

6TH ANNUAL REPORT 2010 / 2011



6TH ANNUAL REPORT 2010 / 2011



Board of Directors



Contents

B K Patodia Chairman & Managing Director
N K Bafna
C D Thakker
B L Singhal
R Rajagopalan
Prem Malik

General Manager & Company Secretary E K Balakrishnan

Bankers & Financial Institutions
Central Bank of India
State Bank of India
Export-Import Bank of India
State Bank of Travancore
Bank of India
Axis Bank Limited

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

Legal Advisors M/s.Menon & Pai, Kochi

Registered Office Door No.VIII/911, Erumathala P O.,
Aluva 683 112

Corporate Office 43, Mittal Chambers, 228 Nariman Point,
Mumbai 400 021, India

Notice 01

Directors' Report 04

Report on Corporate Governance 07

Management Discussion & Analysis 16

Auditors' Report 20

Balance Sheet 22

Profit & Loss Account 23

Schedules & Notes on Accounts 25

Balance Sheet Abstract 42

GTN TEXTILES LIMITED

ATTENTION MEMBERS

1. All Members (both Physical and Demat) are requested to lodge their e-mail ID's along with Name and Folio / Client ID No. at the following address / e-mail to enable us to send all future communications including Annual Reports through e mode.

Company Secretary
GTN Textiles Ltd.
Palal Towers,
M.G. Road, Ravipuram,
Kochi- 682 016,
cs@gtntextiles.com

Integrated Enterprises (India) Ltd.
2nd Floor, Kences Towers, No.1,
Ramakrishna Street, T Nagar
Chennai- 600 017.
corpserv@iepindia.com, shaji@iepindia.com

2. SEBI has made it mandatory for every participant in the securities/capital market to furnish the details of Income Tax Permanent Account Number (PAN). Accordingly, all the shareholders holding shares in physical form are requested to submit their details of PAN alongwith photocopy of both sides of PAN Card, duly attested to the Registrar and Share Transfer Agent of the Company, M/s. Integrated Enterprises (India) Ltd. as above.

NOTICE

NOTICE is hereby given that the **Sixth** 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 29th day of July 2011, to transact the following business.

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 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 appoint a Director in place of Shri. N.K Bafna, who retires by rotation and being eligible, offers himself for reappointment.
- 3) To appoint a Director in place of Shri. Prem Malik, who retires by rotation and being eligible, offers himself for reappointment.
- 4) To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

5. **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 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 (CBI) and State Bank of Travancore (SBT) to secure on pari passu second charge basis:

- i) Additional working capital limits of Rs 1640 lacs lent and advanced by Central Bank of India (CBI) to the Company;
- ii) Additional Working Capital limits of Rs.740 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: 10th May, 2011

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 Company has already notified Closure of Register of Members and Share Transfer Books thereof from Saturday, the 23rd July, 2011 to Friday, the 29th July, 2011 (both days inclusive).
4. Pursuant to Section 205A (5) of the Companies Act, 1956, as amended with effect from 31st October 1998, dividend for the financial year ended 31st March 1996 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the date of transfer of the same under sub section (1) of the said Section will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government established under Section 205C of the Act. 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, 2006 and thereafter, is given below:

Financial year Ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEPF
31.3.2006	28.7.2006	27.7.2013	26.8.2013
31.3.2007	26.7.2007	25.7.2014	24.8.2014
31.3.2008	25.7.2008	24.7.2015	23.8.2015

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

5. Consequent upon introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Individual Shareholder(s) can avail of the facility of nomination. The nominee shall be a person in whom all rights of transfer and / or amount payable in respect of the shares shall vest in the event

of the death of the Shareholder(s). A minor can be a nominee provided the name of the guardian is given in the Nomination Form. The facility of nomination is not available to non-individual Shareholders such as Body Corporates, Kartas of Hindu Undivided Families, Partnership Firms, Societies, Trust and holders of Power of Attorney. For further details please contact Company's Secretarial Department. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Share Transfer Agent, M/s.Integrated Enterprises (India) Limited.

6. Disclosure relating to particulars of Cost Auditor as per general Circular No.15/2011 dated 11th April, 2011 for the year ended 31.03.2010.

Name	M/s STR & Associates
Address	Mr.S.T.Rengarajan, STR & Associates, 37 &38, Kaveri Nagar, Srirangam, Trichy - 620 006. Ph: 0431 6547726, 2432224 e mail ID's : strengarajan@hotmail.com strassociates@rediffmail.com
Due date for filing Cost Audit Report	30.09.2010
Actual date of filing	18.09.2010

