Service revenues are recognised when services are rendered, and when the outcome of the transaction can be estimated reliably.

Dividend, Interest income, Claims:

Dividend income from investments is recognised when the Company's right to receive dividend is established provided it is probable that the economic benefits associated with the dividend will flow to the Company as also the amount of dividend income can be measured reliably.

Interest income from a financial asset is recognised on a time basis, by reference to the principal outstanding using the effective interest method provided it is probable that the economic benefits associated with the interest will flow to the Company and the amount of interest can be measured reliably.

Insurance and other Claims are accounted for when no significant uncertainties are attached to their eventual receipt.

2.15 Borrowing

Borrowings are initially recognised at net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method.

2.16 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 in the year in which they are incurred.

2.17 Short-term 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 2021 (Contd.)

Defined Contribution Plans:

Company's contributions paid/payable during the year to Provident and Family Pension Funds, and Employees State Insurance are recognized in the Statement of Profit and Loss.

Defined Benefit Plans:

The Employees' Gratuity Fund Scheme covered by the Group Gratuity cum-Life Assurance Policy of LIC of India is a Defined Benefit Plan. The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method which recognizes each period of service as giving rise to additional amount of employees benefit entitlement and measures each unit separately to build up the final obligation.

2.18 Foreign currency Transactions

Initial recognition:

Transactions in Foreign Currencies entered into by the Company are accounted at the exchange rate prevailing on the date of the transaction.

Measurement:

Foreign Currency monetary items of the Company outstanding at the balance sheet date are restated at year end exchange rates.

Non-monetary items carried at historical cost are translated using the exchange rates at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on transaction of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Treatment of exchange difference

Exchange differences arising on settlement/restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expenses in the Statement of Profit and Loss.

2.19 Taxation

- a. Current tax is made on the basis of estimated taxable income for the year or computed in accordance with the Income-Tax Act, 1961 and recognized in the statement of Profit and Loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.
- b. Deferred tax on account of timing differences, between taxable income and accounting income is recognized using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets are recognized to the extent there is reasonable certainty that these would be realized in future.
- c. Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.20 Provisions and Contingent Liabilities:

Provisions: Provisions are recognized when there is a present legal or constructive 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. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities:

Contingent liabilities is a possible obligation in the normal course of business 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.

The Company does not recognise a contingent liability but discloses its existence in the financial statements.

2.21 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / loss before extraordinary items and tax for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments. Cash flows from operating, investing and financing activities of the Company are segregated.

2.22 Cash and Cash equivalents Policy:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

2.23 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. 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.

2.24 Exceptional Items:

When an item of income or expense within profit or loss from ordinary is of such size, nature or incidence that their disclosure is relevant to explain the performance of the company for the year, the nature and amount of such items is disclosed as exceptional items.

3 Property, Plant and equipment

(₹ in lacs)

Gross cost / deemed cost	Freehold Land	Buildings	Plant and Equipment	Furniture	Office Equipment	Vehicles	Total
Balance as at 31st March 2019	9,145.60	1,747.99	9,526.44	89.57	245.41	89.99	20,845.00
Additions			4.18		0.19		4.37
Disposal /adjustments			4.56		2.25		6.81
Balance as at 31st March 2020	9,145.60	1,747.99	9,526.06	89.57	243.35	89.99	20,842.56
Additions					1.76		1.76
Disposal /adjustments		-					-
Revaluation of Assets	(35.10)						(35.10)
Balance as at 31st March 2021	9,110.50	1,747.99	9,526.06	89.57	245.11	89.99	20,809.22
Accumulated depreciation and impairment							
Balance as at 31st March 2019	-	1,375.89	6,611.52	87.76	236.81	82.26	8,394.24
Disposal /adjustments			3.82		1.80		5.62
Depreciation expense		27.79	283.84	0.20	2.86	2.22	316.91
Balance as at 31st March 2020	-	1,403.68	6,891.54	87.96	237.87	84.48	8,705.53
Disposal /adjustments							-
Depreciation expense		25.44	270.32	0.14	2.24	1.49	299.64
Balance as at 31st March 2021	-	1,429.12	7,161.86	88.10	240.11	85.97	9,005.17
Net Book Value							
As at 31st March, 2020	9,145.60	344.31	2,634.52	1.61	5.48	5.51	12,137.03
As at 31st March, 2021	9,110.50	318.87	2,364.20	1.47	5.00	4.02	11,804.05

Note:

The Company has opted to continue with net carrying value of all Property, Plant and Equipment as at 1st April 2016, as per previous GAAP and use that as the deemed cost, except Freehold land.

As per the provisions of Para 29 to 31 of the Ind AS 16, the company has adopted Revaluation model for Free hold Land and has determined its fair value on the transition date of 1st April 2016 on the basis of valuation report of Chartered Engineer.

The details are given below:

Class of Asset - Freehold Land	₹ in Lacs
Carried value as at 31st March, 2016	24.34
Revalued amount as at 1s April, 2016	8493.47
Revaluation surplus recognised in Other Equity as at 1st April, 2016	8469.13
Deemed cost as at 1st April, 2016	8493.47
Revalued amount as at 31st March, 2017	9254.01
Revaluation surplus recognised in Other Equity as at 1st April, 2017	760.54
Carried value as at 31st March, 2017	9254.01
Disposal / Adjustments	842.66
Revalued amount as at 31st March, 2019	9145.60
Revaluation surplus recognised in Other Equity as at 1st April, 2019	734.25
Book Value as at 31st March, 2020	9145.60
Revaluation deficit recognised in Other Equity as at 31st March, 2021	(35.10)
Book Value as at 31st March, 2021	9110.50

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

	As at 31.03.2021 (₹ in lacs)	As at 31.03.2020 (₹ in lacs)
4 Capital Work in progress		
Capital Work in Progress	-	-
5 Intangible assets		
Gross Cost/ Deemed Cost		
As at beginning of the year	283.14	255.06
Additions during the year	-	28.08
Discarded/Disposal during the year	-	-
Balance as at end of the year	283.14	283.14
Accumulated depreciation		
As at beginning of the year	257.53	251.76
Amortisation for the year	9.33	5.77
Disposal/adjustment		
Balance as at end of the year	266.86	257.53
Net Carrying Amount	16.28	25.61
Financial Assets		
6 Non - Current Investments		
(A) Quoted equity instruments		
Associate		
Patspin Inida Limited (1,42,87,068 Equity shares of ₹10 each)	1,964.26	1,964.26
Others:		
Central Bank of India (243 Equity shares of ₹10 each)	0.04	0.03
Sub - Total (A)	1,964.30	1,964.29
Market value of Quoted instrument	685.82	342.92
(B) Unquoted equity instruments		
GTN Consumer Co-operative stores Limited (2100 Shares of ₹10 each)	0.21	0.21
GTN Textiles Employees Credit Co-operative Society Limited (200 Equity shares of ₹10 each)	0.20	0.20
Sub - Total (B)	0.41	0.41
TOTAL (A) + (B)	1,964.71	1,964.70
7 Other Financial Assets		
Security Deposits	9.24	9.24
	9.24	9.24
8 Deferred Tax Asset (Net)		
a Deferred Tax Asset		
Unabsorbed Depreciation & Business Loss	-	1228.95
Others	-	9.98
	-	1238.93
b Deferred Tax Liability		
Related to Property plant and Equipment	548.17	548.17
	548.17	548.17
c Minimum Alternate Tax Credit entitlement	78.00	78.00
Net Deferred Tax (Liability) / Asset (a - b + c) * Refer Note 42	(470.17)	768.76

* Refer Note 42

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

	As at 31.03.2021 (₹ in lacs)	As at 31.03.2020 (₹ in lacs)
9 Other Non-Current tax assets		
Income Tax (Net of Provision)	28.79	35.07
	<u>28.79</u>	<u>35.07</u>
10 Inventories		
(A) Textiles Segment		
Stores, Spares and Packing Materials	37.50	38.42
Raw Materials	253.51	907.53
Goods-in-Process	182.08	467.60
Finished Goods	241.15	1,009.91
Waste Stock	2.16	18.16
Sub Total (A)	<u>716.40</u>	<u>2,441.62</u>
(B) Realty Segment		
Stock in Trade - Land	204.97	227.21
Total (A) + (B)	<u>921.37</u>	<u>2,668.83</u>
<p>During the financial year 2018-19, Company has ventured into real estate business and started a new business segment "Realty Segment". Out of total of 29.37 acres in Company's aluva plant having book value of ₹9545.35 lacs, Company has identified surplus land of 1.23 acres having book value of ₹399.74 lac and converted it as on 31.03.2019 in to Stock in Trade based on its carrying value on the date of conversion for development /sale under the said Realty business segment. Out of this 0.53 acres of land having book value of ₹172.52 lac was sold during the FY 2019-20, and 0.05 acres of land having book value of ₹ 0.22 lac was sold during FY 2020-21. The balance is continued as stock in trade.</p>		
11 Trade Receivables		
Unsecured, considered good	224.18	1096.39
Unsecured, considered doubtful	13.31	13.31
Less: Provision for Doubtful debts	<u>(13.31)</u>	<u>(13.31)</u>
	<u>224.18</u>	<u>1,096.39</u>
12 Cash and Cash equivalents		
Cash on Hand	1.10	1.49
Balance with Banks - In Current Accounts	164.03	524.93
	<u>165.13</u>	<u>526.42</u>
13 Bank balances other than 12 above		
Margin Money Deposit Accounts	37.47	145.68
	<u>37.47</u>	<u>145.68</u>
14 Other Financial Assets		
Income Receivables	17.04	17.26
	<u>17.04</u>	<u>17.26</u>
15 Other Current Assets		
Incentive Receivable	0.25	7.79
Security Deposits	146.68	146.68
Prepaid Expenses	54.57	36.38
Balances with Statutory Authorities	83.04	160.00
Other Advances	109.91	88.25
	<u>394.45</u>	<u>439.10</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

	As at 31.03.2021 (₹ in lacs)	As at 31.03.2020 (₹ in lacs)
16 Equity Share Capital		
(a) Authorised:		
120,00,000 Equity shares of ₹10 each	1,200.00	1,200.00
(b) Issued, Subscribed and fully paid up shares		
116,40,478 Equity shares of ₹10 each	1,164.05	1,164.05
	<u>1,164.05</u>	<u>1,164.05</u>

The Company has a single class of equity shares having a par value of ₹10 each. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to their share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or there sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

(c) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting years :

Particulars	As at 31.03.2021		As at 31.03.2020	
	No. of shares	Rupees in lakhs	No. of shares	Rupees in lakhs
At the beginning of the year	1 16 40 478	1164.05	1 16 40 478	1164.05
Shares allotted during the year	-	-	-	-
At the end of the year	1 16 40 478	1164.05	1 16 40 478	1164.05

(d) Shareholders holding more than 5% shares of the Company are set out below:

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of shares	% of Holding	No. of shares	% of Holding
Mr. Binod Kumar Patodia	11 95 580	10.27%	11 95 580	10.27%
Mr. Umang Patodia	8 35 120	7.17%	8 35 120	7.17%
Mr. Ankur Patodia	7 32 331	6.29%	7 32 331	6.29%
Smt. Prabha Patodia	6 82 418	5.86%	6 82 418	5.86%
Binod Kumar Patodia HUF	11 58 880	9.96%	11 58 880	9.96%
Beekaypee Credit Private Limited	8 22 311	7.06%	8 22 311	7.06%
Patodia Exports & Investments Private Limited	7 74 487	6.65%	7 74 487	6.65%
Umang Finance Private Limited	7 33 052	6.30%	7 33 052	6.30%

- (e) There are nil number of shares (Previous year Nil) reserved for issue under option and contracts or commitments for the sale of shares or disinvestment.
- (f) There are 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.
- (g) There are Nil number of shares (Previous year Nil) in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiary or associates of the holding company or the ultimate holding company in aggregate.
- (h) During the year ended 31.03.2021 and in the previous year, no securities convertible into Equity/Preferential shares.
- (i) During the year ended 31.03.2021 and in the previous year, there are no calls unpaid including calls unpaid by Directors and officers as on balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

	As at 31.03.2021 (₹ in lacs)	As at 31.03.2020 (₹ in lacs)
17 Other Equity		
(i) Reserve & Surplus		
(a) General Reserve		
Balance as at the beginning and the end of the year	2,092.36	2,092.36
(b) Retained earnings		
Balance as at the beginning of the year	(3,106.72)	(2,400.78)
Less: Profit/(Loss) for the year from the Statement of Profit and Loss	(3,600.71)	(873.25)
Transfer from Revaluation Surplus	22.25	172.52
Deferred tax impact on OCI	-	(5.21)
Equity portion of 6.5% NCNCNPR Preference shares Transfer to retained earnings	380.89	-
Balance as at the end of the year	(6,304.29)	(3,106.72)
(ii) Revaluation surplus		
Balance as at the beginning of the year	9,372.47	9,544.99
Revaluation Surplus	(35.10)	-
Transfer to Retained Earnings	(22.25)	(172.52)
Balance as at the end of the year	9,315.12	9,372.47
(iii) Other Comprehensive income		
Balance as at the beginning of the year	(132.60)	(94.93)
Changes during the current year	(53.68)	(37.68)
Balance as at the end of the year	(186.28)	(132.60)
Total	4,916.91	8,225.51

(i) General Reserve

The general reserve is used from time to time to transfer profit from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of their comprehensive income.

(ii) Retained earnings

Retained earnings represents the Company's undistributed earnings/(losses) after taxes.

