



# JCT LIMITED

ANNUAL REPORT

2019-20



**Board of Directors**

Mr. Samir Thapar

Ms. Priya Thapar

Dr. Ajit Kumar Doshi

Mr. Chander Mohan Bhanot

Mr. Anand Agarwal

Mr. Ram Swaroop Samria

Chairman and Managing Director

Director (Strategic Business Development)

Allahabad Bank Nominee

**Business Head**

Mr Kamal Bhasin

**Chief Financial Officer**

Mr. V K Singhal

**Company Secretary**

Mr. Sandeep Sachdeva

**Auditors:**

Navdeep Singh & Co.

Chartered Accountants

Deep Complex (First Floor)

89, Manshaia Colony

Patiala-147001

**Registered Office:**

Village Chohal

Distt. Hoshiarpur

Punjab: 146024

**Ph. No.:** 01882-258780; Fax: 01882-258059

**Email:** [jctsecretarial@jctltd.com](mailto:jctsecretarial@jctltd.com)

**Website:** [www.jct.co.in](http://www.jct.co.in)

**CIN:** L17117PB1946PLC004565

**Units:**

Textiles : Phagwara (Punjab)

Nylon Filament Yarn : Hoshiarpur (Punjab)

**Corporate Office:**

1001, 10<sup>th</sup> Floor, Vikram Tower,

16, Rajendra Place, New Delhi-110008

**Registrar & Share Transfer Agents**

**RCMC Share Registry Private Limited**

B-25/1, 1<sup>st</sup> Floor, Okhla Industrial Area

Phase II, New Delhi-110020

Tel: 011-26387320-321-323

Fax: 011-26387322

Email: [investor.services@rcmcdelhi.com](mailto:investor.services@rcmcdelhi.com)

**Bankers:**

Allahabad Bank

State Bank of India

Punjab National Bank

Bank of Baroda

Punjab & Sind Bank

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# JCT LIMITED

[CIN – L17117PB1946PLC004565]

Registered Office: Village Chohal, District Hoshiarpur 146 024 (Punjab)

Tel: 01882-258780; FAX: 01882-258059

Website: [www.jct.co.in](http://www.jct.co.in); Email ID: [jctsecretarial@jctltd.com](mailto:jctsecretarial@jctltd.com)

## **NOTICE**

**NOTICE is hereby given that the 71<sup>st</sup> Annual General Meeting of the Members of the Company will be held on Thursday, the 10<sup>th</sup> day of September 2020 at 11:30 AM through Video Conferencing/ Other Audio Visual Means (“VC/OAVM”) Facility to transact following business:**

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the financial statements of the Company including the Audited Balance Sheet as at 31<sup>st</sup> March, 2020, the statement of Profit & Loss and Cash Flow Statement for the financial year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Ms. Priya Thapar (DIN: 06742680), who retires by rotation, and being eligible, offers herself for re-appointment.

### **SPECIAL BUSINESS**

#### **3. Approval of Cost Auditor’s Remuneration**

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 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s Goyal, Goyal & Associates, Cost Accountants (Firm Registration No. 000100), appointed as the Cost Auditors by the Board of Directors of the Company to conduct the audit of the cost accounting records of the Company’s Textile and Filament Units for the Financial Year ending 31<sup>st</sup> March, 2021, amounting to Rs. 1,50,000/- (Rupees One Lac fifty thousand Only) plus taxes as may be applicable and reimbursement of such other out of pocket expenses, as may be incurred by them during the course of Audit.”

By order of the Board  
For JCT Limited  
**Sandeep Sachdeva**  
Company Secretary

Place : Hoshiarpur

Dated: 20.07.2020

### **NOTES FOR MEMBERS’ ATTENTION:**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“the Act”) setting out material facts concerning the business under Item Nos. 3 of the accompanying Notice, is annexed hereto. The Board of Directors of the Company at its meeting held on 20<sup>th</sup> July, 2020 considered that the special business under Item Nos. 3, being considered unavoidable, be transacted at the 71<sup>st</sup> AGM of the Company.
2. **General instructions for accessing and participating in the 71<sup>st</sup> AGM through VC/OAVM Facility and voting through electronic means including remote e-Voting.**
  - a. In view of the outbreak of the COVID-19 pandemic, social distancing norm to be followed and the continuing restriction on movement of persons at several places in the country and pursuant to General Circular Nos.14/2020, 17/2020 and 20/2020 dated 8th April 2020, 13th April 2020 and 5th May 2020, respectively, issued



by the Ministry of Corporate Affairs ("MCA Circulars") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020 issued by the Securities and Exchange Board of India ("SEBI Circular") and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the 71<sup>st</sup> AGM of the Company is being conducted through VC/OAVM Facility, which does not require physical presence of members at a common venue. The deemed venue for the 71<sup>st</sup> AGM shall be the Registered Office of the Company.

- b. In terms of the MCA Circulars since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the 71<sup>st</sup> AGM. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-Voting, for participation in the 71<sup>st</sup> AGM through VC/OAVM Facility and e-Voting during the 71<sup>st</sup> AGM.
- c. In line with the MCA Circulars and SEBI Circular, the Notice of the 71<sup>st</sup> AGM will be available on the website of the Company at [www.jct.co.in](http://www.jct.co.in), on the website of BSE Limited at [www.bseindia.com](http://www.bseindia.com).
- d. Since the AGM will be held through VC/OAVM Facility, the Route Map is not annexed in this Notice.
- e. National Securities Depositories Limited ("NSDL") will be providing facility for voting through remote e-Voting, for participation in the 71<sup>st</sup> AGM through VC/OAVM Facility and e-Voting during the 71<sup>st</sup> AGM.
- f. Members may join the 71<sup>st</sup> AGM through VC/OAVM Facility by following the procedure as mentioned below which shall be kept open for the Members from 11:00 a.m. IST i.e. 30 minutes before the time scheduled to start the 71<sup>st</sup> AGM and the Company may close the window for joining the VC/OAVM Facility 30 minutes after the scheduled time to start the 71<sup>st</sup> AGM.
- g. Members may note that the VC/OAVM Facility, provided by NSDL, allows participation of atleast 1,000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. can attend the 71<sup>st</sup> AGM without any restriction on account of first-come first-served principle.
- h. Attendance of the Members participating in the 71<sup>st</sup> AGM through VC/OAVM Facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- i. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ("ICSI") and Regulation 44 of Listing Regulations read with MCA Circulars and SEBI Circular, the Company is providing remote e-Voting facility to its Members in respect of the business to be transacted at the 71<sup>st</sup> AGM and facility for those Members participating in the 71<sup>st</sup> AGM to cast vote through e-Voting system during the 71<sup>st</sup> AGM.

### **3. Instructions for Members for Remote e-Voting are as under:-**

- a. The remote e-Voting period will commence on 07<sup>th</sup> September, 2020 (9:00 am IST) and end on 09<sup>th</sup> September, 2020 (5:00 pm IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 03<sup>rd</sup> September, 2020, may cast their vote by remote e-Voting. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Those who became members of the Company after intimation of Notice but on or before 03<sup>rd</sup> September, 2020 may write to NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or to RTA at [investor.service@rcmcdelhi.com](mailto:investor.service@rcmcdelhi.com) requesting for User Id and Password.
- b. A person who is not a Member as on the cut-off date should treat this Notice of 71<sup>st</sup> AGM for information purpose only.
- c. The details of the process and manner for remote e-Voting are explained herein below:-

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.



**Details on Step 1 is mentioned below:**

How to Log-in to NSDL e-Voting website?

- I. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- II. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
- III. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing ID as login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2, i.e. Cast your vote electronically.
- IV. Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical Your User ID is:</b>	
a) For Members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

- V. Your password details are given below:
  - i. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - ii. If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - iii. How to retrieve your ‘initial password’?
    - a) If your email ID is registered in your demat account or with the Company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
    - b) If your email ID is not registered, please follow steps mentioned below in process for those members whose email ids are not registered.
- VI. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password click on:
  - i. Forgot User Details/Password?” (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - ii. “Physical User Reset Password?” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - iii. If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - iv. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.



VII. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.

VIII. Now, you will have to click on “Login” button.

IX. After you click on the “Login” button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

How to cast your vote electronically on NSDL e-Voting system?

- I. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- II. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
- III. Select “EVEN” of the Company.
- IV. Now you are ready for e-Voting as the Voting page opens.
- V. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and “Confirm” when prompted.
- VI. Upon confirmation, the message “Vote cast successfully” will be displayed.
- VII. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- VIII. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or contact Ms Pallavi Mhatre Manager or Ms. Soni Singh, Asst. Manager, National Securities Depository Ltd., Trade World, ‘A’ Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated email IDs: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) or [sonis@nsdl.co.in](mailto:sonis@nsdl.co.in) or at telephone nos. : +91-22-24994545 or +91-22-24994559 who will also address the grievances connected with the voting by electronic means. Members may also write to the Company Secretary at the Company’s email address [jctsecretarial@jctltd.com](mailto:jctsecretarial@jctltd.com).

**4. Process for those Members whose email ids are not registered for procuring user id and password and registration of email ids for e-Voting on the resolutions set out in this Notice:**

- a. Those Members, who hold shares in physical form or who have not registered their email address with the Company and who wish to participate in the 71<sup>st</sup> AGM or cast their vote through remote e-Voting or through the e-Voting system during the meeting, may obtain the login ID and password by sending scanned copy of: i) a signed request letter mentioning your name, folio number and complete address; and ii) self attested scanned copy of the PAN Card and any document (such as Driving Licence, Bank Statement, Election Card, Passport, AADHAR Card) in support of the address of the Member as registered with the Company; to the email address of the Company [jctsecretarial@jctltd.com](mailto:jctsecretarial@jctltd.com) or Registrar of the company at their email address [investor.services@rcmcdelhi.com](mailto:investor.services@rcmcdelhi.com).
- b. In case shares are held in demat mode, Members may obtain the login ID and password by sending scanned copy of (i) a signed request letter mentioning your name, DP ID-Client ID (16 digit DP ID + Client ID or 16 digit beneficiary ID); (ii) self attested scanned copy of client master or Consolidated Demat Account statement; and (iii) self attested scanned copy of the PAN Card, to the email address of the Company [jctsecretarial@jctltd.com](mailto:jctsecretarial@jctltd.com) or Registrar of the company at their email address [investor.services@rcmcdelhi.com](mailto:investor.services@rcmcdelhi.com).

**5. Instructions for Members for participating in the 71<sup>st</sup> AGM through VC/OAVM are as under:**

- a. Members will be able to attend the 71<sup>st</sup> AGM through VC/OAVM Facility through the NSDL e-Voting system at <https://www.evoting.nsdl.com> under shareholders login by using the remote e-Voting credentials and selecting the EVEN for the 71<sup>st</sup> AGM. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the Notice of the 71<sup>st</sup> AGM to avoid last minute rush. Further, Members can also use the OTP based login for logging into the e-Voting system of NSDL.
- b. Further, Members will be required to use Internet with a good speed to avoid any disturbance during the meeting.
- c. Please note that Members connecting from mobile devices or tablets or through laptops etc connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.



- d. For ease of conduct, members who would like to ask questions with regard to the Financial Statements or any other matter to be placed at the 71<sup>st</sup> AGM, may send their questions in advance atleast 48hrs before the start of AGM mentioning their name, demat account number / folio number, email id, mobile number at [jctsecretarial@jctltd.com](mailto:jctsecretarial@jctltd.com). Such questions by the Members shall be taken up during the meeting or replied with in 7 days from AGM date by the Company suitably.
- e. Shareholders who will participate in the AGM through VC/OAVM can also pose question/ feedback through question box option. such questions by the Members shall be taken up during the meeting or replied with in 7 days from AGM date by the Company suitably.

**6. Instructions for Members for e-Voting during the 71<sup>st</sup> AGM are as under:**

- a. Members may follow the same procedure for e-Voting during the 71<sup>st</sup> AGM as mentioned above for remote e-Voting.
- b. Only those Members, who will be present in the 71<sup>st</sup> AGM through VC/OAVM Facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the 71<sup>st</sup> AGM.
- c. The Members who have cast their vote by remote e-Voting prior to the 71<sup>st</sup> AGM may also participate in the 71<sup>st</sup> AGM through VC/OAVM Facility but shall not be entitled to cast their vote again.
- d. The Helpline details of the person who may be contacted by the Member needing assistance with the use of technology, before or during the 71<sup>st</sup> AGM shall be the same persons mentioned for remote e-Voting and reproduced hereunder for convenience:
  - I. Ms. Pallavi Mhatre, Manager, NSDL at the designated email ID: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in), [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) or at telephone number +91 22 2499 4545.
  - II. Ms. Soni Singh, Asst Manager, NSDL at the designated email ID: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in), [sonis@nsdl.co.in](mailto:sonis@nsdl.co.in) or at telephone number +91 22 2499 4559.

**7. Other Guidelines for Members**

- a. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [seemakassociates154@gmail.com](mailto:seemakassociates154@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- b. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
- c. The voting rights of Members shall be in proportion to their share in the paid up equity share capital of the Company as on the cutoff date of 03<sup>rd</sup> September, 2020.
- d. Any person, who acquires shares of the Company and becomes Member of the Company after the Company sends the Notice of the 71<sup>st</sup> AGM by email and holds shares as on the cut-off date i.e 03<sup>rd</sup> September, 2020, may obtain the User ID and password by sending a request to the Company's email address: [jctsecretarial@jctltd.com](mailto:jctsecretarial@jctltd.com). However, if you are already registered with NSDL for remote e-Voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- e. 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 cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote through e-Voting system during the meeting.
- f. Ms. Seema Khanna, Practicing Company Secretary and Proprietor of Seema K & Associates, has been appointed as the Scrutinizer to scrutinize the remote e-Voting process and casting vote through the e-Voting system during the meeting in a fair and transparent manner.
- g. During the 71<sup>st</sup> AGM, the Chairman shall, formally propose to the Members participating through VC/OAVM Facility to vote on the resolutions as set out in the Notice of the 71<sup>st</sup> AGM and announce the start of the casting of vote through the e-Voting system. After the Members participating through VC/OAVM Facility, eligible and interested to cast votes, have cast the votes, the e-Voting will be closed with the formal announcement of closure of the 71<sup>st</sup> AGM.







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**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013**

**Item No. 3**

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s Goyal, Goyal & Associates, Cost Accountants, to conduct the audit of the cost records of the Company for both Textile & Nylon Filament Units, for the financial year ending 31<sup>st</sup> March, 2021 at a remuneration of Rs. 1,50,000/- plus GST and reimbursement of out of pocket expenses incurred.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (as amended or re-enacted from time to time) the remuneration as mentioned above, payable to the Cost Auditor is required 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 ending March 31, 2021, as set out in the Ordinary Resolution for the aforesaid services 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 said resolution.

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



**Profile of Directors seeking appointment/re-appointment/ at the 71<sup>st</sup> Annual General Meeting pursuant to Secretarial Standards on General Meeting (SS - II) and Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

<b>Particulars</b>	<b>Ms. Priya Thapar</b>	
<b>DIN</b>	06742680	
<b>Date of Birth</b>	10.05.1968	
<b>Date of First Appointment</b>	26.11.2013	
<b>Expertise in specific General Functional area</b>	Managerial and Administrative Experience	
<b>Qualification</b>	Bachelor of Business Administration with major in Marketing and B.A in Fashion Merchandising from American College in London (ACL). She has also done Bachelor of Business Administration from London School of Economics and Bachelors in Interior Design from Parsons School of Design besides degree in History of Art from Sothebys London with consistent good academic record.	
<b>Shareholding in the Company</b>	2,60,000	
<b>Relationship with other KMPs</b>	Sister of Mr. Samir Thapar – Chairman & Managing Director	
<b>No. of Board Meetings attended by the Director during the FY 2019-20</b>	4	
<b>Board Membership of other listed Companies as on March 31, 2020</b>	NA	
<b>Chairman/Member of the Committee of the Board of Directors of the Company</b>	Member	Stakeholder Relationship Committee
		Corporate Social Responsibility
		Risk Management Committee
		Board of Directors
<b>Chairman/Member of the Committee of Directors of other Public Limited Company in which she is a Director</b>	NA	



## **DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS**

### **Dear Members**

Your Directors present the 71<sup>st</sup> Annual Report on the affairs of the Company together with Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2020. The Management Discussion and Analysis is also included in this Report.

### **1. FINANCIAL HIGHLIGHTS**

(Rs. in Lakhs)

	<b>2019-20</b>	<b>2018-19</b>
Revenue from operations	<b>69304.84</b>	80032.50
Other Income	<b>1582.84</b>	688.20
Profit before Finance Cost, Depreciation and Amortization Expense and Tax ,	<b>1317.32</b>	3931.61
Finance Cost	<b>4271.23</b>	4013.55
Depreciation and amortization Expense	<b>1502.51</b>	2256.08
Profit / (Loss) for the year before tax	<b>(4456.42)</b>	(2338.02)
Profit / (Loss) for the year after tax	<b>(4456.42)</b>	(2337.78)
Other Comprehensive Income/ (Loss)	<b>1562.39</b>	(2185.48)
Total Comprehensive Profit / (Loss)	<b>(2894.03)</b>	(4523.26)

### **2. DIVIDEND**

In view of the accumulated losses, the directors are unable to recommend any dividend.

### **3. INDUSTRY STRUCTURE & DEVELOPMENT**

The Indian Textile Industry is one of the Oldest in the World. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world. The Industry holds an important position in country's economic structure because of its huge contribution towards employment generation, Industrial Output and Export earnings. It is the labor intensive industry and contributes 7% of Industry output in value term 4% to India's GDP, 14% to Index of Industrial Production (IIP). (Source ibef.org). Further, industry is also targeting the job scenario and manufacturing landscape. The Government is fully conscious of its role in achieving this ambitious target and therefore has taken several Initiatives for the development of Industry and come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian

textiles sector under the automatic route. Further in 2020, New Textiles Policy 2020 is expected to be released by the Ministry of Textiles.

### **4. OUT LOOK OF ECONOMY**

#### **GLOBAL ECONOMY**

Global growth was projected to rise from an estimated 2.9 percent in 2019 to 3.3 percent in 2020—a downward revision of 0.1 percentage point for 2019 and 2020 compared to those in the October World Economic Outlook (WEO). The downward revision primarily reflects negative surprises to economic activity in a few emerging market economies, notably India, which led to a reassessment of growth prospects over the next two years. In few cases, this reassessment also reflects the impact of increased social unrest but on the positive side, market sentiment has been boosted by tentative signs that manufacturing activity and global trade are bottoming out, a broad-based shift toward accommodative monetary policy, intermittent favorable news on US-China trade negotiations, and diminished fears of a no-deal Brexit, leading to some retreat from the risk-off environment that had set in at the time of the October WEO. (Source: [www.imf.org](http://www.imf.org))

But on the other hand, out break of COVID-19 pandemic has triggered the deepest global recession in decades. While the ultimate outcome is still uncertain, the pandemic will result in contractions across the vast majority of emerging market and developing economies. It will also do lasting damage to labor productivity and potential output. The immediate policy priorities are to alleviate the human costs and attenuate the near-term economic losses. Once the crisis abates, it will be necessary to reaffirm credible commitment to sustainable policies and undertake the necessary reforms to buttress long-term prospects. Global coordination and cooperation will be critical.

#### **GLOBAL TEXTILE AND APPAREL INDUSTRY**

The global textile market size was valued at \$961.5 billion in 2019 and was estimated to exhibit a CAGR of 4.3% from 2020 to 2027 owing to the increased demand for apparels, especially in developing countries such as China, India, Mexico, and Bangladesh, according to Grand View Research. (Source: [inkworldmagazine.com](http://inkworldmagazine.com))

The U.S. was expected to be the largest market for textiles in the North American region. Textile companies in the region focus on restructuring their businesses, developing effective work processes, and investing in niche products. Natural fibers are anticipated to be



the largest product segment in the region on account of the rising demand from the fashion and apparel industry. (Source: [inkworldmagazine.com](http://inkworldmagazine.com))

Due to Outbreak of Covid-19, The global textile market is expected to grow in 2020 at a compound annual growth rate (CAGR) of -2.8%. The decline is mainly due to economic slowdown across countries owing to the COVID-19 outbreak and the measures to contain it. The market is then expected to recover and grow at a CAGR of 7% from 2021 and reach \$795.4 billion in 2023.

Asia-Pacific was the largest region in the global textile market, accounting for 50% of the market in 2019. Western Europe was the second largest region accounting for 18% of the global textile market. Africa was the smallest region in the global textile market.

Advancements in wireless technologies and rising demand for connectivity is driving the demand for smart textiles. Smart textiles are fabrics capable of interacting with their environment. They have the ability to react to physical stimuli such as thermal, mechanical, electrical and chemical sources.

Sensors, actuators and fabrics are the major components of smart textiles. The materials used in smart textiles include optical fibers, metals and conductive polymers. They are widely used in fashion, entertainment, medical, transportation, sports and fitness and military. For example, Cityzen Science's, d-shirt, has a wide range of functions such as heart rate monitor, built-in GPS, accelerometer, altimeter. (Source: <https://www.businesswire.com/>)

## **INDIAN ECONOMY**

In terms of GDP, Indian economy is the 5th largest economy in the world. The economy faced multiple headwinds and grew by 4.2% in FY 2019-20, (Source: [www.imf.org](http://www.imf.org)) registering a slower growth as compared to the previous year. The decline was primarily driven by a mix of both internal as well as external factors such as synchronised global slowdown, plummeting domestic automobile sales, flattening of core sector growth and declining investment in construction and infrastructure sector. Other factors such as credit crisis due to drying up of lending from non-banking financial institutions throughout CY 2019, deceleration in consumption and as well as a contraction in exports, with reduced demand for imports also contributed to the slow growth.

Despite the slowdown, the country has improved its ranking in World Bank's 'Doing Business' and stood

at 63rd position in CY 2019 as compared to 142nd position in CY 2014. This improvement was backed by reforms introduced by the Government of India such as corporate tax rate cuts, ease in manufacturing policies to boost the Make in India campaign, infusion of Rs. 70,000 crore in public sector banks, etc. With these initiatives, the PMI for the month of January 2020 rose to 55.3, taking it to an eight-year high. (Source: [www.imf.org](http://www.imf.org))

However, the recent outbreak of COVID-19, which led to a country wide lockdown to curtail the spread of the virus, has posed altogether a new challenge and has altered the outlook of the Indian economy. The economy is further expected to experience slowdown and is projected to grow by a modest 1.9% in FY 2020-21. Government of India and the RBI are nevertheless continuously working in tandem to revive the economy to address the demand side and all efforts are being made to enhance rural incomes. Fiscal as well as monetary measures have been introduced and are expected to decelerate this slowdown and will help the economy grow in at rebound within a short period of time. Looking ahead, the Indian economy is expected to touch 7.4% growth rate by FY 2021-22 because of low base. ((Source: [www.imf.org](http://www.imf.org)))

## **INDIAN TEXTILE INDUSTRY**

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. India's textile and apparel exports stood at US\$ 38.70 billion in FY19 and is expected to increase to US\$ 82.00 billion by 2021 from US\$ 22.95 billion in FY20 (up to November 2019). (Source: [www.imf.org](http://www.imf.org))

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital-intensive sophisticated mills sector at the other end of the spectrum. The decentralized power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

The onset of the Covid19 pandemic has severely damaged the Indian exports market. The nationwide lockdown has led to a closure of factories and layoffs have already begun among low wage workers.



The pandemic has affected the majority of India's export market (the US and EU together constitute for approximately, 60% of the total apparel exports from India), causing order cancellations and deferrals leading to build-up of unsold inventory and expectation of slower realization of export receivables leading to higher working capital requirements. Due to the same, India's apparel industry stands to lose shipments worth more than \$3 billion as of the moment. Further, in March 2020, exports fell 32.2% compared with the same period last year. Apparel exports, which were about \$16.1 billion in 2018-19, fell almost 4% to \$15.4 billion, with the March exports alone dropping almost 35% compared with the same month last year. The potential loss in revenues is estimated to amount US \$8-10 billion. ([www.businessworld.in](http://www.businessworld.in))

That But There has been increasing awareness about personal protective equipment (PPE) on account of stringent regulations for safety. This is expected to lead to an increased demand for engineered fiber products such as nylon & polyester.

## **5. BUSINESS STRATEGY**

### **TEXTILE UNIT:**

Textile unit at Phagwara has also emerged as one the first plants in INDIA for supplying personal protective Garments to be used by the medical persons and volunteers' engaged in treatment of the persons effected by COVID-19. The strategy of the unit is in addition to the existing business that the focus is on increasing the production of Protective clothing, Technical and Performance Textiles, provide turnkey solutions to Institutional buyers, getting nominated by major global brands and produce more coated synthetic fabrics. The company is also planning to increase Garment capacities, weaving capacity of synthetic/Polyster fabrics to cater increasing demand of Protective garments, Stretch / Structured Fabrics and also increasing dyeing capacity to balance weaving and processing capacities of synthetic plant.

### **FILAMENT UNIT**

The focus is on to develop new products for catering different end-users, more production of conventional and dope dyed yarn for domestic and export markets. The Unit is also focusing on increasing Production capacity of Mono, HOY/FDY & CRIMP/DYED to increase market share in domestic and international market. It has also been planned to launch IDY product in market.

## **6. OPERATIONS**

### **TEXTILES:**

The textile unit at Phagwara, despite challenging business environment, the unit produced and sold 301.57 lakhs and 289.54 lakhs meters of fabrics respectively. The technical textiles have been well accepted by the market. The capacities are underutilized due to tight liquidity and margins were under strain on account of high fixed cost in comparison of the production.

### **NYLON FILAMENT YARN:**

Nylon Filament Unit has been one of the top Textile Grade Nylon Yarn manufacturers in India with installed capacity of 16000 TPA and 1000 TPA for Nylon Chips. The unit has produced 12622 MT of Filament Yarn and 14 MT of Nylon Chips and sold 11674 MT and 14 MT respectively. Margins were lower on account of stiff competition and cheap imports in India through ASEAN countries.

## **7. OPPORTUNITIES AND THREATS**

China's rising manufacturing cost and shifting of focus from exports to its own growing domestic consumption will offer an opportunity for the Indian textiles sector to grab the market share of China in the developed world, especially the European countries and the United States, which cumulatively comprise around 60 percent of the global export market. Moreover increasingly demand of Medical textile products such as Personal Protective Equipment (PPE) Kits and Face Masks due to COVID-19 disease is also creating great opportunities for the textile industries.

The Industry is dependent on the availability of Raw Cotton at reasonable prices, which is dependent on various factors – monsoon, imports etc. The Indian Textile exports continue to face stiff challenges from the small countries like Bangladesh, Sri Lanka, Taiwan and Pakistan etc.

Some of the new challenges are safety, lack of supply and demand in addition to liquidity crunch.

The World, including the advanced countries, are becoming increasingly inward-looking and resorting to protectionist measures, thereby, putting multilateral system of trading at risk. This could pose a serious challenge in the export markets.

