

3rd Annual
Report
2007 - 2008



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GTN TEXTILES LIMITED

NOTICE

NOTICE is hereby given that the **Third Annual General Meeting** of **GTN TEXTILES LIMITED** will be held at Oceanic Hall, Hotel Periyar, Aluva – 683 101 at 12.15 p.m on Friday, the 25th day of July 2008, to transact the following business.

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet as at March 31, 2008 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors and the Auditors thereon.
- 2) To declare a Dividend.
- 3) To appoint a Director in place of Shri.R Rajagopalan, who retires by rotation, and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Shri.C D Thakker, who retires by rotation, and being eligible, offers himself for re-appointment.
- 5) To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

6) Appointment of Additional Director

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

"RESOLVED that Shri.N K Bafna who was appointed by the Board of Directors as an Additional Director of the Company with effect from 15th May, 2008 and who holds Office up to the date of the forthcoming Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ('the Act') and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the Office of a Director of the Company, be and he is hereby appointed a Director of the Company".

7) Fixing of Remuneration to the Managing Director

To consider and if thought fit, to pass the following resolution with or without modification, as a special resolution

"RESOLVED that in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 and Rules there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the company be and is hereby accorded to fix remuneration to Shri.B K Patodia, Vice Chairman & Managing Director of the Company for a further period from 1.4.2008 upto 18.12.2010, on the terms and conditions as set out and approved by the Remuneration Committee / Board of Directors. The draft remuneration structure placed before this meeting is specifically sanctioned with liberty to the Board of Directors (hereinafter referred to the "Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and or remuneration and or agreement, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956 including any

statutory re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri.B K Patodia".

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

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

AND

"RESOLVED FURTHER that the Board be and is hereby authorized to take all such steps as may be necessary proper or expedient to give effect to this resolution".

8. Approval to extend mortgage in favour of Working Capital Bankers on Second Charge basis

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

"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) for creating such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties of the Company wheresoever situate, both present and future and of conferring power to enter upon and to take possession of the assets of the Company in certain events, to or in favour of Central Bank of India, State Bank of India and State Bank of Travancore to secure on *pari passu* second charge basis:

- i) Working Capital facilities aggregating Rs.4580 lacs, lent and advanced by Central Bank of India (CBI) to the Company;
- ii) Working Capital facilities aggregating Rs.2380 lacs, lent and advanced by State Bank of India (SBI) to the Company; and
- iii) Working Capital facilities aggregating Rs.690 lacs, lent and advanced by State Bank of Travancore (SBT) to the Company;

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

E K BALAKRISHNAN
General Manager &
Company Secretary

Place : Kochi
Date : 29th May, 2008

NOTICE (Contd.)

NOTES:-

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the Proxy need not be a Member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto and forms part of the Notice.
3. The Shares of the Company are listed and traded with Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) and Cochin Stock Exchange Limited (CSEL) effective from 18.5.2006. The Company's Shares have also been admitted with the Depositories viz. NSDL and CDSL under ISIN No.INE302H01017.
4. The Company has already notified Closure of Register of Members and Share Transfer Books thereof from Saturday, the 19th July, 2008 to Friday, the 25th July, 2008 (both days inclusive) for determining the names of Members eligible for Dividend, if approved, on equity shares. In respect of shares held in Electronic form, Dividend will be payable on the basis of beneficial ownership, as per details furnished by NSDL and CDSL, for this purpose.
5. Subject to the provisions of Section 206A of the Companies Act, 1956, Dividend as recommended by the Board of Directors, if declared at the meeting, will be payable on or before 24th August, 2008 to those members whose names appear on the Company's Register of Members as on 25th July, 2008.
6. Members may please note that the dividend warrants are payable at par at the designated branches of the Bank printed on reverse of the dividend warrant for an initial period of 6 months only. Thereafter, the dividend warrant on revalidation is payable only at limited centres / branches. The members are, therefore advised to encash dividend warrants within the initial validity period.
7. Information in respect of Unclaimed Dividend when due for transfer to the said Fund with reference to dividend for the financial year ended 31st March, 2008 is given below:

Financial year Ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEPF
31.3.2006	28.7.2006	27.7.2013	26.8.2013
31.3.2007	26.7.2007	25.7.2014	24.8.2014

