

**Board of Directors**

Mr. Samir Thapar

Mr. Gordhan Bhojraj Kathuria

Mr. Apar Singh Dugal

Dr. Ajit Kumar Doshi

Mr. Vipul Singla

Chairman & Managing Director

Allahabad Bank Nominee

Chief Financial Officer

Mr. V.K. Singhal

Company Secretary

Mr. S.C. Saxena

Auditors

S.P. Chopra & Co.

Chartered Accountants

F-31, Connaught Place

New Delhi - 110 001

Registered Office

Village Chohal

Distt. Hoshiarpur - 146 024

(Punjab)

Units

Textiles : Phagwara (Punjab)

: Sriganaganagar (Raj.)

Filament : Hoshiarpur (Punjab)

Corporate Office

305-309, 3rd Floor

Rattan Jyoti Building

18, Rajendra Place

New Delhi- 110008

Website: www.jct.co.inEmail: jctsecretarial@jctltd.com**Registrar & Share Transfer Agents**

RCMC Share Registry Pvt. Ltd.

B-106, Sector-2

Noida-201 301

Tel.: 95120-4015880

Fax: 95120-2444346

e-mail: shares@rcmcdelhi.com**Bankers**

Allahabad Bank

Bank of Baroda

Punjab National Bank

Punjab & Sind Bank

State Bank of India

State Bank of Patiala

State Bank of Travancore

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NOTICE

THE 63rd ANNUAL GENERAL MEETING OF JCT LIMITED will be held at the Registered Office at Village Chohal, Dist. Hoshiarpur (Punjab) on Friday, the 30th day of November, 2012 at 12.30 P.M. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited Accounts of the Company for the financial year ended 31st March 2012 and the Reports of the Directors and Auditors thereon.
2. To re-elect Shri Apar Singh Dugal as Director retiring by rotation and pass the following resolution
"RESOLVED that Shri Apar Singh Dugal be and is hereby re-elected as Director of the Company."
3. To appoint Auditors and to fix their remuneration and to consider and, if thought fit, to pass the following resolution:-
"RESOLVED that M/s S P Chopra & Company, Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold such office until the conclusion of the next Annual General Meeting at a remuneration of to be decided by the Board / Audit Committee of Directors of the Company, payable in one or more tranche plus service tax as applicable in addition to reimbursement of all out of pocket expenses in connection with the audit of the Company."

SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following resolution with or without modification(s) as **Ordinary Resolution**:
"That Dr. Ajit Kumar Doshi be and is hereby elected and appointed as a Director of the Company liable to retire by rotation."
5. To consider and if thought fit, to pass the following resolution with or without modification(s) as **Special Resolution**:
"RESOLVED THAT pursuant to the provisions of Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government the consent of the members of the Company be and is hereby accorded for the continuation of Shri Man Mohan Thapar as Advisor on a monthly professional fee of Rs.2,00,000/- plus service tax as applicable and reimbursement of actual traveling and other incidentals incurred in connection with the business of the Company for a period of five years w.e.f. 1st April, 2013 with an authority to the Board of Directors of the Company to vary the terms and conditions of his continuation including the increase in the professional fee and subject to such further approvals as may be required and envisaged under the Companies Act, 1956."
6. To consider and if thought fit, to pass the following resolution with or without modification(s) as **Special Resolution**:
"RESOLVED that pursuant to Section 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time, and in terms of the Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange, Mumbai where shares of the Company are listed, Corporate Debt Restructuring Scheme (CDR) of the Company as approved by the concerned authorities on 12th September,

2012 and conveyed to the Company vide their CDR(PMJ) No.685/2012-13 on 21st September, 2012 and subject to such approvals, consents, permissions and/or sanctions as may be required from the Securities and Exchange Board of India(SEBI) and from any other government / appropriate authorities (hereinafter individually / collectively referred to as "concerned authorities) and subject to such conditions, if any, as may be stipulated by the concerned authorities from time to time in granting any such approvals, consents, permissions or sanctions, the Board of Directors of the company (hereinafter referred to as the "Board"), which term shall be deemed to include any committee(s) of the Board for the time being, exercising the powers conferred on the Board) and is hereby authorised and empowered and they shall always be deemed to have been so authorised and empowered on behalf of the Company, in terms of the approved Corporate Debt Restructuring (CDR) Scheme, to offer issue and allot 4,08,80,000 equity shares (Four crore eight lakhs eighty thousand only) of Rs..2.50 each aggregating to Rs.10,22,00,000/- as fully paid-up, to the Promoters/Promoter Group Companies, in such manner and terms and conditions as may be determined by the Board in accordance with applicable statutory provisions, rules and regulations."

"RESOLVED FURTHER THAT the equity shares referred to above in terms of the Corporate Debt Restructuring (CDR) Scheme shall rank pari-passu with the existing equity shares of the Company in all respects."