NFY substitution for silk and VFY may provide an opportunity to increase consumption. Moreover, increase in drawback rates during 2019-20 in NFY may promote exports. Profitability of NFY continues to remain under pressure owing to raw material price volatility, competition from fragmented small and medium producers and imports from FTA countries.



**8. RISK AND CONCERN THE MANAGEMENT PRECIEVES**

The COVID-19 pandemic is a global humanitarian, health and financial crisis. The actions taken by various governments to contain the pandemic, such as closing of borders and lockdown restrictions, resulted in significant disruption to people and businesses. Consequently, market demand and supply chains have been affected, significantly increasing the risk of a global economic recession. The pandemic has impacted, and may further impact, all of our stakeholders – employees, clients, investors and communities we operate in.

No industry is free from normal business risk and concerns. Textile Industry continues to face stiff competition from China, other Asian/emerging economies. Competitiveness of Industry is dependent upon factors like the cotton prices, monsoon, exchange rates, availability of domestic raw materials (particularly in case of NFY) and prevalent interest rates in the regime. The industry being more capital intensive requires huge funds, long term as well as short term in the form of working capital for its running.

The Government through its Industrial Policies should support the industry so that Industry be able to enhance its competitive advantage to achieve sustained growth in Exports as well as domestic markets.

**9. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL EFFECIENCY**

The plants of the company operated at sub-optimum levels due to tight liquidity and non-availability of raw materials incurred a net loss of Rs. 28.94 Crore. The margins have been under strain due to high fixed cost, the company is incurring in anticipation of achieving the desired operations. The disruption in productions creates inefficiencies in the system and also results in higher waste levels or sub-standard of the production. The company incurred higher finance cost of Rs 42.71 Crore during the current financial year.

The company earned Operational EBIDTA of Rs. 28.80 Crore during the current financial year against Rs. 17.46 Crore of last year.

**10. Key Financial Ratios**

As per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the key financial ratios are given below:

Sr. No	Particulars	Current year	Last Year	Change	Explanation for significant change in Accounting Ratios
1	Debtors Turnover ratio	20.16	16.31	23.61%	No significant Change

Sr. No	Particulars	Current year	Last Year	Change	Explanation for significant change in Accounting Ratios
2	Inventory Turnover	4.14	4.70	-11.91%	No significant Change
3	Interest Coverage Ratio	-0.04	0.42	-109.52%	The change in Interest Coverage Ratio is mainly due to decrease in EBIT.
4	Current Ratio	0.69	0.82	-15.85%	No significant Change
5	Debt Equity Ratio	0.54	0.57	-5.26%	No significant Change
6	Operating Profit Margin	-0.30%	2.10%	-114.29%	Operating Profit Margin is decreased due to decrease in Revenue from operations and Proportionately less decrease in the other expenses, Employee benefit expenses as compared to change in revenue from operation.
7	Net Profit Margin (Before OCI)	-6.43%	-2.92%	-120.21%	Change in Net profit Margin is on account of decrease in Revenue from operations, increase in finance cost and Proportionately less decrease in the other expenses, Employee benefit expenses as compared to change in revenue from operation.

**11. DETAILS OF ANY CHANGE IN RETURN ON NETWORK**

The higher net losses of the company for the year have impacted the return on net worth.

**12. PERFORMANCE OF SUBSIDIARIES /ASSOCIATES**

There is no subsidiary of the company however associates are investment companies with no fresh investment during the current year.

**13. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS**

Attracting, enabling and retaining talent have been the cornerstone of the Human Resource function and the results underscore the important role that human capital plays in critical strategic activities such as growth. A robust Talent Acquisition system enables the Company to balance unpredictable business demands with a predictable resource supply through organic and inorganic growth. The total employee's strength of the Company was 4523 as on 31st March, 2020. The industrial relation continued to remain cordial during the year.



#### **14. FINANCE AND ACCOUNTS**

As mandated by the Ministry of Corporate Affairs, the financial statements for the year ended 31st March 2020 has been prepared in accordance with the Indian Accounting Standards (IND AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014. The estimates and judgments relating to the Financial Statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonable present the Company's state of affairs, profit/loss and cash flows for the year ended 31st March 2020.

#### **15. EXTRACT OF ANNUAL RETURN**

The Extract of Annual Return in Form MGT-9, as required under section 92 of the Act is placed on the website of the Company at <http://www.jct.co.in>.

#### **16. DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134 (3)(c) of the Companies Act, 2013 that;

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) the directors have prepared the annual accounts on a going concern basis;
- v) the directors, have laid down internal financial controls which were followed by the company, such internal financial controls are adequate and operating effectively; and
- vi) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

#### **17. DECLARATION BY INDEPENDENT DIRECTORS AND RE-APPOINTMENT, IF ANY**

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations.

#### **18. REMUNERATION POLICY**

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members. The details of this policy have been posted on the website of the Company viz. [www.jct.co.in](http://www.jct.co.in).

#### **19. AUDITORS**

##### **STATUTORY AUDITORS**

In terms of Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, Members of the Company in 68<sup>th</sup> Annual General Meeting held on 14<sup>th</sup> August, 2017 approved the appointment of M/s Navdeep Singh & Company, Chartered Accountants (Registration No. 008400N), as the Statutory Auditors of the Company for an initial term of 5 years i.e. from the conclusion of 68<sup>th</sup> Annual General Meeting till the conclusion of 73<sup>rd</sup> Annual General Meeting of the Company.

Due to COVID 19 pandemic, the Statutory Auditors of the Company, M/s Navdeep Singh & Co, Chartered Accountants, have voluntarily reduced their remuneration by 10% for the Audit of accounts for the FY 2020-21 and same has been appreciated by the Board of Directors of the Company.

The Report given by the Auditors on the financial statements of the company is self explanatory and is a part of Annual Report.

The Board of Directors refer to the Auditor's qualification in the Auditor's Report and as required under Section 134(3)(f) of the Companies Act, 2013, provides its explanation as under:

The Company took secured loans of Rs. 9,945.00 lakhs from Assets Reconstruction Companies (the 'lenders'). In terms of the loan agreements, the Company is required to issue Equity Shares in lieu of additional interest (other than and in addition to the normal interest) of Rs. 759.00 lakhs, computed on Net Present Value basis (NPV) on these loans subject to statutory approvals. Accordingly, the Company sought



in-principle approval for allotment of Equity Shares as per SEBI (ICDR) regulations, under the category of consideration other than cash, from Bombay Stock Exchange (BSE). However, the BSE considering that these shares are to be issued on NPV for the interest of the future period did not agree to the contention of the Company to issue the shares under this category. The Company then approached the Securities and Exchange Board of India (SEBI), and as SEBI also rejected the plea of the Company, the Company has since filed an appeal before the Hon'ble Securities Tribunal, Mumbai, the outcome of which is pending as on date. The Company considering that in the event it is unable to allot the Equity Shares as per terms of agreement then the same may need to be addressed suitably with the lenders after the appeal is disposed of, and therefore, there is uncertainty in the mode of payment / quantum of interest that may be payable and as such the interest amount is not ascertainable / estimated at this stage, and therefore no provision of the interest has been made during the year and the same will be accounted for in the period the matter is decided by the Hon'ble Securities Tribunal and settled with the lenders.

#### **COST AUDITORS**

As per the requirement of Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out audit of cost records relating to Textile & Filament Units every year. The Board of Directors, on the recommendation of the Audit Committee, has appointed M/s Goyal, Goyal & Associates, Cost Accountants, (Firm Registration No. FRN-000100) as Cost Auditor to audit the cost records of the Company for the Financial Year 2020-21. As required under the Companies Act, 2013, a resolution seeking members' approval for their remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting for their ratification.

Cost records are made and maintained as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

The Cost Audit Report for the financial year 2020-21 is under finalization and would be filed within the stipulated time with the Ministry of Corporate Affairs.

#### **SECRETARIAL AUDIT**

In compliance with the provisions of Section 204 of the Companies Act, 2013 and rules made there under, the Board has appointed Ms. Seema K & Associates,

Company Secretaries (C.P No. 4397 and FCS No. 8054) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed and forms an integral part of this Report. There is no secretarial audit qualification for the year under review.

#### **20. PARTICULARS OF LOANS, GUARANTEES OR 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 the Financial Statements forming a part of this annual report.

#### **21. RELATED PARTY TRANSACTIONS**

All transactions entered with Related Parties were on arm's length basis and in the ordinary course of business. There were no materially significant transactions with the related parties during the financial year, which were in conflict with the interest of the Company. Thus a disclosure in Form AOC-2 in terms of Section 134 of the Companies Act, 2013 is not required. All related party transactions are mentioned in the notes to the accounts. All Related Party Transactions are placed before the Audit Committee as also before the Board for approval.

None of the Directors has any pecuniary relationship or transactions vis-à-vis the company except remuneration / sitting fee or stated in the annual report.

#### **22. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

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

#### **23. STATUTORY INFORMATION**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3) (m) of the Companies (Accounts) Rules, 2014 is annexed and forms integral part of this Report.

The statement containing particulars of top 10 employees and the employees drawing remuneration in excess of limits prescribed under Section 197 (12) of the Act read with Rule 5 (2) and (3) of the Companies





(Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate Annexure forming part of the Report. In terms of proviso to Section 136(1) of the Act, the Report along with Accounts are being sent to the shareholders excluding the aforesaid Annexure. The said Annexure is open for inspection at the Registered Office of the Company. Any member interested in obtaining a copy of the same may write to the Company Secretary at the Registered Office of the company, 21 days before and upto the date of the ensuing Annual General Meeting during the business hours on working days.

None of the employees mentioned in the said statement is a relative of any Director of the Company and none of the employees hold (by himself or along with his spouse and dependent children) more than two percent of the equity shares of the Company.

## **24. DIRECTORS**

### **CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL**

In accordance with the provisions of Section 152 of the Companies Act, 2013, Ms. Priya Thapar retires by rotation at the forthcoming Annual General Meeting and being eligible, offers herself for the re-appointment. The Board recommends her re-appointment. Brief profile of Ms Priya Thapar has been given in the Notice convening the Annual General Meeting.

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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. Anand Kumar Agarwal co-opted as Nominee Director of Allhabad Bank in place of Mr. Avaya Kumar Mohapatra.

## **25. FORMAL ANNUAL EVALUATION**

The Board of Directors has carried out an annual valuation of its own performance, board committees and individual directors pursuant to the provisions of the Companies Act and SEBI Listing Regulations.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of

committee meetings, etc.

In a separate meeting of independent directors, performance of non-independent directors, the Board as a whole and the Chairman of the Company was evaluated, taking into account the views of executive directors and non-executive directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

## **26. NUMBER OF MEETINGS OF BOARD AND ITS COMMITTEES**

Four meetings of the Board were held during the year under review. For details of meetings of the Board, please refer to the Corporate Governance Report

## **27. INTERNAL CONTROL SYSTEMS**

Company has an effective internal control and risk-mitigation system, which are constantly assessed and strengthened with new/revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. In addition to statutory audit, the financial controls of the Company at various locations are reviewed by the Internal Auditors, who report their findings to the Audit Committee of the Board. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes. The Audit Committee of the Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions taken. Audit plays a key role in providing assurance to the Board of Directors. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee. The Audit Committee is headed by an Independent Director which ensures independence of functions, and transparency of the process of supervision. The Committee meets on regular basis to review the progress of the internal audit initiatives, significant audit observations, planning and implementation of the follow-up action required. The Company conducts its business with integrity and high standards of ethical behavior and in compliance with the laws and regulations that govern its business.



The Company has appropriate policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence of the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information. Based on the report of the internal auditor, respective departments undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

## **28. SHARE CAPITAL**

The paid up Equity Share Capital as at March 31, 2020 stood at Rs. 209.61 Crores and during the year under review, the Company has not issued shares with differential voting rights.

## **29. CORPORATE GOVERNANCE**

Company is fully committed to the philosophy of transparency and believes in conducting its business with due compliance of all the applicable laws, rules and regulations. In compliance with the Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has duly implemented the system of Corporate Governance and a separate report on Corporate Governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance forms an integral part of this Report.

## **30. VIGIL MECHANISM / WHISTLE BLOWER POLICY**

Pursuant to Section 177 of the Companies Act, 2013 & rules made there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established a Whistle Blower Policy to report genuine concerns or grievances for redressal. The Whistle Blower Policy has been posted on the website of the Company viz. [www.jct.co.in](http://www.jct.co.in). During the year under review no complaint was received by your company.

## **31. RISK MANAGEMENT**

The Risk Management Policy required to be formulated under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been duly formulated and approved by the Board of Directors of the Company.

The aim of risk management policy is to maximize opportunities in all activities and to minimize adversity. The policy includes identifying types of risks and its assessment, risk handling, monitoring and reporting, which in the opinion of the Board may threaten the existence of the Company. The risk management framework is reviewed periodically by the risk management teams at all the units of the Company constituted by the Board which monitors and evaluates the effectiveness of risk management framework of the Company and strengthens it.

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 The provisions of this regulation are applicable on top [500] listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year.

## **32. CORPORATE SOCIAL RESPONSIBILITY**

The Company has drafted the Corporate Social Responsibility Policy which may be accessed on the website of the Company [www.jct.co.in](http://www.jct.co.in). As there is net average loss incurred by the Company during the three preceding financial years, the company need not to spend any amount towards Corporate Social Responsibility activities during the year ended 31.03.2020. The CSR Committee comprises of three members. One member of the Committee is an Independent Director.

## **33. CONSERVATION OF RESOURCES**

The Company firmly believes that without safe, clean environment and healthy working conditions, the overall economic growth cannot be achieved and maintained. The company also takes all possible measures to prevent accidents and occupational hazards. The manufacturing operations are conducted to ensure sensitivity towards the environment, minimize waste by encouraging "Green Initiative" practices and use of renewable resources. All employees are required to ensure that they fully understand all policies and comply with the requirements.

The Company requests its shareholders to join in its endeavor to conserve resources by updating relevant information for receiving online communication. Shareholders holding shares in dematerialized mode are requested to register their email address and mobile number with their depository participants. Those holding shares in physical mode have been requested to furnish their email address and mobile number with the Company's RTA, at [investor.services@rcmcdelhi.com](mailto:investor.services@rcmcdelhi.com). Updating all the relevant information will



enable shareholders to receive communications and dividends on time. Besides, every year, the Company ensures that electronic copies of the Annual Report and the Notice of the Annual General Meeting are sent to all members whose email addresses are registered with the Company /depository participant(s).

#### **34. PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORK PLACE**

As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has formulated and implemented a policy on prevention of sexual harassment at the workplace with a mechanism of lodging complaints. During the year under review, the Company has not received any complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has also formed an Internal Committee for addressing the complaints received under the said Act.

The company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

#### **35. STATEMENT OF CAUTION**

Statements in this Directors' Report and Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed or implied. Important factors that could make difference to the Company's operations include raw material availability and its prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, Tax regimes, economic developments within India and the countries in which the Company conducts business and other ancillary factors.

#### **36. APPRECIATION & ACKNOWLEDGEMENTS**

The board of Directors wish to place on record their appreciation, for the contribution made by the employees at all levels but for whose hard work, and support, your Company's achievements would not have been possible. Your Directors also wish to thank its customers, dealers, agents, suppliers, investors and bankers for their continued support and faith reposed in the Company.

For & on behalf of the Board

(SAMIR THAPAR)

Chairman and Managing Director

DIN: 00062287

Place: Hoshiarpur

Date: 20.07.2020



## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING & OUTGO**

The Information under section 134 (3)(m) of the Companies Act, 2013 read with the Rule 8 (3) of the Companies (Account) Rules, 2014 for the year ended 31<sup>st</sup> March 2020 is given below and forms part of the Director's Report.

### **I. CONSERVATION OF ENERGY**

#### **(a) Energy conservation measures taken and additional investments and proposals, if any, being implemented for reduction in consumption of energy :**

##### **Textile Division**

1. Replaced 18/20 watt LED set (2692 nos) in Spinning, weaving, processing and taffeta plant in place of 40/36 watt choke.
2. Replacement of 50 watt LED lamps (70 nos) in place of 85 watt CFL & 250 watt Lights.
3. Replacement of 7-9 watt LED lamps (100 nos) in place of 18 watt CFL Lights in Colony showroom and Bungalow A-1, A-2 and old guest house.
4. Replaced 45 watt LED Lights with 85 watt CFL and 250 watt mercury lights.
5. Removed 175 nos 18 watt LED lights in Sulzer B section and saving approx. 76 units /day.
6. Replaced 15 nos LED monitors with conventional monitors.
7. Maintain ETP parameters with one biological tank instead of two nos and saving approx. 1600 kwh/day.
8. Installed automated control of heaters at sizing machine in taffeta plant with thyrister units in place of Conventional sytem and saving approx. 136 units per day for 360 days working.
9. To transfer water through gravity in ETP from one station to other instead of 18.5 kw pump which results approx. saving of 400 Kwh/day.
10. Utilization of machines w.r.t. to Specific Energy Consumption and disposing off inefficient machines.
11. Reduction of Frequency of power plant 8 Mw from 49.5 hz to 49.2 hz which resulted approx. saving 2000 units per day.
12. Reduction of Frequency of power plant 5.5 Mw from 50 hz to 49.2 hz which resulted approx. saving 3024 units per day for 30 days.

##### **Filament Division**

1. Conventional tube lights set replaced with LED tube lights. Total power saved per year 235 MW.
2. Minimised Compressed Air Pressure to nominal requirement of Plant from 7.2 Bar to 9.95 Bar. Total power saved on compressors per year 91.28 MW.
3. Minimised compressed air pressure for Intermingling from 5.4 Bar to 5.3 Bar. Total power saved on compressors per year 41.61 MW.
4. Installed New Borewell near Staff gate. Total Power saved per year 70.08 MW.
5. New Ammonia Cracking Furnace temperature reduced by 25C (from 890C– 865C). Total Power saved per year 7.27 MW.
6. Installed Condensate Trap Valves on Air Receivers of Compressed Air. Earlier Condensate was drained out. Total Power saved per year 59.92 MW.
7. Replaced 30kw Spindle Motor on DT Reiter machine with 22Kw Motor. Total Power saved per year 23.65 MW.
8. Replaced the DTex 1st AHU conventional Air washer pump with Monoblock pump. Total Power saved per year 36.79 MW.
9. Installed 22KW VFD on Power Plant CT Fan to run according to temperature. Total Power saved per year 26.28 MW.
10. Installed 30KW VFD on Old Plant Room CT Fan to run according to temperature. Total Power saved per year 44.68 MW.
11. Installed 45KW VFD on Dtex 3<sup>rd</sup> AHU SA Fan. Total Power saved per year 52.56 MW.
12. PCT Fan of Batch Poly operational control on Temperature base by installing VFD and Temperature controller. Total Power saved per year 29.78 MW.
13. Optimized Condenser water Pump-6 motor in New Plant Room from 75 kW to 55kW. Total Power saved per year 15.77 MW.
14. Optimized Brine Circulation Pump-3 motor in Old Plant Room from 30 kW to 22kW. Total Power saved per year 57.82 MW.
15. Installed 5.5KW VFD on Conning machine-1. Total Power saved per year 33.29MW
16. DT-A AHU air washer pump replaced with energy efficient pump. Total power saved per year 13.14 MW.



17. Optimized Batch Poly CT Pump-2 motor from 45 kW to 37kW. Total Power saved per year 17.52 MW.
18. Optimized DT-B SA Fan motor from 55 kW to 45kW. Total Power saved per year 98.11 MW.
19. DT B AHU Eliminators cleaned and reinstalled for better cooling. Total Power saved per Year 35.04 MW.

**(b) Impact of Measures:**

**Textile Unit:** Impact of Energy Conservation Projects by implementing them in Various Steps is a downward trend in Power Cost and it is 5 to 6%.

**Filament Unit:** Due to various steps taken by the Unit, the total energy saving was 989.58 MW/ Year.

**(c) Total energy consumption and energy consumption per unit of production:**

As per Form 'A' Attached.

**II. PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT (FORM'B')**

**(a) Specific areas in which R&D carried out by the company.**

**Textile Unit:**

- Successful development of Bullet Proof Jacket Outer Carrier Fabric, required for various Armed Forces.

**Filament Unit:**

- Successful commissioning of new WSF conning machine.
- Successful commissioning of 2 DT machines.
- Successfully launched several new products- 630/48 BRTDW, 111/12BRT DT, Dope dyed in 210/24 BRTDWDDY, 420/48 BRTDWDDY, 840/96 BRTDWDDY, High GPD yarns from High R.V chips with tio2.

**Benefits Derived.**

**Textile Division:**

- We have started getting orders for this newly developed fabric. Approx. 2 lacs meters fabric order executed for new customers.

**Filament Division**

- Provide products and services to our customers not only meeting but exceeding their requirements.
- Initiative to reduce cost of production by reduction in wastage, optimum utilization

of resources & manpower to increase productivity & sales realization.

- Increase presence in international market in hank dyed and dope dyed segment.

**(c) Future plan of action:**

**Textile Division**

The company has independent R&D Department, which regularly provides suggestions for improvement so as to optimize the cost of products and improve the quality.

**Filament Division**

- Plant to further increase capacity of Mono, HOY/FDY & CRIMP/DYED yarn production to increase market share in domestic and international market.
- Development new product to expand customer base in new application or different quality.
- Focus on increasing productivity by maximum utilization of resources & modification in existing hardware.
- Plan to launch IDY product in market.

**III. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

To meet the challenges of the world, the new latest technology state of the art machines have been installed in the Mills to produce as well as to reduce and optimize the cost of the fabric and of desired quality.

**(a) Efforts in brief, made towards technology absorption adaptation and innovation:**

Efforts continued in strengthening the R&D facilities in order to provide a comprehensive range of products being manufactured both at Textile and Filament Yarn Units. Training at various levels to technical staff and workmen is an ongoing process.

**(b) Benefits derived :**

Availability of energy efficient, environment friendly systems and equipments results into wide range of products with improved quality, designs and reduction in cost.

**(c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) :**

The Company continuously strives to adopt latest technology for improving productivity, product quality and reducing consumption of raw material, energy and other inputs.



**IV. FOREIGN EXCHANGE EARNINGS & OUTGO**

(a) **Activities relating to exports, initiatives taken to increase export, development of new export markets for product services and export plans:**

The Company is exporting Textile Fabrics, Filament Yarns and has taken successful initiatives for increasing exports.

(b) **Total Foreign Exchange used and earned:**

(Rs. In lacs)

	Current Year	Previous Year
Used	3012.55	2601.30
Earned	4457.95	6920.26

**TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION**

**FORM 'A'**

**A. POWER AND FUEL CONSUMPTION**

		Current Year	Previous Year
1	<b>Electricity</b>		
(a)	<b>Purchased:</b>		
	Units	52815646.00	46340655.00
	Total Cost (Rs./ LACS)	3611	3005
	Rate/Unit(Rs.)	6.84	6.48
	<b>Merchant Power</b>		
	Units (Kwh)	-	3120.17
	Total Cost (Rs./ LACS)	-	0.14
	Rate/Unit(Rs.)	-	4.44
(b)	<b>Own Generation:</b>		
(i)	<b>Through Diesel Generators</b>		
	Units	67874	30519
	Total Cost (Rs./ LACS)	14.07	6.03
	Unit per Ltr of Diesel Oil	3.03	2.58
	Cost/unit (Rs.)	20.73	20.77
(ii)	<b>Through Steam Turbine Generators</b>		
	Units	75157230	89591160
	Total cost of Coal / Rice Husk ( Rs. In Lacs)	2998.86	3778.14
	Cost/unit(Rs)	3.99	4.22

		Current Year	Previous Year
2	<b>Coal / Husk ( Boilers )</b>		
	Quantity(tonnes)	169073.79	195328.12
	Total Cost (Rs./Lacs)	8021.08	8967.54
	Average Rate (Rs)	4744	4839
3	<b>Furnace Oil ( Boilers )</b>		
	Quantity (K.Ltrs)	76268.00	41677
	Total Cost (Rs. In Lacs)	25.08	12.78
	Average Rate./Ltr (Rs)	32.88	30.67
4	<b>LDO/HSD ( Furnaces / DG sets )</b>		
	Quantity (Ltrs)	22384.00	11939
	Total Cost (Rs./ Lacs)	14.07	6.03
	Average Rate/ltr (Rs)	62.87	50.97
5	<b>Pet Coke</b>		
	Quantity (Kgs)	2023450.00	1955815
	Total Cost (Rs./Lacs)	186.60	206.73
	Average Rate./Ltr (Rs)	9.22	10.60
6	<b>Other/Internal Generation</b>		
	<b>Steam</b>		
	Quantity(tonnes)	613823.20	661306.72
	Total Cost (Rs. Lacs)	8046.15	8980.32
	Average Rate (Rs)	1310.83	1357.97

**B. CONSUMPTION COST PER UNIT OF PRODUCTION (in Rs.)**

Product	Current Year		Previous Year	
	Elect. & DG/TG Power	Steam	Elect. & DG/TG Power	Steam
Filament Yarn / Chips	29.86	9.25	29.67	10.01
Cloth	8.152	13.704	8.302	13.046



**Disclosure as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

**Ratio of the remuneration of each Director and Key Managerial Personnel (KMP) to the median remuneration of the employees of the Company and percentage increase in remuneration of the Directors and KMPs in the Financial Year.**

Requirements of Rule 5(1)		Details		
1.	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	:	Name of the Director	Ratio
			Samir Thapar	256X
			Priya Thapar	60X
			The median Remuneration of employee of the Company was Rs. 1,40,392/-	
2.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	:	Mr. Samir Thapar	275%
			Ms. Priya Thapar	250%
			Mr. V K Singhal (CFO)	0%
			Ms. Sandeep Sachdeva (CS)	0%
3.	The percentage increase in the median remuneration of employees in the financial year;	:	6%	
4.	The number of permanent employees on the rolls of company	:	4523	
5.	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	:	The median percentage increase made in the salaries of employees other than the managerial personnel was 4%, while the increase in the remuneration of managerial personnel was 163%. This increase was due to revision in remuneration of Chairman & Managing Director and Whole Time Director after considering the corresponding cost of persons handling similar portfolios in other Textile Industries, which were in the salary band of Rs. 120 to 720 lacs per annum.	
6.	Affirmation that the remuneration is as per the remuneration policy of the Company	:	Remuneration paid during the year ended March 31, 2020 is as per the Remuneration Policy of the Company.	



**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2020

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To,  
The Members,  
**JCT LIMITED**  
**Village Chohal, District Hoshiarpur,**  
**Punjab-146001**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by JCT Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the statutory compliances and expressing my opinion thereon.

Based on my verification *(to the extent possible due to the lockdown announced by Government of India on account of COVID – 19 pandemic)* of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and Management Representation Letter and information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended 31st March, 2020 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment in India and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

I further report that, there were no actions/events in pursuance of;

- (a) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
- (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; requiring compliance thereof by the Company during the audit period.