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

8. Consequent upon introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Individual Shareholder(s) can avail of the facility of nomination. The nominee shall be a person in whom all rights of transfer and / or amount payable in respect of the shares shall vest in the event of the death of the Shareholder(s). A minor can be a nominee provided the name of the guardian is given in the Nomination form. The facility of nomination is not available to non-individual Shareholders such as Bodies-Corporate, Kartas of Hindu Undivided Families, Partnership Firms, Societies, Trust and holders of Power of Attorney. For further details please contact Company's Secretarial Department. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Share Transfer Agent, M/s.Integrated Enterprises (India) Limited.

REQUEST TO THE MEMBERS:

1. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company atleast 7 (Seven) days in advance, so as to enable the Company to keep the information ready.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.
3. Members are requested to inform immediately any change in their address to the Company's Share Transfer Agents.
4. All communications relating to shares are to be addressed to the Company's Share Transfer Agents M/s.Integrated Enterprises (India) Ltd., "Seema", 41/426, Rajaji Road, Near Abad Metro Hotel, Ernakulam - 682 035, Kerala; Tel. No. (0484)2371494/2366099; Fax: (0484) 2384735; E-Mail:yesbalu@iepindia.com or shaji@iepindia.com.
5. Members are requested to note that the Company's Equity shares are compulsorily traded in demat form for all investors, effective from 18th May, 2006. Members are requested to open Depository Account in their names with a Depository participant to dematerialise their holdings. This would be necessary for facilitating the transfers of Company's Equity shares in all Stock Exchanges connected to the Depository System.

NOTICE (Contd..)**DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT / REGULARISATION PURSUANT TO SECTION 257 OF THE ACT.**

(In pursuance of Clause 49 of the Listing Agreement)

Name of Director	Shri. R Rajagopalan	Shri. C D Thakker	Shri. N K Bafna
Date of Birth	21.7.1938	31.3.1938	03.07.1939
Date of appointment	28.10.2005	17.12.2005	18.05.2008
Qualifications	Fellow member of the Institute of Chartered Accountants of India (ICAI); Fellow member of the Institute of Company Secretaries of India (ICSI).	S.S.C	B.Com, FCA, Law Graduate
Expertise in specific functional area	Retired as Managing Director – Commercial & Secretary with M/s.Widia (India) Ltd. Besides his proficiency in Finance, Accounts and Secretarial Functions, he was part of management team for finalisation of many collaboration tie-ups with Widia GmbH and also with other reputed European and American Companies. He was also associated with various Organisations and was the National President of the Institute of Company Secretaries of India (ICSI); President of Employers' Federation of Southern India (EFSI); Chairman of Taxation and Finance Sub-Committee of Confederation of Indian Industry (CII); Member of Southern Regional Council of CII; Member of Engineering Export Promotion Council (EEPC); Greater Mysore Chamber of Industry (GMCI), etc. etc.	He has over 42 years experience in procurement and trading of raw cotton. He is employed in M/s.Purav Trading Ltd. in the capacity of 'President'.	Practising Chartered Accountant and a Senior Partner of M/s.Lodha & Co., Chartered Accountants, Mumbai. Besides his proficiency in Finance and Accounts, he is also an expert in Company Law matters.
Shareholding in Company	None	11468	None

Details of other Directorship:-

Shri.R Rajagopalan	1) Patspin India Limited	Director	Audit	Member
	2) MRO-TEK Limited	Director	1) Audit	Chairman
	3) Karnavati Engineering Limited	Director	2) Shareholders	Member
	4) Saksoft Limited	Director	None	None
Shri.C D Thakker	1) Prime Textiles Limited	Director	1) Audit	Chairman
	2) GTN Industries Limited	Director	2) Shareholders	Chairman
Shri.N K Bafna	1) Prime Textiles Limited	Director	None	None
	2) National Collateral Management Service Ltd.	Director	None	None
	3) Patspin India Limited	Director	1) Audit	Member
			2) Shareholders	Member

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

Place : Kochi
Date : 29th May, 2008

E K BALAKRISHNAN
General Manager & Company Secretary

NOTICE (Contd..)