(iii) Revaluation surplus

Revaluation surplus represents the surplus over cost against market value on revaluation of freehold land of the Company pursuant to recognition of freehold land on revaluation model as per the provisions para 29 to 31 of the Ind AS 16 - Property, Plant and Equipment. This surplus is not considered for distribution of dividend to equity shareholders.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

	As at 31.03.2021 (₹ in lacs)		As at 31.03.2020 (₹ in lacs)	
	Non Current	Current	Non Current	Current
18 Borrowings				
Secured				
Term Loans				
Banks	589.72	64.22	-	-
Vehicle loan				
Banks	0.18	1.32	1.50	1.30
Working Capital facilities				
Banks	-	4,299.13	-	3,683.92
Un secured				
Loan from a Director	119.55	-	108.25	-
Loan from relatives to Director	341.55	-	308.75	-
Loan from Corporates	-	1,331.50	-	1,622.50
Short term loan from related parties	-	350.00	-	500.00
Deposit From Director	-	-	-	200.00
5,10,000 6.5% Non-Cumulative Non Convertible Non Participating Redeemable Preference Shares of ₹100 each (Previous year Nil)	138.29	-	-	-
	1,189.29	6,046.17	418.50	6,007.72

i Reconciliation of number of Preference shares and amount outstanding at the beginning and end of the year

6.5% Non-Cumulative Non Convertible Non Participating Redeemable Preference Shares of ₹100 each

Particulars	As at 31.03.2021		As at 31.03.2020	
	No. of Shares	Amount ₹Lakhs	No. of Shares	Amount ₹Lakhs
As at beginning of the Year	Nil	Nil	Nil	Nil
Shares issued during the Year	510000	510.00	Nil	Nil
At the end of the Year	510000	510.00	Nil	Nil

ii Rights, preferences and restrictions attached to Preference shares

510000, 6.5% Non Cumulative Non Convertible Non Participating Redeemable Preference shares issued. The issue details are as follows;

Date of Issue	Date of Redemption	Earlier Redemption
26/11/2020	Not exceeding 15 (fifteen) years from the date of allotment	After 2 (two) years from the date of allotment

Term Loans:

Term loans are from Banks and total outstanding of ₹653.94 lakhs (Previous year - Nil) are guaranteed by Government of India under Emergency Credit Line Gurantee scheme shall rank secound pari passu with the existng credit facilities (excluding assets purchased on finance lease obligation).

Re-payment terms of Term Loan from Banks:

₹653.94 Lakhs (Previous year Nil)

Moratorium first 12 months and 36 EMI there after. Repayment starts from November 2021 Weighted Average Rate of Interest 7.48% p.a. as at year end (Previous year Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

Vehicle loan:

Finance Lease Obligations are relating to vehicles and are secured against respective vehicles hypothecated costing ₹ 7.61 lakhs (Previous year end ₹7.61 lakhs).

Repayable in Equated Monthly Installments, last installment due on April 2022. Average interest rate is 9.37% (Previous year 9.37%)

Working Capital facilities:

Working Capital Loans from Banks are secured by pari passu first charge by way of hypothecation of current assets, and further secured/to be secured by way of first charge on all immovable assets, both present and future and on all movable assets of the company (excluding assets purchased on hire purchase basis), ranking pari passu interse, and also guaranteed by Chairman & Managing Director, a Director and one promoter of the Company.

Average rate of interest rate is 11.80% p.a. (Pervious year 12.05% p.a)

Non-fund based limits sanctioned by the bankers are secured by extension of pari passu first charge on the current assets of the Company and further secured by first charge on the immovable properties of the company, ranking pari passu interse, and personal guarantee of Chairman & Managing Director, a Director and one promoter of the company. Total amount outstanding at the end of the year is ₹209.28 lakhs (Previous year ₹1496.11 lakhs).

Loan from Director and relatives of Directors:

As per the borrowal terms, the company has the right to repay the amount fully or partly in case it does not require the same to meet its working capital requirements. The Company proposes that repayment will be on long term basis and hence classified as long term borrowings.

Rate of interst at 11.50% p.a. (Previous year 11.50% p.a.)

Loan from Corporates:

Loan from corporates are repayable on demand carrying interest rate ranging from 7.00% p.a. to 16.00% p.a. (Previous year ranging from 13.00% to 16.00%)

Short Term Loan from Related parties:

Short Term Loan from related parties are repayble on demand Interest rate 7.00% (Previous year Interest free short term deposit)

Deposit from Director:

Deposit from Director are repayble on demand carrying interest rate current year Nil previous year 8.25% p.a.

	As at 31.03.2021 (₹ in lacs)	As at 31.03.2020 (₹ in lacs)
19 Other Non Current liabilities		
Employee benefit - Gratuity	447.21	326.91
20 Trade payables		
Due to Micro, Small and Medium Enterprises (MSME's)	5.65	6.59
Due to Others	643.70	3,190.23
	649.35	3,196.82

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

The principal amount due thereon remaining unpaid as on the Balance sheet date	5.65	6.59
Interest due thereon remaining unpaid	Nil	0.16
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	0.16
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	0.16

* The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at reporting date has been made in the financial statements based on information received and available with the Company and has been relied upon by the auditors.

Further, as per the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro Small and Medium Enterprises Development Act, 2006 ("the MSMED Act") is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

	As at 31.03.2021 (₹ in lacs)	As at 31.03.2020 (₹ in lacs)
21 Other financial liabilities		
Interest accrued but not due on borrowings	383.59	157.69
Impact on MTM	-	28.00
	<u>383.59</u>	<u>185.69</u>
22 Other Current liabilities		
Statutory payable and other dues	63.30	88.56
Other liabilities	83.57	87.70
Advance received for Land Sale	70.47	6.49
	<u>217.34</u>	<u>182.75</u>
23 Provisions		
Provision for Employee benefits	98.63	126.14
	<u>98.63</u>	<u>126.14</u>
	Year ended 31.03.2021 (₹ in lacs)	Year ended 31.03.2020 (₹ in lacs)
24 Revenue from operations		
(A) Sale of Products (Net of Tax)		
Finished Goods :		
Exports	1,504.95	5,578.49
Local	2,817.04	6,546.87
Traded Goods:		
Exports	0.24	-
Waste Sales:		
Exports	-	120.54
Local	187.52	529.15
TOTAL (A)	<u>4,509.75</u>	<u>12,775.05</u>
(B) Other Operating Income		
Job work charges	60.22	-
Sale of Land, Plots	27.55	231.78
Export Incentive	28.36	93.04
TOTAL (B)	<u>116.13</u>	<u>324.82</u>
TOTAL (A) +(B)	<u>4,625.88</u>	<u>13,099.87</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

	Year ended 31.03.2021 (₹ in lacs)	Year ended 31.03.2020 (₹ in lacs)
25 Other income		
Interest Income	19.29	29.48
Sale of scrap	4.02	9.05
Miscellaneous receipts	1.20	1.20
TOTAL	24.51	39.73
26 Cost of raw materials consumed		
(A) Raw materials Consumed		
Opening Stock	907.53	1,411.03
Add :Purchases during the Year	3,394.53	8,040.00
Less:Sale of Cotton	2,000.93	1,578.36
Less:Closing Stock	253.51	907.53
TOTAL (A)	2,047.62	6,965.14
(B) Packing Material Consumed		
Opening Stock	25.07	13.58
Add :Purchases during the Year	49.21	210.17
Less:Closing Stock	22.07	25.07
TOTAL (B)	52.21	198.68
TOTAL (A) + (B)	2,099.83	7,163.82
27 Changes in inventory of finished goods, work in progress and waste		
(A) Stock at the beginning of the year:		
Finished goods	1,009.91	1,970.54
Goods-in-process	467.60	486.24
Waste	18.16	3.33
TOTAL (A)	1,495.67	2,460.11
(B) Less : Stock at the end of the year:		
Finished goods	241.15	1,009.91
Goods-in-process	182.08	467.60
Waste	2.16	18.16
TOTAL (B)	425.40	1,495.67
Decrease /(Increase) in inventory (A)-(B)	1,070.27	964.44
28 Cost of Land, Plot and other costs		
Cost of Land	22.25	172.53
Land Development Expenses	0.06	10.34
Commission and Brokerage	-	3.43
TOTAL	22.31	186.30
29 Employee benefit expenses		
Salaries, Wages and Bonus	950.20	1,766.08
Contribution to Provident and Other Funds	130.18	207.36
Welfare Expenses	52.88	96.85
TOTAL	1,133.26	2,070.29

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

	Year ended 31.03.2021 (₹ in lacs)	Year ended 31.03.2020 (₹ in lacs)
30 Finance cost		
Interest Expenses	820.97	749.00
Other borrowing costs	69.42	109.23
Interest - Cost on Fair Valuation of Preference Shares	9.18	-
TOTAL	899.57	858.23
31 Other expenses		
Power and fuel	611.52	1,366.45
Process charges expenses	135.18	400.02
Consumption- Stores and Spares	12.87	33.77
Repairs & Maintenance- Plant & Machinery	39.30	125.03
Commission and Brockerage	30.90	118.24
Other selling expenses	68.32	231.45
Insurance	75.67	81.67
Rates and Taxes	14.86	9.86
Rent	23.54	23.87
Directors Sitting Fee	5.05	2.03
Payment to Auditors		
Audit Fee	2.10	1.75
Certification Charges	0.40	-
Out of Pocket Expenses	-	0.92
(Net gain) / Net loss on foreign currency transaction and translation	30.22	127.00
(Profit) / Loss on disposal/discard of fixed assets (Net)	-	0.16
Miscellaneous Expenses	129.27	188.07
TOTAL	1,179.20	2,710.29
32 Exceptional items shown in Statement of Profit and Loss represents VRS compensation paid to workmen		
33 Earning per share		
	31.03.2021	31.03.2020
	(₹ in lacs)	(₹ in lacs)
Net profit /(Loss) as per statement of profit and loss	(3600.71)	(873.25)
Weighted average Number of Equity Shares (₹ 10 per share)	Nos 11640478	11640478
Basic and diluted Earning Per Share	₹ (30.93)	(7.50)

34 Employee Benefits Plan

Gratuity:

In accordance with the applicable laws, the Company provides for Gratuity, a defined benefit retirement plan ("The Gratuity Plan") covering eligible employees. The Gratuity plan provides for a lump sum payment to vested employees on retirement (subject to the completion of 5 years of continuous employment), death, incapacitation or termination of the employment based on last drawn salary and tenure of employment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date and the Company makes annual contribution to the Gratuity Fund administered by Life Insurance Corporation of India, which is basically a year-on-year cash accumulation plan. Though the Company has not fully funded to LIC, adequate provision has been made in the books of accounts. As part of the scheme the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity settlements during the year subject to sufficiency of funds under the policy.

	Gratuity Plan 2020-21 (₹ in lacs)	Gratuity Plan 2019-20 (₹ in lacs)
Change in Defined Benefit Obligation (DBO) during the year		
1 Present value of DBO at the beginning of the year	813.17	865.57
2 Current Service cost	18.35	26.59
3 Interest cost	50.38	65.06
4 Actuarial (gain)/ loss arising from changes in demographic assumptions	-	(0.34)
5 Actuarial (gain)/ loss arising from changes in financial assumptions	(4.00)	46.35
6 Actuarial (gain)/ loss arising from changes in experience adjustments	63.12	(25.97)
7 Benefits paid	(433.62)	(164.09)
Present value of DBO at the end of the year	507.40	813.17
Change in fair value of plan assets during the year		
1 Fair value of plan assets at the beginning of the year	486.26	602.09
2 Interest income	30.13	45.26
3 Employer contributions	0.01	3.00
4 Benefits paid	(433.62)	(164.09)
5 Remeasurements - return on plan assets (excluding interest income)	(22.59)	-
Fair value of plan assets at the end of the year	60.19	486.26
Amounts recognised in the Balance Sheet		
1 Present value of DBO at the end of the year	507.40	813.17
2 Fair value of plan assets at the end of the year	60.19	486.26
Funded status of the plans - Surplus / (Deficit)	(447.21)	(326.91)
Assets and (Liability) recognised in the Balance sheet	(447.21)	(326.91)
Components of employer expense		
1 Current service cost	18.35	26.59
2 Interest cost / (income) on net defined benefit obligation	20.25	19.80
Expense recognised in Statement of Profit and Loss	38.60	46.39
Remeasurements on the net defined benefit obligation		
Return on plan assets(excluding interest income)	22.59	-
Actuarial (gain) / loss arising from changes in demographic assumptions	-	(0.34)
Actuarial (gain) / loss arising from changes in financial assumptions	(4.00)	46.35
Actuarial (gain) / loss arising from changes in experience adjustments	63.12	(25.97)
Remeasurements recognised in other comprehensive income	81.71	20.04
Total defined benefit cost recognised	120.31	66.43
Nature and extent of investment details of the plan assets		
State and Central Securities	-	-
Bonds	-	-
Special Deposits	-	-
Insurer Managed funds	100%	100%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

Gratuity Plan 2020-21 (₹ in lacs)	Gratuity Plan 2019-20 (₹ in lacs)
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Assumptions

Discount rate	6.35%	6.20%
Expected rate of salary increase	2.00%	2.00%

Sensitivity analysis - DBO at the end of the year (₹ in lacs)

Discount rate + 100 basis points	482.17	776.73
Discount rate - 100 basis points	535.70	853.99
Salary Growth rate + 1%	536.68	855.34
Salary Growth rate - 1%	480.91	774.96
Attrition rate +50%	512.14	819.93
Attrition rate -50%	502.36	805.96

Weighted average duration of DBO

	4 years	4 years
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Expected cash flows (₹ in lacs)

1. Expected employer contribution in the next year	462.53	348.77
2. Expected benefit payments		
Year 1	164.02	311.54
Year 2 to year 5	210.88	330.39
Year 6 to year 10	106.15	164.89
Beyond 10 years	276.28	349.51

35 Related Party Disclosures pursuant to Ind AS 24

(a) Names of Related parties and nature of relationships.

i. Associate:

Patspin India Ltd

ii. Companies under joint control as per para 9 (b) vi of Ind AS 24

GTN Enterprises Ltd

Beekaypee Credit Private Ltd

Umang Finance Private Ltd

Patodia Exports and Investments Private Ltd

iii. Key Management Personnel:

Shri B.K. Patodia – Chairman & Managing Director

Shri E.K. Balakrishnan - Vice President (Corporate Affairs) & Company Secretary

Shri Arun S Mohan - Chief Financial Officer

iv. Relatives of Key Management Personnel:

1. Smt. Prabha Patodia, Wife of Sri. B.K. Patodia

2. Shri. Umang Patodia, Son of Sri. B.K. Patodia

3. Shri. Ankur Patodia, Son of Sri. B.K. Patodia

4. Smt. Mala Patodia, Daughter in Law of Sri. B.K. Patodia

5. Smt. Swati Patodia, Daughter in Law of Sri. B.K. Patodia

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

(b) Transactions / Balances

	Associates		Company under joined control under para 9 (b) vi of Ind AS 24		Other Related Parties	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Sale of goods	1,081.72	1,725.60	1,804.82	581.10	-	-
Purchase of goods	388.02	1,954.78	374.10	2,125.48	-	-
Rendering of services	-	-	64.43	1.20	-	-
Receiving of services	85.23	214.13	35.11	187.98	12.60	12.60
Remuneration paid	-	-	-	-	30.49	47.64
Un Secured Loans taken	-	-	799.00	500.00	44.10	237.00
Un Secured Loans repaid	-	-	650.00	-	200.00	-
Interest Paid	-	-	26.71	0.27	52.34	40.97
Balances as at year end						
Trade Payables	-	577.94	-	620.80	-	-
Trade Receivables	36.94	-	702.55	-	-	-
Loans Outstanding	-	-	671.50	522.50	461.10	617.00
Interest Payable	-	-	26.34	5.14	14.28	18.48
Investments	1,964.26	1,964.26	-	-	-	-
Guarantees provided for	300.00	300.00	-	-	-	-
Guarantees received	-	-	-	-	-	-

(c) Disclosure in respect of transactions with related parties during the year

	Transactions	
	2020-21	2019-20
(i) Sale of goods		
a) Cotton		
i) GTN Enterprises LTD	1,125.35	285.50
ii) Patspin India LTD	919.91	763.39
b) Cotton Yarn		
i) GTN Enterprises LTD	678.10	295.33
ii) Patspin India LTD	161.46	960.75
c) Store Items		
i) GTN Enterprises LTD	1.37	0.01
ii) Patspin India LTD	0.35	0.92
d) Packing Materials		
i) GTN Enterprises LTD	-	0.27
ii) Patspin India LTD	-	0.54
(ii) Purchase of goods		
a) Cotton		
i) GTN Enterprises LTD	54.70	1,742.70
ii) Patspin India LTD	206.48	1,613.11

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

		Transactions	
		2020-21	2019-20
b) Cotton Yarn			
i)	GTN Enterprises LTD	319.40	376.30
ii)	Patspin India LTD	181.25	340.66
c) Store Items			
i)	Patspin India LTD	0.29	0.10
d) Packing Materials			
i)	GTN Enterprises LTD	-	6.48
ii)	Patspin India LTD	-	0.91
(iii) Rendering of services			
a) Rent			
i)	GTN Enterprises LTD	1.20	1.20
b) Processing Charges			
i)	GTN Enterprises LTD	63.23	-
(iv) Receiving of services			
a) Rent Paid			
i)	Other Related Parties	12.60	12.60
b) Processing Charges			
i)	GTN Enterprises LTD	35.11	187.98
ii)	Patspin India LTD	85.23	214.13
(v) Remuneration paid			
i)	Other Related Parties	30.49	47.64
(vi) Unsecured Loans taken			
i)	M/s Beekaypee Credit Pvt Ltd	350.00	350.00
ii)	M/s Umang Finance Private Ltd	150.00	150.00
iii)	M/s Patodia Exports & Investments Private Ltd	299.00	-
iv)	Other Related parties	44.10	237.00
(vii) Un Secured Loan repaid			
i)	M/s Beekaypee Credit Pvt Ltd	460.00	-
ii)	M/s Umang Finance Private Ltd	190.00	-
iii)	Other Related Parties	200.00	-
(viii) Interest Paid			
i)	M/s Beekaypee Credit Pvt Ltd	15.92	0.09
ii)	M/s Umang Finance Private Ltd	7.45	0.07
iii)	M/s Patodia Exports & Investments Private Ltd	3.34	0.11
iv)	Other Related Parties	52.34	40.97
(ix) Guarantees provided for Patspin India Limited		300.00	300.00

Notes:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

36 The accounts of certain Trade Receivables, Trade Payables, Loans & Advances and Banks are subject to formal confirmations/reconciliations and consequent adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation/adjustments.

37 In term of Ind AS -108 - Operating segments of the Company are: Textiles, Commission agency and Realty segments.

1. Segment Revenue	31.03.2021	31.03.2020
(Net sales / Income)		
(a) Yarn	4598.33	12868.09
(b) Commission Agency	-	-
(c) Realty	27.55	231.78
Total	4625.88	13099.87
Less: Inter Segment Revenue	-	-
Net Sales / Income from Operations	4625.88	13099.87
2. Segment Results		
(Profit (+) / Loss (-) before tax and interest		
(a) Yarn	(1491.96)	(390.61)
(b) Commission Agency	-	-
(c) Realty	5.24	45.48
Total	(1486.72)	(345.13)
Less: (i) Interest	899.57	858.23
(ii) Other Un-allocable Expenditure net off	-	-
Add: (i) Un-allocable Income	24.77	39.73
Total Profit Before Tax	(2361.51)	(1163.63)
3. Segment Assets		
(a) Yarn	15366.80	19597.91
(b) Commission Agency	-	-
(c) Realty	215.91	236.18
Total Assets	15582.71	19834.09
4. Segment Liabilities		
(a) Yarn	9431.28	10438.04
(b) Commission Agency	-	-
(c) Realty	70.47	6.49
Total Liabilities	9501.75	10444.53
5. Capital Employed		
(Segment Assets - Segment Liabilities)		
(a) Yarn	5935.52	9159.87
(b) Commission Agency	-	-
(c) Realty	145.44	229.69
Total	6080.96	9389.56

38 Finance Lease assets, loan repayable and future payments disclosure.

Particulars	As at 31.03.2021			As at 31.03.2020		
	Total Minimum payments Outstanding (₹ in Lacs)	Future Interest on outstanding (₹ in Lacs)	Present value of minimum payments (₹ in Lacs)	Total Minimum payments Outstanding (₹ in Lacs)	Future Interest on outstanding (₹ in Lacs)	Present value of minimum payments (₹ in Lacs)
1. Due within one year	1.38	0.09	1.47	1.30	0.19	1.49
2. Between one year to five years	0.12	0.00	0.12	1.50	0.09	1.59
Total	1.50	0.09	1.59	2.80	0.28	3.08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

39 Contingent liabilities and commitments

Contingent liabilities

- 1 The company has given corporate Guarantee amounting of ₹300 Lakhs (Previous year ₹300 Lakhs) 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 ₹687.34 Lakhs. (Previous year ₹607.14 Lakhs)
- 40 Due to Covid-19 pandemic and consequent lockdowns imposed by the Central Government, and state Government, the operations of the Company were repeatedly suspended impacting production and dispatches for major part of the year. The Company could resume operations since last week of September 2020. Further, In view of recent surge in Covid-19 cases, state Government has again reimposed Lockdown and restrictions. The repeated suspension of plant operations has resulted in lower capacity utilization and impacted the performance of the company for the Year ended 31.03.2021. However, as per the current assessment of the Company, there is no material Impact on the carrying values of trade receivables, Inventories, and other financial / non-financial assets as at the reporting date. Given the uncertainties associated with nature, condition and duration of Covid-19, the company will closely monitor any material changes arising out of the future economic conditions. The impact of the pandemic in the subsequent period is highly dependent on the situations as they evolve and hence may be different from that estimated as at the date of approval of these financial results.
- 41 Company's account with Lenders was classified as sub-standard as of 31st March 2021 due to irregularity in working capital account. Company is in discussion with Lenders and working on a proposal to regularise the account from sale proceeds of non-core assets. As the estimated sale value of non-core assets is higher than the amount of irregularity with Lenders, Management is hopeful of resolving it at the earliest.
- 42 In view of the note 40 & 41 above, Deferred Tax Asset for the current financial year was not recognized and the Deferred tax Asset recognized in earlier year(s) of ₹1239 lac was reversed in the Financial Year 2020-21.
- 43 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code and recognize the same when the Code becomes effective.

44 Financial risks management

In the course of business, amongst others, the Company is exposed to several financial risks such as Credit Risk, Liquidity Risk, Interest Rate Risk and Exchange Risk . These risks may be caused by the internal and external factors resulting into impairment of the assets of the Company causing adverse influence on the achievement of Company's strategies, operational and financial objectives, earning capacity and financial position.

The Company has formulated an appropriate policy and established a risk management framework which encompass the following process.

- identify the major financial risks which may cause financial losses to the company
- assess the probability of occurrence and severity of financial losses
- mitigate and control them by formulation of appropriate policies, strategies, structures, systems and procedures
- Monitor and review periodically the adherence, adequacy and efficacy of the financial risk management system.

The Company enterprise risk management system is monitored and reviewed at all levels of management, Internal Auditors, Audit Committee and the Board of Directors from time to time.

Credit Risk

Credit Risk refers to the risks that arise on default by the counterparty on its contractual obligation resulting into financial loss to the company. The company may carry this Risk on Trade and other receivables, liquid assets and some of the non current financial assets.

In case of Trade receivables, the company has framed appropriate policy for extending credits period & limit to each customer based on their profile, financial position etc. The collections of trade dues are strictly monitored . In case of Export customers, even credit guarantee insurance is also obtained wherever required.

Company's exposure to Credit Risk is also influenced by the concentration of risk from top five customers. The details in respect of the % of sales generated from the top customer and top five customers are given hereunder.

Particulars	Current Year	Previous Year
Revenue from Top Customer	13.97%	11.69%
Revenue from Top Five Customers	43.46%	34.43%

The credit risk on cash & cash equivalent, investment in fixed deposits, liquid funds and deposits are insignificant as counterparties are banks with high credit ratings assigned by the rating agencies of international repute.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

Liquidity Risk

Liquidity Risk arises when the company is unable to meet its short term financial obligations.

The company maintains liquidity in the system so as to meet its financial liabilities.

Contractual maturities of financial liabilities are given as under:

Particulars	As at 31st March 2021	Due within 12 months from Balance sheet Date	Due beyond 12 months of Balance Sheet Date	As at 31st March 2020	Due within 12 months from Balance sheet Date	Due beyond 12 months of Balance Sheet Date
Borrowings	7,235.46	6,046.17	1,189.29	6,426.22	6,007.72	418.50
Trade payables	649.35	649.35	-	3,196.82	3,196.82	-
Other Financial Liabilities	383.59	383.59	-	185.69	185.69	-

Interest Rate Risk

Generally market linked financial instruments are subject to interest rate risk. The company does not have any market linked financial instruments both on the asset side as well liability side. Hence there is no interest rate risk linked to market rates.

However the interest rate in respect of major portion of borrowings by the Company from the banks are linked with the MCLR / Base Prime lending rate of the respective lender. Any fluctuation in the same either on higher side or lower side will result into financial loss or gain to the company.

The amount which is subjected to the change in the interest rate is of ₹ 4953.06 lakhs out of the total debt of ₹ 7235.46 Lakhs

Based on the Structure of the debt as at year end, a half percentage point increase in the interest rate would cause an additional expense in the net financing cost of ₹ 24.77 Lakhs on annual basis.

Foreign Currency Risk

The company is exposed to the foreign currency risk from transactions & translation. Transactional exposures are arising from the transactions entered in foreign currency. Management keeps a close watch of the maturity of the financial assets in foreign currency and payment obligations of the financial liabilities.

Particulars of un- hedged Foreign Currency exposures as at 31.03.2021 are given below:

Particulars	As at 31.03.2021			As at 31.03.2020		
	Amount in Lakhs	Exchange Rate ₹	Amount (₹ in lacs)	Amount in Lakhs	Exchange Rate ₹	Amount (₹ in lacs)
Accounts payable	Nil	Nil	Nil	USD 4.37	75.69	330.72

Based on one percentage point variations in the exchange rate, the profit before tax for the year based on the un hedged foreign currency transaction entered during the period was Nil.

Capital risk management

The Company's objectives when managing capital are to :

- ◆ Create value for its shareholders and other stake holders
- ◆ maintain an optimal capital structure to reduce the cost of capital through a fair mix of equity with combination of short term / Long term as may be appropriate

The Company decides the amount of capital required on the basis of annual business and long-term operating plans which includes capital and other strategic investments. The Company's intention is to maintain a stable and strong capital structure so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

The details of capital employed is given below:

Particulars	As at March 31, 2021 ₹ in Lacs	As at March 31, 2020 ₹ in Lacs
Total equity	6,080.96	9,389.56
Net Debt	7,070.33	5,899.80
Total Capital (Borrowings and Equity)	13,151.28	15,289.36

(i) Net debt represents total borrowings (non-current & current) as reduced by cash and cash equivalents.

(ii) Equity comprises of all components including other comprehensive income.

45 Previous year's figures have been regrouped/reclassified wherever necessary to confirm the current year's presentation.