I have also examined compliance with the applicable Clauses of The Listing Agreement entered into by the Company with Bombay Stock Exchange and applicable clauses of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Secretarial Standards issued by The Institute of Company Secretaries of India were complied with during the audit period.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.





(vi) Other laws applicable to the Company.

I have examined the relevant documents and records on test check basis and relied on the representation made by the Company, its Officers and on the reports given by designated professionals for systems and processes formed by the Company to monitor and ensure compliances of Environmental Laws, Labour Laws, General Laws and other Laws and Regulations applicable specifically to the Company.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. One Nominee Director has been appointed during the year. There was no change in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

There were no dissenting views by any Board member as per the minutes of the Board meetings duly recorded and signed.

None of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Board/Ministry of Corporate Affairs or any such authority as per the declaration provided by respective directors.

I further report that, based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of compliance reports by respective department heads/Company Secretary/CEO taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes and control mechanism exists in the Company to monitor and ensure compliance with applicable general laws.

I further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

I further report that during the audit period, there might be major bearing on the company's affairs regarding following events:

- I. Members of the Company at their Extra Ordinary General Meeting held on 21st February, 2019 consented their approval for Allotment of 3,64,72,067 Equity Shares at Rs. 2.50 each in lieu of interest differential of 3% between IRR of 19% and 16% to Phoenix and Its Associates on NPV basis as non cash consideration. The Company had filed In-Principal Approval for allotment of the above shares and BSE had raised the objection under regulation 169(1) of SEBI (ICDR), 2018 against which submission and personal hearing has been made before SEBI and further an appeal has been filed before the Hon'ble Securities Appellate Tribunal, Mumbai. All the arguments/hearings have been completed by all the parties i.e. JCT, SEBI and BSE and Hon'ble SAT Mumbai had reserved the order but due to lock down of SAT, Mumbai, the next date of hearing could not be scheduled.
- II. No further communication received from Asset Reconstruction Company India Limited (ARCIL) to Company's previous letter dated 11.2.2016 in reply to their Notice received from in respect of Corporate Guarantees issued to IFCI for financial facilities availed by JCT Electronics Limited.
- III. Hon'ble court of Punjab & Haryana, Chandigarh took suo-moto cognizance of the matter and decided the matter of settlement of all the dues of the FCCBs Holders in the hearing dated 12.12.2019 by way of withdrawal of application by both the parties. In its order Hon'ble court of Punjab & Haryana, Chandigarh mentioned that "the Compromise is being done" instead of "Compromise had been done". Therefore, the Company is seeking amendment in the above said order and a fresh application has been filed in the Hon'ble court of Punjab & Haryana, Chandigarh. Next date of hearing could not be fixed due to COVID-19 pandemic.
- IV. Fresh case has been filed by the Official Liquidator of CNLT Malaysia in the High Court Malaysia at Kuala Lumpur for recovery of US\$ 1,250,000 and for this issue Company had appointed Ariff Rozhan & Company, Advocate & Solicitors, Kuala Lumpur, Malaysia. The next date of hearing is fixed for 05.11.2020.
- V. One of the vendors has filed a case before Chairman Cum Deputy Commissioner MSE Facilitation Council Jalandhar under MSMED Act 2006 on Company. The matter was contested by the company and was under Conciliation with the party and the same has been settled vide Agreement dated signed on 06.03.2020.
- VI. Accumulated losses have resulted in erosion of substantial net worth of the Company. To improve its liquidity / cash flow, and to revive its financial position by reducing its debts, the Company is in the process of disposing off some of



its non-core property. Further, the Company at its textile division at Phagwara has the facility for the manufacturing of the polyester coated fabric, which is used for the manufacturing of the personal protection equipment (PPEs) and other incidental equipment / outfits, which are used by the persons involved in the medical and other essential services to provide them medical protection from Corona type of viruses etc. Considering the Company's specialization in manufacturing of such fabric and processing thereof, the Company during March, 2020 has been awarded the order of considerable amount for the supply of PPEs to various government agencies as per the instructions of the Government of India, which the Company has since delivered substantially within the timelines that too during this difficult time when the entire country was under lockdown. The successful delivery of the said order has given an opportunity to the Company to establish itself as one of the strongest quality manufacturer and supplier for the supply of PPEs and other related products, which are the urgent need of present time, locally as well as globally. The Company is hopeful of getting more orders and is in advance stage of discussions with some of the customers / agencies. The Company is also hopeful to get into export markets once Indian Government lifts the ban on export of PPE, on the strength of its quality. Thus, the Company has now entered in a new business line and is expanding and changing its business model from a fabric manufacturer to a large garment supplier.

VII. The management, considering the future plans for operations particularly as detailed above and support of the promoters, lenders, business associates and workmen, is hopeful of improvement in its financial position, and accordingly the financial statements have been prepared on a going concern basis.

Place: New Delhi  
Dated: 20.07.2020

**SEEMA KHANNA**  
Proprietor – SEEMA K & ASSOCIATES  
FCS No. 8054/C P No.: 4397  
UDIN: F008054B000560861

This Report is to be read with our letter of even date which is annexed as Annexure A to this Report and forms an integral part of this Report.

Annexure A

To,  
The Members  
**JCT LIMITED**  
**Village Chohal, District Hoshiarpur,**  
**Punjab-146001**

Our Secretarial Audit Report of even date, for the financial year ended 31<sup>st</sup> March, 2020 is to be read along with this letter.

#### **Management's Responsibility**

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

#### **Auditor's Responsibility**

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis of our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

#### **Disclaimer**

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

Place: New Delhi  
Dated: 20.07.2020

**SEEMA KHANNA**  
Proprietor – SEEMA K & ASSOCIATES  
FCS No. 8054/C P No.: 4397  
UDIN: F008054B000560861

**CORPORATE GOVERNANCE REPORT**

The Directors present the Company's Report on Corporate Governance for the year ended 31<sup>st</sup> March 2020, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Corporate Governance is modus operandi of governing a corporate entity which includes a set of systems, procedures and practices which ensure that the Company is managed in the best interest of all corporate stakeholders i.e. shareholders, employees, suppliers, customers and society in general. Fundamentals of Corporate Governance include transparency, accountability, reporting and independence. For accomplishment of the objects of ensuring fair Corporate Governance, the Government of India has put in place a framework based on the stipulations contained under The Companies Act, SEBI Regulations, Accounting Standards and Secretarial Standards etc.

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

JCT has full belief that the sound corporate governance is essential for the success of its operations in the long term. The organization success is truly a reflection of the professionalism, conduct and ethical values of its management and employees. Our Company strives to ensure transparency in all its operations, make disclosures and comply with various laws and regulations. A Report on compliance with the principles of Corporate Governance as prescribed by The Securities and Exchange Board of India (SEBI) in Chapter VI read with Schedule V of the Listing Regulations is given below.

**2. BOARD OF DIRECTORS**

In terms of the Company's Corporate Governance Policy, all statutory and other significant & material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the Shareholders.

**a) Composition and Category of the Board of Directors**

As on 31.03.2020, Board of Directors of Company had six directors consists of 2 Executive Directors including one Women Director, 3 as Independent Directors and 1 Nominee Director. The Chairman of the Board is an Executive Director. None of the Directors on the board is a member of more than 10 committees and Chairman of more than 5 Committees. Necessary disclosures regarding directorship held in other companies and committee positions as on 31.03.2020 have been made by Directors.

b) Attendance of Directors at Board Meetings & Annual General Meeting and Number of Companies in which the director is a member of the Board or its committee as a chairperson thereof during the year is given below as per Annexure-1.

c) Number of other board of directors or committees in which a director is a member or including separately the names of the listed entities where the person is a director and the category of directorship is given below as per Annexure-1.

Annexure-1

Name of Director	Category	Attendance in Board Meeting		Whether attended last AGM held on 14.08.2019	Number of Directorships in other Public Companies			Directorship in other listed entity
		Held	Attended		No of other Directorships	No of committees in which a member	No of committees in which a chairman	
Mr. Samir Thapar <i>Chairman &amp; Managing Director</i>	Executive	4	3	No	2	-	-	-
Ms. Priya Thapar	Executive	4	4	Yes	-	-	-	-
Dr Ajit Kumar Doshi***	Non-Executive – Independent	4	4	Yes	1	-	-	-
Mr. Chander Mohan Bhanot***	Non-Executive – Independent	4	4	Yes	-	-	-	-
Mr. Avaya Kumar Mohapatra*	Non-Executive – Nominee (Allahabad Bank)	1	-	No	-	-	-	-



Name of Director	Category	Attendance in Board Meeting		Whether attended last AGM held on 14.08.2019	Number of Directorships in other Public Companies			Directorship in other listed entity
		Held	Attended		No of other Directorships	No of committees in which a member	No of committees in which a chairman	
Mr. Ram Swaroop Samaria	Non-Executive – Independent	4	4	Yes	1	-	-	-
Mr. Anand Agarwal**	Non-Executive – Nominee (Allahabad Bank)	3	3	Yes	-	-	-	-

\*Ceased to be Director w.e.f 14.08.2019

\*\* Co opted on 14.08.2019

\*\*\* Re-appointed as Independent Director for a second term w.e.f. September 25, 2019.

**d) Board Meetings**

During the financial year 2019-20, the Board of the Company met 4 times on 30.05.2019, 14.08.2019, 21.11.2019, and 14.02.2020. The interval between two meetings is well within the maximum period under Section 173 of the Companies Act, 2013 and the provisions of Regulation 17 of SEBI (LODR) Regulations, 2015.

The notice of each Board Meeting is given in writing to each Director. The Agenda along with relevant notes and other material information are sent in advance separately to each Director.

In case of business exigencies or urgency of matters, resolutions are passed by circulation and same is placed before the Board in the next meeting. Besides performance of Company's operations before taking on record the quarterly / annual financial results of the Company, information supplied to the Board. All relevant information as required under Schedule II of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 was placed before the Board from time to time.

- e) Ms. Priya Thapar- Director (Strategic Business Development) is sister of Mr. Samir Thapar - Chairman and Managing Director.
- f) Dr Ajit Kumar Doshi, Mr. Chander Mohan Bhanot, Mr. Ramswaroop Samaria and Mr. Avaya Kumar Mohapatra/ Mr. Anand Agarwal do not have any shareholding in the Company.

**g) Familiarization Programme for Independent Directors**

At the time of appointing a Director, a formal letter of appointment is given to him, which *inter-alia* explains the role, function, duties and responsibilities expected of him as a Director of the Company. Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors. Site visits to plant locations are organized for the Directors to enable them to understand the operations of the Company. The details of such familiarization programme for Independent Directors are posted on the website of the Company i.e [www.jct.co.in](http://www.jct.co.in).

**h) Key Board qualifications, expertise and attributes**

The table below summarizes the key qualifications, skills, and attributes which are taken into consideration while nominating candidates to serve on the Board. The qualifications of each director are provided separately in the details of the Board of Directors.

Sr. No	Name of the Director	Qualification	Area of skill/Expertise/ Competencies
1.	Mr. Samir Thapar	Graduate in Business Administration from California State University Bakersfield, USA with a total experience of 30 years	He is having vast experience in the field of industry, Business and corporate Management.



Sr. No	Name of the Director	Qualification	Area of skill/Expertise/Competencies
2	Ms. Priya Thapar	Bachelor of Business Administration with major in Marketing and B.A in Fashion Merchandising from American College in London (ACL). She has also done Bachelor of Business Administration from London School of Economics and Bachelors in Interior Design from Parsons School of Design besides degree in History of Art from Sotheby's London with consistent good academic record	She is having vast Experience in HR, Marketing Administration and Apparel Industry.
3	Dr. Ajit Kumar Doshi	PHD In law (Amalgamation and Merger) and Chartered Accountant.	Having Expertise in Finance, Corporate and other laws. He was also Visiting professor of Calcutta Business School and Indian Institute of Corporate Affairs of the Ministry of Corporate Affairs. He retired as Member (Technical) of CLB.
4	Mr. Chander Mohan Bhanot	Law Graduate	He is having 41 years of experience of Banking operations, Legal, Forex, Credit Monitoring and HR. He is retired as General Manager from Bank of India.
5	Mr. Ramswaroop Samaria	Chartered Accountant in Practice	He is Senior partner of practicing firm of Chartered Accountants having 38 years of experience. He is also having 13 years of experience of Textile Industry.
6	Mr. Avaya Kumar Mohapatra	Bachelor of Science- Agriculture	He is Field General Manager of Allahabad Bank and Nominee Director.
7	Mr. Anand Agarwal	Master of Science – Agriculture	He is Deputy General Manager of Allahabad Bank and Nominee Director.

- i) The Board of Directors of the Company confirms that the Independent Directors of the Company fulfils the conditions as specified in the SEBI (LODR) Regulations 2015 and are independent of the management.
- j) No Independent Director of the Company has resigned during the Financial Year 2019-20.

### **3. AUDIT COMMITTEE**

#### **a) Terms of Reference**

The terms of reference of Audit Committee cover the areas mentioned under Part C of Schedule II of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 as well as Section 177 of the Companies Act, 2013. The Audit Committee *inter alia* performs the functions of approving review of financial reporting system, internal controls system, discussion on financial results, interaction with Statutory and Internal Auditors, recommendation for the appointment of Statutory and Cost Auditors and their remuneration, recommendation for the appointment and remuneration of Internal Auditors.

#### **b) Composition**

As on 31.03.2020 the Audit Committee consists of three Non-Executive Directors out of which two are Independent namely Dr. Ajit Kumar Doshi and Mr. Chander Mohan Bhanot whereas the other one Mr. Avaya Kumar Mohapatra/ Mr. Anand Agarwal is a Nominee Director from Allahabad Bank. Dr. Ajit Kumar Doshi is the



Chairman of the Committee. All members of the Audit Committee are financially literate and bring in expertise in the fields of Accounting, Finance and Taxation.

Besides above Chairman & Managing Director, Whole-time Director, Chief Financial Officer, the representatives of the Auditors are permanent invitees to the Audit Committee Meetings. The Company Secretary acts as a Secretary to the Committee.

The quorum, power, role and scope are in accordance with the Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of the SEBI (LODR) Regulations, 2015.

**c) Meetings and Attendance**

The Committee met four times during the Financial Year ended 2019-20 on 30.05.2019, 14.08.2019, 21.11.2019 and 14.02.2020. The maximum gap between any two meetings was less than four months which is in compliance with the provisions of Regulation 18 of SEBI (LODR) 2015. Adequate quorum was present for all Meetings. The Chairman of the Audit Committee was present at the Annual General Meeting of the Company. The Table below provides the attendance of the Audit Committee members.

Name of the Members	Position	Category	No. of Meetings held	No. of Meetings attended
Dr. Ajit Kumar Doshi	Chairman	Non-Executive Independent	4	4
Mr. Chander Mohan Bhanot	Member	Non-Executive Independent	4	4
Mr. Avaya Kumar Mohapatra*	Member	Nominee-Allahabad Bank	1	-
Mr. Anand Agarwal**	Member	Nominee-Allahabad Bank	3	3

\*Ceased to be Director w.e.f 14.08.2019

\*\* Co opted on 14.08.2019

**4. NOMINATION AND REMUNERATION COMMITTEE**

In compliance with Section 178 of Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee comprises of atleast 3 Directors all of whom are non-executive and atleast fifty percent of the directors shall be independent directors.

**a) Term of Reference**

The Nomination and Remuneration Committee assist the Board in overseeing the method, criteria and quantum of compensation for directors and senior management based on their performance and defined assessment criteria. The terms of the reference of Nomination and Remuneration Committee covers the areas mentioned under Part D of Schedule II of SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015 as well as section 178 of the Companies Act, 2013.

**b) Composition, Meeting and Attendance:**

The Committee at present comprises of three non-executive Directors which includes Dr. Ajit Kumar Doshi, Mr. Chander Mohan Bhanot and Mr. Ramswaroop Samaria – Independent Directors and Mr. Avaya Kumar Mohapatra/Mr. Anand Agarwal – Nominee Director from Allahabad Bank. During the financial year ended 2019-20, Two meeting of the Committee were held on 30.05.2019 and 14.08.2019.

Name of the Members	Position	Category	No. of Meetings held	No. of Meetings attended
Dr. Ajit Kumar Doshi	Chairman	Non-Executive Independent	2	2
Mr. Chander Mohan Bhanot	Member	Non-Executive Independent	2	2
Mr. Ramswaroop Samaria***	Member	Non-Executive Independent	1	1
Mr. Avaya Kumar Mohapatra*	Member	Nominee-Allahabad Bank	1	-
Mr. Anand Agarwal**	Member	Nominee-Allahabad Bank	1	1

\*Ceased to be Director w.e.f 14.08.2019

\*\* Co opted on 14.08.2019

\*\*\* Co opted on 14.08.2019



**Performance Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) 2015, a separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board who were evaluated on parameters such as level of engagement and contribution and independence of judgment thereby safeguarding the interest of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The board also carried out annual performance evaluation of the working of its Audit, Nomination and Remuneration as well as stakeholder relationship committee. The Directors expressed their satisfaction with the evaluation process.

**5. REMUNERATION OF DIRECTORS**

Remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in accordance with the existing industry practice. There is no such pecuniary relationship between the Company and Non Executive Directors.

**a) Disclosure of Remuneration to Non-Executive / Independent Directors:**

The Non-Executive Directors were paid remuneration by way of Sitting Fees for each meeting of the Board and Committee of Directors attended by them. The total amount of Sitting Fees paid during the Financial Year ended 31<sup>st</sup> March, 2020 was Rs. 27.16 Lacs.

Sr. No.	Particulars of Remuneration	Name of the Directors				Total Amount
		Dr. Ajit Kumar Doshi	Mr. Chander Mohan Bhanot	Mr. Avaya Kumar Mohapatra/ Mr. Anand Agarwal*	Mr. Ramswaroop Samria	
1.	Fee for attending board & committee meetings	9.00	9.00	4.50	4.00	26.50
2.	Commission	-	-	-	-	-
3.	Others, Travelling	0.16	0.12	-	0.38	0.66
	<b>Total</b>	<b>9.16</b>	<b>9.12</b>	<b>4.50</b>	<b>4.38</b>	<b>27.16</b>

\*Paid to Allahabad Bank

**b) Remuneration to Executive Directors**

Payment of remuneration to Executive Directors is governed by the respective Agreements executed between them and the Company. The remuneration package of Chairman & Managing Director and Whole-time Director comprises of salary, perquisites, allowances and contribution to Provident and other Retirement Benefit Funds as approved by the shareholders at the General Meeting.

The details of the remuneration paid during the year ended 31<sup>st</sup> March 2020 under review is given below.

Particulars	Mr. Samir Thapar		Ms. Priya Thapar	
	Current Year	Previous Year	Current Year	Previous Year
Salary including allowance	96.00	82.20	30.00	23.35
Contribution to Provident & Superannuation Funds	13.02	10.61	5.10	3.41
Perquisites, Allowances & Reimbursements	264.00	13.80	54.00	0.65
<b>Total*</b>	<b>373.02</b>	<b>106.61</b>	<b>89.10</b>	<b>27.41</b>

\*excludes the provision made towards gratuity and leave encashment on actuarial basis



## 6. STAKEHOLDERS RELATIONSHIP COMMITTEE

### a) **Composition and Attendance**

The Stakeholders Relationship Committee comprises of four Directors. Dr. Ajit Kumar Doshi, Independent Director is the Chairman of this Committee. The table below highlights the composition and attendance of the Members of the Committee. The requisite quorum was present at all the Meetings.

Sr. No.	Name of Director	Positions	Category	No. of Meetings Attended
1.	Dr. Ajit Kumar Doshi	Chairman	Independent Director	4
2.	Mr. Chander Mohan Bhanot	Member	Independent Director	4
3.	Mr. Samir Thapar	Member	Executive Director	3
4.	Ms. Priya Thapar	Member	Executive Director	4

The Committee meets normally once in three months to oversee proper redressal of grievances of stakeholders/ investors and compliance of stipulation in the matter of listing of shares with stock exchange/ depositories etc.

The matter of transfer / transmission of shares, sub-division/ consolidation and issue of new / duplicate shares etc. including demat/ remat of shares in the normal course are looked after by the Committee of Senior Executives consisting of Mr. Vinod Kumar Singhal – Chief Financial Officer and Mr. Sandeep Sachdeva - Company Secretary, who have been authorized by the Committee for the same.

The Committee met 4 times during the year on 30.05.2019, 14.08.2019, 21.11.2019 and 14.02.2020.

### b) **Name and Designation of the Compliance Officer**

Mr. Sandeep Sachdeva, Company Secretary & Compliance Officer.

### c) **Number of complaints received, not solved & pending**

The total number of complaints received and resolved during the year ended 31<sup>st</sup> March 2020 was 3. There were no complaints outstanding as on 31<sup>st</sup> March 2020. The number of pending share transfers and pending requests were Nil. Shareholders'/ Investors' complaints and other correspondence are normally attended to within seven working days except where constrained by disputes or legal impediments. No investor grievances remained unattended / pending for more than thirty days as on 31<sup>st</sup> March, 2020.

### d) **Terms of Reference**

The Committee shall consider and resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

### a) **Composition:**

Company has a Corporate Social Responsibility Committee consisting of Mr. Samir Thapar, Ms. Priya Thapar and Dr. Ajit Kumar Doshi. Mr. Samir Thapar is the Chairman of the Committee.

### b) **Term of Reference**

- Decide the CSR activities to be taken up by the Company in accordance of this policy
- Decide the amount to be allocated for each project or activity
- Oversee and monitor the progress of the initiatives rolled out under this policy and
- Submit a report to the Board of Directors on all CSR activities undertaken during the financial year which shall duly be displayed on the Company's website [www.jct.co.in](http://www.jct.co.in).

### c) **Meeting**

No meeting was held during the financial year ended 31st March, 2020.



**7. GENERAL BODY MEETINGS****Details of last 3 Annual General Meetings (AGM/EGM) Held**

Sr. No.	Financial Year/ Period	Type of Meeting	Date and Time	Location	Whether any Special Resolution passed
1	2018-19	AGM	14.08.2019 at 11:30 am	Village Chohal Dist. Hoshiarpur Punjab	Yes
2	2018-19	EGM	14.02.2019 at 11:30 am	Village Chohal Dist. Hoshiarpur Punjab	Yes
3	2017-18	AGM	14.09.2018 at 11:30 am	Village Chohal Dist. Hoshiarpur Punjab	Yes
4	2016-17	AGM	14.08.2017 at 11:30 am	Village Chohal Dist. Hoshiarpur Punjab	No

**8. MEANS OF COMMUNICATIONS**

- a) Quarterly Results : Through Publications
- b) Newspaper wherein results normally published : Financial Express / Business Standard (all editions) & Jagbani
- c) Website at which result is published : www.jct.co.in and www.bseindia.com
- d) Whether it also displays official news releases : Yes, as and when necessary/required
- e) The presentations made to Institutional Investors or analysts : No

**9. GENERAL SHAREHOLDER INFORMATION**

- a) Annual General Meeting Time, Day, Date & Venue: Thursday, 10th September, 2020 at 11:30 a.m.  
Annual General Meeting through VC/OVAM Facilities
- b) Financial Calendar(Provisional)
- Unaudited results for QE 30.06.2019 : }
- Unaudited results for QE 30.09.2019 : } Within 45 days of the close of the respective quarter
- Unaudited results for QE 31.12.2019 : }
- Audited results YE 31.03.2020 : Within 90 days of the close of the year.
- c) Dividend Payment Date : No Dividend is proposed
- d) Name and address of stock exchange : BSE Ltd.  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai- 400001
- e) Annual Listing Fee : Annual Listing fee for the year 2019-20 has been paid.
- f) Stock Code : 500223
- g) Market Price Data

(In Rs)

Month/Year	High	Low
Apr-19	1.79	1.51
May-19	1.69	1.28
Jun-19	1.55	0.96
Jul-19	1.22	0.99
Aug-19	1.10	0.77
Sep-19	1.04	0.75
Oct-19	0.85	0.66
Nov-19	1.08	0.79
Dec-19	1.03	0.81
Jan-20	0.96	0.79
Feb-20	0.91	0.65
Mar-20	0.79	0.46

**h) Performance in comparison to broad base indices such :**

The shares of the Company are not considered as BSE Sensex, Crisil Index, by stock exchange in their index fluctuations.



i) **The Securities were not suspended from trading during the financial year 2019-20.**

j) **Registrar & Transfer Agents :**

RCMC Share Registry Private Ltd,  
B--25/1, 1st Floor, Okhla Industrial Area Ph II, New Delhi 110020  
Tel: 011-26387320-321-323 Fax: 011-26387322  
Email: investor.services@rcmdltd.com

k) **Share Transfer System :**

In terms of the Listing Regulations, effective from 1st April, 2019, securities of listed companies can only be transferred in dematerialised form except where the claim is lodged for transmission or transposition of shares or where the transfer deed(s) was lodged prior 1st April, 2019 and returned due to deficiency in the document. Shareholders are advised to dematerialise their shares held by them in physical form. Requests for dematerialisation of shares are processed and confirmation thereof is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) within the statutory time limit from the date of receipt of share certificates provided the documents are complete in all respects.

l) **Distribution of shareholding as on 31.03.2020**

No of Equity Shares held		No of shareholders	%age of shareholders	No of shares held	Amount	%age of Shareholding
From	To					
Upto	5000	78971	87.39	31902362	79755905	3.81
5001	10000	4049	4.48	12252337	30630842.50	1.46
10001	20000	3380	3.74	18835326	47088315	2.25
20001	30000	1497	1.66	15024793	37561982.50	1.79
30001	40000	555	0.61	7902751	19756877.50	0.94
40001	50000	427	0.47	8133873	20334682.50	0.97
50001	100000	756	0.84	21583005	53957512.50	2.57
100001 and Above		729	0.81	722792141	1806980352.50	86.21
<b>Grand Total</b>		<b>90364</b>	<b>100</b>	<b>838426588</b>	<b>2096066470</b>	<b>100</b>

m) **Dematerialization of shares and liquidity**

**As on 31.03.2020, 99.05% of equity shares have been dematerialized.**

- National Securities Depositories Limited (NSDL) : 747889429
- Central Depositories Services Limited (CDSL) : 82556972

n) **Commodity price or foreign exchange risk and hedging activities**

Company's business activities inter-alia include import of materials like Caprolactum, Yarn and Dyes & Chemicals etc which are linked to international prices and major international currencies. As a result the Company is exposed to exchange rate fluctuations on its imports and exports. The impact of these fluctuations on the Company's profitability and finances is considered material. Company manages and mitigates its risk through Currency Risk Management Policy as approved by the Board of Directors of the Company.

The Company has adequate risk assessment and minimization system in place including for commodities. Company is also a sizable user of various commodities including Cotton, PSF, VSF and other Yarns which expose it to the price risk on account of procurement of commodities. The Company does not have material exposure of any commodity and accordingly, no hedging activities for the same are carried out.