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. All communications relating to shares including change in address are to be addressed to the Company's Share Transfer Agents M/s. Integrated Enterprises (India) Ltd., 2nd Floor, Kences Towers, No.1, Ramakrishna Street, T Nagar, Chennai-600017, Tel. 044 28140801-803; E-Mail:corperv@iepindia.com or shaji@iepindia.com.
4. Members who hold shares in physical form are requested to dematerialise their holdings 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	N.K. Bafna	Prem Malik
Date of Birth	03.07.1939	03.02.1942
Date of appointment	18.5.2008	17.12.2005
Qualification	B.Com, FCA, Law Graduate	Post Graduate, Punjab University
Expertise in specific functional area	Shri. N.K. Bafna, aged 72 years, is a Practicing Chartered Accountant and Senior Partner of M/s. Lodha & Co., Chartered Accountants, Mumbai. Besides his proficiency in Finance and Accounts he is also an expert in Company Law matters.	Shri. Prem Malik, aged 69 years, is a post graduate from Punjab University and is having over 4 decades of experience in textiles and clothing. He had worked as Executive Director of main Board of M/s. Mafatlal Fine Spinning & Manufacturing Company Limited. Presently, he is a Textile Consultant/Advisor and is Director on various Forums viz Confederation of Indian Textile Industry, Cotton Textile Export Promotion Council, Synthetic Rayon Textile Export Promotion Council etc.
Shareholding in the Company	None	None

Details of other Directorship:-

Name of Director	Name of the Company	Position held	Committee type	Membership status
Shri. N.K. Bafna	Patspin India Limited	Director	Audit Shareholders/IGC	Chairman Member
	Prime Urban Development India Ltd.	Director	Shareholders/IGC Audit	Chairman Member
	National Collateral Management Services Ltd.	Director	Audit	Chairman
Shri. Prem Malik	Gyscoal Alloys Limited	Director	Audit	Member
	Spentex Industries Limited	Director	Audit	Member
	Indo Count Industries Limited	Director	None	None
	Alder Trading Co. Pvt. Ltd.	Director	None	None
	Smilesville Care Pvt. Ltd.	Director	None	None
	CLC Textiles Park Pvt. Ltd.	Chairman & Managing Director	None	None

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

E K BALAKRISHNAN
General Manager &
Company Secretary

Place : Kochi
Date : 10th May, 2011

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM No.5:**

The Company has availed/to be availed additional financial assistance by way of enhanced Working Capital Limits of Rs. 1640 lacs and Rs 740 lacs from Central Bank of India and State Bank of Travancore respectively. The said financial assistance is to be secured by way of pari passu second charge on the immovable properties of the company, present and future.

Hypothecation or mortgage does not amount to disposal of undertaking. The Board/Committee propose to extend equitable mortgage in favour of CBI & SBT for the above said financial assistance ranking pari passu in all respects with the existing mortgage on the Company's property and assets created in favour of Banks/Financial Institution for the loans granted by them to the company.

Copies of the Sanction Letters from the Banks are open for inspection at the registered office of the Company between 11.a.m and 2.p.m on any working day prior to the date of the meeting.
None of the Directors is interested or concerned in this resolution.
Your Directors recommend this resolution for approval.

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

E K BALAKRISHNAN
General Manager &
Company Secretary

Place : Kochi
Date : 10th May, 2011

GTN TEXTILES LIMITED

DIRECTORS' REPORT

To the Members,

ANNUAL REPORT

Your Directors present the **SIXTH** Annual Report together with the Audited Statements of Account for the year ended 31st March, 2011.

FINANCIAL RESULTS

(Rs. in lacs)

Particulars	Year ended 31.3.2011	Year ended 31.3.2010
INCOME		
Net sales / Income from operations	14893	12305
Other Operating Income (Insurance Claim)	1	192
Other income	3	5
Variation in Stock	(48)	(987)
Total	14849	11515
EXPENDITURE		
a) Cost of materials	8564	6411
b) Staff Cost	1771	1483
c) Power Cost	1172	1131
d) Other expenditure	1475	1373
Total	12982	10398
OPERATING PROFIT	1867	1117
Interest	747	760
Profit before depreciation and taxation	1120	357
Depreciation	649	678
PROFIT BEFORE TAX	471	(321)
Provision for current tax (MAT)	—	—
Provision for deferred tax	90	(103)
PROFIT AFTER TAX	381	(218)
Transfer from General Reserve	—	218
Surplus Carried to Balance Sheet	381	—

DIVIDEND

Inspite of improved results, with a view to conserve available resources, your Directors regret their inability to recommend dividend for the financial year ended 31st March, 2011.

PERFORMANCE REVIEW

Your Directors are glad to report that performance of the Company during the year has been impressive, led by strong demand from international as well as domestic markets. Your Company's business was adversely affected during 2008-09 global financial crisis. However, as reported in the previous Directors' Report, the Company witnessed upswing in consumer demand for textile products from second half of Fiscal 2009-10. This was possible as many of the global economies progressed commendably, sooner than expected, leading to revival of textile industry.

Total revenues of your company for the year increased to Rs.148.93 crores from Rs.123.05 crores. Operating Profit and Cash Profit improved to Rs.18.67 crores and Rs.11.20 crores from Rs.11.17 crores and Rs.3.57 crores respectively in the previous year. At net level, there was a remarkable turn around with Profit before Tax at Rs.4.71 crores as against a loss of Rs.3.21 crores in the previous year. The year was marked with excessive volatility in cotton prices which peaked to historical high owing to shortfall in crop in many of the cotton growing countries. However, your management's core competency in procurement of cotton helped the Company in judicious and timely buying of raw material. As a result, while the cotton cost could be averaged out, margins could be improved through yarn prices which remained higher in line with cotton prices. The performance could have been still better but for loss of production during negotiation of long term work load and wages agreement which was concluded with workmen during January 2011.