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

ITEM No.6

The Board of Directors of the Company has appointed Shri.N K Bafna as an Additional Director with effect from 15th May, 2008. In terms of Section 260 of the Companies Act, 1956, read with Clause No.110 of the Articles of Association, he holds the said Office only upto the date of the ensuing Annual General Meeting. A Notice has been received from a member and also Deposit of Rs.500/- from him pursuant to Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri.N K Bafna for the office of Director.

Shri.N K Bafna is a Practising Chartered Accountant and a Senior Partner of M/s.Lodha & Company, Chartered Accountants, Mumbai. Besides his proficiency in finance and accounts, he is also an expert in Company Law matters.

Keeping in view the experience and expertise of Shri.N K Bafna, your Directors decided to appoint Shri.N K Bafna as an Additional Director of the Company, subject to the approval of the Members. Details of Shri.N K Bafna's Age, Qualifications, expertise and Directorships and Memberships of other Board / Committees have been given in the Annexure attached to the Notice convening the Annual General Meeting. Shri.N K Bafna has filed Form DD-A with the Company as required under the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003.

Your Directors commend acceptance of the resolution by the Shareholders.

Shri.N K Bafna is interested in Resolution No.6. No other Director is interested in the resolution.

ITEM No. 7

Shri.B K Patodia was appointed as the Vice Chairman & Managing Director of the company for a period of five years with effect from 19.12.2005 upto 18.12.2010. His remuneration had also been fixed by the Remuneration Committee / Board for a period of 3 years from 19.12.2005 upto 18.12.2008.

Remuneration Committee constituted by the Board had met on 19.5.2008 and approved and recommended remuneration package of Shri.B K Patodia, Vice Chairman & Managing Director for his balance tenure from 1.4.2008 upto 18.12.2010, in accordance with Schedule XIII to the Companies Act, 1956.

In terms of Government of India, Ministry of Law, Justice and Company Affairs, Department of Company Affairs, Notification No.GSR36(E) dated 16th January 2002, where in any financial year, during the currency of the tenure of the managerial person, a company has no profits or its profits are inadequate, it may pay remuneration by way of Salary, Dearness Allowance, Perquisites and any other allowance in excess of Rs.2,00,000/-, per month but not exceeding Rs.4,00,000/- per month or exceeding Rs.4,00,000/- per month with prior approval of the Central Government, provided;

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

The Remuneration Committee of the Board of Directors has recommended remuneration of Shri.B K Patodia, Vice Chairman & Managing Director for his balance tenure from 1.4.2008 upto 18.12.2010, as set out below:

a) **Salary:**

Rs.3,20,000/- per month in the Scale Rs.320000-10000-340000 effective from 1st April, 2008 upto 18th December, 2010.

b) **Commission:**

Subject to the overall limits laid down in Sections 198 and 309 of the Companies Act, 1956, such percentage of the Net Profit of the Company or such quantum as may be fixed by the Board of Directors for each financial year not exceeding 2% of the Net Profits of the Company, each year, restricted to an overall limit of Rs.48 lacs per annum.

c) **Perquisites as follows:**

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

NOTICE (Contd..)

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

d) Overall Remuneration:

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

e) Minimum Remuneration:

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

Pursuant to the provisions of Section 269 read with Schedule XIII of the Companies Act, 1956, the approval of the members in general meeting is required to be obtained with regard to the remuneration as set out in Item No.7 of the accompanying notice.

Further more, approval of the members in general meeting by way of a special resolution is required to be obtained for payment of minimum remuneration, by way of salary and perquisites and allowances as specified above in the event of absence or inadequacy of profits in any financial year during the tenure of Shri.B K Patodia as the Vice Chairman & Managing Director of the Company.

Shri.M L Patodia, Shri.B K Patodia and Shri.Umang Patodia, being related to each other are deemed to be interested in the resolution mentioned in Item No.7 of the Notice.

None of the other directors of the company is in any way concerned or interested in the resolution mentioned in Item No.7 of the notice.