- o) **Plant Locations** : Textile Unit at Phagwara (Punjab)  
Filament Yarn Unit at Hoshiarpur (Punjab)
- p) **Address for correspondence** : Village Chohal, District Hoshiarpur 146024 (Punjab)

**OR**

1001, 10th Floor, Vikram Tower, 16 Rajendra Place New Delhi 110008

- q) **Credit Rating Obtained** : CARE B for Long term facilities and Care A4 for Short term Facilities



## 10. OTHER DISCLOSURES

### a) Related Party Transactions

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and SEBI (LODR) 2015 during the financial year were in the ordinary course of business and on arm's length basis and do not attract the provision of Section 188 of the Companies Act, 2013. Related party transactions with the Directors, Senior Management, Personnel and their relatives are reported to the Audit Committee from time to time and have been disclosed under the Related Party Transactions as per IND-AS -24 "Related Party Disclosures" issued by the Institute of Chartered Accountants Of India (ICAI) which are set out in the Annual Report and other relevant notes to the financial statements for the year ended 31.03.2020. There were no material significant Related Party Transactions that may have potential conflict with the interest of the Company at large.

### b) Details of non-compliance, penalties etc. imposed by Stock Exchanges, Securities Exchange Board of India (SEBI) etc. on any matter related to capital markets, during the last three years.

No stricture/ penalties have been imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority on any matters related to Capital Markets during the last three years.

### c) Vigil Mechanism/ Whistle Blower Policy

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and SEBI (LODR) 2015, the Company has formulated a Whistle Blower Policy for vigil mechanism for Directors and Employees to report to the management about the unethical behavior, fraud or violation of Company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and make provisions for direct access to the Chairperson of the Audit Committee in exceptional cases.

The practice of the Whistleblower Policy is overseen by the Audit Committee of the Board and Mr. Kunal Markanday- Deputy Manager (Secretarial) is the Vigilance Officer. None of the personnel of the Company has been denied access to the Audit Committee. The confidentiality of those reporting violations is maintained and they are not subject to any discriminatory practice. The Policy is available on the website of the Company [www.jct.co.in](http://www.jct.co.in).

### d) Mandatory & Non mandatory requirements

The Company has fully complied with mandatory requirements as stipulated under SEBI (LODR) 2015 with the Bombay Stock Exchange and non mandatory requirement as and when required or necessary to do so.

### e) Subsidiary Companies:

Company does not have any Subsidiary Company.

### f) Related party transaction policy:

As required under the SEBI (LODR) 2015, the Company has formulated a policy dealing with the related party transactions. The Policy is available on the website of the Company [www.jct.co.in](http://www.jct.co.in).

### g) Details of Utilization of Funds raised through preferential allotment/Qualified Institution placement as specified under Regulation 32 (7A)

During the year, the Company has not made any preferential allotment or private placement of shares.

### h) Total Fees paid to Statutory Auditor of the Company during the FY 2019-20

The total fee paid to Statutory Auditor during the year 2019-20 is given below:-

Particulars	Amount (Rs. In lakhs)
For Audit Fees	16.00
For Certification work	-
For Reimbursement of Expenses	0.20
<b>Total</b>	<b>16.20</b>



**i) Sexual Harassment Complaints**

The Company has in place Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, Redressal) Act, 2013 and the Rules made thereunder. The Company has zero tolerance on Sexual Harassment at workplace. In compliance with the provisions of Companies Accounts Rules, 2014, as amended, the Internal Complaints Committee is set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees and other stakeholders) are covered under this policy. The following is the summary of sexual harassment complaints received and disposed off during the 2019-20.

Number of complaints filed during the year	Nil
Number of Complaints disposed	Nil
Number of Complaints pending as on end of the Financial Year	Nil

**11. NON COMPLIANCE**

Company has complied with all the requirement/ disclosures as mentioned in sub paras (2) to (10) of Corporate Governance Report as given in part C of Schedule V of SEBI (LODR) Regulations, 2015.

**12. The status of compliance of Discretionary non Mandatory requirements as prescribed in Part E of the SEBI (LODR) 2015 are as under:**

- The Board : The Chairman of the Company is Executive Chairman and hence this provisions is not applicable
- Shareholders' Right: The quarterly, half yearly and annual financial results of the Company are published in newspapers on all India basis and are also posted on the Company's Website. Significant events are also posted on Company's Website.
- Modified Opinion: The observation of the Auditors have been fully explained in the Independent Auditors Report.
- Mr. Samir Thapar is the Chairman and Managing Director of the Company.
- Reporting of Internal Auditors: The Internal Auditors are directly reporting to the Audit Committee.

**13. STATUS OF COMPLIANCE**

**a) Code of Conduct**

The Board of Directors of the Company plays an important role in ensuring good governance and has adopted the Code of Conduct for Directors and Senior Management Personnel. The Code is applicable to all the Board Members and Senior Management of the Company. A copy of the same is available on Company's website [www.jct.co.in](http://www.jct.co.in). The Managing Director has also confirmed and certified the same.

**b) Risk Assessment**

Board has apprised of the assessment done of the risk factors and the management policy for the control and minimization of the same during the year. There is elaborate system for the assessment and control on continuous basis.

**c) Risk Management Committee**

For the Year 2019-20, our Company does not qualify to be in Top 500 Listed Company therefore the provisions of Regulations 21 of SEBI (LODR) Regulations, 2015 are not applicable.

**d) Independent Directors**

The Non-Executive Independent Directors fulfill the conditions of Independence specified in section 149(6) of the Companies Act, 2013 and Rules made there under and meet the requirements of Regulation 25 of SEBI (LODR) Regulations, 2015.

A formal letter of appointment to Independent Director has been issued and disclosed on the website of the Company viz. [www.jct.co.in](http://www.jct.co.in).

During the year under review, the Independent Directors met on 14.08.2019 inter alia, to

- a) Review the performance of non-independent directors and the board of directors as a whole;



- b) Review the performance of the chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- c) Assess the quality, quantity and timelines of flow of information between the management of the Company and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

**Independent director databank registration**

Pursuant to a notification dated October 22, 2019 issued by the Ministry of Corporate Affairs, all directors have completed the registration with the Independent Directors Databank. Requisite disclosures have been received from the directors in this regard.

**e) Insider Trading Code**

As per SEBI (Prohibition of Insider Trading ) Regulations 2018, the Company has adopted Code of Conduct for Fair Disclosures of Un-published Price Sensitive Information and Regulating, Monitoring and Reporting of Trading by Designated Persons to deter the insider trading in the securities of the Company based on the Un-published Price Sensitive Information. The Company Secretary is the Compliance Officer for monitoring adherence to the said Regulations and has laid down an effective monitory system for the said purposes.

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS [pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

To,  
The Members of JCT Limited  
VPO Chohal , Dist Hoshiarpur  
Punjab 146024

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of JCT Limited having CIN: L17117PB1946PLC004565 and having its registered office at VPO Chohal, Dist Hoshiarpur, Punjab 146024 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) and certificate received from the directors) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No	Name of Directors	DIN	Date of Appointment in the Company
1	Mr. Samir Thapar	00062287	02.06.1994
2	Ms. Priya Thapar	06742680	26.11.2013
3	Dr. Ajit Kumar Doshi	02298644	26.10.2012
4	Mr. Chander Mohan Bhanot	06462056	24.01.2013
5	Mr. Ramswaroop Samria	00375315	30.05.2018
6	Mr. Anand Agarwal	08559274	14.08.2019

Ensuring the eligibility of the appointment / continuity of every Director on the Board, It is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company

Place: New Delhi  
Dated: 20.07.2020

**SEEMA KHANNA**  
Proprietor – SEEMA K & ASSOCIATES  
FCS No. 8054/C P No.: 4397  
UDIN: F008054B000560751



**CEO/CFO CERTIFICATION**

- A. We have reviewed financial statements and the cash flow statement for the year 2019-20 and that to the best of our knowledge and belief:
- (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year 2019-20 which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware.
- D. We have indicated to the auditors and the Audit committee
- (1) Significant changes in internal control over financial reporting during the year, 2019-20;
  - (2) Significant changes in accounting policies during the year, 2019-20 and that the same have been disclosed in the notes to the financial statements; and
  - (3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Hoshiarpur  
Dated : 20.07.2020

(V.K Singhal)  
Chief Financial Officer

(SAMIR THAPAR)  
Chairman & Managing Director

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**DECLARATION**

**DECLARATION BY THE MANAGING DIRECTOR REGARDING ADHERANCE TO THE CODE OF CONDUCT**

As provided under Regulation 26 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31.03.2020

Place : Hoshiarpur  
Dated : 20.07.2020

(SAMIR THAPAR)  
Chairman & Managing Director



## **AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

**Independent Auditor's Report on compliance with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulations 46(2) and para C & D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To,  
The Members of **JCT Limited**,

1. The Corporate Governance Report prepared by JCT Limited (hereinafter the "Company"), contains details as required by the provisions stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C & D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2020. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

### **Management's Responsibility**

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

### **Auditor's Responsibility**

4. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:
  - i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;
  - ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;
  - iii. Obtained and read the Directors Register as on March 31, 2020 and verified that atleast one women director was on the Board during the year;
  - iv. Obtained and read the minutes of the following committee meetings held April 01, 2019 to March 31, 2020:
    - (a) Board of Directors Meeting;
    - (b) Audit Committee;



- (c) Annual General Meeting;
  - (d) Nomination and Remuneration Committee;
  - (e) Stakeholders Relationship Committee; and
  - (f) Independent Director Meeting
- v. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

**Opinion**

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, that, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

**Other matters and Restriction on Use**

9. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

**For Navdeep Singh & Co.  
Chartered Accountants  
Firm Regn. No. 008400N**

**(Navdeep Singh)  
Partner**

**M. No. 034979**

**UDIN: 20034979AAAAAY1150**

Place: Hoshiarpur

Date: 20.07.2020





## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 'JCT LIMITED'

### Qualified Opinion

We have audited the accompanying financial statements of **JCT Limited** (the "Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2020 and its loss (net of Other Comprehensive Income), its changes in equity and its cash flows for the year ended on that date.

### Basis for Qualified Opinion

The Company has availed secured loans of Rs. 9945 lakhs from Assets Reconstruction Companies (the 'lenders') and as per the terms of agreements, is to allot Equity Shares in lieu of additional interest (other than and in addition to normal interest) of Rs. 759 lakhs computed on Net Present Value basis (NPV) subject to statutory approvals. The Company has not been able to obtain requisite approvals from the competent authorities and matter is now pending disposal in appeal before the Hon'ble Securities Tribunal Mumbai. The Company considering that in the event, it is unable to allot the requisite Equity Shares to lenders in terms of existing agreements, then the terms may undergo a change and this raises uncertainty in the mode of payment / quantum of interest, and therefore no provision of the interest has been made during the year and the same will be accounted for in the period the matter is decided by the Hon'ble Securities Tribunal and settled with the lenders as described by the Company in note 22.2 to the financial statements. Non accounting / provision of the interest has resulted in the non-compliance of the Ind AS and inconsistency in the application of the accounting policies of the Company, and in the presence of uncertainty in the

mode of payment / quantum of interest, it is not practicable to quantify its financial effects on the financial statements.

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

### Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:

- i. Note No. 39.8: Re; Change in accounting policy for accounting of the land under property, plant and equipment, from Cost model to Fair / Revaluation model, and accordingly restatement of comparative financial statements, as disclosed in the said note.
- ii. Note No. 39.9: Re; Adjustments in the financial statements retrospectively, and restatement of the comparative figures / financials of the earlier year, in respect of the change in the accounting treatment of the settlement of the FCCBs, as described in the said note.

Our qualified opinion is not modified in respect of the above matters.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



<b>Key Audit Matter</b>	<b>Auditor's Response</b>
<p><u>Assessment of the Company's ability to continue as Going Concern</u> (Refer to Note No. 39.6)</p> <p>There are losses in the Company since earlier years, and the same has resulted in the erosion of substantial net worth of the Company. The same has raised the concerns on the ability of the Company to continue as a going concern basis, however, based on management's assessment the financial statements have been prepared under going concern basis of accounting. The said management assessment involves making a judgement at a particular point in time, about inherently uncertain future outcomes of events or conditions and the factors relevant to this judgement involves high degree of uncertainty and subsequent events may result in outcomes that are inconsistent with the judgments that were reasonable at the time they were made. As Auditor, our responsibilities are to obtain sufficient appropriate audit evidence regarding, and conclude on, the appropriateness of management's use of the going concern basis, however, as the potential effects of inherent limitations on the auditor's ability to detect material misstatements are greater than for future events or conditions that may cause an entity to cease to continue as a going concern, the Auditor cannot predict such future events or conditions and therefore the evaluation and assessment of the going concern basis of accounting as assessed by the management involved significant level of subjectivity, judgement and estimation, as detailed above, and therefore the same has been considered as Key Audit Matter by us during our audit.</p>	<p><u>Audit Procedure included, but not limited to the followings:</u></p> <ul style="list-style-type: none"> <li>- Obtained an understanding of the management's process of assessment / evaluation of the going concern basis of accounting and evaluated and tested operating effectiveness of the controls around this process.</li> <li>- Inquired the management as to its knowledge of events or conditions and related business risks beyond the period of assessment used by management that may cast doubts on the Company's ability to continue as going concern.</li> <li>- Evaluated the information obtained in connection with going concern basis in conjunction with other information obtained throughout the audit that may impact our assessment of the appropriateness of the management's use of the going concern basis of accounting.</li> <li>- Obtained information about management's plans to consider whether it is likely that the adverse effects will be mitigated for the foreseeable future, and evaluated the likelihood of effective implementation of such plans. Considered the basis on which the plans have been prepared, giving consideration as to whether they confirm with facts already known and to available independent evidence which included the response of the bankers / lenders with respect to the financial support being / to be provided by them to the Company.</li> </ul> <p>Based on our above audit procedures, we have not come across any circumstances that may require any further comments on the appropriateness of management's use of the going concern basis.</p>
<p><u>Property, Plant &amp; Equipment</u> (Refer to Note No. 4, read with the Accounting Policy No. 3.1)</p> <p>The property, plant and equipment, (except the land) are depreciated on straight line / written down value basis, over their useful life, as estimated by the management, and the land is stated at its fair value. The asset's residual values and useful lives and land's fair value are reviewed at the end of each reporting period and necessary adjustments are made accordingly, wherever required. The useful life of the assets and fair value of the land are estimated by the management, based on usage pattern / trend, technological developments and level of wear and tear etc. and based on the independent valuers' reports, which involve high degree of the estimation and judgement, and could affect their reported amounts in the financial statements, in case of any improper estimation / valuation. Considering that the property, plant &amp; equipment, comprise the substantial part of the total assets of the Company (69.67% of total assets), and any change in their reported amounts, due to any improper estimations / valuation could result in substantial impact on the financial position of Company, the same has been considered as Key Audit Matter by us during our audit.</p>	<p><u>Audit Procedure included, but not limited to the followings:</u></p> <ul style="list-style-type: none"> <li>- Obtained an understanding of the management's process and evaluated and tested operating effectiveness of the control around identification of the useful lives of the assets.</li> <li>- Obtained the independent valuers' reports for fair value of the land and understanding of their process of the fair valuation.</li> <li>- Review of the basic key assumptions, and use / comparison of the same to the historic performance of the respective group of assets and approved estimates.</li> <li>- Review and application of the key assumptions, its usage with the impairment models and past history of the wear and tear levels and replacement life of the assets etc.</li> <li>- Review of the actual level of performance of the assets and comparison thereof with the earlier estimates and actual results, considering the technological changes / improvements etc.</li> </ul> <p>Based on our above audit procedures, we have not come across any circumstances that may require any material adjustments to the reported amounts of the property, plant and equipment.</p>



<p><b>Inventory of Finished and Stock – in – Process</b> (Refer to Note No. 11, read with the Accounting Policy No. 3.3.b)</p> <p>The inventory of finished goods and stock in process is valued at the lower of cost, and net realizable value, and cost include cost of inputs, conversion costs and other costs incurred in bringing finished goods and stock-in-process, to their present location and condition.</p> <p>This inventory comprises of diversified range and quality of yarn and cloth / fabrics, and its costing / valuation depends on the cost of each of such quality of the item as per the specification received from the customers, and its stage of manufacturing, quality and date of purchase of the raw material and other inputs, and efficiency of the manufacturing facility, and due to highly complex process specially considering that the Company is running a composite textile mill; to fairly estimate the valuation of such stock, it involves significant level of subjectivity, judgement and estimation. Considering that the Company is having substantial inventory of Finished Goods and Stock in Process (14.87% of total assets of the Company), and the valuation thereof involves significant level of subjectivity, judgement and estimation, as detailed above, the same has been considered as Key Audit Matter by us during our audit.</p>	<p><b>Audit Procedure included, but not limited to the followings:</b></p> <ul style="list-style-type: none"> <li>- Obtained an understanding of the Company’s process of valuation of the stock, which is done through the computer software.</li> <li>- Tested the software with respect to access and applications controls pertaining to the allocation of the raw-materials / inputs to various stages of productions.</li> <li>- Performed substantive procedures to test the reasonableness of the cost allocation methods and basis for allocation of various conversion costs including the direct and indirect cost.</li> <li>- Evaluated the process of ascertaining the realisation value of the inventory by comparing the actual sales of the same type of the material and its realisation etc.</li> <li>- Review of the inventory valuation process of the Company with the industry practices, based on the details obtained in respect of the selected other textile companies functioning within the same technology and business norms / circumstances.</li> </ul> <p>Based on our above audit procedures, we have not come across any circumstances that may require any material adjustments to the reported amounts of the Inventory of Finished and Stock – in – Process.</p>
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**Information Other than the Financial Statements and Auditor’s Report thereon**

The Company’s Board of Directors is responsible for the other information. The other information comprises the Corporate Governance Report and Directors’ Report, including annexures thereon, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including

the Indian Accounting Standards (“Ind AS”) notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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

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

Those Board of Directors are also responsible for overseeing the Company’s financial reporting process.

**Auditor’s Responsibilities for the audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about



whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by 'the Companies (Auditor's Report) Order, 2016' ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the **Annexure-'A'**, a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - d. in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164



- (2) of the Act.
- f. with respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure-‘B’**;
- g. In our opinion, the remuneration paid by the Company to its Directors is in accordance with the provisions of Section 197 of the Companies Act, 2013; and
- h. with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 39.1 to the financial statements;
- ii. The Company has not entered into any long-term contracts including derivative contracts.
- iii. There has been no amount, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For NAVDEEP SINGH & CO.**  
Chartered Accountants  
Firm Regn. No. 008400N

**(Navdeep Singh Choudhary)**  
Partner  
M. No. 034979  
UDI No. 20034979AAAAAQ6410

**Place: Hoshiarpur**  
**Dated: 20<sup>th</sup> July, 2020**

## **ANNEXURE-‘A’ TO THE INDEPENDENT AUDITORS’ REPORT**

**(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of the independent auditors’ report of even date on the financial statements of JCT Limited for the year ended 31<sup>st</sup> March, 2020)**

- (i) In respect of its property, plant and equipments;
- a. The Company has maintained proper records showing full particulars including quantitative details and situation of the property, plant and equipments.
- b. As explained to us, the property, plant and equipments are physically verified by the management once in a period of three years, which in our opinion is reasonable, having regard to the size of the Company and nature of its property, plant and equipments. No material discrepancies were noticed on such physical verification.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties, as disclosed in Note 4 on property, plant and equipments to the financial statements, are held in the name of the Company.
- (ii) As explained to us, inventories except those lying with third parties, have been physically verified by the management at regular intervals during the year. The discrepancies noticed on such physical verification as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- (iii) The Company had not granted unsecured loans to companies covered in the Register maintained under Section 189 of the Companies Act, 2013, hence this clause is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company in respect of loans, investments, guarantees, and security has complied with the provisions of section 185 and 186 of the Act.
- (v) The Company has not accepted any deposits from the public within the meanings of Sections 73 to 76 of the Act and the rules framed thereunder to the extent notified.
- (vi) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under sub-section (1) of Section 148 of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) In respect of statutory dues:
- a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Goods and Service Tax, Duty of Customs, Cess and other statutory dues as applicable with the appropriate authorities *though there has been a delay in few cases*. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2020 for a period of more than six months from the date they



became payable.

- b. The disputed statutory dues aggregating to Rs. 4,823.94 lakhs, have not been deposited on account of matters pending in appeals before appropriate authorities are as under:

Name of the Statute	Nature of the dues	Forum where dispute is pending	Amount (Rs. in lakhs)
Central Excise Act, 1944 and Service Tax	Excise Duty/ Service Tax	Upto Commissioner Level	179.16
		CESTAT/ Tribunal	1,006.53
Central Sales Tax, VAT Act of various states	VAT/Entry Tax	Asst. Commissioner Level	0.73
		Tribunal	3,404.45
Custom Duty Act, 1962	Custom Duty	Commissioner of Customs	186.05
Rajasthan Land & Building Tax Act, 1964	Municipal Taxes	High Court, Jodhpur	47.02
<b>TOTAL</b>			<b>4,823.94</b>

explanations given to us, the Company has not entered into any non-cash transactions with Directors or persons connected with them.

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

**For NAVDEEP SINGH & CO.**  
Chartered Accountants  
Firm Regn. No. 008400N

**(Navdeep Singh Choudhary)**  
Partner

M. No. 034979

UDI No. 20034979AAAAAQ6410

**Place: Hoshiarpur**

**Dated: 20<sup>th</sup> July, 2020**

## **ANNEXURE- 'B' TO THE INDEPENDENT AUDITORS' REPORT**

**(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of the independent auditors' report of even date on the financial statements of JCT Limited for the year ended 31<sup>st</sup> March, 2020)**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **JCT Limited** ("the Company") as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

- (viii) Based on the audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution, banks and Government.
- (ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
- (x) In our opinion and according to the information and explanations given to us, no fraud by the Company or material fraud on the Company by its officers / employees has been noticed or reported during the course of our audit.
- (xi) The managerial remuneration paid/provided is within the limit and in compliance of the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company hence the requirement of this clause is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable. The details of such transactions have been disclosed in the financial statements, as required by the Ind AS 24 – Related Party Disclosures.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) In our opinion and according to the information and



### **Auditor's Responsibility**

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

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

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

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and (3) provide reasonable assurance regarding

prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31<sup>st</sup> March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For NAVDEEP SINGH & CO.**

Chartered Accountants  
Firm Regn. No. 008400N

**(Navdeep Singh Choudhary)**

Partner

M. No. 034979

UDI No. 20034979AAAAAQ6410

**Place: Hoshiarpur**

**Dated: 20<sup>th</sup> July, 2020**



**BALANCE SHEET AS AT 31ST MARCH, 2020**

(Rs. In Lakhs)

Particulars	Note No.	As at	
		31st March, 2020	As at 31st March, 2019
<b>ASSETS</b>			
<b>1 Non-Current Assets</b>			
Property, Plant and Equipment	4	58,998.11	58,279.70
Capital work in progress	4	195.34	289.83
Intangible Assets	4	110.10	148.69
Right of use Assets	5	161.70	-
Financial Assets			
- Investments	6	160.79	158.84
- Loans	7	393.13	347.73
- Other non-current financial assets	8	-	88.57
Non-current tax assets (net)	9	53.02	27.27
Other non-current assets	10	129.84	81.76
		<b>60,202.03</b>	<b>59,422.39</b>
<b>2 Current assets</b>			
Inventories	11	15,913.86	17,603.61
Financial Assets			
- Investments	12	10.64	10.64
- Trade receivables	13	2,375.61	4,499.56
- Cash and cash equivalents	14	1,372.40	119.94
- Bank balances other than cash and cash equivalents	15	863.43	748.11
- Loans	16	18.50	54.49
- Other current financial assets	17	509.74	561.84
Other current assets	18	3,316.33	3,127.91
3 Assets classified as held for sale	19		
		<b>24,380.51</b>	<b>26,726.10</b>
		<b>105.02</b>	<b>108.27</b>
<b>TOTAL ASSETS</b>		<b>84,687.56</b>	<b>86,256.76</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	20	20,960.66	20,960.66
Other Equity	21	10,759.27	13,674.30
		<b>31,719.93</b>	<b>34,634.96</b>
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
Financial Liabilities			
- Borrowings	22	8,831.13	9,550.35
- Lease Liabilities	39.4	45.62	-
- Other non-current financial liabilities	23	4,649.97	5,328.57
Provisions	24	4,232.15	4,110.67
		<b>17,758.87</b>	<b>18,989.59</b>
<b>2 Current liabilities</b>			
Financial Liabilities			
- Borrowings	25	6,855.52	9,621.82
- Lease Liabilities	39.4	129.16	-
- Trade Payables	26		
a. total outstanding dues of micro enterprises and small enterprises		1,705.28	309.92
b. total outstanding dues of creditors other than micro enterprises and small enterprises		10,906.66	13,554.41
- Other current financial liabilities	27	9,013.57	7,546.36
Provisions	28	804.91	882.43
Other current liabilities	29	5,793.66	717.27
		<b>35,208.76</b>	<b>32,632.21</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>84,687.56</b>	<b>86,256.76</b>
<b>Significant Accounting Policies</b>	1 to 3		
<b>Other Notes</b>	39		

For and on behalf of the Board of Directors

**V K Singhal**  
Chief Financial Officer

**Sandeep Sachdeva**  
Company Secretary  
(Membership No.54261)

**Samir Thapar**  
Chairman & Managing Director  
(DIN 00062287)

This is the Balance Sheet referred to our report of even date

**Navdeep Singh & Co.**  
Chartered Accountants  
Firm Registration No. 008400N

**Navdeep Singh Choudhary**

Partner

Membership No.034979

**Directors**

C M Bhanot	(DIN 06462056)
R S Samria	(DIN 00375315)
A K Doshi	(DIN 02298644)
Priya Thapar	(DIN 06742680)

Place : Hoshiarpur  
Dated : 20<sup>th</sup> July, 2020



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020**

(Rs. In Lakhs)