Signature to Note 1 to 45

As per our report of even date attached

For **L.U. KRISHNAN & Co.**
Chartered Accountants
(ICAI FRN 001527S)

P. K. MANOJ
Partner
(M. No. 207550)
UDIN : 21207550AAAAEX5245

Place : Chennai
Date : 30th June 2021

For and on behalf of the Board

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

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

Place : Kochi
Date : 30th June 2021

UMANG PATODIA
Director
DIN No. 00003588

ARUN S MOHAN
Chief Financial Officer

Place : Kochi
Date : 30th June 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of GTN Textiles Ltd

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of **GTN Textiles Ltd** (the "Parent Company"), and its associate which comprise the consolidated balance sheet **as at 31st March, 2021**, the consolidated statement of profit and loss (including Other Comprehensive Income), the consolidated cash flow statement and, the consolidated statement of changes in equity and the Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information. (Hereinafter referred to as "Consolidated Financial Statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements for the year ended 31st March, 2021 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, of the state of affairs of the company as at 31st March, 2021, and loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

4. The Company has incurred a net loss of Rs.3600.71 lakhs and cash loss of Rs 2052.80 lakhs during the year ended 31st March, 2021 and net worth is eroded as on that date. Since, Company has been unable to conclude re-negotiations or obtain replacement financing, the Company's future cash flows are uncertain. This situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However as per the information and explanation provided by the Company (note no 5) Company's account with Lenders was classified as sub-standard as of 31st March 2021 due to irregularity in working capital account. Company is in discussion with Lenders and working on a proposal to regularise the account from sale proceeds of non-core assets. As the estimated sale value of non-core assets is higher than the amount of irregularity with Lenders, Management is hopeful of resolving it at the earliest.
In view of this our report is not modified.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there is no matter to be communicated as a key audit matter in our report.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

6. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
The above information is not available to us as on the date of our report.

Management's Responsibility for the Consolidated Financial Statements

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows in accordance with the accounting principles

INDEPENDENT AUDITOR'S REPORT (Contd...)

generally accepted in India, including the Indian Accounting Standards (Consolidated) specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements:

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - (i) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - (ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - (iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - (v) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

14. On account of the COVID 19 related lockdown restrictions, Management was not able to perform the year end physical verification of inventories in aggregating to Rs. 921.37 lakhs at certain locations. Consequently, We have performed alternative audit procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence – Specific consideration to selective items" which includes physical verification done by the management during the year and their supporting documents relating to purchases, construction and sales and have obtained sufficient audit evidence to issue our unmodified opinion on these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (Contd...)

Report on Other Legal and Regulatory Requirements:

15. As required by Section 143(3) of the Act, based on our audit, we report to the extent applicable that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books.
 - c) The consolidated financial statements dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - e) On the basis of the written representations received from the directors of the Parent Company and taken on record by the Board of Directors of the Parent Company and the reports of the other statutory auditor of its Associate company covered under the Act, none of the Directors of the Group companies covered under the Act, are disqualified as on 31 March 2021 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Parent Company, and its Associate covered under the Act and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
 - g) In our opinion, According to the information and explanations given to us and based on our examination of the records of the company, the Company has paid/provided for managerial remuneration for the year ended on March 31, 2021 has paid/provided by the Company to its directors in accordance with the provisions of the section 197 of the Act read with Schedule V to the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements/consolidated financial statements as also the other financial information of the subsidiaries and associates:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses, and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - i) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

For L U Krishnan & Co.
Chartered Accountants
Firm's Registration No: 001527S

P K Manoj
Partner
Membership No.207550
UDIN: 21207550AAAAEY4331

Place: Chennai
Date: 30-06-2021

INDEPENDENT AUDITOR'S REPORT (Contd...)

Annexure - A to the Independent Auditors' Report

**(Referred to in paragraph 15 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report)
Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of **GTN Textiles Ltd** ("the Company") **as at 31st March, 2021** in conjunction with our audit of the financial statements of the Company for the year ended and as at on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to financial statements.

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

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

Inherent Limitations of Internal Financial Controls with reference to financial statements.

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

INDEPENDENT AUDITOR'S REPORT (Contd...)

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For L U Krishnan & Co.
Chartered Accountants
Firm's Registration No: 001527S

Place: Chennai
Date: 30-06-2021

P K Manoj
Partner
Membership No.207550
UDIN: 21207550AAAAEY4331

GTN TEXTILES LIMITED

CONSOLIDATED BALANCE SHEET

		As at	As at
	Note	31.03.2021	31.03.2020
	No.	(₹ in lacs)	(₹ in lacs)
I. ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3	11,804.05	12,137.03
(b) Capital Work in Progress	4	-	-
(c) Intangible Assets	5	16.28	25.61
(d) Financial Assets			
(i) Investments	6	0.45	0.43
(ii) Others	7	9.24	9.24
(e) Deferred Tax Assets (net)	8	-	768.76
(f) Other Non-Current tax assets	9	28.79	35.07
Sub-Total		<u>11,858.81</u>	<u>12,976.14</u>
2 Current assets			
(a) Inventories	10	921.37	2,668.83
(b) Financial Assets			
(i) Trade Receivables	11	224.18	1,096.39
(ii) Cash and Cash equivalents	12	165.13	526.42
(iii) Bank balances other than (ii) above	13	37.47	145.68
(iv) Other financial assets	14	17.04	17.26
(c) Other Current Assets	15	394.45	439.10
Sub-Total		<u>1,759.64</u>	<u>4,893.69</u>
TOTAL ASSETS		<u>13,618.45</u>	<u>17,869.82</u>
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	1,164.05	1,164.05
(b) Other Equity	17	2,952.65	6,261.24
Sub-Total		<u>4,116.70</u>	<u>7,425.29</u>
Liabilities			
1 Non current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	1,189.29	418.50
(b) Deferred Tax Liabilities (net)	8	470.17	-
(c) Other non current liabilities	19	447.21	326.91
Sub-Total		<u>2,106.67</u>	<u>745.41</u>
2 Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	6,046.17	6,007.72
(ii) Trade payables	20		
(a) Outstanding dues of Mirco enterprises and Small enterprises		5.65	6.59
(b) Total outstanding dues other than Mirco enterprises and Small enterprises		643.70	3,190.23
(iii) Other financial liabilities	21	383.59	185.69
(b) Other current liabilities	22	217.34	182.75
(c) Provisions	23	98.63	126.14
Sub-Total		<u>7,395.08</u>	<u>9,699.12</u>
TOTAL EQUITY AND LIABILITIES		<u>13,618.45</u>	<u>17,869.82</u>
Significant accounting policies	1 & 2		
The accompanying Notes 1 to 46 are an integral part of the financial statements			
As per our report of even date attached		For and on behalf of the Board	
For L.U. KRISHNAN & Co. Chartered Accountants (ICAI FRN 001527S)	B. K. PATODIA Chairman & Managing Director DIN No. 00003516	UMANG PATODIA Director DIN No. 00003588	
P. K. MANOJ Partner (M. No. 207550) UDIN : 21207550AAAAEY4331	E.K.BALAKRISHNAN Vice President (Corporate Affairs) & Company Secretary	ARUN S MOHAN Chief Financial Officer	
Place : Chennai Date : 30 th June 2021	Place : Kochi Date : 30 th June 2021	Place : Kochi Date : 30 th June 2021	

GTN TEXTILES LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Note No.	Year ended March 31, 2021 (₹ in lacs)	Year ended March 31, 2020 (₹ in lacs)
REVENUE:			
Revenue From Operations	24	4,625.88	13,099.87
Other income	25	24.51	39.73
Total Revenue		4,650.39	13,139.60
EXPENSES:			
Cost of materials consumed	26	2,099.83	7,163.82
Changes in inventories of finished goods, work in progress and waste	27	1,070.27	964.44
Cost of Land, plots, and other costs incurred during the year	28	22.31	186.30
Employee benefits expense	29	1,133.26	2,070.29
Finance costs	30	899.57	858.23
Depreciation and amortization expense		308.98	322.68
Other expenses	31	1,179.20	2,710.29
Total Expenses		6,713.42	14,276.05
Profit/(Loss) before exceptional items and tax		(2,063.03)	(1,136.45)
Exceptional items	32	298.74	27.18
Profit/(Loss) before tax and share of Associate		(2,361.77)	(1,163.63)
Share of Profit / (Loss) of Associate		-	(136.44)
Profit/(Loss) before tax		(2,361.77)	(1,300.07)
Tax expense / (Credit) :			
Current tax		-	-
Deferred tax charge / (Credit)		1,238.94	(290.38)
Profit / (Loss) for the year (A)		(3,600.71)	(1,009.69)
Other Comprehensive income (Net of Tax)			
Items that will not be reclassified in to Profit or loss			
(a) Re-measurement of defined benefit Obligation		(81.70)	(14.82)
(b) MTM of forward contract		28.00	(22.79)
(c) Impact on Revaluation of Land		(35.10)	-
(d) Share of OCI of Associates		-	-
Total Other comprehensive income (net of tax) (B)		(88.80)	(37.61)
Total comprehensive income / (loss) for the year (A) + (B)		(3,689.51)	(1,047.30)
Earnings per Equity Share of ₹ 10 each			
Basic and Diluted (in ₹)	33	(30.93)	(8.67)
Significant accounting policies	1 & 2		

The accompanying Notes 1 to 46 are an integral part of the financial statements

As per our report of even date attached

For and on behalf of the Board

For **L.U. KRISHNAN & Co.**
Chartered Accountants
(ICAI FRN 001527S)

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

UMANG PATODIA
Director
DIN No. 00003588

P. K. MANOJ
Partner
(M. No. 207550)
UDIN : 21207550AAAAEY4331

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

ARUN S MOHAN
Chief Financial Officer

Place : Chennai
Date : 30th June 2021

Place : Kochi
Date : 30th June 2021

Place : Kochi
Date : 30th June 2021

GTN TEXTILES LIMITED

STATEMENT OF CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2021

	2020-21 (₹ In Lacs)	2019-20 (₹ In Lacs)
A. Cash flow from operating activities		
Profit / (loss) before Tax	(2,063.03)	(1,136.45)
Adjustment for :		
Depreciation and Amortization expense	318.16	322.68
Profit / (loss) on sale / Disposal / Discarded of Property, Plant and Equipments (Net)	-	0.16
Exchange difference (Net)	4.11	0.69
Gain / (Loss) on other comprehensive income (net)	(53.70)	(42.82)
Finance Cost	820.97	749.00
Interest Income	(19.29)	(29.48)
Operating profit before working capital changes	<u>(992.78)</u>	<u>(136.22)</u>
Changes in working Capital:		
Increase / (Decrease) in Trade Payables	(2,551.58)	(1,619.43)
Increase / (Decrease) in Other Current Liabilities	352.79	(56.95)
Increase / (Decrease) in Provision for Employee benefit	(27.50)	12.60
(Increase) / Decrease in Trade receivables	872.20	317.23
(Increase) / Decrease in Inventories	1,747.46	1,628.02
(Increase) / Decrease in Other Current Assets	44.87	129.09
(Increase) / Decrease in Balance in Margin Money / Deposit accounts	108.21	50.98
Cash generated from operations	<u>(446.33)</u>	<u>325.32</u>
Income Taxes refund / (Paid) (net)	6.27	37.17
Net cash generated from operations before exceptional items	<u>(440.06)</u>	<u>362.49</u>
Less: Exceptional items	298.74	27.18
Net cash generated from operating activities (A)	<u>(738.80)</u>	<u>335.31</u>
B Cash flow from investing activities		
Purchase of property, Plant and Equipments, including capital work in progress and capital advances.	(1.76)	(4.37)
Proceeds from sale of property, Plant and Equipments	-	1.03
Interest Income	19.29	29.48
Net cash generated / (used) from/in investing activities (B)	<u>17.53</u>	<u>26.14</u>
C Cash flow from financing activities		
Loan availed / (Repayment) as Long term borrowings	588.40	(1.30)
Increase / (Decrease) in Short term borrowings	529.45	447.77
Interest and other borrowing cost paid	(820.97)	(749.00)
Inter corporate Deposits/ Loans (net)	(446.90)	407.00
6.5% Non Cumulative Non Convertible Non Participating Redeemable Pre. Shares	510.00	-
Net cash generated / (used) from/in financing activities (C)	<u>359.98</u>	<u>104.47</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	<u>(361.29)</u>	<u>465.92</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>526.42</u>	<u>60.50</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>165.13</u>	<u>526.42</u>

Note:

The above cash flow statement has been prepared by using the indirect method as per the Accounting Standard (Ind AS 7) - Statement of Cash Flows.

The accompanying Notes 1 to 46 are an integral part of the financial statements

As per our report of even date attached	For and on behalf of the Board	
For L.U. KRISHNAN & Co. Chartered Accountants (ICAI FRN 001527S)	B. K. PATODIA Chairman & Managing Director DIN No. 00003516	UMANG PATODIA Director DIN No. 00003588
P. K. MANOJ Partner (M. No. 207550) UDIN : 21207550AAAAEY4331	E.K.BALAKRISHNAN Vice President (Corporate Affairs) & Company Secretary	ARUN S MOHAN Chief Financial Officer
Place : Chennai Date : 30 th June 2021	Place : Kochi Date : 30 th June 2021	Place : Kochi Date : 30 th June 2021

CONSOLIDATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

₹ in Lacs

	Equity Share Capital		Other Equity				Total equity attributable to equity share holders of the Company	
	General Reserves	Retained Earnings	Revaluation surplus	Equity instrument through other comprehensive income	Items of Other Comprehensive Income			Total
					Re-measurement of Employee Benefit	Impact on MTM of Forward Contract		
Balance as at 31.03.2019	2,092.36	(4,228.60)	9,544.99	(0.17)	(89.55)	(5.21)	7,313.82	
FVTOCI - Investment	-	-	-	(0.06)	-	-	(0.06)	
Transfer to retained earnings		172.52	(172.52)					
Deferred tax impact on MTM	-	(5.21)	-	-	-	-	(5.21)	
Remeasurement of the defined benefit obligation, net of tax effect	-	-	-	-	(14.82)	-	(14.82)	
Impact of MTM net of tax effect	-	-	-	-	-	(22.79)	(22.79)	
Profit / (Loss) for the year ended 31.03.2019	-	(1,009.69)	-	-	-	-	(1,009.69)	
Balance as at 31.03.2020	2,092.36	(5,070.98)	9,372.47	(0.23)	(104.37)	(28.00)	6,261.25	
FVTOCI - Investment				0.01			0.01	
Revaluation of Land			(35.10)				(35.10)	
Transfer to retained earnings		22.25	(22.25)					
Equity portion of 6.5% NCNCNPR Preference shares Transfer to retained earnings		380.89	-				380.89	
Remeasurement of the defined benefit obligation, net of tax effect					(81.70)		(81.70)	
Impact of MTM net of tax effect						28.00	28.00	
Profit / (Loss) for the year ended 31.03.2021		(3,600.71)					(3,600.71)	
Balance as at 31.03.2021	2,092.36	(8,268.54)	9,315.12	(0.22)	(186.07)	0.00	2,952.65	

The accompanying Notes 1 to 46 are an integral part of the consolidated financial statements

As per our report of even date attached

For **L.U. KRISHNAN & Co.**
Chartered Accountants
(ICAI FRN 001527S)

P. K. MANOJ
Partner
(M. No. 207550)
UDIN : 21207550AAAAEY4331

Place : Chennai
Date : 30th June 2021

For and on behalf of the Board

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

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

Place : Kochi
Date : 30th June 2021

UMANG PATODIA
Director
DIN No. 00003588

ARUN S MOHAN
Chief Financial Officer

Place : Kochi
Date : 30th June 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Significant Accounting Policies and notes forming part of the Consolidated Financial statements as at and for the year ended 31st March, 2021.