"RESOLVED FURTHER THAT the equity shares referred to above shall be subject to lock-in of three years from the date of allotment or as applicable."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board, be and is hereby authorised on behalf of the Company to take all actions and do all such deeds, matters and things as it may at their sole discretion deem necessary, desirable or expedient to the issue and allotment of above referred equity shares and to resolve and settle any question, difficulty or doubt that may arise in regard to any such issue, offer and allotment of such equity shares, without being required to seek any further consent or approval of the shareholders."

7. To consider and if thought fit, to pass the following resolution with or without modification(s) as **Special Resolution**:
"RESOLVED that pursuant to Section 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time and in terms of the Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange Mumbai, where shares of the Company are listed, Corporate Debt Restructuring Scheme (CDR) of the Company as approved by the concerned authorities on 12th September, 2012 and conveyed to the Company vide their CDR(PMJ) No.685/2012-13 on 21st September, 2012 and subject to such approvals, consents, permissions and/or sanctions as may be required from the Securities and Exchange Board of India(SEBI) and from any other government / appropriate authorities (hereinafter individually / collectively referred to as "concerned authorities) and subject to such conditions,



if any, as may be stipulated by the concerned authorities from time to time in granting any such approvals, consents, permissions or sanctions, the Board of Directors of the company (hereinafter referred to as the "Board"), which term shall be deemed to include any committee(s) of the Board for the time being, exercising the powers conferred on the Board) and is hereby authorised and empowered and they shall always be deemed to have been so authorised and empowered on behalf of the Company, in terms of the approved Corporate Debt Restructuring (CDR) Scheme, to offer issue and allot 4,08,80,000 equity shares (Four crore eight lakhs eighty thousand only) of Rs.2.50 each aggregating to Rs.10,22,00,000/- as fully paid-up, to the under mentioned banks pursuant to their Sacrifices, as explained in the Explanatory Statement, in such manner and terms and conditions as may be determined by the Board in accordance with applicable statutory provisions, rules and regulations."

Sr.	Name of the Bank	No. of Equity Shares (Face value Rs.2.50 each)	Amount (in Rs.)
1	Allahabad Bank	86,00,000	2,15,00,000
2	State Bank of India	1,65,60,000	4,14,00,000
3	Punjab National Bank	95,20,000	2,38,00,000
4	State Bank of Patiala	44,00,000	1,10,00,000
5	Bank of Baroda	10,00,000	25,00,000
6	State Bank of Travancore	5,60,000	14,00,000
7	Punjab & Sind Bank	2,40,000	6,00,000
	Total	4,08,80,000	10,22,00,000

"RESOLVED FURTHER THAT the equity shares referred to above in terms of the Corporate Debt Restructuring (CDR) Scheme shall rank pari-passu with the existing equity shares of the Company in all respects."

"RESOLVED FURTHER THAT the equity shares referred to above shall be subject to lock-in of three years from the date of allotment or as applicable."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board, be and is hereby authorised on behalf of the Company to take all actions and do all such deeds, matters and things as it may at their sole discretion deem necessary, desirable or expedient to the issue and allotment of above referred equity shares and to resolve and settle any question, difficulty or doubt that may arise in regard to any such issue, offer and allotment of such equity shares, without being required to seek any further consent or approval of the shareholders."

8. To consider and if thought fit, to pass the following resolution with or without modification(s) as **Special Resolution** :

"RESOLVED THAT, the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and any other provisions of the Companies Act, 1956 as amended from time to time, for mortgaging and/or to the creation by the

Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall also include a Committee thereof) of such mortgages and charges, in addition to the existing mortgages and charges created by the Company, on such assets of the Company, both movable and immovable, whether in existence or to be acquired in future, in such form and manner and at such time, as the Board may direct, and /or conferring the power to enter upon and take possession of the assets of the company in certain events, to or in favour of all or any of the lenders, to secure the financial facilities availed or to be availed by the Company in terms of the subscription agreements / loan agreements / letters of sanctions / memorandum of terms and conditions entered into or to be entered into by the Company for such facilities."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to finalize with the bank, the documents for creating the aforesaid mortgage and/or charge and to do all such acts, deeds and things as may be necessary for giving effect to the above resolution."

9. To consider and if thought fit, to pass the following resolution with or without modification(s) as **Ordinary Resolution** :

"RESOLVED THAT in compliance with the requirements of Section 293(1)(d) of the Companies Act, 1956, the Company do hereby consent to the Board of Directors of the Company borrowing monies for and on behalf of the company from time to time as and when required by the Company provided that the monies so borrowed (excluding temporary loans obtained from time to time by the Company from its bankers in the ordinary course of business) shall not exceed in the aggregate in any case and at any time by more than Rs. 650 Crores over and above the aggregate of the Paid-up Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, as the Board of Directors may from time to time deem necessary."