Particulars	Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>INCOME:</b>			
Revenue From Operations	30	69,304.84	80,032.50
Other Income	31	1,582.84	688.20
<b>Total Income</b>		<b>70,887.67</b>	<b>80,720.70</b>
<b>EXPENSES:</b>			
Cost of materials consumed	32	39,455.66	47,450.99
Other manufacturing expenses	33	14,606.64	15,258.83
Changes in inventories of finished goods and stock-in-process	34	862.54	(1,078.74)
Employee benefits expense	35	10,892.01	11,322.04
Finance costs	36	4,271.23	4,013.55
Depreciation and amortization expense	37	1,502.51	2,256.08
Other expenses	38	3,753.52	3,835.97
<b>Total Expenses</b>		<b>75,344.10</b>	<b>83,058.72</b>
<b>Loss for the year before tax</b>		<b>(4,456.42)</b>	<b>(2,338.02)</b>
<b>Tax expense:</b>			
Income tax - adjustments relating to previous years		-	0.24
<b>Loss for the year after tax</b>		<b>(4,456.42)</b>	<b>(2,337.78)</b>
<b>Other Comprehensive Income :</b>			
Items that will not be reclassified to profit or loss			
- Re-measurements gains on defined benefit plans		(118.50)	154.68
Items that will be reclassified subsequently to profit or loss			
- Fair value of Investments through OCI		1.95	3.21
- Fair value of Land through OCI		1,678.95	(2,343.37)
<b>Other Comprehensive Income/(Loss) for the year</b>		<b>1,562.39</b>	<b>(2,185.48)</b>
<b>Total Comprehensive Loss for the year</b>		<b>(2,894.03)</b>	<b>(4,523.26)</b>
<b>Earnings per share- in Rs.</b>	39.17		
- Basic		(0.53)	(0.38)
- Diluted		(0.53)	(0.36)
<b>Significant Accounting Policies</b>	1 to 3		
<b>Other Notes</b>	39		

For and on behalf of the Board of Directors

**V K Singhal**  
Chief Financial Officer

**Sandeep Sachdeva**  
Company Secretary  
(Membership No.54261)

**Samir Thapar**  
Chairman & Managing Director  
(DIN 00062287)

This is the Balance Sheet referred to our report of even date

**Navdeep Singh & Co.**  
Chartered Accountants  
Firm Registration No. 008400N

**Navdeep Singh Choudhary**  
Partner  
Membership No.034979

**Directors**

C M Bhanot (DIN 06462056)  
R S Samria (DIN 00375315)  
A K Doshi (DIN 02298644)  
Priya Thapar (DIN 06742680)

Place : Hoshiarpur  
Dated : 20<sup>th</sup> July, 2020



**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH, 2020**

(Rs. In Lakhs)

Particulars	Year Ended 31st March, 2020		Year Ended 31st March, 2019	
	Amount	Total	Amount	Total
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Loss before tax as per statement of profit and loss		(4,456.42)		(2,338.02)
Adjustments for:				
Depreciation and amortisation expense	1,502.51		2,256.08	
Finance costs (net)	4,271.23		4,013.55	
Bad debts written off (net of impairment allowance)	12.29		7.69	
Impairment loss for advances etc.	4.93		42.55	
Dividend from current investments	(0.04)		(0.03)	
Liabilities/provisions no longer required written back	(84.50)		(83.02)	
Interest income	(189.25)		(206.43)	
Property, plant and equipment written off	17.50		3.68	
Share issue expenses	-		(37.50)	
Profit on sale of property, plant and equipment (net)	(1,135.81)		(39.39)	
		<u>4,398.86</u>		<u>5,957.18</u>
Operating (loss)/profit before working capital changes		(57.56)		3,619.16
Adjustment for working capital changes:				
Decrease/(Increase) in Inventories	1,689.75		(1,145.23)	
Decrease in loans and trade receivables	2,196.16		817.55	
(Increase)/Decrease in other financial and non-financial assets	(93.42)		155.54	
(Decrease)/Increase in trade payables	(1,252.39)		789.07	
Increase in other financial liabilities, non-financial liabilities and provisions	4,424.50		1,447.28	
Cash Generated from Working Capital Changes		<u>6,964.60</u>		<u>2,064.20</u>
Cash generated from operations		6,907.04		5,683.36
Income Tax (refund)/paid (net)		(25.51)		74.22
Net Cash inflow from Operating Activities - A		<u>6,881.53</u>		<u>5,757.58</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment including capital work in progress	(425.21)		(516.80)	
Sale/disposal of property, plant and equipment	1,256.55		81.16	
Deposits matured/made during the year	(115.32)		(21.91)	
Dividend income	0.04		0.03	
Interest income	172.26		194.51	
Net Cash inflow/(outflow) from Investing Activities - B		<u>888.32</u>		<u>(263.01)</u>



Particulars	Year Ended 31st March, 2020		Year Ended 31st March, 2019	
	Amount	Total	Amount	Total
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase in Share Capital	-		6,007.51	
Proceeds/(Repayment) of Secured Borrowings	<b>(2,596.68)</b>		3,195.35	
(Repayment)/Proceeds of Unsecured Borrowings	<b>281.54</b>		(7,311.20)	
Payments for the interest portion of the lease liabilities	<b>(36.13)</b>		-	
Payments for the principal portion of the lease liabilities	<b>(126.58)</b>		-	
Loss on settlement of FCCB's	-		(3,493.74)	
Finance costs	<b>(4,039.54)</b>		<b>(4,033.60)</b>	
<b>Net Cash outflow from Financing Activities - C</b>		<b>(6,517.39)</b>		<b>(5,635.68)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		<b>1,252.46</b>		<b>(141.11)</b>
<b>Cash and cash equivalents (Opening Balance)</b>		<b>119.94</b>		<b>261.05</b>
<b>Cash and cash equivalents (Closing Balance)</b>		<b>1,372.40</b>		<b>119.94</b>

**Note to Statement of cash flows :****- Components of Cash and cash equivalents as under :**

- Balance with Banks - Current Accounts	<b>1,344.58</b>	73.13
- Cheques, draft on hand/ remittance in transit	-	30.71
- Cash in Hand	<b>27.82</b>	16.10
	<b><u>1,372.40</u></b>	<b><u>119.94</u></b>

- Figures in brackets indicate cash outflow.

- The above Statement of cash flows has been prepared under the indirect method set out in Ind AS 7 - Statement of Cash Flows

**Significant Accounting Policies** 1 to 3

**Other Notes** 39

**For and on behalf of the Board of Directors**

**V K Singhal**  
Chief Financial Officer

**Sandeep Sachdeva**  
Company Secretary  
(Membership No.54261)

**Samir Thapar**  
Chairman & Managing Director  
(DIN 00062287)

This is the Balance Sheet referred to our report of even date

**Navdeep Singh & Co.**  
Chartered Accountants  
Firm Registration No. 008400N  
**Navdeep Singh Choudhary**  
Partner  
Membership No.034979

**Directors** [ **C M Bhanot** (DIN 06462056)  
**R S Samria** (DIN 00375315)  
**A K Doshi** (DIN 02298644)  
**Priya Thapar** (DIN 06742680)

Place : Hoshiarpur  
Dated : 20<sup>th</sup> July, 2020



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2020**

**(A) EQUITY SHARE CAPITAL**

For the year ended 31st March, 2020

(Rs. In Lakhs)

Balance as at 01st April, 2019	Changes in equity share capital during the year	Balance as at 31st March, 2020
20,960.66	-	20,960.66

For the year ended 31st March, 2019 (Rs. In Lakhs)

Balance as at 01st April, 2018	Changes in equity share capital during the year	Balance as at 31st March, 2019
14,953.15	6,007.51	20,960.66

**(B) OTHER EQUITY**

For the year ended 31st March, 2020

(Rs. In Lakhs)

Particulars	Retained Earnings	Capital Redemption Reserve	Share Premium Account	Revaluation Surplus	Capital Reserve	Items of OCI		Total
						Fair Value of Investments through OCI	Re-measurements losses on defined benefit plans	
<b>Balance as at 31st March, 2019</b>	(23,613.22)	165.44	9,027.07	28,030.14	-	12.63	52.24	<b>13,674.30</b>
Add: Adjustment on adoption of Ind AS 116 (refer note 2.b)	(8.12)	-	-	-	-	-	-	(8.12)
<b>Balance as at 1st April, 2019</b>	(23,621.34)	165.44	9,027.07	28,030.14	-	12.63	52.24	<b>13,666.18</b>
Add: Loss for the year	(4,456.42)	-	-	-	-	-	-	(4,456.42)
Less: Adjustment on sale of revalued land	-	-	-	(12.89)	-	-	-	(12.89)
Other Comprehensive Income/ Loss for the year								
- Fair Value of Investments through OCI	-	-	-	-	-	1.95	-	1.95
- Fair Value of Land through OCI	-	-	-	1,678.95	-	-	-	1,678.95
- Re-measurements gains on defined benefit plans	-	-	-	-	-	-	(118.50)	(118.50)
<b>Balance as at 31st March, 2020</b>	<b>(28,077.77)</b>	<b>165.44</b>	<b>9,027.07</b>	<b>29,696.20</b>	<b>-</b>	<b>14.58</b>	<b>(66.26)</b>	<b>10,759.26</b>



**For the year ended 31st March, 2019**

**(Rs. In Lakhs)**

Particulars	Retained Earnings	Capital Redemption Reserve	Share Premium Account	Revaluation Surplus	Capital Reserve	Items of OCI		Total
						Fair Value of Investments through OCI	Re-measurements losses on defined benefit plans	
<b>Balance as at 31st March, 2018</b>	<b>(22,605.72)</b>	<b>165.44</b>	<b>8,683.95</b>	<b>-</b>	<b>4,861.52</b>	<b>9.42</b>	<b>(102.44)</b>	<b>(8,987.83)</b>
Add: On adoption of policy of carrying the land at fair value (refer note 39.8)	-	-	-	30,390.74	-	-	-	30,390.74
<b>Balance as at 1st April, 2018</b>	<b>(22,605.72)</b>	<b>165.44</b>	<b>8,683.95</b>	<b>30,390.74</b>	<b>4,861.52</b>	<b>9.42</b>	<b>(102.44)</b>	<b>21,402.91</b>
Add: Loss for the year	(2,337.78)	-	-	-	-	-	-	(2,337.78)
Add: Share issue expenses	(37.50)	-	-	-	-	-	-	(37.50)
Add: Premium on Equity Shares issue to FCCB Holder (refer note 20.1(a))	-	-	360.45	-	-	-	-	360.45
Less: Adjustment on settlement of FCCB (refer note 39.9)	-	-	-	-	(3,493.74)	-	-	(3,493.74)
Less: Transfer from Capital Reserve/(to Retained Earnings)	1,367.78	-	-	-	(1,367.78)	-	-	-
Less: Exchange fluctuation on premium on outstanding FCCBs (Refer note 21.2)	-	-	(17.33)	-	-	-	-	(17.33)
Less: Adjustment on sale of revalued land	-	-	-	(17.23)	-	-	-	(17.23)
Other Comprehensive Income/ Loss for the year								
- Fair Value of Investments through OCI	-	-	-	-	-	3.21	-	3.21
- Fair Value of Land through OCI	-	-	-	(2,343.37)	-	-	-	(2,343.37)
- Re-measurements gains on defined benefit plans	-	-	-	-	-	-	154.68	154.68
<b>Balance as at 31st March, 2019</b>	<b>(23,613.22)</b>	<b>165.44</b>	<b>9,027.07</b>	<b>28,030.14</b>	<b>-</b>	<b>12.63</b>	<b>52.24</b>	<b>13,674.30</b>

**Significant Accounting Policies**

Note 1 to 3

**Other Notes**

39

**For and on behalf of the Board of Directors**

**V K Singhal**  
Chief Financial Officer

**Sandeep Sachdeva**  
Company Secretary  
(Membership No.54261)

**Samir Thapar**  
Chairman & Managing Director  
(DIN 00062287)

This is the Balance Sheet referred to our report of even date

**Navdeep Singh & Co.**  
Chartered Accountants  
Firm Registration No. 008400N  
**Navdeep Singh Choudhary**  
Partner  
Membership No.034979

**Directors**

**C M Bhanot** (DIN 06462056)  
**R S Samria** (DIN 00375315)  
**A K Doshi** (DIN 02298644)  
**Priya Thapar** (DIN 06742680)

Place : Hoshiarpur  
Dated : 20<sup>th</sup> July, 2020

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2020****1. COMPANY INFORMATION**

JCT Limited ('the Company') is a public limited Company incorporated in India, with its registered office in Hoshiarpur (Punjab) and Corporate Office in New Delhi. The Company is listed on the Bombay Stock Exchange (BSE).

The Company is primarily a manufacturer of cloth and nylon filament yarn, with its manufacturing facilities at Phagwara and Hoshiarpur in Punjab.

The financial statements for the year ended 31<sup>st</sup> March, 2020 were approved by the Board of Directors and authorized for issue on 20<sup>th</sup> July, 2020.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION****a. Compliance with Indian Accounting Standards:**

The financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 (the 'Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and the other relevant provisions of the Companies Act, 2013.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All the assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria as set out in Division II of Schedule III to the Companies Act, 2013.

**b. Applicability of the new Indian Accounting Standards**

During the year, Ind AS 116 – Leases (the 'Standard'), has become effective from 1st April, 2019, replacing the existing Ind AS 17 - Leases. As permitted by the transitional provisions of the Standard, the Company has not restated the comparative information, but has recognized the cumulative effect of its initial application as an adjustment to opening Retained Earnings at the date of initial application i.e. 1st April, 2019 by using modified retrospective method. The following table shows the adjusted opening Balance Sheet as at 1st April, 2019:

Particulars	As at 31st March, 2019	Adjustment on adoption of Ind AS 116	As at 1st April, 2019
Lease liabilities – Non-Current	-	174.78	174.78
Lease liabilities - Current	-	126.58	126.58
Right-of-use assets (Gross) (refer notes 5 and 39.4)	-	(293.24)	(293.24)
Retained Earnings	(23,613.22)	(8.12)	(23,621.34)

The lease liabilities were discounted using the incremental borrowing rate as at 1st April, 2019. In the reporting period, the first-time application of Ind AS 116 meant that rental / lease expenses were replaced by depreciation charges on right-of-use assets and interest expenses. Refer to Note 3.10 for accounting policy followed by Company in respect of accounting of lease.

**c. Historical Cost Convention**

The financial statements have been prepared on historical cost basis, except for the followings:

- Certain financial assets and liabilities that are measured at fair value,
- Land and Assets held for sale – measured at fair value less cost to sell,

**d. Functional and presentation currency**

The financial statements are prepared in Indian Rupees ('Rs.'), which is the Company's functional and presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest lakhs with two decimal places, unless stated otherwise.

**e. Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is classified as current when it is: -

- expected to be realized, or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months after the reporting period; or



- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it is:

- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within 12 months after the reporting date; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

All other liabilities are classified as non-current.

Operating Cycle:

The operating cycle is the time between acquisition of assets for processing and their realization in cash and cash equivalent. The Company has identified twelve months as its operating cycle.

**f. Use of estimates and judgments**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosure and the disclosure of contingent liabilities. Uncertainty about these estimates and assumptions could result in outcomes that requires material adjustments to the carrying amount of the assets and liabilities in future period/s.

These estimates and assumptions are based on the facts and events, that existed as at the date of Statement of Financial Position, or that occurred after that date but provide additional evidence about conditions existing as at the Statement of Financial Position date.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

**i. Useful lives of Property Plant and Equipment**

The Property, Plant and Equipment are depreciated, on a straight-line basis in the case of Plant & Machinery, Buildings and Data Processing Equipment and on written down value basis in the case of other assets, over their respective useful lives. Management estimates the useful lives of these assets as detailed in Note 3.1. Changes in the expected level of usage, technological developments, level of wear and tear could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised and could have an impact on the profit/loss in future years.

**ii. Retirement benefit obligation**

The cost of retirement benefits and present value of the retirement benefit obligations in respect of Gratuity and Leave Encashment is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, these retirement benefit obligations are sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the these obligations. The mortality rate is based on publicly available mortality table for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about the assumptions used, including a sensitivity analysis are given in Note 39.11.

**iii. Fair value measurement of financial instrument**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**iv. Impairment of Financial assets**

The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**v. Impairment of non-Financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An assets recoverable amount is the higher of an assets' fair value less cost of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other fair value indicators.

**3. SIGNIFICANT ACCOUNTING POLICIES****3.1 Property, Plant & Equipment**

Property, Plant & Equipment, except the land, which is carried at its fair value, are accounted for on historical cost basis (inclusive of the cost of installation and other incidental costs till commencement of commercial production) net of recoverable taxes, less accumulated depreciation and impairment loss, if any. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are added to the existing asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Depreciation on property, plant & equipment is provided on pro-rata basis, on straight line basis in the case of Plant & Machinery, Buildings and Data Processing Equipment and on written down value basis in the case of other assets, over the useful life of the assets estimated by the management, in the manner prescribed in Schedule II of the Companies Act, 2013. The asset's residual values, useful lives and method of depreciation are reviewed at the end of each reporting period and necessary adjustments are made accordingly, wherever required. The useful lives in the following cases are different from those prescribed in Schedule II of the Companies Act, 2013.

<b>Asset</b>	<b>Useful life as per Schedule II of the Companies Act 2013 (No. of Years)</b>	<b>Useful life as assessed/estimated by the Company (No. of Years)</b>
Buildings :		
- Factory	30	28
- Other than Factory (RCC Frame Structure)	60	58
Plant & Machinery :		
- Textile Unit	15	22
- Filament Unit (continuous process)	25	18
Data Processing Equipments :		
- Computer Equipments	3	6
Electric Installation including gadgets	10	20
Tools & Implements		
- Textile Unit	7.5	9
- Filament Unit (continuous process)	15	22
Furniture & Fixtures	10	15
Office Equipments	5	20
Vehicles –Cars	8	10





Based on usage pattern and internal assessment, the management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence the useful lives of these assets is different from the lives as prescribed in Schedule II of the Companies Act, 2013.

Depreciation on additions to assets or on sale/disposal of assets, is calculated pro rata from the month of such addition or upto the month prior to date of sale/disposal, as the case may.

Leasehold improvements are amortised over the primary period of lease.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognized in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

### **3.2 Financial Instruments**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **(i) Financial Assets**

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument.

#### **(a) Initial recognition and measurement**

At initial recognition, all financial assets are recognized at its fair value plus, in the case of a financial asset not carried at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### **(b) Classification and subsequent measurement**

For the purpose of subsequent measurement, financial assets are classified in the following categories:

- a. Financial assets measured at amortized cost;
- b. Financial assets measured at fair value through other comprehensive income (FVTOCI); and
- c. Financial assets measured at fair value through profit and loss (FVTPL)

Where financial assets are measured at fair value, gains and losses are either recognized entirely in the Statement of Profit and Loss (i.e. fair value through profit and loss), or recognized in other comprehensive income (i.e. fair value through Other Comprehensive Income).

The classification of financial assets depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

##### **(1) Financial assets measured at amortized cost:**

A financial asset is measured at amortized cost if both the following conditions are met:

- Business Model Test: The objective of the business model is to hold financial asset in order to collect contractual cash flows (rather than to sell the asset prior to its financial maturity to realize its fair value changes); and

- Cash Flow Characteristics Test: Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is most relevant to the Company. After initial measurement, such financial asset are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortization is included in interest income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit or loss. This category generally applies to trade receivables, deposits with banks, security deposits, investment in debt instruments, cash and cash equivalents and employee loans, etc.

##### **(2) Financial instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI):**

A financial instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:



- Business Model Test: The objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- Cash Flow Characteristics Test: The Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on principal amount outstanding.

Financial instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value. Fair value movements are recognized in Other Comprehensive Income (OCI) except for the recognition of interest income, impairment gains and losses and foreign exchange gain and losses which are recognized in the Statement of Profit and Loss. This category generally applies to non-current investments in un-quoted equity instruments.

- (3) Financial instruments measured at Fair Value Through Profit and Loss (FVTPL)

Fair Value Through Profit and Loss is a residual category. Any financial instrument, which does not meet the criteria for categorization as at amortized cost or fair value through other comprehensive income is classified as FVTPL. Financial instruments included in FVTPL category are measured initially as well as at each reporting period at fair value. Fair value movements i.e. gain or loss and interest income are recorded in Statement of Comprehensive Income.

**(c) Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial Assets measured at amortized cost;
- Financial Assets measured at FVTOCI.

Expected credit losses are measured through a loss allowance at an amount equal to:

- the 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible defaults events over the life of the financial instrument).

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Financial assets that are debt instruments, and are measured at amortized cost i.e. trade receivables, deposits with banks, security deposits and employee loans etc.
- Financial assets that are debt instruments, and are measured at FVTOCI. The Company as at the Balance Sheet date is not having any such instruments.

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The trade receivables are initially recognized at the sale/recoverable value and are assessed at each Balance Sheet date for collectability. Trade receivables are classified as current assets, if collection is expected within twelve months as at Balance Sheet date, if not, they are classified under non-current assets.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months (Expected Credit Loss) ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on timely basis.

**(d) Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's Balance Sheet date) when:

- a. The rights to receive cash flows from the asset have been expired/transferred, or
- b. The Company retains the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, it evaluates whether it has substantially transferred all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. When the Company has not transferred substantially all the risks and rewards of ownership of a financial asset, the financial asset is not derecognized.



Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. When the entity retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

**(ii) Financial Liabilities**

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

**(a) Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include loans, borrowings, trade payables, security deposits and other payables etc.

**(b) Subsequent measurement**

All the financial liabilities after initial recognition at fair value, are subsequently measured at amortized cost using EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and costs or fee that is an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

**(c) Financial Guarantee Contract**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

**(d) Derecognition**

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

**(iii) Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**3.3 Inventories**

The Inventories are carried in the Balance Sheet as follows:

- a. Raw materials and stores & spares : At lower of cost, on weighted average basis and net realisable Value
- b. Finished goods and stock-in-process : At lower of cost, and net realizable value. Cost include cost of inputs, conversion costs and other costs incurred in bringing finished goods and stock-in-process, to their present location and condition.
- c. Obsolete, defective and unserviceable : Such stocks are duly provided for, and are valued at net realisable value.

The net-realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make sale.

**3.4 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits with banks which are short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

**3.5 Impairment of Non-Financial Assets**

The Company assesses, at each reporting date, using external and internal sources, whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous period/s. If any indication exists, or when annual impairment testing for an asset is required, the Company determines the recoverable amount and impairment loss is recognised when the carrying value of an asset exceeds its recoverable amount.

The recoverable amount is determined:



- in the case of an individual asset, at the higher of the asset's fair value less cost of sell and value in use; and
- in the case of cash generating unit (a group of assets that generates identified, independent cash flows) at the higher of the cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that effects current market assessments of the time value of money and the risks specific to that asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An impairment loss for an asset is reversed, if and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized, the carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss being recognized for the asset in prior year/s.

### **3.6 Provisions and Contingent Liabilities**

#### **a) Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation, at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **b) Contingent Liabilities**

A disclosure for a contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation arising as a result of past event that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

### **3.7 Revenue Recognition**

- a) Revenue from sale of goods is recognised when the control of the goods is transferred to the customer, the associated costs and the amount of revenue can be measured reliably and it is probable that the economic benefit associated with the transaction will flow to the Company.

It is measured at fair value of the consideration received or receivable, after deduction of sales returns, trade discount, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as goods and service tax etc.

- b) Revenue from rendering of services is recognized when the performance of agreed contractual task has been completed.
- c) Interest income is recognized on time proportion basis taking into account the amount outstanding and applicable interest rates.
- d) Other income is recognized to the extent that it is probable that the economic benefit will flow to the Company and it can be reliably measured.
- e) Export benefit entitlements under the duty entitlement pass book (DEPB) scheme are recognised in the Statement of Profit and Loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made. Obligation/entitlements on account of advance license scheme for imports of raw materials are accounted for at the time of purchase of raw materials.

### **3.8 Government Grants / Subsidy**

Government grants are recognized when there is a reasonable assurance of compliance with the conditions attached to such grants and where benefits in respect thereof have been earned and it is reasonably certain that the ultimate collection will be made. Government grant received for a specific asset is recognised as income in equal amounts over the expected useful life of the related asset.

### **3.9 Employee Benefits**

#### **a. Short Term Employee Benefits**

All Employee benefits payable within twelve months of rendering the services are classified as short-term benefits. Such benefits include salaries, wages, bonus, awards, ex-gratia etc. and the same are recognized in the period in which the employee renders the related services.



b. Defined contribution plan:

The Company's approved provident fund scheme, pension fund, employees' state insurance fund scheme, employees' pension scheme and employees' superannuation scheme are defined contribution plans. The Company has no obligation, other than the contribution paid/payable under such schemes. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

c. Defined Benefit Plan

The employees' Gratuity fund scheme is the Company's defined benefit plan and is partly funded / managed by a Trust. The liability with respect to gratuity is determined based on the actuarial valuation on projected unit credit method as at the balance sheet date. The difference, if any, between the actuarial valuation and the balance of the funds maintained by the Trust, is provided for as liability / assets in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

d. Other Long Term Benefit

The liability towards encashment of the employees' long term compensated absences, which are partly en-cashable during the service period and balance at the time of retirement / separation of the employees is determined based on the actuarial valuation on projected unit credit method as at the balance sheet date. Re-measurement, comprising of actuarial gains and losses, are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

### **3.10 leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, for a period of time in exchange for consideration even if that right is not explicitly specified in an arrangement.

#### **Company as a lessee**

The Company has taken certain assets on Operating Lease. Operating Lease is a contract, which conveys the right to Lessee, to control the use of an identified asset for a period of time, the lease term, in exchange for consideration. The Company assesses whether a contract is, or contains, a lease on inception.

The lease term is either the non-cancellable period of the lease and any additional periods when there is an enforceable option to extend the lease and it is reasonably certain that the Company will extend the term, or a lease period in which it is reasonably certain that the Company will not exercise a right to terminate. The lease term is reassessed if there is a significant change in circumstances.

At commencement, or on the modification, of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is amortised / depreciated using straight-line / written down value method from the commencement date to the end of the lease term. If the lessor transfers ownership of the underlying asset to the Company by the end of the lease term or if the Company expects to exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as the Company's other property, plant and equipment. Right-of-use assets are reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the total lease payments due on the commencement date, discounted using either the interest rate implicit in the lease, if readily determinable, or more usually, an estimate of the Company's incremental borrowing rate on the inception date for a loan with similar terms to the lease. The incremental borrowing rate is estimated by obtaining interest rates from various external financing sources.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use



asset, or is recorded in the statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In accordance with Ind AS 116, the Company does not recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases i.e. leases with a lease term of 12 months or less and containing no purchase options. Payments associated with these leases are recognised as an expense on a straight-line basis over the lease term

#### **Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as Operating Leases. Rental income from Operating Lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an Operating Lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as Finance Leases when substantially all of the risks and rewards of ownership are transferred from the Company to the lessee. Amounts due from lessees under Finance Leases are recorded as receivables at the Company's net investment in the leases. Finance Lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease

### **3.11 Foreign Currency Transactions**

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency existing at balance sheet date are translated at the year end exchange rates. Exchange rate differences arising on settlement of transaction and translation of monetary items are recognized as income or expenses in the year in which they arise. The long term foreign currency monetary items are carried at the exchange rate prevailing on the date of initial transaction.

Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Premium or discount on forward exchange contract is amortised as income or expense over the life of the contract. Exchange difference on such contract is recognized in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward contract is recognized as income or expenditure during the period.

### **3.12 Taxation**

Tax expense for the year comprises of Current Tax and Deferred Tax.

