

11TH ANNUAL REPORT 2015 / 2016



▶	Board of Directors	▶ Contents
	<div> <div>B K Patodia</div> <div>Chairman & Managing Director</div> </div> <div> <div>B L Singhal</div> <div>Independent Director</div> </div> <div> <div>Prem Malik</div> <div>Independent Director</div> </div> <div> <div>S Sundareshan</div> <div>Independent Director</div> </div> <div> <div>Pamela Anna Mathew</div> <div>Independent Director</div> </div> <div> <div>Mahesh C Thakker</div> <div>Non Executive Director</div> </div>	<div>Notice 01</div> <div>Directors' Report 06</div> <div>Report on Corporate Governance 21</div>
	<div> <div>Vice President (Corporate Affairs) & Company Secretary</div> <div>E K Balakrishnan</div> </div> <div> <div>Vice President (Finance) & Chief Financial Officer</div> <div>A K Warerkar</div> </div>	<div>Management Discussion & Analysis 31</div> <div>Auditors' Report 34</div>
	<div>Bankers & Financial Institution</div> <div>Central Bank of India</div> <div>State Bank of India</div> <div>Export-Import Bank of India</div> <div>State Bank of Travancore</div> <div>Bank of India</div> <div>Axis Bank Limited</div>	<div>Balance Sheet 38</div> <div>Statement of Profit & Loss 39</div> <div>Cash Flow Statement 40</div> <div>Notes to Financial Statements 41</div>
	<div>Auditors</div> <div>M/s. M S Jagannathan & Visvanathan, [Chartered Accountants], Coimbatore</div>	<div>Consolidated Auditors' Report 57</div>
	<div>Legal Advisors</div> <div>M/s. Menon & Pai, Kochi</div>	<div>Consolidated Balance Sheet 60</div>
	<div>Registered Office</div> <div>Door No.VIII/911, Erumathala P O., Aluva, Ernakulam 683112</div>	<div>Consolidated Statement of Profit & Loss 61</div>
	<div>Corporate Office</div> <div>43, Mittal Chambers, 4th Floor, 228, Nariman Point, Mumbai 400 021</div>	<div>Consolidated Cash Flow Statement 62</div>
	<div>Corporate ID No. (CIN)</div> <div>L18101KL2005PLC018062</div>	<div>Consolidated Notes to Financial Statements . 63</div>

GTN TEXTILES LIMITED

NOTICE

NOTICE is hereby given that the **ELEVENTH** Annual General Meeting of the members of **GTN TEXTILES LIMITED** will be held at the Oceanic Hall, Hotel Periyar, Aluva-683 101 at 12.15 p.m. on Friday, the 23rd day of September, 2016 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt
 - a. the Audited Financial Statements of the Company for the financial year ended March 31, 2016, together with the Reports of the Directors and the Auditors' thereon; and
 - b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2016, together with the Reports of Auditors' thereon
2. To appoint a Director in place of Shri Mahesh C Thakker (DIN: 01386254), who retires by rotation, and being eligible, offers himself for re-appointment.
3. Ratification of appointment of Statutory Auditors.
To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**.
"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with rules made thereunder, the appointment of M/s. MS Jagannathan & Visvanathan (Firm Reg. No: 001209S), Chartered Accountants as Auditors of the Company for a term of 3 years i.e. till the conclusion of the 12th Annual General Meeting (AGM), which was subject to ratification at every AGM, be and is hereby ratified to hold the office from the conclusion of this AGM till the conclusion of the 12th AGM of the Company to be held in the year 2017, at such remuneration plus service tax, out of pocket, travelling and living expenses etc. as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS:

- 4 **Approval of Cost Auditors remuneration**
To consider and if thought fit, to pass with or without modification(s), the following as an **Ordinary Resolution**.
"RESOLVED THAT Pursuant to provisions of Section 148 and other applicable provisions, if any, of the Companies Act 2013, read with the Companies (Cost Records & Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s Hareesh K.N and Associates, Cost Accountants (Firm Reg. No. 101974), appointed by the Board of Directors of the company to conduct audit of the cost records of the company's textile unit, be paid a remuneration, amounting to Rs. 25000 (Rupees Twenty five thousand only) plus service tax applicable

and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit for the financial year ended 31st March, 2016"

