



BOARD OF DIRECTORS Mr. Samir Thapar Ms Priya Thapar Mr. Gordhan Bhojraj Kathuria Dr. Ajit Kumar Doshi Mr. Chander Mohan Bhanot Mr. Parthadeb Datta Chairman & Managing Director Director (HR) Allahabad Bank Nominee	
Executive Director Mr Rohit Seru	
Chief Financial Officer Mr. M.P.S Narang Company Secretary Ms. Nidhi Goel Auditors S.P.Chopra &Co. <i>Chartered Accountants</i> F-31, Connaught Place New Delhi - 110 001 <i>Registered Office</i> Viilage Chohal Distt. Hoshiarpur (Punjab)-146 024 Units Textiles : Phagwara (Punjab) Filament : Hoshiarpur (Punjab) Corporate Office 305-309, 3rd Floor, Rattan Jyoti Building 18, Rajendra Place ,New Delhi-110 008 Website : www.jct.co.in E-mail : 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 CONTENTS Notice 2 Directors' Report 10 Management Discussion & Analysis 15 Corporate Governance 17 Auditors' Report 25 Balance Sheet 28 Profit & Loss Account 29 Cash Flow Statement 30 Notes to Financial Statements 32



NOTICE

THE 64th ANNUAL GENERAL MEETING OF JCT LIMITED will be held at the Registered Office at Village Chohal, Dist. Hoshiarpur (Punjab) 146 001 on Monday, the 30th day of December, 2013 at 10.30 A.M. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited Accounts of the Company for the 18th months period ended on 30th September, 2013 and the Reports of the Directors and Auditors thereon.
2. To re-elect Mr Gordhan Bhojraj Kathuria as Director retiring by rotation and pass the following resolution.
"RESOLVED that Mr Gordhan Bhojraj Kathuria 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 an **Ordinary Resolution**:
"RESOLVED that Mr. Chander Mohan Bhanot be and is hereby appointed a Director of the Company."
5. To consider and if thought fit, to pass the following resolution with or without modification(s) as an **Ordinary Resolution**:
"RESOLVED that Ms Priya Thapar be and is hereby appointed a Director of the Company."
6. To consider and if thought fit, to pass the following resolution with or without modification(s) as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 of the Companies Act, 1956 read with applicable provisions of Companies Act, 2013 for the time being in force and Schedule XIII of the said Act (including any statutory modification(s) or re-enactment thereof), and subject to such approvals as may be necessary, consent of the Members of the Company be and are hereby accorded, to the appointment of Ms. Priya Thapar as Whole Time Director of the Company designated as Director (HR), for a period of 5 years commencing from 1.12.2013 to 30.11.2018 and the remuneration payable to Ms. Priya Thapar for the said period, in pursuance of this resolution, on the terms and conditions as are set out in the Explanatory Statement to this resolution, which be and is hereby specifically approved and sanctioned with liberty to the Board of Directors (hereinafter referred to as "Board" which terms shall be deemed to include the remuneration committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration, subject to the same not exceeding the limits specified in Schedule XIII of the said Act, in such form and manner or with such modifications as the Board may deem fit and agreed to by Ms. Priya Thapar."
"RESOLVED FURTHER THAT Board of Directors and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things and furnish such information/ clarification/ declaration, certificate and other papers as may be required to make the resolution effective."
7. 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 Sections 198, 269, 309, 310 and 311 of the Companies Act, 1956 read with applicable provisions of Companies Act, 2013 for the time being in force and Schedule XIII of the said Act (including any statutory modification(s) or re-enactment thereof), and subject to such approvals as may be necessary, consent of the Members of the Company be and is hereby accorded to the re-appointment of Mr. Samir Thapar as Chairman & Managing Director of the Company, for a further period of 3 years commencing from 1.10.2013 to 30.09.2016 and the remuneration payable to Mr. Samir Thapar for the said period, in pursuance of this resolution, on the terms and conditions as are set out in the Explanatory Statement to this resolution and also contained in the draft agreement to be entered into between the Company and Mr. Samir Thapar, submitted to this meeting, which agreement be and is hereby specifically approved and sanctioned with liberty to the Board of Directors (hereinafter referred to as "Board" which terms shall be deemed to include the remuneration committee constituted by the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration and / or agreement, subject to the same not exceeding the limits specified in Schedule XIII of the said Act, in such form and manner or with such modifications as the Board may deem fit and agreed to by Mr. Samir Thapar."
"RESOLVED FURTHER THAT Board of Directors and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things and furnish such information/ clarification/ declaration, certificate and other papers as may be required to make the resolution effective."
8. To consider and if thought fit to pass, with or without modification, the following resolution as a **Special Resolution**:
"RESOLVED THAT pursuant to section 81(1A) of the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956 and/or Companies Act, 2013, as the case may be, for the time being in force (the "Companies Act"), and in accordance with the Securities and Exchange Board of India Act, 1992 read with Securities and Exchange Board of