#### **a. Current Tax**

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date.

#### **b. Deferred Tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

### **3.13 Intangible Assets:**

Intangible assets which consist of computer software, are initially measured at cost and subsequently carried at cost less any accumulated amortization and accumulated impairment losses, if any. It is amortized over a period of 5 years or license period on straight line basis, whichever is lower.

### **3.14 Non-Current assets held for sale and discontinued operations**

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for



sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. In case said criteria is no longer met, the non-current assets and disposal groups classified as held for sale ceases to be to held for sale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of Profit and Loss.

Assets and liabilities classified as held for distribution are presented separately from other assets and liabilities in the Balance Sheet.

A disposal group qualifies as discontinued operation if it is a component of the Company that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations,  
Or
- is a subsidiary acquired exclusively with a view to resale.

No depreciation / amortization is charged once the non-current asset is classified as held for sale or while it is part of a disposal group classified as held for sale.

In case above criteria is no longer met, the non-current assets and disposal groups classified as held for sale ceases to be to held for sale.

**3.15 Earnings per Share:**

Basic earnings per share is calculated by dividing net profit or loss of the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**3.16 Segment Accounting:**

The Operational Head monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated on profit or loss and is measured consistently with profit or loss in the financial statements.

The Operating Segments have been identified on the basis of the nature of products.

1. Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.
2. Expenses that are directly identifiable with / allocable to segments are considered for determining the segments result. Expenses which relate to the Company as a whole and not allocable to segments are included under un-allocable expenditure.
3. Income which relates to the Company as a whole and not allocable to segments is included in un-allocable income.
4. Segment result includes margins on inter – segment sales, which are adjusted while arriving at the results of the Company as a whole.
5. Segment assets and liabilities include those directly identifiable with the respective segments. Un-allocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

Inter-Segment transfer pricing

Inter Segment transfers of goods, as marketable products produced by separate segments, for captive consumption are made as if sales were made to third parties at current market prices and are included in Turnover of the respective Segment.

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Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2019	Additions during the year	Sales/disposal/ transfers / adjustments during the year	As at 31.03.2020	As at 01.04.2019	For the year	Sales/ disposal/ transfers during the year	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
<b>(I) Tangible Assets</b>										
Land freehold (refer note 39.8)	42,783.91	-	(1,661.48)	44,445.39	-	-	-	44,445.39	42,783.91	
Buildings	6,517.22	165.94	14.83	6,668.33	906.56	299.96	1.68	1,204.84	5,463.49	5,610.66
Plant and Machinery	16,558.17	349.78	1,057.21	15,850.74	7,077.68	965.42	966.65	7,076.45	8,774.29	9,480.49
Data processing equipment	101.00	-	3.36	97.64	52.46	12.45	1.74	63.16	34.48	48.54
Electric installation	177.63	1.37	7.82	171.18	40.08	12.42	2.38	50.12	121.06	137.55
Tools & implements	7.54	1.12	0.05	8.61	1.87	0.51	0.02	2.36	6.25	5.67
Furniture & fixtures	111.68	0.99	13.74	98.92	44.24	9.30	6.54	47.00	51.93	67.44
Office Equipments	10.04	-	0.02	10.02	3.64	0.88	-	4.52	5.50	6.40
Vehicles	288.08	-	28.70	259.38	149.04	31.45	16.81	163.68	95.70	139.04
Scrap	-	0.50	0.50	-	-	-	-	-	-	-
Leasehold Improvements	6.12	-	6.12	-	6.12	-	6.12	-	-	-
<b>Sub Total</b>	<b>66,561.39</b>	<b>519.70</b>	<b>(529.13)</b>	<b>67,610.22</b>	<b>8,281.69</b>	<b>1,332.39</b>	<b>1,001.96</b>	<b>8,612.12</b>	<b>58,998.11</b>	<b>58,279.70</b>
Capital Work-in-progress (Refer note 4.2)	289.83	352.85	447.34	195.34	-	-	-	-	195.34	289.83
<b>Total</b>	<b>66,851.22</b>	<b>872.55</b>	<b>(81.78)</b>	<b>67,805.56</b>	<b>8,281.69</b>	<b>1,332.39</b>	<b>1,001.96</b>	<b>8,612.12</b>	<b>59,193.45</b>	<b>58,569.53</b>
<b>(II) Intangible Assets (other than internally generated)</b>										
Computer Software	215.99	-	1.22	214.77	67.30	38.58	1.21	104.67	110.10	148.69
<b>Total</b>	<b>215.99</b>	<b>-</b>	<b>1.22</b>	<b>214.77</b>	<b>67.30</b>	<b>38.58</b>	<b>1.21</b>	<b>104.67</b>	<b>110.10</b>	<b>148.69</b>
<b>Total</b>	<b>67,067.21</b>	<b>872.55</b>	<b>(80.57)</b>	<b>68,020.33</b>	<b>8,348.99</b>	<b>1,370.96</b>	<b>1,003.16</b>	<b>8,716.79</b>	<b>59,303.55</b>	<b>58,718.22</b>

NOTE-4 - PROPERTY, PLANT AND EQUIPMENT (As at 31st March, 2020)

(Rs. in lakhs)





NOTE-4 - PROPERTY, PLANT AND EQUIPMENT (As at 31st March, 2019)

(Rs. in lakhs)

Description	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 01.04.2018	Additions during the year	Sales/disposal/transfers / adjustments during the year	As at 31.03.2019	As at 01.04.2018	For the year	Sales/ disposal/transfers during the year	As at 31.03.2019	As at 31.03.2018
<b>(I) Tangible Assets</b>									
Land freehold (refer note 39.8)	45,150.60	-	2,366.69	42,783.91	-	-	-	42,783.91	14,759.86
Buildings	6,512.20	7.88	2.86	6,517.22	604.10	302.68	0.22	906.56	5,908.10
Plant and Machinery	16,067.23	492.27	1.33	16,558.17	5,254.68	1,823.32	0.32	7,077.68	10,812.55
Data processing equipment	114.67	0.12	13.79	101.00	42.73	16.95	7.22	52.46	48.54
Electric installation	177.67	2.91	2.95	177.63	27.60	13.01	0.53	40.08	150.07
Tools & implements	7.54	-	-	7.54	1.33	0.54	-	1.87	5.67
Furniture & fixtures	111.82	3.09	3.23	111.68	32.91	12.39	1.06	44.24	78.91
Office Equipments	10.04	-	-	10.04	2.61	1.03	-	3.64	6.40
Vehicles	334.17	6.03	52.12	288.08	129.47	47.14	27.57	149.04	204.70
Leasehold Improvements	6.12	-	-	6.12	6.12	-	-	6.12	-
<b>Sub Total</b>	<b>68,492.06</b>	<b>512.30</b>	<b>2,442.97</b>	<b>66,561.39</b>	<b>6,101.55</b>	<b>2,217.06</b>	<b>36.92</b>	<b>8,281.69</b>	<b>58,279.70</b>
Capital Work-in-progress (Refer note 4.2)	288.33	388.40	386.90	289.83	-	-	-	-	288.33
<b>Total</b>	<b>68,780.39</b>	<b>900.70</b>	<b>2,829.87</b>	<b>66,851.22</b>	<b>6,101.55</b>	<b>2,217.06</b>	<b>36.92</b>	<b>8,281.69</b>	<b>58,569.53</b>
<b>(II) Intangible Assets (other than internally generated)</b>									
Computer Software	212.99	3.00	-	215.99	28.28	39.02	-	67.30	184.71
<b>Total</b>	<b>212.99</b>	<b>3.00</b>	<b>-</b>	<b>215.99</b>	<b>28.28</b>	<b>39.02</b>	<b>-</b>	<b>67.30</b>	<b>184.71</b>
<b>Total</b>	<b>68,993.38</b>	<b>903.70</b>	<b>2,829.87</b>	<b>67,067.21</b>	<b>6,129.83</b>	<b>2,256.08</b>	<b>36.92</b>	<b>8,348.99</b>	<b>58,718.22</b>

4.1 Refer 'Para-4.1' of Significant Accounting Policies' for depreciation on property, plant and equipment.

4.2 Capital Work-in-progress represents assets under construction / installation and includes under noted pre-operative expenditure pending allocation on commencement of commercial production:

Particulars	As at 01.04.2019 (Rs. in lakhs)	Additions (Rs. in lakhs)	Less: Capitalised/ Adjusted (Rs. in lakhs)	As at 31.03.2020 (Rs. in lakhs)	As at 01.04.2018 (Rs. in lakhs)	Additions (Rs. in lakhs)	Less: Capitalised/ Adjusted (Rs. in lakhs)	As at 31.03.2019 (Rs. in lakhs)
Legal & Professional fees	76.23	9.83	86.06	-	74.83	1.40	-	76.23
Travelling and conveyance	-	-	-	-	0.52	-	0.52	-
<b>Total</b>	<b>76.23</b>	<b>9.83</b>	<b>86.06</b>	<b>-</b>	<b>75.35</b>	<b>1.40</b>	<b>0.52</b>	<b>76.23</b>



**5. RIGHT OF USE ASSETS (As at 31st March, 2020)** (Rs. in Lakhs)

Description	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As at 01.04.2019	Adjustment on adoption of Ind AS 116 (refer note 2.b)	Additions during the year	Sales/disposal/adjustments during the year	As at 31.03.2020	As at 01.04.2019	For the year	Sales/disposal/adjustments during the year	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
Buildings	-	293.24	-	-	293.24	-	131.54	-	131.54	161.70	-
<b>Total</b>	-	<b>293.24</b>	-	-	<b>293.24</b>	-	<b>131.54</b>	-	<b>131.54</b>	<b>161.70</b>	-

**6. NON CURRENT INVESTMENTS** (Rs. in Lakhs)

	As at 31st March, 2020		As at 31st March, 2019	
	Nos.	Amount	Nos.	Amount
<b>In Equity Shares - Unquoted, fully paid up</b>				
<u>Carried at fair value through other comprehensive income</u>				
- Preeti Vanijya (P) Ltd. of Rs. 10/- each	<b>52,312</b>	<b>119.66</b>	52,312	120.30
- Nimbua Greenfield (Punjab) Ltd. of Rs. 10/- each	<b>28,125</b>	<b>40.80</b>	28,125	38.21
- The New India Cooperative Bank Ltd. of Rs. 10/- each	<b>3,260</b>	<b>0.33</b>	3,260	0.33
<b>TOTAL</b>		<b>160.79</b>		<b>158.84</b>
<b>Aggregate amount of Unquoted investments</b>		<b>160.79</b>		<b>158.84</b>
Aggregate amount of impairment in value of investments		<b>Nil</b>		<b>Nil</b>

6.1 The above does not include the investment of 1,06,31,900 equity shares of face value of Re. 1 each of JCT Electronics Limited (an erstwhile Associate Company). The said investment though held by the Company has been fully impaired and written off in the financial statements of the earlier year/s. The Company has given an undertaking to a financial Institution and a bank of JCT Electronics Limited that the Company would not dispose off, pledge, charge, or create any lien, assign, 39,33,000 equity shares and also has pledged 42,87,000 equity share with a financial institution for financial facility availed by JCT Electronics Limited.

**7. LOANS** (Rs. in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
(Unsecured, considered good)		
Loan to employees	<b>10.43</b>	3.92
Security Deposits	<b>382.70</b>	343.81
<b>TOTAL</b>	<b>393.13</b>	<b>347.73</b>

**8. OTHER NON-CURRENT FINANCIAL ASSETS** (Rs. in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Margin money deposits with Banks (refer note 8.1)	-	88.57
<b>TOTAL</b>	<b>-</b>	<b>88.57</b>

8.1 Under lien with banks for guarantee and letter of credit facilities.

**9. NON-CURRENT TAX ASSETS (NET)** (Rs. in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Advance income tax (Net of provisions)	<b>53.02</b>	27.27
<b>TOTAL</b>	<b>53.02</b>	<b>27.27</b>



<b>10. OTHER NON CURRENT ASSETS</b>	(Rs. in Lakhs)	
	<b>As at 31st March, 2020</b>	As at 31st March, 2019
(Unsecured, considered good)		
Capital Advances	114.79	58.56
Prepaid Expenses	15.05	23.20
<b>TOTAL</b>	<b><u>129.84</u></b>	<b><u>81.76</u></b>

<b>11. INVENTORIES</b>	(Rs. in Lakhs)			
	<b>Note No.</b>	<b>As at 31st March, 2020</b>	As at 31st March, 2019	
(Valued at lower of Cost and Net Realisable Value, Refer Note 3.3 for the Accounting Policy)				
Raw Materials	11.1	1,449.23	1,938.01	
- in Transit		<u>165.08</u>	<u>545.72</u>	2,483.73
Stock-in-process		6,408.17	9,030.89	
Finished Goods		6,128.06	4,313.18	
- in Transit		<u>55.32</u>	<u>110.01</u>	4,423.19
Stores and Spares		1,563.61	1,599.66	
- in Transit		<u>144.38</u>	<u>66.14</u>	1,665.80
<b>TOTAL</b>		<b><u>15,913.86</u></b>	<b><u>17,603.61</u></b>	

11.1 Includes Rs. 641.08 lakhs (Rs. 909.33 lakhs as at 31st March, 2019) lying with outside parties/creditors.

<b>12. CURRENT INVESTMENTS</b>	(Rs. in Lakhs)			
	<b>As at 31st March, 2020</b>		As at 31st March, 2019	
	<b>Nos.</b>	<b>Amount</b>	<b>Nos.</b>	<b>Amount</b>
<b>In Debentures of Associate Company - Unquoted, fully paid up</b>				
<u>Carried at amortised cost</u>				
- KCT Textiles Ltd. - Optionally Convertible Zero Rate Debentures of Rs.70/- each	15,200	10.64	15,200	10.64
<b>TOTAL</b>		<b><u>10.64</u></b>		<b><u>10.64</u></b>
<b>Aggregate amount of Unquoted investments</b>		<b>10.64</b>		10.64
Aggregate amount of impairment in value of investments		Nil		Nil

<b>13. TRADE RECEIVABLES</b>	(Rs. in Lakhs)			
	<b>As at 31st March, 2020</b>		As at 31st March, 2019	
Unsecured, considered good	2,375.61		4,499.56	
Unsecured, considered doubtful	<u>116.35</u>		<u>212.52</u>	
Gross	2,491.96		4,712.08	
Less: Allowance for trade receivables considered doubtful	<u>(116.35)</u>	2,375.61	<u>(212.52)</u>	4,499.56
<b>TOTAL</b>		<b><u>2,375.61</u></b>		<b><u>4,499.56</u></b>

13.1 Refer note 39.15 for information about credit and market risk of trade receivables.

13.2 Trade receivables are usually non-interest bearing and on the trade terms of 60 days.



**14. CASH AND CASH EQUIVALENTS** (Rs. in Lakhs)

	As at 31st March, 2020		As at 31st March, 2019	
Balance with Banks - Current Accounts	<b>1,344.58</b>		73.13	
Cheques, draft on hand/ remittance in transit	-		30.71	
Cash in Hand	<u>27.82</u>	<b>1,372.40</b>	<u>16.10</u>	119.94
<b>TOTAL</b>		<u><b>1,372.40</b></u>		<u>119.94</u>

14.1 There are no restriction with regard to cash and cash equivalents as at the end of reporting period and prior periods.

**15. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS** (Rs. in Lakhs)

	Note No.	As at 31st March, 2020		As at 31st March, 2019	
Balance with Banks	15.1	<b>0.09</b>		0.08	
Fixed Deposits held as Margin Money	15.2	<b>863.35</b>		747.84	
Post Office Savings Accounts (lodged as security)	15.3	-	<b>863.43</b>	0.19	748.11
<b>TOTAL</b>			<u><b>863.43</b></u>		<u>748.11</u>

15.1 Balance with banks against employees' security deposits.

15.2 Under lien with banks for guarantee and letter of credit facilities.

15.3 Pledged as security against postal franking machine facility.

**16. LOANS** (Rs. in Lakhs)

	As at 31st March, 2020		As at 31st March, 2019	
(Unsecured, considered good)				
Loans to employees		<b>7.55</b>		5.84
Security Deposits		<b>10.96</b>		48.65
<b>TOTAL</b>		<u><b>18.50</b></u>		<u>54.49</u>

**17. OTHER CURRENT FINANCIAL ASSETS** (Rs. in Lakhs)

	Note No.	As at 31st March, 2020		As at 31st March, 2019	
(Unsecured, considered good, unless stated otherwise)					
Interest Subsidy under Technology Upgradation Fund Scheme					
- Unsecured, considered good		<b>279.18</b>		279.18	
- Unsecured, considered doubtful		<b>812.80</b>		812.80	
Less : Allowance for considered doubtful		<u>(812.80)</u>	<b>279.18</b>	<u>(812.80)</u>	279.18
Interest accrued on deposits / loans			<b>86.45</b>		79.70
Others	17.1				
- Unsecured, considered good		<b>144.11</b>		202.96	
- Unsecured, considered doubtful		<b>2.30</b>		2.30	
Less: Allowance for considered doubtful		<u>(2.30)</u>	<b>144.11</b>	<u>(2.30)</u>	202.96
<b>TOTAL</b>			<u><b>509.74</b></u>		<u>561.84</u>

17.1 Others comprise receivables on account of export incentives, CER receivable, DEPB receivable, interest receivable, rent receivable, claims etc.



**18. OTHER CURRENT ASSETS** (Rs. in Lakhs)

	Note No.	As at 31st March, 2020	As at 31st March, 2019	
Prepaid Expenses		141.65		95.95
Others				
- Unsecured, considered good	18.1	3,174.68	3,031.96	
- Unsecured, considered doubtful		342.99	346.47	
(Less): Allowance for doubtful debts		<u>(342.99)</u>	<u>(346.47)</u>	3,031.96
<b>TOTAL</b>		<u><b>3,316.33</b></u>		<u><b>3,127.91</b></u>

18.1 Others comprise of advance against raw materials, stores and spares, excise duty recoverable, GST ITC Recoverable etc.

**19. ASSETS CLASSIFIED AS HELD FOR SALE** (Rs. in Lakhs)

	Note No.	As at 31st March, 2020	As at 31st March, 2019	
<b>Assets</b>				
Land	19.1	105.02		108.27
<b>Total Assets</b>		<u><b>105.02</b></u>		<u><b>108.27</b></u>

19.1 In the earlier years, the operations of Textile Unit at Sriganaganagar were discontinued, and the assets thereof have been disposed off/transferred, except the portion of land, which has been classified as held for sale and is being measured at the carrying amount, as expected net realisable value thereof is higher.

**20. SHARE CAPITAL** (Rs. in Lakhs)

	Note No.	As at 31st March, 2020		As at 31st March, 2019	
		No.	Amount	No.	Amount
<b>20A EQUITY SHARE CAPITAL</b>					
<b>Authorised:</b>					
Equity Shares of Rs. 2.50 each		90,00,00,000	22,500.00	90,00,00,000	22,500.00
			<u>22,500.00</u>		<u>22,500.00</u>
<b>Issued, Subscribed and Fully Paid up:</b>					
Equity Shares of Rs. 2.50 each	20.1 to 20.3	83,84,26,588	20,960.66	83,84,26,588	20,960.66
			<u>20,960.66</u>		<u>20,960.66</u>
<b>20B PREFERENCE SHARE CAPITAL</b>					
<b>Authorised:</b>					
Redeemable Preference Shares of Rs. 100 each		25,00,000	2,500.00	25,00,000	2,500.00
			<u>2,500.00</u>		<u>2,500.00</u>

20.1 Aggregate number of Equity Shares issued as fully paid without payment being received in cash during the period of five years immediately preceding the Balance Sheet date.

- (a) 24,03,00,606 equity shares of Rs. 2.50 each fully paid up at a premium of Rs. 0.15 per share aggregating to Rs. 6,367.97 lakhs including premium of Rs. 360.45 lakhs to Foreign Currency Convertible Bond holders in terms of settlement of their dues of Foreign Currency Convertible Bonds (FCCBs) of US\$ 12.49 million on preferential basis with a lock in upto 14.03.2020.
- (b) 11,59,54,059 Equity Shares of Rs. 2.50 per share fully paid up at par aggregating Rs. 2,898.86 lakhs to Foreign Currency Convertible Bond (FCCBs) holders in settlement of their dues for FCCBs of US\$ 12.93 million on preferential basis.



- (c) 4,08,80,000 Equity Shares of Rs. 2.50 per share fully paid up at par aggregating to Rs. 1,022 lakhs each to secured lenders and a promoter company on preferential basis in terms of the Corporate Debt Restructuring (CDR) Scheme.
- (d) 2,80,00,000 Equity Shares of Rs. 2.50 per share fully paid up aggregating Rs. 700 lakhs at a premium of Rs. 2.50 per share aggregating to another Rs. 700 lakhs. These shares related to 14,00,000 Optionally Convertible Preference Shares (OCPS) of Rs. 100 each.
- (e) 1,33,33,333 Equity Shares of Rs. 2.50 per share fully paid up aggregating Rs. 333.33 lakhs at a premium of Rs. 5.00 per share aggregating to another Rs. 666.67 lakhs. These shares related to 10,00,000 Optionally Convertible Preference Shares (OCPS) of Rs. 100 each.

20.2 The rights, powers and preferences relating to equity share and the qualifications, limitations and restrictions thereof are contained in the Memorandum and Articles of Association of the Company. The Company has only one class of equity shares having a par value of Rs. 2.50 per share. The principle rights are as follows:

- (a) Each holder of equity share is entitled to one vote per share.
- (b) The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.
- (c) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

20.3 Reconciliation of Shares Outstanding:

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Nos.	Rs. in Lakhs	Nos.	Rs. in Lakhs
<b>Equity Shares</b>				
At the beginning of the year	838,426,588	20,960.66	598,125,982	14,953.15
Add: Issued, Subscribed and Fully paid up (Refer note no. 19.1(a))	-	-	240,300,606	6,007.51
At the end of the year	838,426,588	20,960.66	838,426,588	20,960.66

20.4 Details of Shareholders holding more than 5% shares:

Name of the Shareholder	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	% held	No. of Shares	% held
<b>Equity Shares</b>				
QVT Mauritius WEST FUND	167,960,312	20.03	167,960,312	20.03
Provestment Securities Private Limited	145,427,667	17.35	145,427,667	17.35
KCT Textiles Limited	90,545,111	10.80	90,545,111	10.80
Deutsche Bank AG London	67,338,040	8.03	67,338,040	8.03
ELM Park Fund Limited, Mauritius	53,819,225	6.42	53,819,225	6.42
Musk Holdings Limited, Mauritius	44,195,092	5.27	44,195,092	5.27



21. OTHER EQUITY		(Rs. in Lakhs)		
	Note No.	As at 31st March, 2020	As at 31st March, 2019	
<b>Capital Redemption Reserve</b>	21.1(a)			
As per last account		<b>165.44</b>		165.44
<b>Share Premium Account</b>	21.1(b)			
As per last account		<b>9,027.07</b>	8,683.95	
Add: Premium on issue of Equity Share on conversion of Foreign Currency Convertible Bond (FCCBs)	20.1(a)	-	360.45	
(Less): Exchange fluctuation on premium on outstanding FCCBs	21.2	-	<u>(17.33)</u>	9,027.07
<b>Capital Reserve</b>	21.1(c)			
As per last account		-	4,861.52	
Less: Adjustments on settlement of FCCBs	39.9'	-	(3,493.74)	
Less: Transfer to retained earnings		-	<u>(1,367.78)</u>	-
<b>Revaluation Surplus</b>	21.1(e)			
As per last account		<b>28,030.14</b>	-	
Add: On adoption of policy of carrying the land at fair value	39.8	-	30,390.74	
Add: On fair valuation of land during the year	39.8	<b>1,678.95</b>	(2,343.37)	
Less: Adjustment on sale of revalued land		<u>(12.89)</u>	<u>(17.23)</u>	28,030.14
<b>Retained Earnings</b>	21.1(d)			
<b>Debit balance in Statement of Profit and Loss</b>				
As per last account		<b>(23,613.22)</b>	(22,605.72)	
Less: Transfer from capital reserve		-	1,367.79	
(Add): Loss for the year		<b>(4,456.42)</b>	(2,337.78)	
(Add): Adjustment on adoption of Ind AS 116	2.b	<b>(8.12)</b>	-	
(Add): Share issue expenses		-	<u>(37.50)</u>	(23,613.21)
<b>Items of Other Comprehensive Income</b>				
- Fair Value of Investments through OCI				
As per last account		<b>12.63</b>	9.42	
Add: Profit for the year		<u>1.95</u>	<u>3.21</u>	12.63
- Remeasurements (loss) / gain on defined benefit plans				
As per last account		<b>52.24</b>	(102.44)	
Add: Remeasurement (loss) / gain during the year		<u>(118.50)</u>	<u>154.68</u>	52.24
<b>TOTAL</b>		<u><b>10,759.27</b></u>	<u><b>13,674.31</b></u>	

**21.1 Nature and purpose of reserves**

- (a) **Capital Redemption Reserve:** The reserve created, by appropriation of profit on redemption of Cumulative Preference Shares.
- (b) **Share Premium Account:** The amount received in excess of the face value of equity shares is recognized in Share Premium Account. This is net of amount appropriated against issue of Bonus Shares.
- (c) **Capital Reserve:** The Reserve was created from Capital Profit arising on settlement of FCCBs by issue of Equity Shares. The same has been transferred to retained earnings on settlement of all dues of FCCBs.
- (d) **Retained Earnings:** Retained Earnings is net of the profits earned and losses suffered by the Company till date, less transfers to any Reserve, dividends or other distributions to shareholders.
- (e) **Revaluation Surplus:** The surplus created on revaluation of lands situated at the units of the Company at Phagwara and Hoshiarpur.

**21.2** Loss on exchange fluctuation of Rs. Nil (Previous Year : Rs. 17.33 lakhs) on US\$ 2.01 million payable towards redemption premium on matured 2.5% FCCBs of US\$ 8.32 million has been adjusted against Share Premium Account as the said premium had already been provided for and adjusted against share premium account in earlier years / periods.