By Order of the Board of Directors

E.K BALAKRISHNAN

Vice President (Corporate Affairs)
& Company Secretary
Membership No. ACS7629

Place : Kochi

Date : 1.8.2016

NOTES:-

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.
The instrument appointing proxy, in order to be effective, should be deposited at the registered office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A proxy form is send herewith. Proxy submitted on behalf of the Companies, Societies etc, must be supported by an appropriate resolution / authority, as applicable.
2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto and forms part of the Notice.
3. The Company has already notified Closure of Register of Members and Share Transfer Books thereof from Saturday 17th September, 2016 to Friday, 23rd September, 2016 (both days inclusive) for the purpose of the Annual General Meeting.
4. Pursuant to Section 205 of the Companies Act 1956 there is no unclaimed dividend for transferring to Investors Education and Protection Fund (IEPF).
5. Pursuant to Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Security Holders are entitled to make nomination in respect of securities held by them in physical form. Individual Security holder(s) can avail of the facility of nomination. The nominee shall be a person in whom all rights of transfer and / or amount payable in respect of the securities shall vest in the event of the death of the Security holder(s). In the case of joint holding, all joint holders shall together nominate any person as nominee. A minor can be a nominee provided the name and address of the guardian is given

NOTICE (Contd...)

in the Nomination form. The facility of nomination is not available to non-individual Shareholders such as Bodies-Corporate, Kartas of Hindu Undivided Families, Partnership Firms, Societies, Trust and holders of Power of Attorney. For further details please contact Company's Secretarial Department. Security holders desirous of making nominations are requested to send their requests in Form No.SH-13 (which will be made available on request) to the Registrar and Share Transfer Agent, M/s. Integrated Enterprises (India) Limited.

REQUEST TO THE MEMBERS:

1. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least 7 (Seven) days in advance, so as to enable the Company to keep the information ready.
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 their address are to be addressed to the Company's Share Transfer Agent M/s. Integrated Enterprises (India) Ltd., 2nd Floor, Kences Towers, No.1, Ramakrishna Street, T Nagar, Chennai-600017, Tel: 044 28140801-803; E-Mail: corpserv@integratedindia.in.
4. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to register/update your e-mail addresses, in respect of shares held in dematerialized form with your respective Depository Participants and in respect of shares held in physical form with above RTA directly to enable Company to send communication / documents via e-mail.
5. Copies of the Annual Report 2016 along with Notice of the 11th AGM, Attendance Slip and Proxy Form, are being sent by electronic mode to all members whose email address are registered with the Company/ Depository Participant (s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.
6. Members who hold shares in physical forms are requested to dematerialize their holdings for facilitating the transfers of Company's equity shares in all stock exchanges connected to the depository system.
7. **Voting through electronic means**

Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the (Listing Obligation and Disclosure Requirement) Regulations, 2015 with the Stock Exchanges, the Company is pleased to offer Remote e-voting facility to the members to cast their votes

electronically as an alternative to participation at the Annual General Meeting (AGM) to be held on Friday, 23rd September 2016 at 12.15 p.m. at Oceanic Hall, Hotel Periyar, Aluva-683101. Please note that remote e-voting through electronic means is optional. The company is also providing the facility of poll at the meeting by way of ballot. The Company has engaged the services of Central Depository Services India Ltd (CDSL) to provide remote e-voting facilities. The remote e-voting facility is available at the link <https://www.evotingindia.com>

The Company had fixed on Friday, 16th September 2016, as the cutoff date for determining voting right of shareholders entitled to participating in the remote e-voting process. In this regard, your demat account/ folio number has been enrolled by the Company for your participation in remote e-voting on resolutions placed by the Company on e-voting system.