India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (the "**SEBI ICDR Regulations**"), the Foreign Exchange Management Act, 1999 read with the rules and regulations framed there under including, the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident Outside India) Regulations, 2000, the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 (collectively the "**FEMA**"), and other laws as may be applicable, including any amendment, modification, variation or re-enactment of the foregoing, and the provisions of any rules/regulations/guidelines issued/framed by the Central Government, Reserve Bank of India, Securities and Exchange Board of India, the stock exchange where the shares of the Company are listed, and any other appropriate authorities (hereinafter collectively referred to as the "Appropriate Authorities"), enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange(s) where the shares of the Company are listed and subject to the Company obtaining all approvals from the Appropriate Authorities; and subject to such conditions and modifications, as may be prescribed by any one of them while granting any such approval, consent, permission, and / or sanction, the consent, authority and approval of members, be and is hereby accorded to create, offer, issue, and allot on a preferential allotment basis, at such time and on such terms and conditions set out in these resolutions, and as may be decided by the Board in this connection in accordance with the SEBI ICDR Regulations or other applicable law as maybe prevailing at the time of allotment of the Issue Shares (as defined hereinafter):

- 44,195,092 equity shares of face value of Rs. 2.50 each (collectively the " Musk Issue Shares") pursuant to the restructuring and conversion of 493 FCCBs of face value of USD 10,000 each, to Musk.

"RESOLVED FURTHER THAT the issue and allotment of Musk Issue Shares on a preferential allotment basis shall be, inter alia, on the following terms and conditions:

- a) the Shares shall be allotted at a price not less than the price determined in accordance with FEMA and the SEBI ICDR Regulations;
- b) the relevant date ("Relevant Date") for the preferential issue of the Musk Issue Shares, as per the SEBI ICDR Regulations, for the determination of applicable price for the issue of the Issue Shares shall be 30th November, 2013, which is a date that is 30 (thirty) days prior to the date on which this meeting of the shareholders is being held to consider and pass a resolution under Section 81 (1A) of the Act for the preferential issue of the Issue Shares;
- c) the Musk Issue Shares so offered and allotted to Musk respectively shall be in dematerialized form and shall, subject to receipt of necessary approvals, be listed and traded on Bombay Stock Exchange Limited, and shall be subject to the provisions of the applicable law, including FEMA, SEBI ICDR Regulations, the Listing Agreement and the Memorandum and Articles of Association of the Company;
- d) in pursuance of the preferential allotment, as aforesaid, to Musk Issue Shares shall remain locked in from such date and for such periods as specified under the SEBI ICDR Regulations; and
- e) the Shares shall rank pari passu in all respects including dividend entitlement with the existing equity shares of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized, in its entire discretion, to do all such acts, matters, deeds and things and to take all such steps and to do all such things and give all such directions as the Board may consider necessary, expedient or desirable and/or required in terms of applicable law, including without limitation, effecting any modification to the foregoing (including any modifications to the terms of the issue), to prescribe the forms of application, allotment, to enter into any agreements or other instruments, and to take such actions or give such directions as may be necessary or desirable and/or required in terms of applicable law and to file applications and obtain any approvals, permissions, sanctions which may be necessary or desirable and to settle any issues that may arise in regard thereto and to appoint such consultants, valuers, legal advisors, other advisors and all such agencies as may be required for the issue and allotment of the Musk Issue Shares, without being required to seek any further clarification, consent or approval of the Board and that the Board shall be deemed to have given its approval thereto expressly by the authority of this resolution."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by the above resolutions to any director or directors or to any committee of directors or any other officer or officers of the Company to give effect to the aforesaid resolution."

"RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed in all respects."