1 Corporate Information:

The Consolidated Financial statements comprise financial statements of GTN Textiles Limited and its Associate, PATSPIN INDIA LIMITED for the year ended 31st March, 2021. GTN Textiles Limited is holding 46.21% of equity shares of Patspin India Limited.

GTN Textiles Limited ('the company') is a Public Limited company incorporated and domiciled in India, and has its registered office at Erumathala, Aluva, Cochin, Kerala State, India. The company has been incorporated under the provisions of The Companies Act, 1956 and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Company is engaged primarily in the business of manufacture and Sale of Fine and super fine combed cotton yarn. The company was registered as "Medium Enterprises - Manufacturing" on 14th August 2020 under the Provisions of MSMED Act 2006 as per the registration certificate obtained from Udyam portal of Ministry of MSME.

2 Significant Accounting Policies

2.1 Basis of preparation of Consolidated financial statements:

The Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act 2013 read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act.

2.2 Basis of Consolidation

The Consolidated financial statements comprise the financial statement of GTN Textiles and its Associate, Patspin India Limited (Collectively referred as "the Group") as at 31st March, 2021.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting.

Under the equity method, investment in associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the group's share of losses of associate exceeds the group's interest in that associate (Which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transaction between the group and its associate is eliminated to the extent of the group's interest in this entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

2.2 Rounding of amount

These consolidated financial statements are presented in Indian Rupees, which is also the Company's functional currency. All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest lacs as per the requirement of Schedule III, of the Companies Act 2013, unless otherwise stated.

2.3 Historical Cost convention

The Consolidated financial statements have been prepared under the historical cost convention, on the basis of a going concern and on accrual basis except for the following items –

- a. Certain Financial Assets and Liabilities (including derivative instruments) are measured at Fair value
- b. Defined benefit employee plan – Plan assets measured at fair value

2.4 Use of Estimates

The preparation of consolidated 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 consolidated financial statements and reported amounts of revenue and expenses of the reporting period. The recognition, measurement, classification or disclosure of an item or information in the consolidated financial statements is made relying on these estimates.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

2.5 Classification of Assets and Liabilities

All assets and liabilities have been classified as current or non-current as per the group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisations in cash and cash equivalents, the group has ascertained its operating cycle as 12 (twelve) months for the purpose of current and non-current classification of assets and liabilities.

2.6 Property, Plant and Equipment:

All items of property, plant and equipment are stated at cost net of accumulated depreciation and impairment, if any. The cost comprises its purchase price and any cost directly attributable to bringing the Property, Plant and Equipment to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in the statement of profit and loss. Property, plant and equipment are eliminated from consolidated financial statements, either on disposal or when retired from active use. Losses arising from the retirement of and gains or losses arising from disposal of Property, plant and equipment are recognised in the consolidated statement of profit and loss.

The cost of property, plant and equipment which are not ready for their intended use before such date, are disclosed as capital work-in-progress.

The Group assesses at each Balance Sheet date whether there is any indication that any property, plant and equipment may be impaired, if any such indication exists, the carrying value of such property, plant and equipment is reduced to recoverable amount and the impairment loss is charged to statement of profit and loss. If at the Balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed, and the asset is restated to that extent.

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1st April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment except Free hold Land for which the group had adopted revaluation model pursuant to the para 29 to 31 of Ind AS 16 and recognised revalued cost as its deemed cost as at 1st April 2016. Revaluation of freehold land would be carried at sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

2.7 Depreciation:

Depreciation has been provided on straight line method based on useful life of Assets as prescribed in Schedule II to the Companies Act, 2013.

Depreciation is provided pro-rata from the date of capitalisation. Depreciation is calculated on the carrying amount, which is the cost of an asset less its residual value.

2.8 Intangible Assets

Intangible assets are carried at cost, net of accumulated amortization and impairment losses, if any. Cost of an intangible asset comprises of purchase price and attributable expenditure on making the asset ready for its intended use.

The Group assesses at each Balance sheet date whether there is any indication that any intangible asset may be impaired, if any such indication exists, the carrying value of such intangible asset is reduced to recoverable amount and the impairment loss is charged to statement of profit and loss. If at the Balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed, and the asset is restated to that extent.

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its Intangible Assets recognized as at 1st April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of Intangible Assets.

2.9 Amortization:

Intangible assets are amortized based on their estimated useful lives.

2.10 Investments

The Group has elected to measure investment in equity shares of associate company at deemed cost, which is previous GAAP carrying amount. Accordingly, under Ind AS, the Group has recognised investment as follows:

Equity shares of associate company – At deemed cost.

Quoted equity shares in other Company – At fair value.

Unquoted Equity shares – At fair value through profit and loss (FVTPL)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

2.11 Inventories

Inventories are stated at lower of cost and net realisable value. Goods in process is stated at cost. The cost includes cost of purchase, freight, taxes and duties and is net of input credit where ever applicable, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Raw Material is stated at "weighted average" cost method and finished goods at "Specific identification" cost method.

Realty business segment:

Land which is considered as Stock In Trade under realty business segment is valued at lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs of necessary to make the sale.

2.12 Financial Assets / Liability Policy:

a. Financial Assets

Classification and Measurement

All the consolidated financial assets are initially measured at fair value. Transactions costs that are directly attributable to the acquisition of financial asset (other than financial assets carried at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset.

Subsequent measurement

Subsequent measurement of financial assets depends on the classification i.e financial assets carried at amortised cost or fair value (either through other comprehensive income or through profit and loss). Such classification is determined on the basis of Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Group's financial assets primarily consists of cash and cash equivalents, trade receivables, balance with statutory authority, loans and advances and security deposits etc which are classified as financial assets carried at amortised cost.

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

A gain or loss on financial asset that is subsequently measured at amortised cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is recognized using the effective interest rate method.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. For trade receivables, the Group provides for lifetime expected credit losses recognized from initial recognition of the receivables.

De-recognition of financial assets

A financial asset is de-recognised only when the Group has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

b. Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction cost.

The Group's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through statement of profit and loss :

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risks are recognized in OCI. These gains/losses are subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit and loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

De-recognition

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

Derivative financial instruments:

Derivative financial instruments such as future contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Statement of Profit and Loss in the period when they arise.

2.13 Fair Value Measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

2.14 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Sale of Goods:

Revenue from sale of goods are recognised on transfer of significant risk and rewards of ownership to the buyer which generally coincides with shipment. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Revenue from sale of land and plots:

In respect of realty business segment the revenue from sale of land and plots is recognised in the year in which the underlying sale deed is executed and there exists no uncertainty in the ultimate collection of consideration from buyers.

Rendering of Services :

Service revenues are recognised when services are rendered, and when the outcome of the transaction can be estimated reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

Dividend, Interest income, Claims:

Dividend income from investments is recognised when the Group's right to receive dividend is established provided it is probable that the economic benefits associated with the dividend will flow to the Group as also the amount of dividend income can be measured reliably.

Interest income from a financial asset is recognised on a time basis, by reference to the principal outstanding using the effective interest method provided it is probable that the economic benefits associated with the interest will flow to the Company and the amount of interest can be measured reliably.

Insurance and other Claims are accounted for when no significant uncertainties are attached to their eventual receipt.

2.15 Borrowing

Borrowings are initially recognised at net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Statement of Profit and Loss over the period of the borrowings using the effective interest method.

2.16 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 Consolidated Statement of Profit and Loss in the year in which they are incurred.

2.17 Short-term 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 Group.

Defined Contribution Plans:

Group's contributions paid/payable during the year to Provident and Family Pension Funds, and Employees State Insurance are recognized in the Consolidated Statement of Profit and Loss.

Defined Benefit Plans:

The Employees' Gratuity Fund Scheme covered by the Group Gratuity cum-Life Assurance Policy of LIC of India is a Defined Benefit Plan. The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method which recognizes each period of service as giving rise to additional amount of employees benefit entitlement and measures each unit separately to build up the final obligation.

2.18 Foreign currency Transactions

Initial recognition:

Transactions in Foreign Currencies entered into by the Group are accounted at the exchange rate prevailing on the date of the transaction.

Measurement:

Foreign Currency monetary items of the Group outstanding at the balance sheet date are restated at year end exchange rates.

Non-monetary items carried at historical cost are translated using the exchange rates at the dates of initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on transaction of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Treatment of exchange difference

Exchange differences arising on settlement/restatement of foreign currency monetary assets and liabilities of the Group are recognised as income or expenses in the Consolidated Statement of Profit and Loss.

2.19 Taxation

- a. Current tax is made on the basis of estimated taxable income for the year or computed in accordance with the Income-Tax Act, 1961 and recognized in the consolidated statement of Profit and Loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.
- b. Deferred tax on account of timing differences, between taxable income and accounting income is recognized using the tax rates and laws that have been substantively enacted as of the consolidated balance sheet date. Deferred tax assets are recognized to the extent there is reasonable certainty that these would be realized in future.
- c. Current and deferred tax are recognised in consolidated statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

2.20 Provisions and Contingent Liabilities:

Provisions: Provisions are recognized when there is a present legal or constructive 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. These are reviewed at each consolidated balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities:

Contingent liabilities is a possible obligation in the normal course of business 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 group 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.

The Group does not recognise a contingent liability but discloses its existence in the consolidated financial statements.

2.21 Cash Flow Statement:

Consolidated Cash flows are reported using the indirect method, whereby profit / loss before extraordinary items and tax for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments. Cash flows from operating, investing and financing activities of the Group are segregated.

2.22 Cash and Cash equivalents Policy:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.23 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. 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.

2.24 Exceptional Items:

When an item of income or expense within profit or loss from ordinary is of such size, nature or incidence that their disclosure is relevant to explain the performance of the group for the year, the nature and amount of such items is disclosed as exceptional items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

3 Property ,Plant and equipment

(₹ in lacs)

Gross cost / deemed cost	Freehold Land	Buildings	Plant and Equipment	Furniture	Office Equipment	Vehicles	Total
Balance as at 31st March 2019	9,145.60	1,747.99	9,526.44	89.57	245.41	89.99	20,845.00
Additions	-	-	4.18	-	0.19	-	4.37
Disposal /Discarded / adjustments	-	-	4.56	-	2.25	-	6.81
Balance as at 31st March 2020	9,145.60	1,747.99	9,526.06	89.57	243.35	89.99	20,842.56
Additions	-	-	-	-	1.76	-	1.76
Disposal /adjustments	-	-	-	-	-	-	-
Revaluation of Assets	(35.10)	-	-	-	-	-	(35.10)
Balance as at 31st March 2021	9,110.50	1,747.99	9,526.06	89.57	245.11	89.99	20,809.22
Balance as at 31st March 2019	-	1,375.89	6,611.52	87.76	236.81	82.26	8,394.24
Disposal /adjustments	-	-	3.82	-	1.80	-	5.62
Depreciation for the year	-	27.79	283.84	0.20	2.86	2.22	316.91
Balance as at 31st March 2020	-	1,403.68	6,891.54	87.96	237.87	84.48	8,705.53
Disposal /adjustments	-	-	-	-	-	-	-
Depreciation expense	-	25.44	270.32	0.14	2.24	1.49	299.64
Balance as at 31st March 2021	-	1,429.12	7,161.86	88.10	240.11	85.97	9,005.17

Net Book Value

As at 31st March, 2020	9,145.60	344.31	2,634.52	1.61	5.48	5.51	12,137.03
As at 31st March, 2021	9,110.50	318.87	2,364.20	1.47	5.00	4.02	11,804.05

Note:

The Company has opted to continue with net carrying value of all Property, Plant and Equipment as at 1st April 2016, as per previous GAAP and use that as the deemed cost, except Freehold land.

As per the provisions of Para 29 to 31 of the Ind AS 16, the company has adopted Revaluation model for Free hold Land and has determined its fair value on the transition date of 1st April 2016 on the basis of valuation report of Chartered Engineer.