**22. BORROWINGS**

(Rs. in Lakhs)

	Note No.	As at 31st March, 2020		As at 31st March, 2019	
		Non Current	Current	Non Current	Current
<b>Secured</b>					
Term loans from:					
- Banks	22.1.1	-	-	-	0.59
- Other parties	22.1.2, 22.2, 22.3.a & 22.4	<b>8,008.96</b>	<b>1,578.59</b>	9,526.02	398.71
<b>TOTAL (a)</b>		<b>8,008.96</b>	<b>1,578.59</b>	<b>9,526.02</b>	<b>399.30</b>
<b>Unsecured</b>					
Loan from related parties	22.3.b	<b>822.17</b>	-	24.34	8.91
<b>TOTAL (b)</b>		<b>822.17</b>	-	<b>24.34</b>	<b>8.91</b>
<b>TOTAL (a+b)</b>		<b>8,831.13</b>	<b>1,578.59</b>	<b>9,550.35</b>	<b>408.21</b>
Less: Amount disclosed under the head "Other current financial liabilities"	27	-	<b>(1,578.59)</b>	-	<b>(408.21)</b>
<b>Net amount</b>		<b>8,831.13</b>	-	<b>9,550.35</b>	-

<b>22.1</b>	<b>Terms and Nature of Security:</b>	
<b>22.1.1</b>	<b>Term Loans from Banks (Car Loan):</b>	
	Rs. Nil (Rs. 0.59 lakhs as at 31st March, 2019)	Secured against hypothecation of specific vehicles.
<b>22.1.2</b>	<b>Term Loans from Other parties:</b>	
a.	Rs. 9,579.04 lakhs and interest accrued and not due of Rs. 134.41 lakhs and interest accrued and due of Rs. 122.10 lakhs. (Rs. 9,899.67 lakhs, Rs. 133.47 lakhs and Rs. Nil respectively)	(a) Exclusive First charge ranking pari passu by way of equitable mortgage of all the immovable properties of the Filament Unit at Hoshiarpur, at SriGanganagar and two blocks of housing colony at Phagwara measuring 3,854 including all plant and Machinery and other fixed assets situated at Filament Unit Hoshiarpur. (b) Second Charge ranking pari passu by way of hypothecation of Current Assets of the Company pertaining to Textile Unit at Phagwara and Filament Unit at Hoshiarpur, both in the state of Punjab and of moveable and Immoveable fixed assets of the Phagwara unit except two blocks of housing colony measuring 3854 marlas. (c) Personal guarantee of Mr. Samir Thapar. (d) Additional Security of agriculture Land/ Farm House measuring 4 Acres of Mr. Samir Thapar.
	<b>Term Loans from Others (Car Loan):</b>	
b.	Rs. 8.51 lakhs (Rs. 25.06 lakhs as at 31st March, 2019)	Secured against hypothecation of specific vehicles etc.

**22.2 Term Loans from Other parties:**

The Company took secured loans of Rs. 9,945.00 lakhs from Assets Reconstruction Companies (the 'lenders'). In terms of the loan agreements, the Company is required to issue Equity Shares in lieu of additional interest (other than and in addition to the normal interest) of Rs. 759.00 lakhs, computed on Net Present Value basis (NPV) on these loans subject to statutory approvals. Accordingly, the Company sought in-principle approval for allotment of Equity Shares as per SEBI (ICDR) regulations, under the category of consideration other than cash, from Bombay Stock Exchange (BSE). However, the BSE considering that these shares are to be issued on NPV for the interest of the future period did not agree to the contention of the Company to issue the shares under this category. The Company then approached the Securities and Exchange Board of India (SEBI), and as SEBI also rejected the plea of the Company, the Company has since filed an appeal before the Hon'ble Securities Tribunal, Mumbai, the outcome of which is pending as on date. The Company considering that in the event it is unable to allot the Equity Shares as per terms of agreement then the same may need to be addressed suitably with the lenders after the appeal is disposed of, and therefore, there is uncertainty in the mode of payment / quantum of interest that may be payable and as such the interest amount is not ascertainable / estimated at this stage, and therefore no provision of the interest has been made during the year and the same will be accounted for in the period the matter is decided by the Hon'ble Securities Tribunal and settled with the lenders.





**22.3 Maturity profile of the long term borrowings**

(a)	Term Loans from Other parties		2021-22	2022-23	2023-24	Total
	Kotak Mahindra Prime Limited.-Car loans	Fixed EMI	3.60	0.18	-	3.78
	Phoenix Trust FY 19.5 Scheme G	16%	1,588.91	2,630.59	2,055.68	6,275.18
	Phoenix ARC Pvt. Ltd.	16%	400.00	505.00	825.00	1,730.00
			<b>1,992.51</b>	<b>3,135.77</b>	<b>2,880.68</b>	<b>8,008.96</b>
(b)	Loans from related parties					
	i. From a Director of Rs. 8.23 lakhs:	Fixed EMI	<b>8.23</b>	-	-	<b>8.23</b>
	ii. From related entities of Rs. 813.94 lakhs:	Nil	There are no fixed repayment terms.			

**22.4** Due to COVID-19, Reserve Bank of India issued regulatory packages dated 27.03.2020 and 23.05.2020 wherein they allowed the borrowers to avail moratorium of three months on payment of interest and installments on the loans availed from the Banks and Non-Banking Financial Companies etc., falling due between 1st March, 2020 to 31st August, 2020. Accordingly, the Company has availed these packages and opted for a moratorium of both the interest and installments falling due during the said period.

**23. OTHER NON-CURRENT FINANCIAL LIABILITIES**

(Rs. in Lakhs)

	Note No.	As at 31st March, 2020	As at 31st March, 2019
Security Deposits	23.1	<b>2,361.27</b>	2,281.62
Payables to suppliers		<b>2,279.57</b>	3,045.41
Unearned Interest Income		<b>9.13</b>	1.05
Unearned Rental Income		-	0.49
<b>TOTAL</b>		<b><u>4,649.97</u></b>	<u>5,328.57</u>

**23.1** Security deposits include Rs. 1,948 lakhs (Rs. 1,948 lakhs as at 31st March, 2019) against 'Leave & License' of certain properties with licensees' option to buy at an agreed price in which eventually the security deposit would be adjusted against the sale proceeds.

**24. PROVISIONS**

(Rs. in Lakhs)

	Note No.	As at 31st March, 2020	As at 31st March, 2019
Provision for employee benefits towards gratuity and leave-encashment	39.12	<b>4,007.15</b>	3,885.67
Provision against termination of agreements for sale of Land		<b>225.00</b>	225.00
		<b><u>4,232.15</u></b>	<u>4,110.67</u>

**25. BORROWINGS**

(Rs. in Lakhs)

	Note No.	As at 31st March, 2020	As at 31st March, 2019
<b>(a) Secured</b>			
- Working Capital Loans from Banks	25.1	<b>6,281.51</b>	8,878.19
<b>(b) Unsecured</b>			
- Book overdraft		<b>289.00</b>	228.63
- Inter-corporate deposits	25.2	<b>285.00</b>	515.00
<b>TOTAL</b>		<b><u>6,855.52</u></b>	<u>9,621.82</u>

**25.1 Secured Working Capital Loans availed from consortium of scheduled banks are secured by:**

- Exclusive First Charge ranking pari passu by way of hypothecation of Current Assets of the Company pertaining to Textile Unit at Phagwara and Filament Unit at Hoshiarpur, and plant and machinery and other fixed assets of Phagwara along with immovable fixed assets of the Phagwara unit except two blocks of housing colony measuring 3854 marlas.
- Second charge ranking pari passu by way of equitable mortgage of all the immovable properties of the Filament Unit at Hoshiarpur and at Sriganganagar, two blocks of housing colony at Phagwara measuring 3854 marlas including all plant and Machinery and other fixed assets situated at Filament Unit Hoshiarpur.
- Personal guarantees of Mr. Samir Thapar, CMD, Ms. Priya Thapar, Director and Mr. M.M. Thapar (Father of Mr. Samir Thapar and Ms. Priya Thapar - since demised on 26th July, 2019).
- Pledge of 23,62,44,134 Equity Shares of Rs.2.50 each of JCT Limited held by promoter and promoter companies.
- Bearing interest ranging from 12.00% to 12.85 %.

25.2 Inter-corporate deposits are bearing interest ranging from 12% to 24%, with no fixed repayment terms.

**26. TRADE PAYABLES**

(Rs. in Lakhs)

		<b>As at 31st March, 2020</b>	As at 31st March, 2019
Total outstanding dues of micro enterprises and small enterprises	39.18	<b>1,705.28</b>	309.92
Total outstanding dues of creditors other than micro enterprises and small enterprises		<b>10,906.66</b>	13,554.41
		<u><b>12,611.94</b></u>	<u>13,864.33</u>

26.1 The trade payables are unsecured and usually non-interest bearing and are repayable within 60-90 days of its recognition.

**27. OTHER CURRENT FINANCIAL LIABILITIES**

(Rs. in Lakhs)

	<b>Note No.</b>	<b>As at 31st March, 2020</b>	As at 31st March, 2019
Current maturities of Borrowings	22	<b>1,578.59</b>	408.21
Interest accrued but not due on other borrowings		<b>206.93</b>	133.47
Interest accrued and due on secured borrowings		<b>122.10</b>	-
Payable to whole time directors		<b>65.61</b>	11.09
Security deposits		<b>545.00</b>	420.00
Unclaimed public fixed deposits and interest thereon	27.2	<b>0.84</b>	1.83
Unearned Interest Income		-	9.32
Unearned Rental Income		-	0.17
Accrued expenses		<b>5,998.15</b>	5,513.51
Other payables	27.3	<b>496.33</b>	1,048.76
<b>TOTAL</b>		<u><b>9,013.57</b></u>	<u>7,546.36</u>

27.1 There is no amount due and outstanding to be credited to Investors Education & Protection Fund.

27.2 The Company has repaid all its fixed deposits from public during the earlier year on their maturity which were discontinued w.e.f. 29.09.2015. However, unclaimed deposits of Rs. 0.84 lakhs (previous year: Rs. 1.83 lakhs) shall be paid as and when claimed.

27.3 Includes for machinery and civil works Rs.8.34 lakhs (Rs. 14.28 lakhs as at 31st March, 2019).

**28. PROVISIONS** (Rs. in Lakhs)

	Note No.	As at 31st March, 2020	As at 31st March, 2019
Provision for employee benefits towards gratuity, leave-encashment and superannuation	39.12	804.91	882.43
<b>TOTAL</b>		<u>804.91</u>	<u>882.43</u>

**29. OTHER CURRENT LIABILITIES** (Rs. in Lakhs)

	Note No.	As at 31st March, 2020	As at 31st March, 2019
Statutory liabilities	39.9	290.36	30.57
Advance from Customers		5,503.30	667.66
Government grant	29.1	-	19.04
<b>TOTAL</b>		<u>5,793.66</u>	<u>717.27</u>

29.1 Government grant had been received for the purchase of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to this grant as at the reporting date. The said grant stands fully amortised as at the Balance Sheet date.

**30. REVENUE FROM OPERATIONS** (Rs. in Lakhs)

	Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
Sale of Finished Goods (including excise duty)	30.1	66,064.87	76,912.71
Other operating revenues:			
- Export incentives / duty draw back		166.37	269.97
- Sale of process waste / scrap		<u>3,073.60</u>	<u>2,849.82</u>
<b>TOTAL</b>		<u>69,304.84</u>	<u>80,032.50</u>

**30.1 Particulars of Sale of Finished Goods:** (Rs. in Lakhs)

	Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>Manufactured</b>			
- Cloth		32,450.86	39,229.28
- Cotton/ blended Yarns		3,940.46	5,072.85
- Nylon filament Yarn		28,172.85	31,239.27
- Polyester/nylon chips		25.78	57.02
- Others		1,474.92	1,314.29
<b>TOTAL</b>		<u>66,064.87</u>	<u>76,912.71</u>



**31. OTHER INCOME** (Rs. in Lakhs)

	Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest Income from:			
- Bank deposits		55.57	55.46
- Income tax refund		0.24	8.35
- Customers and others		<u>133.43</u>	<u>142.62</u>
Dividend from current investments		0.04	0.03
Profit on sale of property, plant and equipment (net)	31.1	1,135.81	39.39
Liabilities/provisions no longer required written back		84.50	83.02
Amortisation of Government grant	29.1'	19.04	25.87
Exchange fluctuation gain (net)		37.60	113.39
Rent		87.95	89.84
Other Miscellaneous Income		28.65	130.23
<b>TOTAL</b>		<u><u>1,582.84</u></u>	<u><u>688.20</u></u>

31.1 Includes Rs. 123.69 lakhs (Previous Year: Rs. 3.24 lakhs) on sale of Surplus land.

**32. COST OF MATERIALS CONSUMED** (Rs. in Lakhs)

	Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>Raw material</b>			
Opening Stock		1,028.67	1,082.35
Add: Purchases		<u>31,650.60</u>	<u>39,388.86</u>
		32,679.27	40,471.21
(Less)/Add : Adjustments		-	(321.95)
(Less) : Closing Stock		<u>(808.15)</u>	<u>(1,028.67)</u>
		31,871.12	39,120.59
<b>Other materials (dyes, chemicals, sizing and packing materials)</b>			
Opening Stock		721.75	766.75
Purchases		<u>7,509.60</u>	<u>8,213.63</u>
		8,231.35	8,980.38
Add: Adjustments		-	71.77
(Less): Closing Stock		<u>(646.81)</u>	<u>(721.75)</u>
		7,584.54	8,330.40
<b>TOTAL</b>		<u><u>39,455.66</u></u>	<u><u>47,450.99</u></u>



<b>33. OTHER MANUFACTURING EXPENSES</b>		(Rs. in Lakhs)	
	Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
Stores & Spares Consumed		498.36	525.29
Power & fuel		12,062.50	12,483.57
Repairs to and maintenance of buildings		116.56	115.82
Repairs to and maintenance of plant & machinery		981.01	1,138.93
Processing charges		513.83	503.29
Material handling charges		434.39	491.93
<b>TOTAL</b>		<b><u>14,606.64</u></b>	<b><u>15,258.83</u></b>
<b>34. CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-PROCESS</b>		(Rs. in Lakhs)	
	Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>Inventories at the end of the year</b>			
Finished Goods		6,128.06	4,313.18
Finished Goods-in transit		55.32	110.01
Stock-in-process		<u>6,408.17</u>	<u>9,030.89</u>
		12,591.55	13,454.08
<b>Inventories at the beginning of the year</b>			
Finished Goods		4,313.18	4,406.38
Finished Goods-in transit		110.01	51.28
Stock-in-process		<u>9,030.89</u>	<u>7,917.68</u>
		13,454.09	12,375.34
<b>TOTAL</b>		<b><u>862.54</u></b>	<b><u>(1,078.74)</u></b>
<b>35. EMPLOYEE BENEFITS EXPENSE</b>		(Rs. in Lakhs)	
	Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
Salaries, wages, bonus, gratuity, leave encashment, allowances etc.		9,736.78	10,037.24
Contribution to Provident, superannuation and other funds		1,018.13	1,088.85
Workmen & staff welfare expenses		137.10	195.95
<b>TOTAL</b>		<b><u>10,892.01</u></b>	<b><u>11,322.04</u></b>
<b>36. FINANCE COSTS</b>		(Rs. in Lakhs)	
	Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest Expense on:			
- Term Loans		1,644.69	1,250.77
- Public fixed deposits and inter-corporate deposits		-	11.07
- Borrowing from banks for working capital		1,099.11	1,010.66
- Advances/deposits from vendors etc.		1,036.04	1,125.06
- Lease Liabilities	39.4	36.13	-
Other borrowing costs		455.26	615.98
<b>TOTAL</b>		<b><u>4,271.23</u></b>	<b><u>4,013.55</u></b>



**37. DEPRECIATION AND AMORTISATION EXPENSE** (Rs. in Lakhs)

	Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
Depreciation on Property, Plant & Equipment	4	1,332.39	2,217.06
Amortisation of Intangible Assets	4	38.58	39.02
Amortisation of ROU Assets	5	131.54	-
<b>TOTAL</b>		<b>1,502.51</b>	<b>2,256.08</b>

**38. OTHER EXPENSES** (Rs. in Lakhs)

	Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
Rent		85.71	253.10
Insurance		45.93	9.69
Rates & taxes		33.70	51.65
Directors' fee		26.50	20.50
Directors' remuneration		441.60	105.55
Legal and professional fees		357.14	438.76
Travelling and conveyance		216.75	266.16
Payment to Statutory Auditors			
- For Audit fee		16.00	16.00
- For Reimbursement of expenses		0.20	0.24
Bad debts written off (net of impairment allowance)		12.29	7.69
Impairment loss for advances etc.		4.93	42.55
Property, plant and equipment written off		17.50	3.68
Selling & publicity expenses		214.14	197.00
Commission to dealers/ canvassing agents		233.35	377.48
Freight & cartage (net of recovery)		923.20	939.04
Loss/(Profit) on sale of raw materials / Stores (net)		0.12	(0.97)
Goods & Service Tax / Sales tax / Octroi		4.50	-
Miscellaneous expenses		1,119.96	1,107.85
<b>TOTAL</b>		<b>3,753.52</b>	<b>3,835.97</b>

**39 OTHER NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

**39.1 Contingencies and commitments:**

(Rs. in Lakhs)

Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
I	<b>Contingencies</b>		
a	Claims against the Company not acknowledged as debts	124.17	130.96
b	Guarantees given by the bankers on behalf of the Company	5,126.72	381.70
c	Unutilised letter of credit	--	54.65
d	Disputed liabilities not adjusted as expenses in the Accounts for various years being in appeals towards (Refer Note 39.1.a)		



Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
	- Sales tax	2,037.83	1,879.71
	- Excise Duty/Service Tax	1,249.96	1,182.61
	- Stamp Duty	187.72	187.72
	- Custom Duty	186.05	186.05
	- Entry Tax	1,429.47	1,485.79
	- Others	282.45	225.85
	<b>Total</b>	<b>5,373.48</b>	<b>5,147.73</b>
e	Others – for which the Company is contingently liable	159.00	159.00
II	<b>Commitments</b>		
a	Estimated amount of contracts remaining to be executed on Capital Account and not provided for in the accounts (net of advances)	109.99	226.18
b	Export obligation against import of machinery under EPCG Scheme & Advance License	351.30	662.52

**39.1.a** The Company is contesting these demands and the management including its advisors are of the view that these demands may not be sustainable at the appellate level. The management believes that the ultimate outcome of these proceedings will not have any material adverse effect on the Company's financial position and results of its operations. The Company does not expect any reimbursement in respect of these contingent liabilities, and it is not practicable to estimate the timing of cash outflows, if any, in respect of these matters, pending resolution of the arbitration / appellant proceedings.

**39.2** The Company had executed a Corporate guarantee of Rs. 400 lakhs towards Equipment Credit Scheme on 01.09.1993 and another towards foreign currency loan of DM 166,566,406 equivalent to Rs. 3,580 lakhs as on 27.03.1998 for the term loan availed by JCT Electronics Ltd. (an erstwhile Associate Company) from IFCI Ltd. Subsequently, IFCI Ltd. assigned their debt to Asset Reconstruction Company (India) Limited (ARCIL) who had issued notice to the Company on 07.11.2015 for winding up under the then existing sections of the Companies Act, 1956. The Company has disputed the notice with ARCIL, thereafter no response has been received from ARCIL. Further, the Company has been legally advised that the demand raised by them is not sustainable.

**39.3** The Company has not recorded cumulative deferred tax assets on account of temporary differences as stipulated in Indian Accounting Standard 12 on "Income Taxes" issued by the Institute of Chartered Accountants of India in view of uncertainty of future taxable income.

**39.4 Leases:**

The Company has taken various properties on Operating Leases in its normal course of business which contain extension option after the initial contract period. The amounts recognized on account of leases are as under:

i. Amount recognized in Statement of Profit and Loss. (Rs. in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2020
Interest expense on lease liability	36.13
Amortization of Right-of-use assets	131.54

ii. Amount recognized in Balance Sheet. (Rs. in Lakhs)

Particulars	As at 31st March, 2019 (Note iii below)	Adjustment on adoption of Ind AS 116 (Note iii below)	Addition / (Deletion) during the year	As at 31 <sup>st</sup> March, 2020
Lease liabilities – Non-Current	-	174.78	(129.16)	45.62
Lease liabilities - Current	-	126.58	2.58	129.16
Right-of-use assets (Gross) (Refer Note 5)	-	293.24	(131.54)	161.70
Retained Earnings	(23,613.22)	(8.12)	(4456.42)	(28,077.76)



- i. The Company has adopted Ind AS 116 – Leases from 1<sup>st</sup> April, 2019, and as permitted by its transitional provisions, the cumulative effect of its initial application has been applied as an adjustment to opening Retained Earnings at the date of initial application i.e. on 1<sup>st</sup> April, 2019, by using modified retrospective method, instead of restating the comparative information.
- ii. Maturity Profile (Rs. in Lakhs)

Particulars	Amount
<b>Maturity analysis – contractual undiscounted cash flows</b>	
Within 1 year	148.53
Within 2 years	50.30
<b>Total undiscounted lease liabilities</b>	<b>198.83</b>
Impact of discounting and other adjustments	24.05
<b>Lease liabilities included in the Balance Sheet</b>	<b>174.78</b>

**39.5 Disclosure of Derivative Instruments :**

- (a) There are no outstanding forward exchange contracts used for hedge against currency exposures as at 31<sup>st</sup> March, 2020.
- (b) Foreign currency exposures that have not been specifically hedged by a derivative instrument or otherwise as at 31<sup>st</sup> March, 2020 are given below:

Particulars	Currency Symbol	As at 31.03.2020		As at 31.03.2019	
		Foreign Currency in millions	(Rs. in lakhs)	Foreign Currency in millions	(Rs. in lakhs)
Trade Receivables	US\$	0.288	210.16	0.841	583.38
Loans and Advances	US\$	0.150	115.35	0.167	116.98
	EURO	0.048	40.44	0.012	9.43
	YEN	-	-	0.003	1.78
	GBP	-	-	-	0.39
	CHF	-	-	0.011	7.82
Trade and other Payables	US \$	(0.33)	(244.35)	(0.23)	(146.79)
<b>Net Asset (in INR)</b>			<b>121.60</b>		<b>572.99</b>

**39.6** Accumulated losses have resulted in erosion of substantial net worth of the Company. To improve its liquidity / cash flow, and to revive its financial position by reducing its debts, the Company is in the process of disposing off some of its non-core property. Further, the Company at its textile division at Phagwara has the facility for the manufacturing of the polyester coated fabric, which is used for the manufacturing of the personal protection equipment (PPEs) and other incidental equipment / outfits, which are used by the persons involved in the medical and other essential services to provide them medical protection from Corona type of viruses etc. Considering the Company’s specialization in manufacturing of such fabric and processing thereof, the Company during March, 2020 has been awarded the order of considerable amount for the supply of PPEs to various government agencies as per the instructions of the Government of India, which the Company has since delivered substantially within the timelines that too during this difficult time when the entire country was under lockdown. The successful delivery of the said order has given an opportunity to the Company to establish itself as one of the strongest quality manufacturer and supplier for the supply of PPEs and other related products, which are the urgent need of present time, locally as well as globally. The Company is hopeful of getting more orders and is in advance stage of discussions with some of the customers / agencies. The Company is also hopeful to get into export markets once Indian Government lifts the ban on export of PPE, on the strength of its quality. Thus, the Company has now entered in a new business line and is expanding and changing its business model from a fabric manufacturer to a large garment supplier.

The management, considering the future plans for operations particularly as detailed above and support of the promoters, lenders, business associates and workmen, is hopeful of improvement in its financial position, and accordingly the financial statements have been prepared on a going concern basis.

**39.7** The World Health Organisation (WHO) has declared the SARS-CoV-2 virus responsible for COVID-19, a Global pandemic. The said virus is still continually spreading across the globe, and most of the countries including India, were / are under





lockdowns for a considerably longer period, to contain the spread of the said virus, which has resulted in a significant decrease in economic activities across the world including India. The Company keeping in view the said situation, has assessed its future cash flow projections, recoverability of its assets including financial assets and has also held impairment testing of its non-monetary assets and based on same it expects to recover the carrying amount of these assets and does not anticipate any impairment to these financial and non-financial assets as at the date of approval of these financial statements. However, the extent to which the said pandemic will impact the Company's future activities and financial statements will depend on future developments which are highly uncertain, therefore the impact of COVID-19 on the financial statements could differ from that estimated as at the date of approval of these financial statements.

39.8 The Company during the current year, to ensure the most relevant and fair information in its financial statements has chosen to present its land under property, plant and equipment at its fair / market value, which hitherto was presented at cost / carrying value. Accordingly, the Company has changed its accounting policy of valuation of land from Cost Model to Fair / Revaluation Model as per the Ind AS 16 - Property, Plant and Equipment, and accordingly based on the valuation reports of independent valuers, the Company has measured / recognised its land at fair value retrospectively, from the beginning of the earliest comparative period i.e. from 01<sup>st</sup> April, 2018 onwards, and restated the comparative figures of the earlier year accordingly, in accordance with the 'Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors'. The said change in the accounting policy has resulted in creation of the Revaluation Surplus of Rs. 30,390.74 lakhs with the correspondence increase in Other Equity, and increase in value of Land under Property, Plant and Equipment from Rs. 14,759.86 lakhs to Rs. 45,150.60 lakhs as at the beginning of the earlier year i.e. as at 01<sup>st</sup> April, 2018, and increase of Rs. 2,343.37 lakhs in the Total Comprehensive Loss for the earlier year 2018-19 and increase of Rs. 28,030.14 lakhs in Other Equity and increase in value of land under Property, Plant and Equipment from Rs. 14,753.77 lakhs to Rs. 42,783.91 lakhs as at the end of the earlier year i.e. as at 31<sup>st</sup> March, 2019.

39.9 The Company during the earlier year 2018-19, had settled the dues of Foreign Currency Convertible Bonds Holders (FCCBs) at Rs. 10,368 lakhs (by payment of Rs. 4,000 lakhs and by issue of equity shares of Rs. 6,368 lakhs i.e. 240300606 equity shares at Rs. 2.50 each at premium of Rs. 0.15 each) and as the liability held in the accounts towards these dues was Rs. 6,874 lakhs, the resultant loss of Rs. 3,494 lakhs, was accounted for in the accounts as interest expense in that year i.e. in 2018-19. The Company based on expert opinion came to the conclusion that due to misinterpretation of its fact, the said treatment was not correct and instead of the interest expense, the same should have been adjusted against the Capital Reserve, which was created in the year 2013-14, at the time of partial settlement of FCCBs. Accordingly, the Company during the current year has made the necessary adjustment in the accounts retrospectively and restated the comparative figures / financials of the earlier year in accordance with the 'Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors'. The detail of the restatement / reconciliation of the comparatives of the earlier year is as under:

(Rs. in Lakhs)

	<b>Loss for the year 2018-19</b>	<b>Retained Earnings as at 31<sup>st</sup> March, 2019</b>	<b>Other Current Liabilities (Note-29) as at 31<sup>st</sup> March, 2019</b>	<b>Interest on FCCBs (Note-36 for the year 2018-19)</b>	<b>Capital Reserve</b>
As per the Financial Statements for 2018-19	(6,423.67)	(24,205.37)	622.72	4,085.89	-
Reversal of earlier transfer from Capital Reserve to Retained Earnings	-	(4,861.52)	-	-	4,861.52
Transfer of Interest expense to Capital Reserve	3,493.74	3,493.74	-	(3,493.74)	(3,493.74)
Balance transfer from Capital Reserve	-	1,367.78	-	-	(1,367.78)
Adjustment of Interest Payable etc.	592.15	592.15	(592.15)	(592.15)	-
As per the Restated Comparatives to the Financial Statements for 2019-20	(2,337.78)	(23,613.22)	30.57	Nil	Nil

Further, the above has resulted in change in Basic and Diluted earnings per share for the year 2018-19 from Rs. (1.05) and Rs. (0.99) to Rs. (0.38) and Rs. (0.36) respectively.