By Order of the Board
For JCT Limited

Place : New Delhi
Dated : 29.11.2013

Nidhi Goel
Company Secretary



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 102 of the Companies Act, 2013 read with 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 23.12.2013 to 30.12.2013 (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 Gautam Budh 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 10.00 A.M. to 12 Noon upto the date of the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 READ WITH 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

Mr. Chander Mohan Bhanot was co-opted as an Additional Director of the Company with effect from 24.01.2013 by Board of Directors pursuant to the provisions of Article 130 of Articles of Association of the Company and Section 161 of the Companies Act, 2013. According to the said Article and provisions of the said Act. Mr. C M Bhanot will hold office only upto the date of the forthcoming Annual General Meeting of the Company and is eligible for appointment of as Director.

Mr. C M Bhanot is a Law Graduate. He retired as General Manager from Bank of India. He has vast experience of 41 years in Banking Operations, Legal, Forex, Credit Monitoring and HR etc. He is a Member of Audit, Remuneration and Shareholders Committees constituted by the Board of Directors of the Company. He is not a Director in any other Company. He is not holding any shares in the JCT Limited.

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 Mr C M Bhanot as Director of the Company liable to retire by rotation.

Your Directors recommend the appointment of Mr Bhanot as Director of the Company. Except Mr Bhanot no other Director is concerned or interested in the Resolution.

Item No.5

Ms Priya Thapar was co-opted as an Additional Director of the Company with effect from 26.11.2013 by Board of Directors pursuant to the provisions of Article 130 of Articles of Association of the Company and Section 161 of the Companies Act, 2013. According to the said Article and provisions of the said Act. Ms. Thapar will hold office only upto the date of the forthcoming Annual General Meeting of the Company and is eligible for appointment as Director.

The Board of Directors of the Company co-opted Ms. Priya Thapar as an Additional Director w.e.f. 26.11.2013 and in terms of Section 161 of the Companies Act, 2013 she holds office as Director upto the date of this Annual General Meeting, but is eligible for re-appointment.

Ms Priya Thapar has done 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. She has vast experience in Human Resources, Marketing, Administration and Finance. She was associated with Organic World India in introducing the first ever concept of Organic Lifestyle Brand in India, a one stop shop for a complete eco-friendly holistic way of living which includes garments, food products, home furnishings, health products in India and overseas. She is not a Director in any other Company. She is holding 2,60,000 shares in JCT Limited.



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 Ms Priya Thapar as Director of the Company.

Your Directors recommend the appointment of Ms Priya Thapar as Director of the Company. Except Ms Thapar & Mr Samir Thapar, no other Director is concerned or interested in the Resolution.

Item No. 6

The Remuneration Committee at their meeting held on 29.11.2013 appointed Ms Priya Thapar as Whole-time Director and designated as Director (HR) w.e.f 1.12.2013 for period of five years on the following terms and conditions with regard to salary and perquisites.

- (a) Salary : Rs.1,50,000/- per month
Special Allowance : Rs.45,000/- per month
Perquisites : Rs.5000/- per month
- (b) Reimbursement of Expenses:
Expenses incurred for traveling, boarding / lodging for self, entertainment or business promotion expenses etc. and telephone expenses at residence shall be paid/reimbursed and not considered as perquisites.
- (c) General:
 - (i) The terms and conditions set out for appointment and payment of remuneration herein may be altered and varied by the Remuneration Committee and/or Board as it may, from time to time deem fit subject to the applicable approvals and provisions under the Companies Act, 2013.
 - (ii) She shall not be liable to retirement by rotation.

The draft of the Agreement between the Company and Ms Priya Thapar is open for inspection at the Registered Office of the Company during office hours on all working day except Saturday, between 10 A.M to 12 Noon.

The above may also be treated as an Abstract under Section 302 of the Companies Act, 1956.

Ms Thapar may be deemed to be concerned or interested in the resolution as recipient of the remuneration. Except Mr Samir Thapar being relative, none of the other directors are concerned or interested in this Resolution.

Item No. 7

Mr. Samir Thapar has been Managing Director of the Company since 2.6.1994. His existing term of office as Managing Director of the Company had expired on 30th September, 2013.