10. To consider and if thought fit, to pass the following resolution with or without modification(s) as **Special Resolution**:

"RESOLVED that pursuant to Section 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time and in terms of the Articles of Association of the Company and the Listing Agreement entered into by the Company with The Stock Exchange, Mumbai where shares of the Company are listed, Restructuring Scheme in respect of the Foreign Currency Convertible Bonds (FCCBs), as may/may have been approved/agreed to by the Company and the Bondholders concerned and subject to such approvals, consents, permissions and/or sanctions as may be required from the Securities and Exchange Board of India (SEBI) and from any other government / appropriate authorities (hereinafter individually / collectively referred to as "concerned authorities) and subject to such conditions, if any, as may be stipulated by the concerned authorities from time to time in granting any such approvals, consents, permissions or sanctions, the Board of Directors of the company (hereinafter referred to as the "Board"), which term shall be deemed to include any committee(s) of the Board for the time being, exercising the powers conferred on the Board) and is hereby



authorised and empowered and they shall always be deemed to have been so authorised and empowered on behalf of the Company, in terms of the approved Restructuring Scheme, in such a manner and on the terms and conditions as may be determined by the Board in accordance with applicable statutory provisions, rules and regulations if any."

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board, be and is hereby authorised on behalf of the Company to take all actions and do all such deeds, matters and things as it may at their sole discretion deem fit and necessary, desirable or expedient and most beneficial to the Company and all their actions done hitherto be and are hereby ratified."

11. To consider and if thought fit, to pass the following resolution with or without modification(s) as **Ordinary Resolution**:

"RESOLVED that pursuant to the erosion of more than fifty percent of the Company's Net worth at the end of the financial year ended 31st March, 2012, in relation to its peak net worth during the immediately preceding four financial years, be and is hereby considered, noted and taken on record in accordance with the provisions of Section 23(1)(a)(ii) of the Sick Industrial Companies (Special Provisions) Act, 1985, in all respects."

"RESOLVED further that the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds and things in such a manner as the board of directors may deem fit and proper and most beneficial to the Company at their absolute discretion and all their actions done hitherto be and are hereby ratified."

By Order of the Board
For JCT LIMITED

S. C. Saxena

Company Secretary

Place: New Delhi
Dated: 31.10.2012

NOTES FOR MEMBERS' ATTENTION:

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS/HER BEHALF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE AT VILLAGE CHOHAL, DIST. HOSHIARPUR (PUNJAB), NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME OF THE MEETING.

- (b) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of special business to be transacted at the Annual General Meeting is annexed herewith.
- (c) Additional information, pursuant to Clause 49 of the Listing Agreement in relation to Directors recommended by the Board for appointment / re-appointment at the Annual General Meeting forms part of the Annual Report.
- (d) The Share Transfer Books and Register of Members of the Company shall remain closed from 23.11.2012 to 30.11.2012 (both days inclusive).
- (e) The Members holding equity shares in physical form are requested to inform the Registrar and Transfer Agents, M/s RCMC Registry Private Limited, B-106, Sector 2, Noida 201301, District Gautambudh Nagar (UP) change of address, if any, at the earliest, quoting their registered folio number. Change of address

in respect of shares held in dematerialized form is required to be informed to the concerned Depository Participant.

- (f) The Ministry of Corporate Affairs vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering / updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants. In respect of shares held in physical form, the members are requested to send their e-mail details, duly signed by all the joint holders to the company's office at 305, Rattan Jyoti Building, 18, Rajendra Place, New Delhi 110008.
- (g) All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 A.M. and 1.00 P.M. upto the date of the Annual General Meeting.

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

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item No. 4

Dr. Ajit Kumar Doshi was appointed as an Additional Director of the Company with effect from 21st October, 2012 by the Board of the Directors pursuant to the provisions of Article 130 of Articles of Association of the Company and Section 260 of the Companies Act, 1956. According to the said Article and provisions of Section 260 of the Companies Act, 1956, Dr. Ajit Kumar Doshi will hold office only upto the date of the forthcoming Annual General Meeting of the Company and is eligible for appointment of as Director.

The Company has received notices under Section 257 of the Companies Act, 1956 from certain members of the Company alongwith the requisite amount, proposing appointment of Dr. Ajit Kumar Doshi as Director of the Company liable to retire by rotation.

Except Dr. Ajit Kumar Doshi no other Director is concerned or interested in the resolution.

Item No.5

Shri Man Mohan Thapar being related to Shri Samir Thapar – Chairman & Managing Director of the Company and the remuneration being in excess of the amount as prescribed under Section 314 of the Companies Act, 1956, the said resolution is being recommended to the shareholders for their approval.

Except Shri Samir Thapar being related to Shri Man Mohan Thapar, no other Director is concerned or interested in the resolution.

The Directors consider the proposal to be in the interest of the Company and accordingly recommend the same.

Item No.6 & 7

The Company has been experiencing financial crunch due to global recession coupled with substantial increase in prices of various inputs and high fluctuations in foreign currency exchange rates which resulted in heavy losses to the Company; there was erosion in working capital of the Company which adversely affected the debt serviceability of the Company.