The details are given below:

Class of Asset - Freehold Land	₹ in Lacs
Carried value as at 31st March, 2016	24.34
Revalued amount as at 1s April, 2016	8493.47
Revaluation surplus recognised in Other Equity as at 1st April, 2016	8469.13
Deemed cost as at 1st April, 2016	8493.47
Revalued amount as at 31st March, 2017	9254.01
Revaluation surplus recognised in Other Equity as at 1st April, 2017	760.54
Carried value as at 31st March, 2017	9254.01
Disposal / Adjustments	842.66
Revalued amount as at 31st March, 2019	9145.60
Revaluation surplus recognised in Other Equity as at 1st April, 2019	734.25
Book Value as at 31st March, 2020	9145.60
Revaluation deficit recognised in Other Equity as at 31st March, 2021	(35.10)
Book Value as at 31st March, 2021	9110.50

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

	As at 31.03.2021 (₹ in lacs)	As at 31.03.2020 (₹ in lacs)
4 Capital Work in progress		
Capital Work in Progress	-	-
5 Intangible assets		
Gross Cost / Deemed Cost		
As at beginning of the year	283.14	255.06
Additions during the year	-	28.08
Discarded/Disposal during the year	-	-
Balance as at end of the year	283.14	283.14
Accumulated depreciation		
As at beginning of the year	257.53	251.76
Amortisation for the year	9.33	5.77
Disposal/adjustment	-	-
Balance as at end of the year	266.86	257.53
Net Carrying Amount	16.28	25.61
Financial Assets		
6 Non - Current Investments		
(A) Quoted equity instruments		
Associate:		
Patspin India Limited (1,42,87,068 Equity shares of ₹10 each)	-	-
Others:		
Central Bank of India (243 Equity shares of ₹10 each)	0.04	0.02
Sub total (A)	0.04	0.02
Market value of Quoted instrument	685.82	342.92
(B) Unquoted equity instruments		
GTN Consumer Co-operative stores Limited (2100 Shares of ₹10 each)	0.21	0.21
GTN Textiles Employees Credit Co-operative Society Limited (200 Shares of ₹100 each)	0.20	0.20
Sub total (B)	0.41	0.41
TOTAL (A) + (B)	0.45	0.43
7 Other Financial Assets		
Security Deposits	9.24	9.24
	9.24	9.24
8 Deferred Tax Asset (Net)		
a Deferred Tax Asset		
Unabsorbed Depreciation and Business Loss	-	1228.95
Other Disallowances	-	9.98
	-	1238.93
b Deferred Tax Liability		
Related to Property, Plant and Equipment	548.17	548.17
	548.17	548.17
c Minimum Alternate Tax Credit entitlement	78.00	78.00
Net Deferred Tax Asset (a - b + c)	(470.17)	768.76
* Refer Note 42		
9 Other Non-Current tax assets (Net)		
Income Tax (Net of Provision)	28.79	35.07
	28.79	35.07

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

	As at 31.03.2021 (₹ in lacs)	As at 31.03.2020 (₹ in lacs)
10 Inventories		
(a) Textiles Segment		
Stores, Spares and Packing Materials	37.50	38.42
Raw Materials	253.51	907.53
Goods-in-Process	182.08	467.60
Finished Goods	241.15	1,009.91
Waste Stock	2.16	18.16
Sub total (A)	<u>716.40</u>	<u>2,441.62</u>
(b) Realty Segment		
Stock in Trade - Land	204.97	227.21
Total (A) + (B)	<u>921.37</u>	<u>2,668.83</u>
<p>During the financial year 2018-19, Company ventured into real estate business and started a new business segment "Realty Segment". Out of total of 29.37 acres in Company's aluva plant having book value of ₹9545.35 lacs, Company has identified surplus land of 1.23 acres having book value of ₹399.74 lac and converted it as on 31.03.2019 in to Stock in Trade based on its carrying value on the date of conversion for development /sale under the said Realty business segment. Out of this 0.53 acres of land having book value of ₹172.52 lac was sold during the FY 2019-20, and 0.05 acres of land having book value of ₹ 0.22 lac was sold during FY 2020-21. The balance is continued as stock in trade.</p>		
11 Trade Receivables		
Unsecured, considered good	224.18	1096.39
Unsecured, considered doubtful	13.31	13.31
Less: Provision for Doubtful debts	<u>(13.31)</u>	<u>(13.31)</u>
	<u>224.18</u>	<u>1,096.39</u>
12 Cash and Cash equivalents		
Cash on Hand	1.10	1.49
Balance with Banks - In Current Accounts	164.03	524.93
	<u>165.13</u>	<u>526.42</u>
13 Bank balances other than 12 above		
Margin Money Deposit Accounts	37.47	145.68
	<u>37.47</u>	<u>145.68</u>
14 Other Financial Assets		
Income Receivables	17.04	17.26
	<u>17.04</u>	<u>17.26</u>
15 Other Current Assets		
Incentive Receivable	0.25	7.79
Security Deposits	146.68	146.68
Prepaid Expenses	54.57	36.38
Balances with Statutory Authorities	83.04	160.00
Other Advances	109.91	88.25
	<u>394.45</u>	<u>439.10</u>
16 Equity Share Capital		
(a) Authorised:		
120,00,000 Equity shares of ₹10 each	1,200.00	1,200.00
(b) Issued ,Subscribed and fully paid up shares		
116,40,478 Equity shares of ₹10 each	1,164.05	1,164.05
	<u>1,164.05</u>	<u>1,164.05</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

The Company has a single class of equity shares having a par value of ₹10 each. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to their share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or there sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

(c) Reconciliation of the equity shares and amount outstanding at the beginning and at the end of the reporting periods :

Particulars	Year ended 31.03.2021		Year ended 31.03.2020	
	No. of shares	₹ in lacs	No. of shares	₹ in lacs
At the beginning of the year	1 16 40 478	1164.05	1 16 40 478	1164.05
Shares allotted during the year	-	-	-	-
At the end of the year	1 16 40 478	1164.05	1 16 40 478	1164.05

(d) Share holders holding more than 5% shares in the Company are set out below:

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of shares	% of Holding	No. of shares	% of Holding
Mr. Binod Kumar Patodia	11 95 580	10.27%	11 95 580	10.27%
Mr. Umang Patodia	8 35 120	7.17%	8 35 120	7.17%
Mr. Ankur Patodia	7 32 331	6.29%	7 32 331	6.29%
Mrs. Prabha Patodia	6 82 418	5.86%	6 82 418	5.86%
Binod Kumar Patodia HUF	11 58 880	9.96%	11 58 880	9.96%
Beekaypee Credit Private Limited	8 22 311	7.06%	8 22 311	7.06%
Patodia Exports & Investments Private Limited	7 74 487	6.65%	7 74 487	6.65%
Umang Finance Private Limited	7 33 052	6.30%	7 33 052	6.30%

- (e) There are nil number of shares (Previous year Nil) reserved for issue under option and contracts or commitments for the sale of shares or disinvestment.
- (f) There are 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.
- (g) There are Nil number of shares (Previous year Nil) in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiary or associates of the holding company or the ultimate holding company in aggregate.
- (h) During the year ended 31.03.2021 and in the previous year, no securities convertible into Equity/Preferential shares.
- (i) During the year ended 31.03.2021 and in the previous year, there are no calls unpaid including calls unpaid by Directors and officers as on balance sheet date.

	As at 31.03.2021 (₹ in lacs)	As at 31.03.2020 (₹ in lacs)
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17 Other Equity

(i) Reserve & Surplus

(a) General Reserve

Balance as at the beginning and the end of the year **2,092.36** 2,092.36

(b) Retained earnings

Balance as at the beginning of the year **(5,071.05)** (4,228.60)

Less: Profit/(Loss) for the year from the Statement of Profit and Loss **(3,600.71)** (1,009.76)

Transfer from Revaluation Surplus **22.25** 172.52

Tax impact on MTM - (5.21)

Equity portion of 6.5% NCNCP Preference shares Transfer to retained earnings **380.89** -

Share of OCI of Associates - -

Balance as at the end of the year **(8,268.54)** (5,071.05)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

	As at 31.03.2021 (₹ in lacs)	As at 31.03.2020 (₹ in lacs)
(ii) Revaluation surplus		
Balance as at the beginning and the end of the year	9,372.47	9,544.99
Revaluation Surplus	(35.10)	-
Transfer to Retained Earnings	(22.25)	(172.52)
Balance as at the beginning and the end of the year	9,315.12	9,372.47
(iii) Other Comprehensive income		
Balance as at the beginning of the year	(132.60)	(94.93)
Changes during the current year	(53.68)	(37.67)
Balance as at the end of the year	(186.28)	(132.60)
Total	2,952.65	6,261.24

(i) General Reserve

The general reserve is used from time to time to transfer profit from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of their other comprehensive income.

(ii) Retained earnings

Retained earnings represents the Company's undistributed earnings/(losses) after taxes.

(iii) Revaluation surplus

Revaluation surplus represents the surplus over cost against market value on revaluation of freehold land of the Company pursuant to recognition of freehold land on revaluation model as per the provisions para 29 to 31 of the Ind AS 16 - Property, Plant and Equipment. This surplus is not considered for distribution of dividend to equity shareholders.

	As at 31.03.2021 (₹ in lacs)		As at 31.03.2020 (₹ in lacs)	
	Non Current	Current	Non Current	Current
18 Borrowings				
Secured				
Term Loans				
Banks	589.72	64.22	-	-
Vehicle loan				
Banks	0.18	1.32	1.50	1.30
Working Capital facilities				
Banks		4,299.13		3,683.92
Un secured				
Loan from a Director	119.55		89.50	
Loan from relatives to Director	341.55		327.50	
Fixed Deposit - from Corporates		1,331.50		1,622.50
Advance from Related Party		350.00		500.00
Deposit from Director		-		200.00
6.5% Non-Cumulative Non Convertible Non Participating Redeemable Preference Shares	138.29			
	1,189.29	6,046.17	418.50	6,007.72

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)**i Reconciliation of number of Preference shares and amount outstanding at the beginning and end of the year**

6.5% Non-Cumulative Non Convertible Non Participating Redeemable Preference Shares of ₹100 each

Particulars	As at 31.03.2021		As at 31.03.2020	
	No. of Shares	Amount ₹Lakhs	No. of Shares	Amount ₹Lakhs
As at beginning of the Year	Nil	Nil	Nil	Nil
Shares issued during the Year	510000	510.00	Nil	Nil
At the end of the Year	510000	510.00	Nil	Nil

ii Rights, preferences and restrictions attached to Preference shares

510000, 6.5% Non Cumulative Non Convertible Non Participating Redeemable Preference shares issued. The issue details are as follows;

Date of Issue	Date of Redemption	Earlier Redemption
26/11/2020	Not exceeding 15 (fifteen) years from the date of allotment	After 2 (two) years from the date of allotment

Term Loans:

Term loans are from Banks and total outstanding of Rs.653.94 lakhs (Previous year - Nil) are guaranteed by Government of India under Emergency Credit Line Gurantee scheme shall rank second pari passu with the existing credit facilities (excluding assets purchased on finance lease obligation).

Re-payment terms of Term Loan from Banks:

₹653.94 Lakhs (Previous year Nil)

Moratorium first 12 months and 36 EMI there after. Repayment starts from November 2021 Weighted Average Rate of Interest 7.48% p.a. as at year end (Previous year Nil).

Vehicle loan:

Finance Lease Obligations are relating to vehicles and are secured against respective vehicles hypothecated costing ₹ 7.61 lakhs (Previous year end ₹7.61 lakhs).

Repayable in Equated Monthly Installments, last installment due on April 2022. Average interest rate is 9.37% (Previous year 9.37%)

Working Capital facilities:

Working Capital Loans from Banks are secured by pari passu first charge by way of hypothecation of current assets, and further secured/to be secured by way of first charge on all immovable assets, both present and future and on all movable assets of the company (excluding assets purchased on hire purchase basis), ranking pari passu interse, and also guaranteed by Chairman & Managing Director, a Director and one promoter of the Company.

Average rate of interest rate is 11.80% p.a. (Previous year 12.05% p.a)

Non-fund based limits sanctioned by the bankers are secured by extension of pari passu first charge on the current assets of the Company and further secured by first charge on the immovable properties of the company, ranking pari passu interse, and personal guarantee of Chairman & Managing Director, a Director and one promoter of the company. Total amount outstanding at the end of the year is ₹209.28 lakhs (Previous year ₹1496.11 lakhs).

Loan from Director and relatives to Directors:

As per the borrowal terms, the company has the right to repay the amount fully or partly in case it does not require the same to meet its working capital requirements. The Company proposes that repayment will be on long term basis and hence classified as long term borrowings.

Rate of interest at 11.50% p.a. (Previous year 11.50% p.a.)

Loan from Corporates:

Loan from corporates are repayable on demand carrying interest rate ranging from 7.00% p.a. to 16.00% p.a. (Previous year ranging from 13.00% to 16.00%)

Short Term Loan from Related parties:

Short Term Loan from related parties are repayable on demand Interest rate 7.00% (Previous year Interest free short term deposit)

Deposit from Director:

Deposit from Director are repayable on demand carrying interest rate current year Nil previous year 8.25% p.a.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

	As at 31.03.2021 (₹ in lacs)	As at 31.03.2020 (₹ in lacs)
19 Other Non Current liabilities		
Employee benefit - Gratuity	<u>447.21</u>	<u>326.91</u>
20 Trade payables		
Due to Micro, Small and Medium Enterprises (MSME's)	5.65	6.59
Due to Others	<u>643.70</u>	<u>3,190.23</u>
	<u>649.35</u>	<u>3,196.82</u>

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

	As at 31.03.2021 (₹ in lacs)	As at 31.03.2020 (₹ in lacs)
The principal amount due thereon remaining unpaid as on the Balance sheet date	5.65	6.59
Interest due thereon remaining unpaid	Nil	0.16
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.	<u>Nil</u>	<u>0.16</u>
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.	<u>Nil</u>	<u>0.16</u>

* The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at reporting date has been made in the financial statements based on information received and available with the Company and has been relied upon by the auditors.