The present proposal is to seek the members approval for the reappointment and remuneration payable to Mr. Samir Thapar as Chairman and Managing Director in terms of the applicable provisions of the Companies Act, 1956 read with applicable provisions of Companies Act, 2013 for the time being in force and Schedule XIII of the said Act (including any statutory modification(s) or re-enactment thereof). On the approval and recommendations of the Remuneration Committee of the Board of Directors held on 14.08.2013 and further taken on record by Board of Directors in their Board Meeting held on the same day have approved the re-appointment on following terms and conditions with regard to salary and perquisites payable to Mr. Samir Thapar:

- (a) Salary : Rs.3,25,000/- per month
- (b) Perquisites : The perquisites shall include accommodation (furnished or otherwise), house maintenance allowance together with reimbursement of expenses and / or allowances for utilization of gas, electricity, water, furnishing and repairs, medical reimbursement, leave travel concession for self and family perquisites in cash equivalent to Rs.9,00,000/- per annum including dependents, club fees, medical insurance, use of Company's car with Driver and such other perquisites and/ or allowances. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of the Income tax Act, 1961 or any rules there under or any statutory modification(s) or re-enactment thereof .In the absence of any such Rules perquisites and allowances shall be evaluated at actual cost. The incumbents shall have the option to be paid the entire perquisites in cash equivalent to 75% of his basic salary.
However, the Company's contribution to Provident Fund and, Superannuation or Annuity Fund (to the extent of Rs. 1,00,000/- per annum), are not taxable under the Income-tax law, and gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company and to the extent not taxable under the Income-tax law, shall not be included for the purpose of computation of the overall ceiling of remuneration.
- (c) Reimbursement of Expenses:
Expenses incurred for traveling, boarding / lodging for self, entertainment or business promotion expenses etc. and telephone expenses at residence shall be paid/reimbursed and not considered as perquisites.
- (d) General:
 - (i) The terms and conditions set out for re-appointment and payment of remuneration herein may be altered and varied by the Remuneration Committee and/or Board as it may, from time to time deem fit.
 - (ii) He shall not be liable to retirement by rotation.

Mr. Samir Thapar satisfy all conditions as set out in Part I of Schedule XIII of the Companies Act, 1956 and applicable provisions of Companies Act, 2013 for being eligible for reappointment.



The above may be treated as an abstract of the terms or reappointment of Mr Samir Thapar under section 302 of Companies Act, 1956.

A brief resume of Mr. Samir Thapar, nature of their expertise in specific functional areas, name of companies in which they hold directorship and membership/chairmanship of Board Committees and relationships between directors inter se, as stipulated under clause 49 of Listing agreement with the Stock Exchange are provided in the Report on Corporate Governance forming part of Annual Report.

The information as per proviso of Clause(iv) of 1(B) of Section II of Part II of Schedule XIII of the Companies Act, 1956 is given hereunder:

I. General Information

1.	Nature of Industry	Manufacturing of Cotton Textiles, Synthetics Fabrics and Nylon Filament Yarn		
2.	Date or Expected date of Commencement of Commercial Production	19.12.1946		
3.	In case of New Companies, expected date of commencement of activities as per produced approved by financial institutions appearing in the prospectus	N.A.		
4.	Financial performance based on given indicators	(Rs. in lacs)		
		2011-12	2010-11	2009-10
	Gross Income from operations	82940	76845	59249
	Other Income	728	501	1285
	Interest & Financing Charges (Net)	4116	4702	4689
	Profit/(Loss) before Depreciation	(1893)	(1696)	(1802)
	Depreciation	4695	4056	3927
	Net Profit/(Loss) before Tax	(6805)	5604	(6090)
5.	Export Performance and net foreign exchange collaborations			
	Earning in Foreign Currency	8975	7503	5482
	Expenditure in Foreign Currency	2838	2838	2600
6.	Foreign Investment or Collaborators, if any	Company had raised FCCBs of US\$ 30 Million on 07.04.2006 for certain capital investment to modernize and expanding the manufacturing facilities mainly at Textile Unit at Phagwara. These FCCBs were due for redemption in year 2011 but due to paucity of funds there were not redeemed.		

II. Information about the Appointee

1	Background details	Graduated Business Administration-California State University-Bakersfield, USA with a total experience of 24 Years
2	Past Remuneration (Per Annum)	Salary- Rs. 45,00,000/- Perquisites & Reimbursements: Rs.12,60,000/- Contribution to Provident Fund: Rs.11,25,000/-
3	Recognition or Awards	None
4	Job Profile and his Suitability	He is Chairman & Managing Director of the Company and entrusted with substantial powers of management and responsible for all business decisions and answerable to the Board of Directors.
5	Remuneration proposed (per annum)	Rs. 48,00,000/- (Rupees Forty-eight lakhs)
6	Comparative remuneration profile with respect of industry, size of the company, profile of the positions and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The corresponding cost to the Company (CTC) of persons handling similar portfolio in the Textile Industry are in the salary band from Rs.20 to Rs.25 lacs per month.
7	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Promoter Director