With a view to tide over the above difficulty arising out of the company had approached the banks for restructuring of its liabilities under CDR mechanism and a restructuring package was approved by CDR EG in September 2012. The salient features of the CDR package are:

- a) Reschedulement of term loans to start from 31st March 2012 and the last installment to be paid on 30th June 2021
- b) Funding of interest on term loans (FITL) for one year from 1st February 2012 to 31st January 2013 and repayable in monthly installment commencing from 28th February 2013 to 31st January 2014.
- c) Conversion of shortfall in Drawing Power on 31st January 2012 of Rs 36.09 crores to Working Capital Term Loan (WCTL) which is repayable in 17 installments commencing from 31st March 2012 to 31st March 2016.
- d) Additional working Capital of Rs 45.77 crores.
- e) Sacrifice of the lenders of Rs 16.22 crores will be settled as follows:
 - Rs 6.00 crores upfront in the ratio of their sacrifices.
 - Rs 10.22 crores by issuance of equity shares at Par in line with SEBI Guidelines.
- f) Promoters' contribution of Rs 16.00 crores will be infused in the following manner:
 - Rs 10.22 crores in the form of equity shares at Par in line with SEBI Guidelines
 - Rs 5.78 crores in the form of Subordinate Debt
- g) 26 Acres of land at Phagwara be sold at Rs 44.00 crores (net of tax) which will be paid to lenders Rs 20.00 crores in 2015 and Rs 24.00 crores in 2016.
- h) Promoters to pledge their entire share holding or 51% of the total equity of the company whichever is lower with the lenders.
- i) Promoters (Mr. M.M. Thapar & Mr. Samir Thapar) to give personal guarantees for the entire exposure of the banks.
- j) Implementation of the scheme to be completed within 120 days from the date of LOA i.e. 21st September 2012.

Except Shri Samir Thapar being the Promoter Director, none of the other Directors of the Company are interested or concerned in the Resolutions.

Item No.8

The financial facilities from the banks have to be secured by way of first & second charge on pari-passu basis on all the immovable and movable properties of the Company, both present & future. As per Section 293(1)(a) of the Companies Act, 1956, the Board of Directors of a public limited company shall not, without the consent of the shareholders in general meeting, sale/lease or otherwise dispose off the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking. Since the mortgaging by the Company of its immovable and moveable properties, may be regarded as disposal of the Company's properties/ undertaking, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956 for authorization & rectification for charge created / to be created on the properties of the Company.

None of the Directors of the Company are interested or concerned in the Resolution.

Item No.9

A resolution was passed at the Annual General Meeting of the Company held on 30th September, 1993 authorizing the Board of Directors to borrow upto a limit of Rs. 550 Crores over and above the aggregate of the paid-up capital of the company and its free reserves. The Company may be required to borrow in future even in excess of the said limits. The borrowing limit is, therefore, proposed to be increased upto Rs. 650 Crores over and above the aggregate of the paid-up capital of the Company and its free reserves. The resolution is recommended for your approval.

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

Item No.10

The company is in discussions with the FCCB holders to restructure the terms and conditions including repayment of FCCBs. The resolution is recommended to the members for their approval.

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

Item No.11

Section 23(1)(a)(i) of the Sick Industrial Companies (Special Provisions) Act, 1985 requires the company that in case accumulated losses of the company at the end of the financial year have resulted in erosion of fifty per cent or more of its peak net worth during the immediately preceding four financial years, the Company is to hold the meeting of the shareholders of the company and accordingly report the fact of such erosion to the Board for Industrial and Financial Reconstruction (BIFR).

The shareholders are required to pass the Ordinary Resolution to this effect for taking cognizance of such erosion. After the said resolution is passed, the intimation as per the format prescribed would be further submitted with the BIFR.

The Board of Directors are already seized of the situation arising on account of erosion of net worth and taking requisite steps including discussions with the lenders and a package of financial restructuring under the CDR mechanism has already been approved in September, 2012 which is under implementation. The excerpts of the report in respect of the reasons of erosion of net worth being sent to BIFR are briefly explained here under.

Marketing Difficulties:

- The expansion and modernization project of the company's manufacturing facilities were undertaken in 2006-08 which could not be fully utilized as the completion of the expansion coincided with global meltdown & recessionary market conditions.
- Demand for direct export and from garment manufacturers remained subdued during the period due to downward trend in the domestic as well as international markets.
- High Cotton Prices, during the last procurement season of cotton the prices went as high as Rs 62500 per candy from Rs 35000 per candy due to pre-mature announcement of cotton exports and other factors. The prices suddenly crashed to a level of Rs 32000 per candy. The fluctuation of cotton prices



lead to high cost cotton getting stuck with the mills and losses on account of devaluation hit the company. It has affected the entire industry. Against the huge increase in the prices of cotton, the selling prices only increased marginally in this period, thus leading to strain on the overall margins.