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

I. General Information:

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

(Rs. in lacs)

Particulars	2005-06	2006-07	2007-08
Sales	10495	11541	10950
Other Income	77	124	199
Operating Profit	1189	1358	1128
Interest	350	437	537
PBDT	839	921	591
Profit Before Tax	248	331	(28)
Profit After Tax	123	245	116
Net Profit	123	245	116
Amount of Equity Dividend Paid	105	105	70
Rate of Dividend Declared (%)	9%	9%	6%
			(proposed)

The Effective Capital of the company based on the Audited Accounts for the Year Ended 31.3.2008 is Rs.85 crores.

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

NOTICE (Contd..)

- v) Export Performance and Net foreign Exchange contributions:

(Rs. in Lacs)

Financial Year	Export Turnover
2005-2006	9712
2006-2007	9783
2007-2008	8644

The Company does not have any Foreign Exchange Collaboration.

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

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

Vide Item No.7 of the Notice of this Annual General Meeting of the company, the approval of the members is being sought for fixing the remuneration of Shri.B K Patodia, Vice Chairman & Managing Director effective from 1st April 2008 upto a period 18.12.2010. Shri.B K Patodia is a Citizen of India, 63 years of age. He is an Engineering Graduate from BITS, Pilani and has about 4 decades of experience in Textile Industry, Yarn marketing and Cotton Trade. He is past Chairman of Indian Cotton Mills Federation (ICMF); Southern India Mills Association (SIMA); and The Cotton Textile Export Promotion Council (TEXPROCIL) and is member of various Committees.

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

During the financial year 2007-2008, he was paid the following remuneration:

(Rs. in lacs)

Salary	Commission	Perquisites	P.F./Gratuity/ Superannuation	Total
36.00	—	3.73	12.40	52.13

Pecuniary Relationship: The Company had not entered into any transaction of material in nature with any of the related parties which were in conflict with the interest of the company. Further, all transactions with the related parties were in the ordinary course of business and at arms length.

III. Other Information:

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

Shri. M L Patodia, Shri.B K Patodia and Shri.Umang Patodia, being related to each other are deemed to be interested in the resolution mentioned in Item No.7 of the notice.

None of the other directors of the company is in any way concerned or interested in the resolution mentioned in Item No.7 of the notice.

Your Directors recommend this Resolution for approval.

ITEM No.8

The Company has been sanctioned additional Working Capital Financial Assistance from Central Bank of India, State Bank of India and State Bank of Travancore for the financial year 2007-08. The said financial assistance has to be secured by a pari passu second charge by way of equitable hypothecation / mortgage on such of the Company's movables and immovable properties as may be agreed to between Company and the said Banks.

Section 293(1)(a) of the Companies Act, 1956 provides interalia that the Board of Directors of a public company shall not except with the consent of the shareholders in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company, or where the company owns more than one undertaking, of the whole or substantially the whole, of any such undertaking.

Though execution of equitable mortgages and pledges is not disposition of the whole or substantially the whole of the undertaking of the Company, as an abundant caution, the above is put for your approval.

Copies of the sanction letters received from Central Bank of India, State Bank of India and State Bank of Travancore is open for inspection at the Registered Office of the Company between 11.00 a.m and 2.00 p.m on any working day prior to the date of the meeting.

None of the directors are interested or concerned in this resolution.

Your Directors recommend this resolution for approval.

By Order of the Board
For GTN TEXTILES LIMITED

Place : Kochi
Date : 29th May, 2008

E K BALAKRISHNAN
General Manager & Company Secretary

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the THIRD Annual Report together with the Audited Statements of Account for the year ended 31st March, 2008.

FINANCIAL RESULTS

(Rs. in lacs)

	Year ended 31.3.2008	Year ended 31.3.2007
INCOME		
Net sales / Income from operations	10950	11540
Other income	199	124
Variation in Stock	562	(17)
Total	11711	11647
EXPENDITURE		
a) Cost of materials	6513	6303
b) Staff Cost	1361	1257
c) Power Cost	1195	1273
d) Other expenditure	1514	1457
Total	10583	10290
OPERATING PROFIT	1128	1357
Interest	537	436
Profit before depreciation and taxation	591	921
Depreciation	619	590
PROFIT BEFORE TAX	(28)	331
Provision for current tax	—	17
Provision for deferred tax	(131)	58
Provision for Fringe benefit tax	17	11
MAT for prior years	6	—
MAT credit entitlement of prior years	(36)	—
PROFIT AFTER TAX	116	245
Balance brought forward from previous year	352	230
Profit available for appropriations	468	475
APPROPRIATIONS		
Proposed Dividend on Equity	70	105
Corporate Dividend Tax	12	18
Surplus carried to Balance Sheet	386	352
	468	475

DIVIDEND

Due to lower profits, your Directors propose to recommend a Dividend @6% on the Paid-up Equity Share Capital of the Company in respect of the financial year 2007-08. The total outgo on account of dividend, inclusive of dividend tax @16.995% is at Rs.82 lacs.