Further, as per the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro Small and Medium Enterprises Development Act, 2006 ("the MSMED Act") is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act, 2006 ("the MSMED Act") is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

21 Other financial liabilities		
Interest accrued on borrowings	383.59	157.69
Impact on MTM	-	28.00
	<u>383.59</u>	<u>185.69</u>
22 Other Current liabilities		
Statutory payable and other dues	63.30	88.56
Other liabilities	83.57	87.70
Advance received for Land Sale	<u>70.47</u>	<u>6.49</u>
	<u>217.34</u>	<u>182.75</u>
23 Provisions		
Provision for Employee benefits	<u>98.63</u>	<u>126.14</u>
	<u>98.63</u>	<u>126.14</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

	Year ended 31.03.2021 (₹ in lacs)	Year ended 31.03.2020 (₹ in lacs)
24 Revenue from operations		
(A) Sale of Products		
Finished Goods :		
Exports	1,504.95	5,578.49
Local	2,817.04	6,546.87
Traded Goods:		
Exports	0.24	-
Waste Sales:		
Exports	-	120.54
Local	187.52	529.15
TOTAL (A)	<u>4,509.75</u>	<u>12,775.05</u>
(B) Other Operating Income		
Job work charges	60.22	-
Sale of Land, Plots	27.55	231.78
Export Incentive	28.36	93.04
TOTAL (B)	<u>116.13</u>	<u>324.82</u>
TOTAL (A) + (B)	<u>4,625.88</u>	<u>13,099.87</u>
25 Other income		
Interest Income	19.29	29.48
Sale of scrap	4.02	9.05
Miscellaneous receipts	1.20	1.20
TOTAL	<u>24.51</u>	<u>39.73</u>
26 Cost of raw materials consumed		
(A) Raw materials Consumed		
Opening Stock	907.53	1,411.03
Add :Purchases during the Year	3,394.53	8,040.00
Less:Sale of Cotton	2,000.93	1,578.36
Less:Closing Stock	253.51	907.53
TOTAL (A)	<u>2,047.62</u>	<u>6,965.14</u>
(B) Packing Material Consumed		
Opening Stock	25.07	13.58
Add :Purchases during the Year	49.21	210.17
Less:Closing Stock	22.07	25.07
TOTAL (B)	<u>52.21</u>	<u>198.68</u>
TOTAL (A) + (B)	<u>2,099.83</u>	<u>7,163.82</u>
27 Changes in inventory of finished goods, work in progress and waste		
(A) Stock at the beginning of the year:		
Finished goods	1,009.91	1970.54
Goods-in-process	467.60	486.24
Waste	18.16	3.33
TOTAL (A)	<u>1,495.67</u>	<u>2,460.11</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

	Year ended 31.03.2021 (₹ in lacs)	Year ended 31.03.2020 (₹ in lacs)
(B) Less : Stock at the end of the year:		
Finished goods	241.15	1,009.91
Goods-in-process	182.08	467.60
Waste	2.16	18.16
TOTAL (B)	425.40	1,495.67
Decrease /(Increase) in inventory (A)-(B)	1,070.27	964.44
28 Cost of Land, Plot and other costs		
Cost of Land	22.25	172.53
Land Development Expenses	0.06	10.34
Commission and Brockerage	-	3.43
TOTAL	22.31	186.30
29 Employee benefit expenses		
Salaries, Wages and Bonus	950.20	1,766.08
Contribution to Provident and Other Funds	130.18	207.36
Welfare Expenses	52.88	95.35
TOTAL	1,133.26	2,068.79
30 Finance cost		
Interest Expenses	820.97	749.00
Other borrowing costs	69.42	109.23
Interest - Cost on Fair Valuation of Preference Shares	9.18	-
TOTAL	899.57	858.23
31 Other expenses		
Power and fuel	611.52	1,366.45
Process charges expenses	135.18	400.02
Consumption- Stores and Spares	12.87	33.77
Repairs & Maintenance- Building	39.30	125.03
Repairs & Maintenance- Plant & Machinery	30.90	118.24
Commission and Brockerage	68.32	231.45
Other selling expenses	75.67	81.67
Insurance	14.86	9.86
Rates and Taxes	23.54	23.87
Rent	5.05	2.03
Directors Sitting Fee		
Payment to Auditors	2.10	1.75
Audit Fee	0.40	-
Out of Pocket Expenses	-	0.92
(Net gain) / Net loss on foreign currency transaction and translation	30.22	127.00
Loss on disposal/discard of fixed assets (Net)	-	0.16
Miscellaneous Expenses	129.27	188.07
TOTAL	1,179.20	2,710.29

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

32 Exceptional items shown in Statement of Profit and Loss represents VRS compensation paid to workmen.

33 Earning per share

	31.03.2021	31.03.2020
	(₹ in lacs)	(₹ in lacs)
Net profit /(Loss) as per statement of profit and loss	(3600.71)	(1009.69)
Weighted average Number of Equity Shares (₹ 10 per share)	Nos 11640478	11640478
Basic and diluted Earning Per Share	₹ (30.93)	(8.67)

34 Employee Benefits Plan

Gratuity:

In accordance with the applicable laws, the Company provides for Gratuity, a defined benefit retirement plan ("The Gratuity Plan") covering eligible employees. The Gratuity plan provides for a lump sum payment to vested employees on retirement (subject to the completion of 5 years of continuous employment), death, incapacitation or termination of the employment based on last drawn salary and tenure of employment.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date and the Company makes annual contribution to the Gratuity Fund administered by Life Insurance Corporation of India, which is basically a year-on-year cash accumulation plan. Though the Company has not fully funded to LIC, adequate provision has been made in the books of accounts. As part of the scheme the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity settlements during the year subject to sufficiency of funds under the policy.

	Gratuity Plan	Gratuity Plan
	2020-21	2019-20
	(₹ in lacs)	(₹ in lacs)
Change in Defined Benefit Obligation (DBO) during the year		
1 Present value of DBO at the beginning of the year	813.17	865.57
2 Current Service cost	18.35	26.59
3 Interest cost	50.38	65.06
4 Actuarial (gain)/ loss arising from changes in demographic assumptions	-	(0.34)
5 Actuarial (gain)/ loss arising from changes in financial assumptions	(4.00)	46.35
6 Actuarial (gain)/ loss arising from changes in experience adjustments	63.12	(25.97)
7 Benefits paid	(433.62)	(164.09)
Present value of DBO at the end of the year	507.40	813.17
Change in fair value of plan assets during the year		
1 Fair value of plan assets at the beginning of the year	486.26	602.09
2 Interest income	30.13	45.26
3 Employer contributions	0.01	3.00
4 Benefits paid	(433.62)	(164.09)
5 Remeasurements - return on plan assets (excluding interest income)	(22.59)	-
Present value of DBO at the end of the year	60.19	486.26
Amounts recognised in the Balance Sheet		
1 Present value of DBO at the end of the year	507.40	813.17
2 Fair value of plan assets at the end of the year	60.19	486.26
Funded status of the plans - Surplus / (Deficit)	(447.21)	(326.91)
Assets and (Liability) recognised in the Balance sheet	(447.21)	(326.91)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

	Gratuity Plan 2020-21 (₹ in lacs)	Gratuity Plan 2019-20 (₹ in lacs)
Components of employer expense		
1 Current service cost	18.35	26.59
2 Interest cost / (income) on net defined benefit obligation	20.25	19.80
Expense recognised in Statement of Profit and Loss	38.60	46.39
Remeasurements on the net defined benefit obligation		
Return on plan assets(excluding interest income)	22.59	-
Actuarial (gain) / loss arising from changes in demographic assumptions	-	(0.34)
Actuarial (gain) / loss arising from changes in financial assumptions	(4.00)	46.35
Actuarial (gain) / loss arising from changes in experience adjustments	63.12	(25.97)
Remeasurements recognised in other comprehensive income	81.71	20.04
Total defined benefit cost recognised	120.31	66.43
Nature and extent of investment details of the plan assets		
State and Central Securities	-	-
Bonds	-	-
Special Deposits	-	-
Insurer Managed funds	100%	100%
Assumptions		
Discount rate	6.35%	6.20%
Expected rate of salary increase	2.00%	2.00%
Sensitivity analysis - DBO at the end of the year (₹in lacs)		
Discount rate + 100 basis points	482.17	776.73
Discount rate - 100 basis points	535.70	853.99
Salary Growth rate + 1%	536.68	855.34
Salary Growth rate - 1%	480.91	774.96
Attrition rate +50%	512.14	819.93
Attrition rate -50%	502.36	805.96
Weighted average duration of DBO	4years	4years
Expected cash flows(₹ in lacs)		
1. Expected employer contribution in the next year	462.53	348.77
2. Expected benefit payments		
Year 1	164.02	311.54
Year 2 to year 5	210.88	330.39
Year 6 to year 10	106.15	164.89
Beyond 10 years	276.28	349.51

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

35 Related Party Disclosures pursuant to Ind AS 24

(a) Names of Related parties and nature of relationships.

i. Associate:

Patspin India Ltd

ii. Companies under joint control as per para 9 (b) vi of Ind AS 24

GTN Enterprises Ltd

Beekaypee Credit Private Ltd

Umang Finance Private Ltd

Patodia Exports and Investments Private Ltd

iii. Key Management Personnel:

Shri B.K. Patodia – Chairman & Managing Director

Shri E.K. Balakrishnan - Vice President (Corporate Affairs) & Company Secretary

Shri Arun S Mohan - Chief Financial Officer

iv Relatives of Key Management Personnel:

1. Smt. Prabha Patodia, Wife of Sri. B.K. Patodia

2. Shri. Umang Patodia, Son of Sri. B.K. Patodia

3. Shri. Ankur Patodia, Son of Sri. B.K. Patodia

4. Smt. Mala Patodia, Daughter in Law of Sri. B.K. Patodia

5. Smt. Swati Patodia, Daughter in Law of Sri. B.K. Patodia

(b) Transactions / Balances

	Associates		Company under joint control under para 9 (b) vi of Ind AS 24		Other related Parties	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Sale of goods	1,081.72	1,725.60	1,804.82	581.10	-	-
Purchase of goods	388.02	1,954.78	374.10	2,125.48	-	-
Rendering of services	-	-	64.43	1.20	-	-
Receiving of services	85.23	214.13	35.11	187.98	12.60	12.60
Remuneration paid	-	-	-	-	30.49	47.64
Un Secured Loans taken	-	-	799.00	500.00	44.10	237.00
Un Secured Loans repaid	-	-	650.00	-	200.00	-
Interest Paid	-	-	26.71	0.27	52.34	40.97
Balances as at year end						
Trade Payables	-	577.94	-	620.80	-	-
Trade Receivables	36.94	-	702.55	-	-	-
Loans Outstanding	-	-	671.50	522.50	461.10	617.00
Interest Payable	-	-	26.34	5.14	14.28	18.48
Investments	1,964.26	1,964.26	-	-	-	-
Guarantees provided for	300.00	300.00	-	-	-	-
Guarantees received	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

(c) Disclosure in respect of transactions with related parties during the year

		Transactions	
		2020-21	2019-20
(i)	Sale of goods		
	a) Cotton		
	i) GTN Enterprises LTD	1,125.35	285.50
	ii) Patspin India LTD	919.91	763.39
	b) Cotton Yarn		
	i) GTN Enterprises LTD	678.10	295.33
	ii) Patspin India LTD	161.46	960.75
	c) Store Items		
	i) GTN Enterprises LTD	1.37	0.01
	ii) Patspin India LTD	0.35	0.92
	d) Packing Materials		
	i) GTN Enterprises LTD	-	0.27
	ii) Patspin India LTD	-	0.54
(ii)	Purchase of goods		
	a) Cotton		
	i) GTN Enterprises LTD	54.70	1,742.70
	ii) Patspin India LTD	206.48	1,613.11
	b) Cotton Yarn		
	i) GTN Enterprises LTD	319.40	376.30
	ii) Patspin India LTD	181.25	340.66
	c) Store Items		
	i) Patspin India LTD	0.29	0.10
	d) Packing Materials		
	i) GTN Enterprises LTD	-	6.48
	ii) Patspin India LTD	-	0.91
(iii)	Rendering of services		
	a) Rent		
	i) GTN Enterprises LTD	1.20	1.20
	b) Processing Charges		
	i) GTN Enterprises LTD	63.23	-
(iv)	Receiving of services		
	a) Rent		
	i) Other Related Parties	12.60	12.60
	b) Processing Charges		
	i) GTN Enterprises LTD	35.11	187.98
	ii) Patspin India LTD	85.23	214.13
(v)	Remuneration paid		
	i) Other Related Parties	30.49	47.64
(vi)	Unsecured Loans taken		
	i) M/s Beekaypee Credit Pvt Ltd	350.00	350.00
	ii) M/s Umang Finance Private Ltd	150.00	150.00
	iii) M/s Patodia Exports & Investments Private Ltd	299.00	-
	iv) Other Related Parties	44.10	237.00
(vii)	Un Secured Loan repaid		
	i) M/s Beekaypee Credit Pvt Ltd	460.00	-
	ii) M/s Umang Finance Private Ltd	190.00	-
	iii) Other Related parties	200.00	-
(viii)	Interest Paid		
	i) M/s Beekaypee Credit Pvt Ltd	15.92	0.09
	ii) M/s Umang Finance Private Ltd	7.45	0.07
	iii) M/s Patodia Exports & Investments Private Ltd	3.34	0.11
	iii) Other Related Parties	52.34	40.97
(ix)	Guarantees provided for Patspin India Limited	300.00	300.00

Notes:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

36 The accounts of certain Trade Receivables, Trade Payables, Loans & Advances and Banks are subject to formal confirmations/reconciliations and consequent adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation/adjustments.