- The continuous upward trend in prices of Caprolactum has been a major concern for the company. The Caprolactum prices increased from average of Rs 104.49 kg in FY 2010 to Rs 139.67 kg in FY 2011 an increase of 34% and against it the average realisation increased only by 23% from Rs 217.29 kg to Rs 268.09 kg. The capacity of the market to absorb the increase in selling prices is limited as weavers start moving to other yarns.
- The company is having 19.5 MW in house rice-husk based power plants. The rates of rice husk have been abnormally high this year.
- The company incurred operational cash losses during the financial year 2008-09 to 2011-12 but continued to service interest and repayment of debt to the lenders which ultimately resulted in substantial erosion of working capital and lower capacity utilization.

Financial problems

In light of the scenario, as explained above, owing to marketing difficulties, the profitability of the Textile operations took a sharp dip during the said period. Cotton prices went up by almost 40%. The Government of India on realizing the liquidity crunch being faced by Textile Sector gave two years moratorium on the loans taken by companies under TUF scheme. However, the interest on these loans had to be serviced. Consequently in this situation the earnings which had gone negative on account of low capacity utilization, high raw material cost and falling fabric prices, the company ended up paying interest to the Banks out of working capital. This situation led to the erosion of working capital.

Now that the fabric demand has again picked up, most Textile Companies of the country are running their Plants at full capacity. In spite of the order-book being comfortable, full capacity utilization continues to be elusive on account of working capital constraints.

Government policies

In the year 2010-11 the policy of Government of India for allowing and banning of export of cotton which had resulted textile industry incurred huge losses.

Steps initiated by the company:

- The company has since expanded its customer base and has gone deeper with the existing customers to fully secure its production capacities. The company in these years, focused, especially on work-wear and sportswear segments.
- The company has been very guarded in covering cotton in the current season. We are now not only keeping track of cotton future in India but also in New York Exchange.
- The company has taken several power saving initiatives, which will cover a part of husk price hike.
- The company had submitted restructuring proposal to the lenders under CDR mechanism which has been approved by the CDR Cell envisaging primarily fresh Capital Input. The restructuring package also envisages, reduction in rate of interest, rescheduling of repayment of term loans, need based additional working capital. The implementation of the scheme is under process.

None of the Directors of the Company is, in any way, concerned or interested in these Resolutions.

Brief profile of the Directors to be appointed/ re-appointed at the Annual General Meeting

Shri Apar Singh Dugal

Shri Dugal has been a Director of the Company since 29th November, 1996. He retired from a senior position in GIC of India and has vast knowledge and experience in Insurance & Industrial Labour Relations. He is also the member of Audit, Shareholders & Remuneration Committee of Directors.

Dr. Ajit Kumar Doshi

Dr Doshi has done Ph.D in Law (Amalgamation & Merger), Chartered Accountant and LL.B & LL.M with consistent good academic record. He retired as Member (Technical) of Company Law Board and actively involved in education as Professor of Law with Hidayatullah National Law University, Jodhpur, Army Institute of Management & Technology, Examiner on the subject "Corporate Laws & Practice" with ICAI and also as Examiner on the subject "Corporate Restructuring Law & Practice" with ICSI. He is also a visiting professor of Calcutta Business School, managed by top industrialist of the Country and Indian Institute of Corporate Affairs of the Ministry of Corporate Affairs. He is on the Board of Evinix Industries Limited and Innovative Consulting Services Private Limited.



DIRECTORS' REPORT

To the Members of JCT Limited

The Directors of your Company present the 63rd Annual Report on the affairs of the Company together with audited statement of account of the Company for the year ended on 31st March, 2012.

The highlights of financial Results for the year are given below:

	(Rs. in Lakhs)	
	2011-12	2010-11
Gross Income from operations	82,940	76,845
Other Income	728	501
Profit before Interest, Depreciation, tax and Exceptional Items	2,223	3,006
Interest and financing charges	4,116	4,702
Depreciation and amortization Expense	4,695	4,056
Exceptional Items		
- Profit on Sale of building	-	11762
- Loss on Sale of Shares of a Subsidiary Company	61	-
- Profit/(Loss) from Discontinuing Operations	(143)	7
Provision for Tax		
- Current Year	-	419
- Earlier Year	14	(6)
Net Profit/(Loss)	(6,805)	5,604

Dividend

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

Operations

Textile Units

The expansion and modernization project of the company's manufacturing facilities which were undertaken in 2006-08 could not be fully utilized as the completion of the expansion coincided with global meltdown & recessionary market conditions. Demand for direct export and from garment manufacturers remained subdued during the period due to downward trend in the domestic as well as international markets.