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

Commencement of remote e-voting	9:00 A.M. onwards on Tuesday, 20th September, 2016
End of remote e-voting	Up to 5:00 P.M. on Thursday, 22nd September, 2016

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

The voting rights of the members shall be in proportion to their shares of the paid up equity share capital of the company as on Friday, 16th September 2016. A person, whose name is recorded in the Register of members or in the Register of beneficial owners maintained by the Depositories as on the cutoff date only shall be entitled to avail the facility of remote e-voting as well as voting at the meeting through ballot paper.

Any person who acquires shares of the company and becomes member of the company after dispatch of the Notice and holding shares as on cutoff date i.e. Friday, 16th September, 2016 may obtain the sequence number by sending a request at corpserv@integratedindia.in.

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

- (i) The voting period begins on Tuesday 20th September, 2016 at 9.00 a.m. and ends Thursday 22nd September, 2016 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Friday, 16th September, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the

NOTICE (Contd...)

meeting date would not be entitled to vote at the meeting venue.

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

For Members holding shares in Demat Form and Physical Form

PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then

directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant "GTN TEXTILES LIMITED" on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

NOTICE (Continued...)

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com

- The Company has appointed Shri MRL Narasimha (Membership No. 2851, CP. NO 799), Practicing Company Secretary as the Scrutinizer to scrutinize the remote e-voting process in fair and transparent manner.

- The Scrutinizer shall, immediately after the conclusion of the voting at the AGM, first count the votes casted at the meeting, thereafter unblock the votes casted through remote e-voting in the presence of at least two witnesses not in the employment in the company and make not later than three days of conclusion of the meeting a consolidated Scrutinizers Report of the Total votes cast in favour or against, if any, to the Chairman or person authorized by him in writing who shall counter sign the same. The chairman or the person authorized by him shall declare the result of the voting forthwith.
- The results declared alongwith the Scrutinizers Report shall be placed on the Company's website www.gtn textiles.com and on the website of CDSL immediately after the result have been declared by the chairman. The company shall simultaneously communicate the result to BSE Limited and National Stock Exchange India Limited, where, the shares of the company are listed.

**DETAILS OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AT THIS ANNUAL GENERAL MEETING
PURSUANT TO SECTION 160 OF THE COMPANIES ACT, 2013
Regulation 36 of the SEBI(LODR) Regulations 2015**

Name of Director	Shri Mahesh C Thakker
Date of Birth	7.9.1964
DIN	01386254
Date of appointment	31.10.2013
Qualifications	Graduate
Expertise in specific functional area	Shri Mahesh C Thakker is aged 52 years, and is the Managing Director of M/s. Purav Trading Limited. He is also partner in M/s. Perfect Cotton Company, Mumbai and M/s. Patcot Company, Mumbai. These Company / firms are mainly engaged in raw cotton procurement. He is having more than 25 years of experience in raw cotton procurement line.
Shareholding in the Company	9475 Equity Shares of Rs 10 each

Details of other Directorship:-

Name of Director	Name of the Company	Position held	Committee type	Membership status	Share holdings
Shri Mahesh C Thakker	Purav Trading Ltd	Managing Director	NONE	NONE	7600 Equity Shares

By Order of the Board of Directors

E.K BALAKRISHNAN

Vice President (Corporate Affairs)
& Company Secretary
Membership No. ACS7629

Place : Kochi
Date : 1.8.2016

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4 : Approval of Cost Auditors remuneration

The Board of Directors of the company, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s Hareesh K.N & Associates, Cost Accountants to conduct the audit of the cost records of the company's textile units for the financial year ended 31st March, 2016.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Cost Records & Audit) Rules, 2014, the remuneration payable to the cost auditor has to be ratified by the members of the company. Accordingly, the members are requested to ratify the remuneration payable to the cost auditors for the financial year ended 31st March, 2016, as set out in the ordinary resolution for the aforesaid service to be rendered by them.

None of the Directors and / or Key Managerial Personnel of the company and their relatives is concerned or interested, financial or otherwise in the resolution set out at item No 4.

Your Directors recommend the resolution for approval.