PERFORMANCE REVIEW

Financial year 2007-08 has been a difficult year for the textile industry in general and for export oriented companies in particular. As mentioned in the last Directors' Report, by end of April 2007, Indian rupee had made substantial gains against US\$ and the year under review witnessed unprecedented appreciation. However, company's various schemes of modernization and expansion, which were almost fully completed by end of January 2008, helped in rationalization of manufacturing costs, besides improving the production volume, productivity and in turn, sales realization as well as operating profit, thus partially mitigating the adverse impact of revenue loss on account of strong rupee. Also efficient management of currency fluctuation risks helped in minimizing the loss for the year, which was at Rs.28 lacs before provision for taxation.

Against the modernization-cum-expansion plans at Aluva Unit under TUF-IV Scheme with an estimated outlay of Rs.39.59 crores, company has spent Rs.35.29 crores upto 31.03.2008. Accordingly, the installed capacity of Aluva Unit has gone up to 58,864 spindles (including 26,496 compact spindles) from 47,728 spindles. The scheme, with remaining small capital expenditure, will be completed shortly, however, the full benefits of increase in spindle capacity, conversion of power line from 11 kV to 110 kV and other modernization measures have already started accruing from last quarter of the year under review. With this, the company expects to sustain overall improvement in its performance.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of the Company for that period;
- they have taken proper and sufficient care, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.
- they have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

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

FIXED DEPOSITS

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

DIRECTORS' REPORT (Contd..)

DIRECTORS

Your Board with deep sorrow took note of the sad demise of Barrister Shri. P K Kurian, Director on 2.1.2008. The Board places on record its profound appreciation for his valuable contribution as a Director and Legal Advisor of the Company for about 2 decades.

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

Shri. N K Bafna has been inducted as an Additional Director effective from 15th May, 2008 and seeks regularization in this Annual General Meeting. Your Board of Directors recommends his appointment under Section 257 of the Companies Act, 1956.

AUDITORS

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

PERSONNEL & INDUSTRIAL RELATIONS

Industrial Relations were cordial and satisfactory. A statement showing the particulars of Employees referred to in sub section (2A) of Section 217 of the Companies Act, 1956 read with

Companies (Particulars of Employees) Rules, 1975 is given in Annexure I, forming Part of this Report.

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

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place : Kolkata,
Date : 29th May, 2008

M L PATODIA
Chairman

ANNEXURE I TO THE DIRECTORS' REPORT

Particulars of Employee as required under Sub-section (2A) of the Companies Act, 1956 and the Rules made there under forming part of the Directors' Report:

Sl. No	Name	Age (yrs.)	Designation	Nature of Duties	Remuneration (Rs.in lacs)	Qualification	Experience held	Date of job commencement	Last employment held
A Employees who worked throughout the accounting year and whose remuneration aggregating Rs. 24,00,000/- or more per year									
	Shri.B K Patodia	63	Vice Chairman & Managing Director	Management of the affairs of the Company	52.13	B.E.	43 years	19.12.2005	erstwhile GTN Textiles Limited now known as GTN Industries Limited

B Employees who worked during part of accounting year and whose remuneration aggregating Rs. 2,00,000/- or more per month.

— None —

Notes:

1. Nature of Employment : Contractual
2. The remuneration includes salary, Company's Contribution to Provident Fund and Superannuation funds, Gratuity fund, Medical Expenses and Leave Travel Assistance and other perquisites evaluated as per Income Tax Rules wherever necessary.
3. Shri. B K Patodia is related to Shri.M L Patodia, Chairman and Shri. Umang Patodia, Director of the company.

For and on behalf of the Board

Place : Kolkata,
Date : 29th May, 2008

M L PATODIA
Chairman