High Cotton Prices, during the last procurement season of cotton the prices which went as high as Rs 62500 per candy from Rs 35000 per candy due to pre-mature announcement of cotton exports and other factors. The prices suddenly crashed to a level of Rs 32000 per candy. The fluctuation of cotton prices led to high cost cotton getting stuck with the mills and losses on account of rupee devaluation hit by the company. It affected even the entire industry. Against the huge increase in the prices of cotton, and other inputs the selling prices increased marginally during this period, thus leading to strain on the overall margins.

- The company is having 19.5 MW in house rice-husk based power plants. The rates of rice husk have been abnormally high this year.
- The company incurred operational cash losses during the financial year 2008-09 to 2011-12 and continued to service

interest and repayment of debts to the lenders despite losses which resulted in further erosion of working capital and lower capacity utilization.

In Sriganganagar unit, the operations were discontinued in earlier years. The sale of Land is pending due to mutation and is under disposal. The company is taking steps to get the mutation formalities completed.

Financial problems:

In light of the scenario, as explained above, owing to marketing difficulties, the profitability of the Textile operations took a sharp dip during the said period. Cotton prices went up by almost 40%. The Government of India on realizing the liquidity crunch being faced by Textile Sector had given two years moratorium on the loans taken by companies under TUF scheme. However, the interest on these loans had to be serviced. Consequently in this situation the earnings which had gone negative on account of low capacity utilization, the company ended up paying interest to the Banks out of working capital. This situation led to the erosion of working capital.

Now that the fabric demand has again picked up, most Textile Companies of the country are running their Plants at full capacity. In spite of the order-book being comfortable, full capacity utilization your Company continues to be elusive on account of working capital constraints.

Government policies:

In the year 2010-11 the policy of Government of India for allowing and thereafter banning export of cotton resulted textile industry incurring huge losses. Steps initiated by the company:

- The company has since expanded its customer base and has gone deeper with the existing customers to fully secure its production capacities. The company in these years, focused, especially on work-wear and sportswear segments.
- The company has been very guarded in covering cotton in the current season. We are now not only keeping track of cotton future in India but also in New York Exchange.
- The company has taken several power saving initiatives, which will cover a part of husk price hike.

Filament Unit

JCT continues to maintain its position as one of the largest Textile Grade Nylon yarn manufacturer in India with installed capacity of 14,000 TPA. During the year the company sold -11211 MT of filament yarn & 696 MT of nylon chips as compared to 11,496 MT of filament yarn and 741 MT of nylon chips during the previous year.

The continuous upward trend in prices of Caprolactum has been a major concern for the company. The Caprolactum prices increased from average of Rs 104.49 kg in FY 2010 to Rs 139.67 kg in FY 2011 an increase of 34% against it the average realisation increase of only 23% from Rs 217.29 kg to Rs 268.09 kg. The capacity of the market to absorb prices is limited as weavers start moving to other type of yarns.

The company has made a major shift in the product mix where the dependability on yarn sold in Surat market has been shifted to yarn being sold in Amritsar and Mau markets. The change is very significant as LOY base 20 Mono Yarn is less prone to market fluctuation and has a much higher margin.

**Finance**

During the year, the company redeemed Zero Rate Debentures (ZRDs) of Rs. 26.23 lakhs, Optionally Partially Convertible Preference Shares (OPCPS) of Rs. 22.49 lakhs and repaid term loan installments of Rs.2471.23 lakhs as per stipulated terms. In certain cases of loans, debentures and Optionally Partially Convertible Preference Shares (OPCPS) which became due for repayment/ redemption during the year, there were delays in servicing the debt obligations due to liquidity constraints.

Corporate Debt Restructuring

The company had filed its proposal for restructuring its debt through CDR Mechanism in January 2012, which was admitted by the Corporate Debt Restructuring Empowered Group (CDR EG) on 24th February 2012. Further, the company received a Letter of Approval bearing Number BY.CDR/(PMJ) No 685/2012-13 dated 21st September 2012 from the CDR EG approving the Restructuring Package which, inter-alia includes Protection to Lenders for loss on NPV basis, Reduction in Rate of Interest, Reschedulement of Repayment of Term Loans, Carving out Working Capital Term Loan from Working Capital Limits, Sanction of Need Based Additional Working Capital, Issuance of equity shares to lenders for part of their sacrifices on NPV basis and provision of fresh funding by the promoters. The implementation of the scheme is under progress.

Foreign Currency Convertible Bonds (FCCBs)

The Company could not redeem the Foreign Currency Convertible Bonds (FCCBs) on due date 08.04.2011 for paucity of cash funds. The Company is taking steps to restructure/ extend the maturity of the FCCBs. The Company is in discussions with the majority of Bondholders to restructure and their response is positive. For restructuring of FCCBs, shareholders' approval is also being sought at the forthcoming Annual General Meeting. In the meantime, the Bank of New York Mellon, the Trustee of such FCCB holders has filed a winding up petition against the Company before the Hon'ble High Court of Punjab & Haryana, Chandigarh, which is pending hearing/disposal. In the light of on going talks with some of the major Bondholders and the merit of the petition, the company does not anticipate any adverse outcome.