37 In term of Ind AS -108 - Operating segments of the Company are: Textiles, Commission agency and Realty segments..

1. Segment Revenue	31.03.2021	31.03.2020
(Net sales / Income)		
(a) Yarn	4,598.33	12,868.09
(b) Commission Agency	-	-
(c) Realty	27.55	231.78
Total	4,625.88	13,099.87
Less: Inter Segment Revenue	-	-
Net Sales / Income from Operations	4,625.88	13,099.87
2. Segment Results		
(Profit (+) / Loss (-) before tax and interest		
(a) Yarn	(1,491.96)	(527.05)
(b) Commission Agency	-	-
(c) Realty	5.24	45.48
Total	(1,486.72)	(481.57)
Less: (i) Interest	899.57	858.23
(ii) Other Un-allocable Expenditure net off	-	-
Add: (i) Un-allocable Income	24.77	39.73
Total Profit Before Tax	(2,361.51)	(1,300.07)
3. Segment Assets		
(a) Yarn	13,402.54	17,633.64
(b) Commission Agency	-	-
(c) Realty	215.91	236.18
Total Assets	13,618.45	17,869.82
4. Segment Liabilities		
(a) Yarn	9,431.28	10,438.04
(b) Commission Agency	-	-
(c) Realty	70.47	6.49
Total Liabilities	9,501.75	10,444.53
5. Capital Employed		
(Segment Assets - Segment Liabilities)		
(a) Yarn	3,971.26	7,195.6
(b) Commission Agency	-	-
(c) Realty	145.44	229.69
Total	4,116.70	7,425.29

38 Finance Lease assets, loan repayable and future payments disclosure.

Particulars	As at 31.03.2021			As at 31.03.2020		
	Total Minimum payments Outstanding (₹ in Lacs)	Future Interest on outstanding (₹ in Lacs)	Present value of minimum payments (₹ in Lacs)	Total Minimum payments Outstanding (₹ in Lacs)	Future Interest on outstanding (₹ in Lacs)	Present value of minimum payments (₹ in Lacs)
1. Due within one year	1.38	0.09	1.47	1.30	0.19	1.49
2. Between one year to five years	0.12	0.00	0.12	1.50	0.09	1.59
Total	1.50	0.09	1.59	2.80	0.28	3.08

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

39 Contingent liabilities and commitments

Contingent liabilities

- 1 The company has given corporate Guarantee amounting of ₹300 Lakhs (Previous year ₹300 Lakhs) 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 ₹687.34 Lakhs. (Previous year ₹607.14 Lakhs)
- 40 Due to Covid-19 pandemic and consequent lockdowns imposed by the Central Government, and statement Government, the operations of the Company were repeatedly suspended impacting production and dispatches for major part of the year. The Company could resume operations since last week of September 2020. Further, In view of recent surge in Covid-19 cases, state Government has again reimposed Lockdown and restrictions. The repeated suspension of plant operations has resulted in lower capacity utilization and impacted the performance of the company for the Year ended 31.03.2021. However, as per the current assessment of the Company, there is no material Impact on the carrying values of trade receivables, Inventories, and other financial / non-financial assets as at the reporting date. Given the uncertainties associated with nature, condition and duration of Covid-19, the company will closely monitor any material changes arising out of the future economic conditions. The impact of the pandemic in the subsequent period is highly dependent on the situations as they evolve and hence may be different from that estimated as at the date of approval of these financial results.
- 41 Company's account with Lenders was classified as sub-standard as of 31st March 2021 due to irregularity in working capital account. Company is in discussion with Lenders and working on a proposal to regularise the account from sale proceeds of non-core assets. As the estimated sale value of non-core assets is higher than the amount of irregularity with Lenders, Management is hopeful of resolving it at the earliest
- 42 In view of the note 40 & 41 above, Deferred Tax Asset for the current financial year was not recognized and the Deferred tax Asset recognized in earlier year(s) of ₹1239 lac was reversed in the Financial Year 2020-21.
- 43 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code and recognize the same when the Code becomes effective.

44 Financial risks management

In the course of business, amongst others, the Company is exposed to several financial risks such as Credit Risk, Liquidity Risk, Interest Rate Risk and Exchange Risk . These risks may be caused by the internal and external factors resulting into impairment of the assets of the Company causing adverse influence on the achievement of Company's strategies, operational and financial objectives, earning capacity and financial position.

The Company has formulated an appropriate policy and established a risk management framework which encompass the following process.

- identify the major financial risks which may cause financial losses to the company
- assess the probability of occurrence and severity of financial losses
- mitigate and control them by formulation of appropriate policies, strategies, structures, systems and procedures
- Monitor and review periodically the adherence, adequacy and efficacy of the financial risk management system.

The Company enterprise risk management system is monitored and reviewed at all levels of management, Internal Auditors, Audit Committee and the Board of Directors from time to time.

Credit Risk

Credit Risk refers to the risks that arise on default by the counterparty on its contractual obligation resulting into financial loss to the company. The company may carry this Risk on Trade and other receivables, liquid assets and some of the non current financial assets.

In case of Trade receivables, the company has framed appropriate policy for extending credits period & limit to each customer based on their profile, financial position etc. The collections of trade dues are strictly monitored . In case of Export customers, even credit guarantee insurance is also obtained wherever required.

Company's exposure to Credit Risk is also influenced by the concentration of risk from top five customers. The details in respect of the% of sales generated from the top customer and top five customers are given hereunder.

Particulars	Current Year	Previous Year
Revenue from Top Customer	13.97%	11.69%
Revenue from Top Five Customers	43.46%	34.43%

The credit risk on cash & cash equivalent, investment in fixed deposits, liquid funds and deposits are insignificant as counterparties are banks with high credit ratings assigned by the rating agencies of international repute.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

Liquidity Risk

Liquidity Risk arises when the company is unable to meet its short term financial obligations.

The company maintains liquidity in the system so as to meet its financial liabilities.

Contractual maturities of financial liabilities are given as under:

Particulars	As at 31st March 2021	Due within 12 months from Balance sheet Date	Due beyond 12 months of Balance Sheet Date	As at 31st March 2020	Due within 12 months from Balance sheet Date	Due beyond 12 months of Balance Sheet Date
Borrowings	7,235.45	6,046.17	1,189.29	6,426.22	6,007.72	418.50
Trade payables	649.35	649.35	-	3,196.82	3,196.82	-
Other Financial Liabilities	383.59	383.59	-	185.69	185.69	-

Interest Rate Risk

Generally market linked financial instruments are subject to interest rate risk. The company does not have any market linked financial instruments both on the asset side as well liability side. Hence there is no interest rate risk linked to market rates.

However the interest rate in respect of major portion of borrowings by the Company from the banks are linked with the MCLR / Base Prime lending rate of the respective lender. Any fluctuation in the same either on higher side or lower side will result into financial loss or gain to the company.

The amount which is subjected to the change in the interest rate is of ₹ 4953.06 lakhs out of the total debt of ₹ 7235.46 Lakhs

Based on the Structure of the debt as at year end, a half percentage point increase in the interest rate would cause an additional expense in the net financing cost of ₹ 24.77 Lakhs on annual basis.

Foreign Currency Risk

The company is exposed to the foreign currency risk from transactions & translation. Transactional exposures are arising from the transactions entered in foreign currency. Management keeps a close watch of the maturity of the financial assets in foreign currency and payment obligations of the financial liabilities.

Particulars of un- hedged Foreign Currency exposures as at 31.03.2021 are given below:

Particulars	As at 31.03.2021			As at 31.03.2020		
	Amount in Lacs	Exchange Rate ₹	Amount (₹ in lacs)	Amount in Lacs	Exchange Rate ₹	Amount (₹ in lacs)
Accounts payable	Nil	Nil	Nil	USD 4.37	75.69	330.72

Based on one percentage point variations in the exchange rate, the profit before tax for the year based on the un hedged foreign currency transaction entered during the period was Nil

Capital risk management

The Company's objectives when managing capital are to :

- ◆ Create value for its shareholders and other stake holders
- ◆ maintain an optimal capital structure to reduce the cost of capital through a fair mix of equity with combination of short term / Long term as may be appropriate

The Company decides the amount of capital required on the basis of annual business and long-term operating plans which includes capital and other strategic investments. The Company's intention is to maintain a stable and strong capital structure so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business.

The details of capital employed is given below:

Particulars	As at March 31, 2021 ₹ in Lacs	As at March 31, 2020 ₹ in Lacs
Total equity	4,116.70	7,425.29
Net Debt	7,070.33	5,899.80
Total Capital (Borrowings and Equity)	11,187.03	13,325.09

(i) Net debt represents total borrowings (non-current & current) as reduced by cash and cash equivalents.

(ii) Equity comprises of all components including other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021 (Contd.)

45. Additional information as required under schedule III of the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associates / Joint Ventures

	Net Assets ie, total assets minus total liabilities		Share in Profit or Loss	
	As % of Consolidated net assets	Amount (in Lakh)	As % of Consolidated Profit or Loss	Amount (in Lakh)
Parent				
GTN Textiles Limited	100.00%	4,116.70	100.00%	(3,689.51)
Subsidiaries				
Indian - NIL				
Foreign - NIL				
Associates (Investment as per the equity method)				
Indian - Patspin India Limited	0.00%	-	0.00%	-
Foreign - NIL				
Joint Ventures				
Indian - NIL				
Foreign - NIL				

Annexure A

Additional information, as required under Schedule III to the Companies Act, 2013 of enterprises consolidated as Associates

SAILENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / ASSOCIATES / JOINT VENTURES AS PER COMPANIES ACT, 2013

Part - A - Subsidiaries None

Part - B - Associates and Joint Ventures

Sl. No	Name of Associates	Latest Audited Balance sheet date	Amount of investment in Associates	Extent of holding	Networth attributable to shareholders as per latest balance sheet (₹ lakhs)	Considered in Consolidation (₹ lakh)	Not considered in consolidation (₹lakhs)	Description of how there is influence significant	Rason why the associate is not considered
1	Patspin India Limited	31.03.2021	1964.26	46.21%	-	-	-	There is significant influence due to percentage (%) of Share capital	-

46 Previous year's figures have been regrouped/reclassified wherever necessary to confirm the current year's presentation.

Signature to Note 1 to 46

As per our report of even date attached

For and on behalf of the Board

For **L.U. KRISHNAN & Co.**

Chartered Accountants
(ICAI FRN 001527S)

B. K. PATODIA

Chairman & Managing Director
DIN No. 00003516

UMANG PATODIA

Director
DIN No. 00003588

P. K. MANOJ

Partner
(M. No. 207550)
UDIN : 21207550AAAAEY4331

E.K.BALAKRISHNAN

Vice President (Corporate Affairs) &
Company Secretary

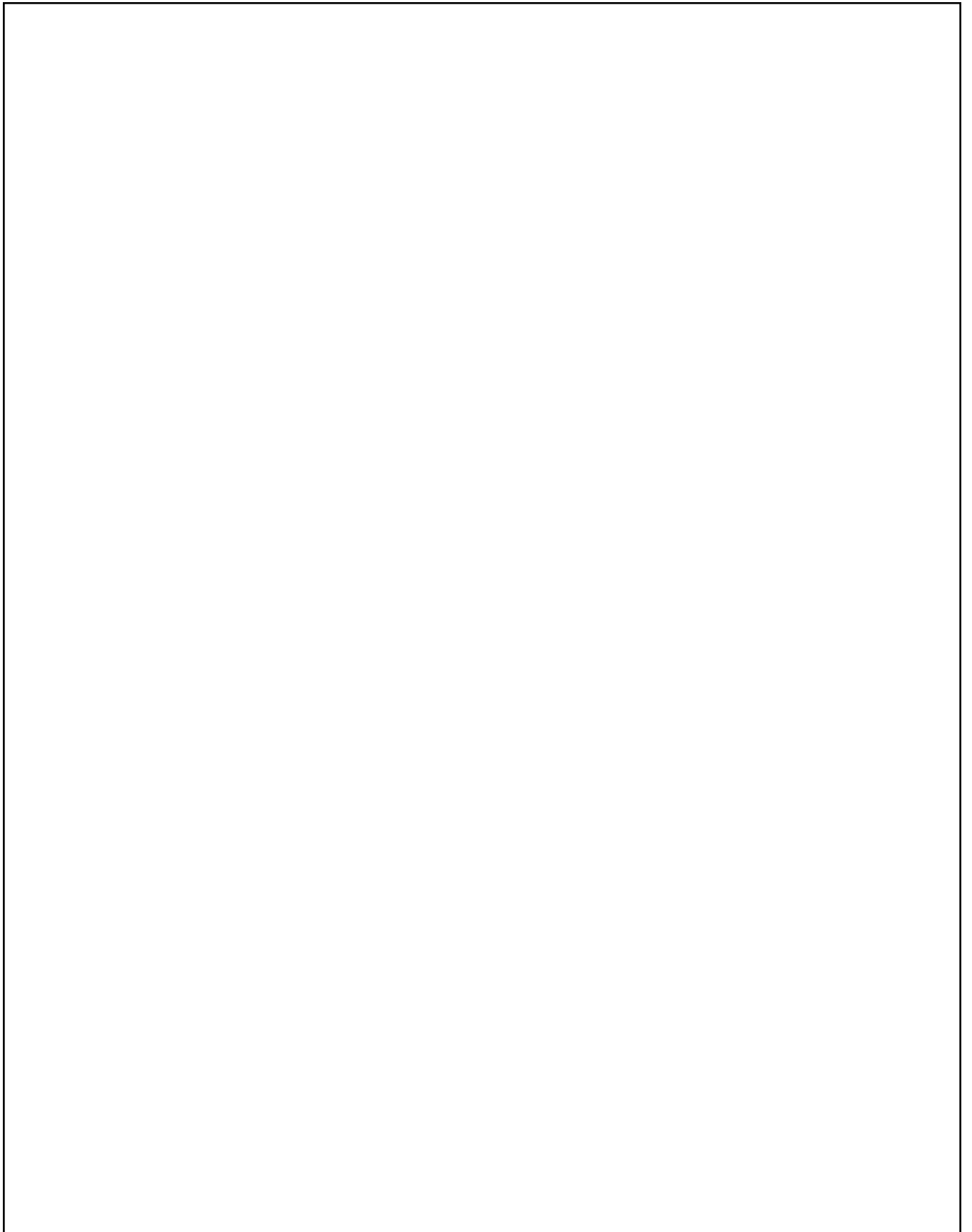
ARUN S MOHAN

Chief Financial Officer

Place : Chennai
Date : 30th June 2021

Place : Kochi
Date : 30th June 2021

Place : Kochi
Date : 30th June 2021





Registered Office: Door No. VIII/911, Erumathala P O., Aluva, Ernakulam 683 112
Corporate Office: 43, Mittal Chambers, 4th Floor., 228, Nariman Point, Mumbai 400 021

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