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;
- appropriate accounting policies have been selected and applied them consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of the Company for that period;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

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

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

FIXED DEPOSITS

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

DIRECTORS' REPORT (Contd.)

DIRECTORS

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

AUDITORS

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

PERSONNEL & INDUSTRIAL RELATIONS

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

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

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place : Kochi,
Date : 10th May, 2011

B.K PATODIA
Chairman

ATTENTION MEMBERS

1. All Members (both Physical and Demat) are requested to lodge their e-mail ID's along with Name and Folio / Client ID No. at the following address / e-mail to enable us to send all future communications including Annual Reports through e mode.

Company Secretary
GTN Textiles Ltd.
Palal Towers,
M.G. Road, Ravipuram,
Kochi- 682 016,
cs@gtntextiles.com

Integrated Enterprises (India) Ltd.
2nd Floor, Kences Towers, No.1,
Ramakrishna Street, T Nagar
Chennai- 600 017.
corpserv@iepindia.com, shaji@iepindia.com

2. SEBI has made it mandatory for every participant in the securities/capital market to furnish the details of Income Tax Permanent Account Number (PAN). Accordingly, all the shareholders holding shares in physical form are requested to submit their details of PAN alongwith photocopy of both sides of PAN Card, duly attested to the Registrar and Share Transfer Agent of the Company, M/s. Integrated Enterprises (India) Ltd. as above.

ANNEXURE TO THE DIRECTORS' REPORT

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

A. Conservation of Energy

- a) energy conservation measures taken.

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

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

	Year ended 31.3.2011	Year ended 31.3.2010
I. Power and fuel consumption		
1 Electricity		
a) Purchased (Units in lacs)	325.09	326.50
Total amount (Rs. In lacs)	1164.98	1125.70
Rate per unit (Rs.)	3.58	3.45
b) Own generation		
i) through Diesel Generator (units in lacs)	0.49	0.50
Total amount (Rs. in lacs)	6.64	4.93
Units per liter of diesel oil	3.40	3.47
Cost per unit (Rs.)	13.55	9.86
ii) through steam turbine / generator		
Units	Nil	Nil
Unit per liter of fuel oil / gas	Nil	Nil
Cost per unit (Rs.)	Nil	Nil

	Year ended 31.3.2011	Year ended 31.3.2010
2 Coal	Nil	Nil
3 Furnace Oil	Nil	Nil
4 Others/internal generation	Nil	Nil
II. Consumption per unit of production		
a) Electricity – Units per Kg. Yarn	11.62	8.92
b) Furnace Oil	Nil	Nil
c) Coal	Nil	Nil
d) Others	Nil	Nil

B. Technology Absorption

Efforts made in Technology Absorption as per Form B:

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

C. Foreign Exchange Earnings & Outgo

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

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

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

Earned: Rs.8491.28 lacs (Previous year Rs.5816.30 lacs) (including shipping freight realisation and agents commission) Used: Rs.3791.37 lacs (Previous year Rs.3211.85 lacs)

For and on behalf of the Board

Place : Kochi,
Date : 10th May, 2011

B.K PATODIA
Chairman

GTN TEXTILES LIMITED

REPORT ON CORPORATE GOVERNANCE

1) Company's Philosophy on Code of Corporate Governance

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

2) Board of Directors

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

As on 31st March, 2011, the Board comprises of 4 Independent Directors constituting 67% of the total Board strength.

Composition and category of Directors is as follows:

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

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

Name of the Director	Attendance particulars		No. of other Directorships and Committee memberships / Chairmanships			Relationship interse Directors
	Board meetings	Last AGM	Other Directorship including Pvt. Ltd.Cos.	Other Committee Membership #	Other Committee Chairmanship #	
Shri. B K Patodia	4	Yes	9	None	None	None
Shri. N K Bafna	4	Yes	3	5	2	
Shri. B L Singhal	4	Yes	9	6	3	
Shri. R Rajagopalan	4	Yes	3	6	4	
Shri. Prem Malik	3	Yes	6	2	None	
Shri. C D Thakker	None	No	None	None	None	

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

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

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

The details of the Board Meetings are as under:-

Sl. No.	Date	Board Strength	No. of Directors present
1)	13th May, 2010	6	5
2)	30th July, 2010	6	5
3)	29th October, 2010	6	4
4)	28th January, 2011	6	5

REPORT ON CORPORATE GOVERNANCE (Contd.)

3) Audit Committee

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

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

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

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

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

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

The details of the meetings are as under:-

Sl. No.	Date	Committee Strength	No. of Directors present
1)	13th May, 2010	4	4
2)	30th July, 2010	4	4
3)	29th October, 2010	4	3
4)	28th January, 2011	4	4

At the Annual General Meeting of the company held on 31st July, 2010 the Chairman of the Audit Committee Shri. B.L.Singhal was present.

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

i) Internal Audit and Control:

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

ii) Prevention of Insider Trading:

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

iii) Risk Management:

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