By Order of the Board of Directors

E.K BALAKRISHNAN

Vice President (Corporate Affairs)
& Company Secretary
Membership No. ACS7629

Place : Kochi
Date : 1.8.2016

GTN TEXTILES LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors present the **ELEVENTH** Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2016

1. FINANCIAL RESULTS

(₹ in lacs)

Particulars	Year ended	
	31.3.2016	31.3.2015
REVENUE		
Income from operations	15292	18598
Other income	37	73
Changes in Inventories	115	758
Total	15444	19429
EXPENSES		
a) Cost of materials	9261	12655
b) Employee benefits expense	2601	2580
c) Other expenses	3224	3095
Total	15086	18330
OPERATING PROFIT	358	1099
Finance Costs	931	1089
PROFIT/(LOSS) BEFORE DEPRECIATION, AMORTISATION & TAX EXPENSES	(573)	10
Depreciation and Amortisation Expenses	418	457
PROFIT/(LOSS) BEFORE TAX	(991)	(447)
Tax Expenses		
a) Current Tax (MAT)		
b) MAT credit entitlement	37	
c) Deferred Taxation	(294)	141
PROFIT/(LOSS) AFTER TAX	(734)	(306)

2. FINANCIAL PERFORMANCE

In the previous year's Directors' Report, the position of textile industry was highlighted, the impact of which was felt from the 3rd quarter of 2014-15. As mentioned therein, many companies had incurred losses due to substantial crash in raw material prices across the world and its impact was felt in India as well, resulting in value loss in inventories held. Further, cotton yarn export from India to China dropped, leading to fall in yarn prices, affecting performance of many mills including yours. Since then, the situation has only marginally improved. The yarn sale prices continue to remain under pressure

due to subdued global demand, besides higher yarn inventories on account of new spinning capacities set up in certain States, attracted by unduly high incentives and concessions offered by these States.

It was also mentioned in previous year's Directors' Report that the salaries and wages of your company's Unit at Aluva are abnormally higher as compared to Industry standards and for survival of this Unit, it is important that the same are brought down to the comparable level. As soon as the existing long term work load and wages agreement expired in January, 2015, your Management started negotiation to rationalize the work force and bring down the personnel cost. Even after protracted negotiation, the unions and the workmen were not co-operative and from November 2015, they resorted to obstructive policies resulting in substantial loss of production. This resulted in company loosing substantially in the year under review.

During the year under review, on account of the above explained factors as well as lower exports of traded goods, your company's total revenue was at ₹152.92 crores as against 185.98 crores. The operating profit was also lower at Rs.3.58 crores as against Rs.10.99 crores of previous year and after charging finance cost and depreciation, the loss was at Rs.9.91 crores as against Rs.4.47 crores of previous year.

The indisciplined working and loss of production continued in April, 2016 also and the Management was left with no other choice but to enforce lockout with effect from 2nd May, 2016. After a series of meetings before the Regional Joint Labour Commissioner, the matter was taken up by the Additional Labour Commissioner, Trivandrum. Finally on 2nd July, 2016, a Long Term Agreement was reached with the Unions for a period of 4 years. Simultaneously the lockout also was lifted from 3rd July, 2016 and a Voluntary Retirement Scheme (VRS) has also been announced to reduce the overall wage bill. Your Directors are glad to inform that the company has already achieved optimum capacity utilization.

3. DIVIDEND

Your company has incurred loss for the year and hence the Board is unable to recommend dividend for the financial year ended 31st March, 2016.

4. MANAGEMENT DISCUSSION AND ANALYSIS

A separate report on the Management Discussion and Analysis forms an integral part of this report.

5. DEPOSIT FROM PUBLIC

During the year under review, your Company has not accepted any deposits within the meaning of Section 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force).

DIRECTORS' REPORT (Contd...)

6. CORPORATE GOVERNANCE REPORT

In compliance with Regulation 34 of the Listing Regulations, a separate report on Corporate Governance alongwith a Certificate from the Auditors on its compliance, forms an integral part of this report.

7. DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and Company's Articles of Association, Shri Mahesh C. Thakker, Director retires by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for reappointment. The Board recommends the same for your approval.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Regulation 16 (b) of SEBI (LODR) Regulations, 2015.