Net Worth Erosion

The accumulated losses of the company at the end of financial year 31st March, 2012 have resulted in erosion of more than fifty percent of its peak net worth during the immediately preceding four financial years. While the company is taking necessary steps to protect further erosion, the Company will report to the Board for Industrial and Financial Reconstruction about such erosion of net worth as envisaged under Section 23 of the Sick Industrial Companies (Special Provision) Act, 1985 forthwith upon finalization of the duly audited accounts of the Company for the financial year ended 31st March, 2012. Shareholders are also requested to take note of this erosion and consider the same at the Annual General Meeting of the members being convened on 30th November, 2012.

Fixed Deposits (FDs)

Deposits remaining unclaimed at maturity amounted to Rs. 8.08 lakhs as on 31st March, 2012. Of the above, deposits of Rs. 5.18

lakhs have been repaid subsequently. Repayments and servicing of interest on fixed deposits remained prompt and regular.

In view of substantial erosion in net worth, the company has stopped accepting fresh and renewals of deposits.

SUBSIDIARY COMPANY

The Company has sold its shareholding in the only subsidiary company and incurred a loss of Rs 60.70 lakhs.

Statutory Disclosures

Pursuant to the approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, copy of balance sheet, profit & loss account, cash flow statement, reports of the board of directors are annexed hereto and form an integral part of this report.

The particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in a separate Annexure to this Report. The Annexure is not being sent along with this Report to the Members of the Company in line with the provisions of Section 219(1)(b)(iv) of the said Act. These documents will be made available on request by any member of the Company.

The statement containing the information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 are annexed hereto and forms an integral part of the report.

Pursuant to Clause 49 of the Listing Agreement, report on Corporate Governance and Management Discussions and Analysis is annexed hereto and forms an integral part of this report.

Directors' Responsibility Statement

As required under Section 217 (2AA) of the Companies Act, 1956 this is to confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- ii) such accounting policies have been selected and applied consistently and judgments/estimates made 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 of the Company for that period;
- iii) proper and sufficient care have been taken with best of knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

Auditors

M/s S.P. Chopra & Company, Chartered Accountants, Auditors of the Company, retire and being eligible offer for re-appointment. The Audit Committee and the Board of Directors recommend the re-appointment of M/s S.P. Chopra & Company as the Auditors of the Company.

**Auditors' Report**

The report by the Auditors is self-explanatory. However, in respect of certain observations made by the Auditors in the Annexure to their main Report to the Members of the Company, directors have to submit that (a) delay in deposit of statutory dues in few cases were for very short period due to non-availability of funds timely; (b) delay and default in repayment of term loan installments during the year were due to paucity of funds and the Company had also approached banks for restructuring of debt under CDR mechanism, the proposal of the company has been approved by the CDR Cell vide LOA dated 21st September, 2012 which is under implementation; (c) the company made a security deposit of Rs.11.50 Cr to an associate company due to non-fulfilment of a specific obligation stipulated in an agreement in 2008, the said security deposit has since been received back subsequently in 2012-13; and (d) the redemption of FCCBs was due on 8th April, 2011 for US\$ 25.42 million alongwith redemption premium of US\$ 5.08 million, the company could not make payment due to paucity of funds and approached bond holders for restructuring, the majority of bond holders have agreed and company is in discussion with the remaining bond holders. In the meantime, the trustees of the bondholders have filed winding up petition before Hon'ble High Court of Punjab & Haryana at Chandigarh, which is pending hearing / disposal. In the light of ongoing talks with the bondholders and the merit of the petition, the company does not anticipate any adverse outcome of the said litigation.

Cost Auditors

Pursuant to provisions of Section 233-B of the Companies Act, 1956, your Directors have appointed Mr. P.K. Verma AICWA, ACMM, as the Cost Auditors to conduct the Cost Audit of Textile Units at Phagwara and Sriganganagar and Filament Unit at

Hoshiarpur, for the year ending on 31st March, 2012 and the requisite approval of Central Government have been received.

Directors

In accordance with the provisions of the Companies act, 1956 and Articles of Association of the Company, Mr Apar Singh Dugal, retire by rotation and being eligible offer himself for re-election.

Dr Ajit Kumar Doshi has joined the Board as Additional Director w.e.f 26th October, 2012 and holds office as Additional Director upto the date of the forthcoming Annual General Meeting of the Company. The Company has received notices from the members of the Company under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.

Mr Mahesh Sahai and Dr Satya Pal Narang have resigned from the Board of the Company on 26.09.2011 and 13.10.2012 respectively. Your Directors wish to place on record appreciation for Mr Sahai and Dr Narang in respect of their gratitude and appreciation for assistance and guidance during their tenure as Directors of the Company.

Acknowledgement

Your Directors wish to place on record their appreciation for the team spirit, dedication, and commitment shown by the work force of the Company during this year. Their unstinted support has been and continues to be integral to your Company's operations.

