

8TH ANNUAL REPORT 2012 / 2013





Board of Directors



Contents

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

General Manager & Company Secretary E K Balakrishnan

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

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

Legal Advisors M/s. Menon & Pai, Kochi

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

Corporate Office 43, 4th Floor, Mittal Chambers,
 228, Nariman Point, Mumbai 400 021

Corporate ID No. (CIN) L18101KL2005PLC018062

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GTN TEXTILES LIMITED

NOTICE

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

ORDINARY BUSINESS:

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

SPECIAL BUSINESS:

- 5) To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**.
“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, and 309, read with schedule XIII and all other applicable provisions of the Companies Act, 1956 and Rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to fix remuneration to Shri B.K. Patodia, Chairman & Managing Director of the Company for his balance tenure from 1.4.2013 up to 18.12.2015 on the terms and conditions as set out and approved by the Remuneration Committee / Board of Directors. The draft remuneration structure placed before this meeting is specifically sanctioned with liberty to the Board of Directors (hereinafter referred to the “Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the remuneration structure, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory re-enactment thereof for the time being in force or as may hereinafter be made by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board and Shri B.K. Patodia.”

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

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

AND

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

- 6) To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution.
“**RESOLVED THAT** the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof) for creating such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties of the Company wheresoever situate,

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

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

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

Place : Kochi
Date: 30th May, 2013.

General Manager &
Company Secretary

NOTES:-

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

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

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

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

NOTICE (Contd.)

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

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

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

REQUEST TO THE MEMBERS:

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

DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING

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

(In pursuance of Clause 49 of the Listing Agreement)

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

Details of other Directorship:-

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

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

E K BALAKRISHNAN
General Manager &
Company Secretary

Place : Kochi
Date: 30th May, 2013.

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

ITEM No.5:

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

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

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

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

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

a) Salary:

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

b) Commission:

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

c) Perquisites as follows:

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

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

d) Overall Remuneration:

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

e) Minimum Remuneration:

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

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

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

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

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

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

I. General Information:

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

(Rs. in lacs)

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

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

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

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

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

- v) Export Performance and Net foreign Exchange contributions:

(Rs. in Lacs)

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

The Company does not have any Foreign Exchange Collaboration.

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

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

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

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

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

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

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

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

(Rs. in lacs)

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

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

III. Other Information:

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

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

Your Directors recommend this Resolution for approval.

Item No.6

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

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

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

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

Your Directors recommend this resolution for approval.

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

E K BALAKRISHNAN

General Manager &
Company Secretary

Place : Kochi
Date: 30th May, 2013.

GTN TEXTILES LIMITED

DIRECTORS' REPORT

To the Members,

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

FINANCIAL RESULTS

(Rs in lacs)

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

DIVIDEND

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

PERFORMANCE REVIEW

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

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

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

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

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

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

PLEDGING OF SHARES

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

DIRECTORS' REPORT (Contd.)

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

CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

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

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

FIXED DEPOSITS

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

DIRECTORS

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

STATUTORY AUDITORS

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

PERSONNEL & INDUSTRIAL RELATIONS

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

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

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place : Kochi,
Date : 30th May, 2013

B.K PATODIA
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

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

A. Conservation of Energy

- a) energy conservation measures taken.

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

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

B. Technology Absorption

Efforts made in Technology Absorption as per Form B:

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

C. Foreign Exchange Earnings & Outgo

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

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

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

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

For and on behalf of the Board

Place : Kochi,
Date : 30th May, 2013

B.K PATODIA
Chairman

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

GTN TEXTILES LIMITED

REPORT ON CORPORATE GOVERNANCE

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

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

2) Board of Directors

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

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

Composition and category of Directors is as follows:

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

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

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

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

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

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

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