During the year under review, there is no change in the Board of Directors of the company.

8. NUMBER OF MEETINGS OF THE BOARD

The details of the number of meetings of the Board held during the year ended 31st March, 2016 forms part of the Corporate Governance Report

9. KEY MANAGERIAL PERSONNEL

The following are the Key Managerial Personnel of the Company:

- (i) Shri. B.K. Patodia : Chairman & Managing Director
- (ii) Shri. A.K. Warerkar : Chief Financial Officer
- (iii) Shri. E.K. Balakrishnan : Company Secretary

10. MEETING OF INDEPENDENT DIRECTORS

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

11. CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Companies Act, 2013 (the Act) and Accounting Standard (AS) – 21 on Consolidated Financial Statements read with AS -23 on Accounting for Investments in Associates, the audited consolidated financial statement is provided in the Annual Report.

12. SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANY

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

A Statement containing the salient features of the financial statement of the Associate company is given in Annexure A to the Consolidated financial statements.

The Audited financial statements including the Consolidated financial statements of the company and all other documents required to be attached thereto may be accessed on the Company's website www.gtn textiles.com. These documents will also be available for inspection during business hours at the Registered office of the company.

13. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134 (5) of the Companies Act 2013, and based on the representations received from the management, your Directors confirm that:

- a) in the preparation of the Annual Accounts for the year ended 31st March, 2016 the applicable Accounting Standards have been followed and there are no material departures;
- b) 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 & loss of the company for the financial year ended 31st March, 2016.
- c) taken proper and sufficient care to the best of knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities.
- d) prepared the Annual Accounts on a going concern basis.
- e) had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- f) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

14. BOARD EVALUATION

In compliance with the Companies Act, 2013 and Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the performance evaluation of the Board was carried out during the year under review. A structured questionnaire was prepared after taking into consideration of the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent directors was completed. The performance evaluation

DIRECTORS' REPORT (Contd...)

of the Chairman and the Non – Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

15. FAMILIARISATION PROGRAMME FOR DIRECTORS

At the time of appointing a Director, a formal letter of appointment is given to him, which *interalia* explains the role, function, duties and responsibilities expected of him as a Director of the Company. The Director is also explained in detail the Compliance required from him under the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and other relevant regulations and affirmation taken with respect to the same.

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

16. AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules framed thereunder, M/s. M S Jagannathan & Visvanathan, Chartered Accountants, Coimbatore, were appointed as Statutory Auditors of the Company from the conclusion of the 9th Annual General Meeting (AGM) of the Company held on 19th September, 2014 till the conclusion of the 12th Annual General Meeting to be held in the year 2017, subject to ratification of their appointment at every AGM. Your company seeks ratification of the appointment of Statutory Auditors at the ensuing Annual General Meeting.

The Auditors' Report for the financial year ended 31st March, 2016, does not contain any qualification, reservation or adverse remark.

17. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed Shri. MRL Narasimha, Practicing Company Secretary to undertake the Secretarial Audit of the Company. The same is attached as **Annexure I** and forms an integral part of this Report

The Secretarial Audit Report does not contain any qualification, reservations or adverse remark.

18. COST AUDITORS

As recommended by the Audit Committee, the Board of Directors has approved the appointment of M/s. K.N Hareesh and Associates, Cost Accountants, as the Cost Auditors of the company for the year ended 31st March, 2016.

19. EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form MGT-9 as per Section 92 (3) of the Companies Act, 2013 and Rule

12 (1) of Companies (Management & Administration) Rules, 2014 is annexed hereto as **Annexure II** and forms part of this report.

20. RELATED PARTY TRANSACTIONS

None of the transactions with related parties falls under the scope of Section 188 (1) of the Act. Information on transactions with related parties pursuant to Section 134 (3) (h) of the Act read with Rule 8 (2) of the Companies (Accounts) Rules, 2014 are given in **Annexure III** in Form AOC-2 and the same forms part of this report.

21. LOANS & INVESTMENTS

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

22. RISK MANAGEMENT

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

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

23. VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

24. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

Information required under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in the **Annexure IV** forming part of this report.