Your Directors acknowledges the valuable support of banks, customers, suppliers, business associates, shareholders for their continued co-operation and look forward to their continued support.

New Delhi
Date: 31st October, 2012

For and on behalf of the Board
(SAMIRTHAPAR)
Chairman & Managing Director



ANNEXURE TO DIRECTORS' REPORT

Information under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31.03.2012

(A) CONSERVATION OF ENERGY

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

Textile Division

Continuous improvement plans for saving of Power Energy and reduction of Electrical energy consumption, Steam Conservation and Saving of Water Resources. The company runs Humidification Plants, Turbine Blowers, Lights and exhaust fans, etc. (auxiliaries) as per the requirement of production and the quality as well. Reduction of compressed air consumption under Continual Improvement Plan resulted good amount of power saving. There has been Water saving through various projects i.e. run time control of tube wells, recovery of water, and pressure control of main water grid. Stopping of Steam Siren in mills to save the steam consumption. Adjustment of speed of TFO (Star focus), Auto Coro machine with reference to UKG saving of 10 to 25%. Adjusting balloon lift to reduce power consumption of 3.25 % in TFO m/cs. Reduction of Angles and Pulleys of Various H. Plants as per Department conditions requirements for Reduction electrical units' consumption. Increasing the parking time of Zinsar Travelling Blower to 3 min at 40 Count on one machine (3.6 hrs per day). Modification in the circuit of Warping Machine No-4 to control the dust fan with machine starting. Maintaining Optimum power factor at purchased power supply. Stopping of one Power Transformer 66-33/11 KV with reference to load conditions for Energy Conservation. Removal of 5 Nos. micro dust collectors from G5/1 Ring Frames to save electrical units. Stopping the idle running of Blow Room -6 Beater to save electrical units while running of motors. Sulzer B Section decreasing the height of Tube light fittings by which 100 tube fittings removed. Use of CFL 11 Watts in mills and replacement of M. V. lamps 250 watt with CFL 85 watt at street lights (28 nos) with reference to required Lux level. Procurement of Star leveled equipments i.e. Air Conditioners & Ceiling fans. Replacement of Desert cooler Tullu Pump with energy efficient submersible type pumps 35nos. Individual switching for 200 tube fittings in sizing-7,8,5, warping-7,1,2,3 and different departments.

Filament Division

Replacement of common godet motors with individual energy efficiency motors & Inverters in DT machines. Replacement of AC motors and drives with energy efficient motors and inverters in spinning. Purchase of electricity at cheaper cost through open access. Air consumption reduced in plant by minimizing the operating pressure compressor and plugging air leakage in plant. Lighting load of plant is reduced by using CFL & T5 tube. Chilling load of plant is reduced by 250 KW/hr by replacing old centrifugal chillers with new energy efficient chiller. Centrifugal fan of D.tex II AHU is replaced with axial fan. Pack pre heaters of Poly I and Poly II discontinued thus saving energy. 38 Nos. FRP Blades of Cooling Tower provided in place of Aluminium Blades.

(b) Impact of Measures:

The above measures have resulted / will result in reduction in energy consumption, increase in productivity and reduction in energy cost.

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

As per Form 'A' Attached.

(B) PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT

(FORM 'B')

1. Specific areas in which R&D carried out by the company:

Textile Division

Reduction of coating stains in PU coated fabrics by recipe modification. Reduction of long length defect in fabric due to foreign ends in double yarn piece dyed with yarn of PVxPV & PCxPC yarn. New Development of recycled poly with Cot Blend of 52/48 pc yarn of 15 pc. New Product developed. Minimizing multiple warps breaks on warping machine due to wild yarn/ bunches. In PC blended yarn, reduction in yarn imperfections by running the Draw Frame blending mixing in place of blow room blending mixing in 40 PC 35/65.

Filament Division

Spinning hardware modified for mono filament to improve quality & productivity. Successfully launched two new micro denier 30/36 FD TL & 39/36 BRTL & 40/28 BRTPOLY for Air Texturing. Efficiency of waste recovery significantly improved to recycle maximum waste & reduce production cost. Successfully re-launched 39 & 40/10 SD FDY in Amritsar market by adopting modified process parameter. Modified work practices adopted in production as well as utility for energy saving. Automatic material transportation system installed to improve material handling in plant.

2. Benefits Derived:

Textile Division

Fabric quality improved and recovery of coated fabric also got improved. Increased fresh recovery percentage of graded fabric. Party Order and sample approval by buyer under negotiation with marketing department. Increase in efficiency of warping machines and loom efficiency percentage. Improvement in fabric quality and appearance of fabric in finish product.

Filament Division

Provide products and services to our customer not only meeting but exceeding their requirements. Initiative to reduce cost of production by reduction in wastage, optimum utilization of resources and manpower to increase productivity & sales realisation. Increase presence in international market in hank and dope dyed segment.

3. 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.