**39.10 Related Party Disclosures (IND AS-24) :**

**List of Related Parties and relationships**

**(a) Key Management Personnel (KMP):**

Mr. Samir Thapar : Chairman & Managing Director  
 Ms. Priya Thapar : Director – Strategic Business & Development

**(b) Entities over which the Key Management Personnel have significant influence:**

Provestment Securities Pvt. Ltd.  
 KCT Textiles Ltd.

**(c) Relatives of Key management Personnel:**

Mr. M. M. Thapar(Demise on 26<sup>th</sup> July, 2019) : Father of Mr. Samir Thapar & Ms. Priya Thapar  
 Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

(Rs. in Lakhs)

**B. Transactions with related parties:**

	Transactions	Key Management Personnel	Entities over which the Key Management Personnel have significant influence	Relative of Key Management Personnel
<b>(i)</b>	<b>Transactions during the year / (previous year) :</b>			
a.	<b>Unsecured Loan from</b> Mr. Samir Thapar KCT Textiles Ltd.	8.91 / (14.88) -- (--)	-- (--) 400.00/(--)	-- (--) -- (--)
b.	<b>Repayment of Unsecured Loan to</b> Provestment Securities Pvt. Ltd.	-- (--)	76.02 / (94.86)	-- (--)
c.	<b>Managerial Remuneration paid</b>			
	- Mr. Samir Thapar	360.00/ (92.81)	-- (--)	-- (--)
	- Employee benefits	13.02/ (13.80)	-- (--)	-- (--)
	- post-employment benefits			
	- Ms. Priya Thapar	84.00/ (26.76)	-- (--)	-- (--)
	- Employee benefits	5.10/ (0.65)	-- (--)	-- (--)
	- post-employment benefits			
d.	Interest paid on loan - Mr.Samir Thapar	2.59/ (3.92)	-- (--)	-- (--)
e.	Professional Fees paid - Mr. M. M. Thapar	-- (--)	-- (--)	7.08 /(28.32)
<b>(ii)</b>	<b>Payables as at 31<sup>st</sup> March, 2020 / (31<sup>st</sup> March, 2019) :</b>			
a.	Unsecured Loan from Provestment Securities Pvt. Ltd.	-- (--)	407.14 / (483.16)	-- (--)
b.	KCT Textiles Ltd.	-- (--)	406.80/(6.07)	-- (--)
c.	Mr. M. M. Thapar	-- (--)	-- (--)	0.77/(32.75)
d.	Unsecured Loan from Mr. Samir Thapar	8.23/(27.18)	-- (--)	-- (--)
e.	Paybales: - Mr. Samir Thapar	--/(8.00)	-- (--)	-- (--)
	- Ms. Priya Thapar	--/(3.09)	-- (--)	-- (--)



**39.11 Segment Reporting:**

(a) Identification of segments

i) Primary Segment

Business segment: The Company's operating business is organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products. Two identified segments are Textiles and Filament yarn. The products considered as a part of Textile segment are cloth and yarn. The products considered as a part of Filament segment are nylon yarn and chips.

ii) Secondary Segment

Geographical Segment: The analysis of geographical segment is based on the geographical location of the customers.

(b) Inter Segment transfers of goods, as marketable products produced by separate Segments of the Company, for captive consumption are made as if sales were made to third parties at current market prices and are included in turnover of the respective Segment.

(c) Unallocable Items:

Corporate income, corporate expenses, interest, capital and reserves are considered as part of unallocable items which are not identifiable to any business segment.

Segment information:

(Rs. in Lakhs)

Particulars	Textiles		Filament		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
External Sales / Income	<b>38,614.15</b>	46,618.40	<b>30,690.69</b>	33,414.10	<b>69,304.84</b>	80,032.50
Segment Revenue	<b>39,042.75</b>	46,932.68	<b>30,899.44</b>	33,656.32	<b>69,942.19</b>	80,589.00
Segment Results	<b>(2,073.06)</b>	934.70	<b>901.81</b>	760.53	<b>(1171.25)</b>	1,695.23
Segment Assets	<b>61,009.29</b>	62,121.93	<b>21,934.98</b>	22,092.82	<b>82,944.27</b>	84,214.75
Segment Liabilities	<b>34,335.92</b>	33,078.51	<b>14,814.31</b>	14,832.64	<b>49,150.23</b>	47,911.15

Reconciliation of reportable segment with the financial statements:

(Rs. in Lakhs)

Particulars	Revenues		Net Profit/ (Loss)		Assets		Liabilities	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
Total of reportable segments	<b>69,942.19</b>	80,589.00	<b>(1171.25)</b>	1,695.23	<b>82,944.27</b>	84,214.75	<b>49,150.23</b>	<b>47,911.15</b>
Add:Corporate Unallocated	<b>926.04</b>	132.67	<b>986.05</b>	(19.71)	<b>1,690.27</b>	2,014.74	<b>3,817.40</b>	<b>3,710.65</b>
Finance costs	-	-	<b>4,271.23</b>	4,013.54	--	--	--	--
Profit/(Loss) before taxes	-	-	<b>(4,456.42)</b>	(2338.01)	--	--	--	--
Taxes	-	-	-	0.24	<b>53.02</b>	27.27	--	--
As per financial statements	<b>70868.23</b>	80,721.67	<b>(4,456.42)</b>	(2337.78)	<b>84,687.56</b>	86,256.76	<b>52,967.63</b>	<b>51,621.80</b>

(d) Secondary segment reporting (By geographical segments)

The following is the distribution of the Company's sales by geographical market, regardless where the goods were produced:

(Rs. in lakhs)

Particulars	Current year	Previous year
Sales to domestic market	<b>65,420.76</b>	72,716.71
Sales to overseas market	<b>3,884.08</b>	7,315.79
<b>Total</b>	<b>69,304.84</b>	80,032.50

The Company has common property, plant and equipments for producing goods for domestic and overseas markets. Hence, separate figures for property, plant and equipments/additions to property, plant and equipments cannot be furnished.



**39.12 Employee Benefits**

**(a) Defined Benefit plans:**

Gratuity : Payable on separation as per the Payment of Gratuity Act, 1972 as amended, @ 15 days pay, for each completed year of service to eligible employees who render continuous service of 5 years or more, subject to maximum limit of Rs. 20 lakhs.

**(b) Other Long Term Benefit:**

Leave Encashment : Employees of the Company are entitled to accumulate their earned / privilege leave, which is payable / encashable as per the Company's policy, while on service or on their separation.

**(c) Defined Contribution plan:**

Company's employees are covered by Provident Fund, Pension Fund, Employees State Insurance Scheme / Fund and Employees' Superannuation Scheme, to which the Company makes a defined contribution measured as a fixed percentage of salary. During the year, amount of Rs. 971.23 lakhs (Previous Year: Rs. 1,041.40 lakhs) has been charged to the Statement of Profit and Loss towards employer's contribution to these schemes/funds as under:

Particulars	Year ended 31 <sup>st</sup> March, 2020 (Rs. in lakhs)	Year ended 31 <sup>st</sup> March, 2019 (Rs. in lakhs)
Employer's contribution towards Provident Fund	294.02	294.13
Employer's contribution towards Pension Fund	424.25	418.10
Employer's contribution towards Employees State Insurance	173.06	231.29
Employer's contribution towards Superannuation Fund	79.90	97.88
<b>Total</b>	<b>971.23</b>	<b>1,041.40</b>

(d) Other disclosures of Defined Benefit plan is as under:-

**i) Reconciliation of the opening and closing balances of Defined Benefit Obligation, in respect of the funded and un-funded part is as under:**

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Gratuity (Unfunded)	
	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019
Present Value of <b>Defined Benefit Obligation</b> at the beginning of year	2,923.58	2,867.19	1,054.80	1,186.89
Interest cost	216.89	218.91	79.14	90.34
Current Service Cost	170.79	182.85	51.84	61.39
Benefits Paid	(397.32)	(356.13)	(119.41)	(118.35)
Actuarial (Gain) / Loss arising from Change in Financial Assumptions	155.79	23.10	57.87	7.49
Actuarial (Gain) / Loss arising from Changes in Experience Adjustments	(97.46)	(80.12)	2.31	(105.17)
Actuarial (Gain) / Loss Acquisition/ Business Combination/Divestiture	--	67.79	--	(67.79)
Present value of the <b>Defined Benefit Obligation</b> at the end of year	2,972.27	2,923.59	1,126.55	1,054.80

**ii) Net Defined Benefit recognized in the Statement of Profit and Loss.**

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Gratuity (Unfunded)	
	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019
Service Cost	170.79	182.85	51.84	61.39
Interest cost (net)	216.89	218.91	79.14	90.34
<b>Net Defined Benefit Cost</b> recognized in Statement of Profit and Loss	<b>387.68</b>	<b>401.76</b>	<b>130.98</b>	<b>151.73</b>



iii) **Recognized in Other Comprehensive Income.** (Rs. in Lakhs)

Particulars	Gratuity	
	Year ended 31st March, 2020	Year ended 31st March, 2019
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	213.65	30.59
Actuarial (Gain)/Loss on arising from Changes in Demographic Assumptions	(1.99)	(20.43)
Actuarial (Gain)/Loss on arising from effect of Experience Adjustments	(93.15)	(164.86)
Return on plan assets (excluding interest)	(0.01)	0.02
Total remeasurements recognized in OCI	118.50	(154.68)

iv) **Change in fair value of plan assets**

Particulars	Gratuity	
	Year ended 31st March, 2020	Year ended 31st March, 2019
At the beginning of the year	2.89	2.70
Interest Income on Plan Assets	0.23	0.19
Benefits paid	--	--
At the end of the period	3.12	2.89

v) **Liability recognized in the Balance Sheet**

Particulars	Gratuity	
	Year ended 31st March, 2020	Year ended 31st March, 2019
Funded Defined Benefit Obligation	2,972.27	2,923.59
Fair Value of Plan Assets	(3.12)	(2.89)
	2,969.15	2,920.70
Unfunded Defined Benefit Obligation	1,126.55	1,054.80
<b>Liability recognized in the Balance Sheet</b>	<b>4,095.70</b>	<b>3,975.50</b>

vi) **Sensitivity Analysis\***

a) **Impact of the change in the discount rate** (Rs. in Lakhs)

Particulars	Gratuity	
	Year ended 31st March, 2020	Year ended 31st March, 2019
Present value of the <b>Defined Benefit Obligation</b> at the end of year	4,098.82	3,978.39
a) Impact due to increase of 100 basis points	(204)	(197.84)
b) Impact due to decrease of 100 basis points	218.94	212.30

b) **Impact of the change in the salary increase** (Rs. in Lakhs)

Particulars	Gratuity	
	Year ended 31st March, 2020	Year ended 31st March, 2019
Present value of the <b>Defined Benefit Obligation</b> at the end of year	4,098.82	3,978.39
a) Impact due to increase of 100 basis points	202.47	195.75
b) Impact due to decrease of 100 basis points	(189.49)	(183.69)

\* Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.

\* Sensitivities as to rate of inflation, rate of increase of pension in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.



**vii. Maturity Profile.**

(Rs. in Lakhs)

Year	Gratuity	
	Year ended 31st March, 2020	Year ended 31st March, 2019
0 to 1 year	462.29	495.41
1 to 2 Year	518.69	594.27
2 to 3 Year	557.65	504.39
3 to 4 Year	493.38	524.45
4 to 5 Year	442.01	483.70
5 year onward	1850.20	1897.19

**viii. Expected contribution for the next Annual reporting period**

(Rs. in Lakhs)

Particulars	Gratuity	
	Year ended 31st March, 2020	Year ended 31st March, 2019
Service Cost	219.79	222.63
Net Interest Cost	267.41	295.81
Expected Expense for the next annual reporting period	487.38	518.44

**ix. Actuarial Assumption**

Principal assumptions used for actuarial valuation are:

Particulars	Gratuity & Leave Encashment	
	Year ended 31st March, 2020	Year ended 31st March, 2019
Method used	Projected unit credit method	
Discount rate (per annum)	6.72	7.69
Salary Escalation (per annum)	6.00	6.00
Mortality Rate	IALM (2012-14) Ult	IALM (2012-14) Ult
Withdrawal rate up to 30/44 and above 44 years – Phagwara (per annum)	9%/5%/8%	11%/6%/8%
Withdrawal rate up to 30/44 and above 44 years – Hoshiarpur (per annum)	5.64%/3.73%/5.64%	5%/4%/5%
Withdrawal rate up to 30/44 and above 44 years – Delhi – Corporate Office (per annum)	0%/1%/3%	2%/2%/4%
Expected Rate of return on plan assets (per annum)	6.72%	7.69%
Retirement age (in years)	58	58



**39.13 Fair Value Measurements**

The carrying amounts and fair values of the financial instruments by class are as follows:

(in Rs. Lakhs)

Particulars	Carrying amount/Fair value	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Financial assets</b>		
<b>Carrying amounts/fair value:</b>		
a) <b>Measured at fair value through profit and loss</b>	--	--
b) <b>Measured at fair value through other comprehensive income</b>		
<b>Non-current assets</b>		
- Investments	160.79	158.84
c) <b>Measured at amortised cost</b>		
<b>Non-current assets</b>		
- Loans		
- Other non-current financial assets	393.13	347.73
	--	88.57
<b>Current assets</b>		
- Investments	10.64	10.64
- Trade receivables	2,375.61	4,499.56
- Cash and cash equivalents	1,372.40	119.94
- Bank balances other than cash and cash equivalents	863.43	748.11
- Loans	18.50	54.49
- Other current financial assets	509.74	561.84
<b>Total</b>	<b>5,704.24</b>	<b>6,589.72</b>
<b>Financial liabilities</b>		
<b>Carrying amounts/fair value:</b>		
a) <b>Measured at fair value through profit and loss</b>	--	--
b) <b>Measured at fair value through other comprehensive income</b>		
	--	--
c) <b>Measured at amortised cost</b>		
<b>Non-current liabilities</b>		
- Borrowings	8,831.13	9,550.35
- Lease liabilities	45.62	--
- Other non-current financial liabilities	4,649.97	5,328.57
<b>Current liabilities</b>		
- Borrowings	6,855.52	9,621.82
- Lease liabilities	129.16	--
- Trade payables	12,611.94	13,864.33
- Other current financial liabilities	9,013.57	7,546.36
<b>Total</b>	<b>42,136.91</b>	<b>45,911.43</b>

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1. The Company has disclosed financial instruments such as trade receivables, current investments, cash and cash equivalents, other bank balances, trade payables, other financial assets and liabilities at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short term nature.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to the account for the expected losses of these receivables.

**Fair value hierarchy**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.



Disclosures of fair value measurement hierarchy for financial instruments are given below:

Particulars	Carrying amount/Fair value					
	As at 31 <sup>st</sup> March, 2020			As at 31 <sup>st</sup> March, 2019		
Financial assets	L-1	L-2	L-3	L-1	L-2	L-3
<b>Carrying amounts/fair value:</b>						
<b>a) Measured at fair value through profit and loss</b>						
<b>b) Measured at fair value through other comprehensive income</b>						
<b>Non-current assets</b>						
- Investments	-	-	160.79	-	-	158.84
<b>c) Measured at amortised cost</b>						
<b>Non-current assets</b>						
- Loans	-	-	393.13	-	-	347.73
- Other non-current financial assets	-	-	-	-	-	88.57
<b>Current assets</b>						
- Investments	-	-	10.64	-	-	10.64
- Trade receivables	-	-	2375.61	-	-	4499.56
- Cash and cash equivalents	-	-	1372.40	-	-	119.94
- Bank balances other than cash and cash equivalents	-	-	863.43	-	-	748.11
- Loans	-	-	18.50	-	-	54.49
- Other current financial assets	-	-	509.74	-	-	561.84
<b>Total</b>	-	-	<b>5,704.24</b>	-	-	<b>6,589.72</b>
<b>Financial liabilities</b>						
<b>Carrying amounts/fair value:</b>						
<b>a) Measured at fair value through profit and loss</b>	-	-	-	-	-	-
<b>b) Measured at fair value through other comprehensive income</b>	-	-	-	-	-	-
<b>c) Measured at amortised cost</b>						
<b>Non-current liabilities</b>						
- Borrowings	-	-	8,831.13	-	-	9,550.35
- Lease liabilities	-	-	45.62	-	-	-
- Other non-current financial liabilities	-	-	4,649.97	-	-	5,328.57
<b>Current liabilities</b>						
- Borrowings	-	-	6,855.52	-	-	9,621.82
- Lease liabilities	-	-	129.16	-	-	-
- Trade payables	-	-	12,611.94	-	-	13,864.33
- Other current financial liabilities	-	-	9,013.57	-	-	7,546.36
<b>Total</b>	-	-	<b>42,136.91</b>	-	-	<b>45,911.43</b>

### 39.14 Capital Management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long term and short term goals of the Company.

The Company determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations, long term and short term bank borrowings and issue of securities.

The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

Net debt includes interest bearing borrowings less cash and cash equivalents, other bank balances (including non-current earmarked balances) and current investments.





The table below summarises the capital, net debt and net debt to equity ratio of the Company:

<b>Particulars</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Equity share capital	<b>20,960.66</b>	20,960.66
Preference share capital	--	--
Other Equity	<b>10,759.27</b>	13,674.30
<b>Total Equity (A)</b>	<b>31,719.93</b>	34,634.96
Non-current borrowings	<b>8,831.13</b>	9,550.35
Short term borrowings	<b>6,855.52</b>	9,621.82
Current maturities of long term borrowings	<b>1,578.59</b>	408.21
<b>Gross Debt</b>	<b>17,265.24</b>	19,580.38
<b>Less: Cash &amp; Cash Equivalents</b>	<b>1,372.40</b>	119.94
<b>Less: Bank balances other than cash and cash equivalents)</b>	<b>863.43</b>	748.11
<b>Less: Current investments</b>	<b>10.64</b>	10.64
<b>Net Debt (B)</b>	<b>15,018.77</b>	18,701.69
<b>Total Capital and Net Debt</b>	<b>46,738.70</b>	53,336.65
<b>Gearing Ratio (Net Debt/ Total Capital &amp; Net Debt)</b>	<b>32.13%</b>	35.06%

### **39.15 Financial risk management objectives and policies**

The Company's principal financial liabilities, comprise of borrowings, security deposits and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances that are derived directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors and Audit Committee. This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective.

The management reviews and agrees policies for managing each of these risks which are summarized as below:

#### **(a) Market Risk:**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include borrowings, security deposits and foreign currency receivables and payables. The sensitivity analysis in the following sections relate to the position as at March 31, 2020. The analysis exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2020.

#### **(i) Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in foreign currency) and outstanding FCCBs.

#### **Foreign currency risk sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EURO and others currency exchange rates, with all other variables held constant. The impact on the Company profit



before tax is due to changes in the fair value of monetary assets and liabilities. Foreign currency exposures recognized by the Company that have not been hedged by a derivative instrument or otherwise are as under:

Particulars	Currency Symbol	As at 31.03.2020		As at 31.03.2019	
		Foreign Currency in millions	(Rs. in lakhs)	Foreign Currency in millions	(Rs. in lakhs)
Trade Receivables	US\$	0.288	210.16	0.841	583.38
Loans and Advances	US\$	0.150	210.16	0.167	116.98
	EURO	0.048	115.35	0.012	9.43
	YEN	-	-	0.003	1.78
	GBP	-	-	-	0.39
	CHF	-	-	0.011	7.82
Trade and other Payables	US \$	(0.33)	(244.35)	(0.23)	(146.79)
<b>Net Assets (in INR)</b>			<b>121.60</b>		<b>572.99</b>

Note: Figures in bracket represents payables

**(ii) Interest Rate Risk**

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Company's financial liabilities comprises of interest bearing vehicle loans, loan and advance from related party and security deposits; however these are not exposed to risk of fluctuation in market interest rate as the rates are fixed at the time of contract/agreement and do not change for any market fluctuation.

**(iii) Commodity Price Risk**

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of yarn, fabric and garments therefore require a continuous supply of raw materials i.e. Caprolactum, Cotton and Dyes & Chemicals being the major input used in the manufacturing. Due to the significantly increased volatility of the price of the Caprolactum, Cotton and Dyes & Chemicals, the Company has entered into various purchase contracts for these material for which there is an active market. The Company's management has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The Company partly mitigated the risk of price volatility by entering into the contract for the purchase of some of these materials and further the Company increases prices of its products as and when appropriate to minimize the impact of increase in raw material prices.

**(b) Credit Risk**

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

**i) Trade Receivables**

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating review and individual credit limits are defined in accordance with this assessment. The Company regularly monitors its outstanding customer receivables.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.



**ii) Financial instruments and cash & bank deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's policy.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2020 is the carrying amounts which are given below. Trade Receivables and other financial assets are written off when there is no chance of recovery, such as debtor failing to engage in the repayment plan with the Company.

<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2020</b>	<b>As at 31<sup>st</sup> March, 2019</b>
<b>Non-current assets</b>		
- Investments	<b>160.79</b>	158.84
<b>Non-current assets</b>		
- Loans	<b>393.13</b>	347.73
- Other non-current financial assets	<b>--</b>	88.57
<b>Current assets</b>		
- Investments	<b>10.64</b>	10.64
- Trade receivables	<b>2,375.61</b>	4499.56
- Cash and cash equivalents	<b>1,372.40</b>	119.94
- Bank balances other than cash and cash equivalents	<b>863.43</b>	748.11
- Loans	<b>18.50</b>	54.49
- Other current financial assets	<b>509.74</b>	561.84
<b>Total</b>	<b>5,704.24</b>	6,589.72

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks.

The ageing analysis and loss allowance of trade receivables given below has been considered from the date the invoice falls due:

<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2020</b>	<b>As at 31<sup>st</sup> March, 2019</b>
Due from 0 to 180 days	<b>2,076.03</b>	4,083.89
Due from more than 180 days	<b>415.93</b>	628.19
Less: Loss Allowance	<b>(116.35)</b>	(212.52)
<b>Total</b>	<b>2,375.61</b>	4,499.56

**(c) Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains source of financing through the use of credit facilities. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

**Maturity profile of financial liabilities**

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date:

<b>Particulars</b>	<b>Carrying Value</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>
<b>As at 31<sup>st</sup> March, 2020</b>			
Borrowings	17,265.24	8,434.11	8,831.13
Trade payables	12,611.94	12,611.94	--
Lease liabilities	174.78	129.16	45.62
Other non-current financial liabilities	4,649.97	--	4,649.97
Other current financial liabilities	7,434.98	7,434.98	--
<b>Total</b>	<b>42,136.91</b>	<b>28,510.19</b>	<b>13,526.72</b>



Particulars	Carrying Value	Less than 1 year	1 to 5 years
<b>As at 31<sup>st</sup> March, 2019</b>			
Borrowings	19,580.38	10,030.03	9,550.35
Trade payables	13,864.33	13,864.33	--
Other non-current financial liabilities	5,328.57	--	5,328.57
Other current financial liabilities	7,138.15	7,138.15	--
<b>Total</b>	<b>45,911.43</b>	<b>31,032.51</b>	<b>14,878.62</b>

**39.16 Disclosure required under Section 186 (4) of the Companies Act, 2013.**

Particulars of transaction made during the year and outstanding balance as at the end of the year:

(Rs. In Lakhs)

Sr. No.	Name of the Investee	Nature of Transaction	2019-20		2018-19	
			During the year	Outstanding Balance	During the Year	Outstanding Balance
1.	KCT Textiles Ltd.	Investment	--	10.64	--	10.64

**39.17 Earning per share:**

Particulars	Current Year	Previous Year
Net Loss as per Statement of Profit and Loss (Rs. in lakhs)	4,456.42	2,337.78
Weighted average number of equity shares	83,84,26,588	61,39,26,570
Add: Adjustment for pending issuance of equity shares of Rs. 2.50/- each	--*	3,64,72,067
Weighted average number of equity shares post dilution	83,84,26,588	65,03,98,637
Nominal value of Equity Share (Rs.)	2.50	2.50
Basic Earning per share (Rs.)	(0.53)	(0.38)
Diluted Earning per share (Rs.)	(0.53)	(0.36)

\* The impact for any shares which may required to be issued towards the additional interest on the Secured Lons has not been considered due to uncertainty in the number of shares to be issued as detailed in Note No 22.2.

**39.18 Disclosure required under Section 22 of Micro, Small and Medium Enterprise Development Act, 2006:**

(Rs. in Lakhs)

	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
i. Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act.		
- Principal	1,713.19	309.92
- Interest	-	-
ii. Amount of interest paid by the Company in terms of Section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
iii. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	-	-
iv. The amount of interest accrued and remaining unpaid	-	-
v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act, 2006	-	-
<b>Total</b>	<b>1,713.19</b>	<b>309.92</b>



The above information regarding dues to Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information collected with the Company. Further, the Company has not accounted for the interest on the payment made beyond the appointed day, as the Company intends to account for the same as and when the same is paid, considering the absence of the reliable estimate of the same.

- 31.19 The letters have been sent to most of the parties for confirmation of the balances under trade receivables, advances, trade payables and other parties. However, due to non receipt of the response from few of the parties, the balances from them are subject to confirmations / reconciliation. However, based on subsequent realization of the dues and other transactions with these parties, the balances stand confirmed at the year end in most of the cases.
- 31.20 The Official Liquidator (OL) of CNLT Malaysia, (an erstwhile Associate of the Compnay, now under liquidation) has filed a recovery case in the High Court of Malaysia at Kuala Lumpur for US\$ 1,250,000 towards alleged fraudulent payment by CNLT to the Company in 2006-07 which is being contested by the Company in the Hon'ble High Court of Malaysia. The next date of hearing is fixed for 5<sup>th</sup> of November, 2020. In view of the legal experts, no liability is likely to arise.
- 39.21 Figures of the previous year/s have been rearranged and regrouped, wherever necessary, to conform to current year classification.

**Signatures to 'Notes 1 to 39'**

**V K Singhal**  
Chief Financial Officer

**Sandeep Sachdeva**  
Company Secretary  
(Membership No.54261)

**For and on behalf of the Board of Directors**  
**Samir Thapar**  
Chairman & Managing Director  
(DIN 00062287)

As per our report of even date attached

**Navdeep Singh & Co.**  
Chartered Accountants  
Firm Registration No. 008400N

**Navdeep Singh Choudhary**  
Partner

Membership No.034979

**Directors**

**C M Bhanot** (DIN 06462056)  
**R S Samria** (DIN 00375315)  
**A K Doshi** (DIN 02298644)  
**Priya Thapar** (DIN 06742680)

Place : Hoshiarpur  
Dated : 20<sup>th</sup> July, 2020