III. Other Information

(1)	Reasons of loss or inadequate profits:	<p>JCT undertook a major capital expenditure plan during 2006-08 aggregating to Rs 300 crores. It involved replacement of old set up of machines in the spinning and weaving sections with new set up of spinning lines and Airjet looms at textile unit at Phagwara, The processing and dyeing, captive power capacities were also enhanced. A new facility with capacities to produce high quality synthetic fabrics was also set up at Phagwara. A new Effluent Treatment Plant (ETP) was also been set up.</p> <p>Due to recessionary market conditions more particularly in US and European markets, demand for export quality fabrics reduced drastically. This resulted in under utilization of capacities in the textile mills. Increase in capacities worsened the plight of textile mills as simultaneously the interest and depreciation burden had increased substantially.</p> <p>On slight recovery in demand of fabrics all the Indian textile mills were trying desperately to fill their expanded capacities. This led to cut throat competition and the margins remained under pressure with no relief from input costs. The company continued to incur cash losses due to servicing of interest, resulting into erosion of available working capital. Though the demand of fabrics is very good but due to shortage of working capital the capacities were under utilized.</p>
(2)	Steps taken or proposed to be taken for improvement:	<p>During the 18 months period ended on 30th September 2013, to improve the capacities utilization, the funds have been infused in the system by way of promoters' contribution of Rs 16 Crores for working capital. With infusion of funds, the capacity utilisation at both the plants at Phagwara is increased substantially. The processing capacities at cotton plant are still under utilized and expect to attain the full capacity utilization in the coming months.</p> <p>The restructuring of the debt of the company has been completed and the relief in repayment terms and reduced interest cost will give boost to increase the capacities. The company is also expecting additional working capital funds from the banks under the scheme approved by CDR Cell.</p> <p>The company has set up a small garmenting unit having 160 machines within the existing set up as a step towards value addition and integration.</p> <p>The company has been re-working on its various segments looking into the market dynamics and the results have started pouring in terms of substantial increase in turnover and profitability in the textile plant at Phagwara during the last quarter i.e. July to Sept 2013.</p> <p>At filament Unit to improve upon the profitability, the company has started selling surplus steams to other companies in the region and getting good profits out of it. The unit is also doing small investments having good returns in shorter period like installation Central Heating System. It will reduce the power consumption substantially.</p>
(3)	Expected increase in productivity and profits in measurable terms:	<p>The infusion of funds by promoters as part of promoters' contribution has started showing results and the capacities have started improving. With availability of right mix of working capital funds the capacity utilization will increase substantially and plants will start operating at optimum levels. We expect with the improvement in capacity utilisation, the margins will improve and company will be in a position to improve its EBITDA levels by around Rs 3.00 to Rs 3.50 crores a month with minor or no increase in financing cost.</p>
(4)	DISCLOSURES:	<p>Adequate disclosures in respect of the remuneration package have been made under the Explanatory Statement here in above. Remuneration proposed exceeds the limits as stipulated in Schedule XIII of the Companies Act, 1956 in case of inadequate profits.</p>

Item No.8

- I. The Company, based in North India, is a leading fully integrated manufacturer of cotton and blended fabrics and nylon filament yarn. It is a regular supplier to global garment brands, and supplies fabrics to major garment exports in India and overseas.
- II. FCCB holder, viz. Musk holding 493 FCCBs, has agreed to convert the FCCBs held by them into ordinary equity shares of the Company in terms of the letter agreements executed between the Company and Musk. According to the aforesaid settlement with Musk the outstanding 493 FCCBs held by them shall be converted into 44,195,092 equity shares of the Company.



- In pursuance of the foregoing, the Board of Directors of the Company (hereinafter called the **"Board"** which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this Resolution), with a view to convert the FCCBs into ordinary equity shares of the Company, at its meeting held on 29th November, 2013 passed a resolution in pursuance of Section 81(1A) of the Companies Act, 1956 to offer, issue, and allot on a preferential allotment basis, at such time and on such terms and conditions set out in these resolutions and as may be decided by the Board in this connection in accordance with the Companies Act, 1956 and/or Companies Act, 2013, as may be applicable, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (the **"SEBI ICDR Regulations"**), the Foreign Exchange Management Act, 1999 read with the rules and regulations framed there under including the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident Outside India) Regulations, 2000, the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 (collectively, **"FEMA"**), other applicable laws, including any amendment, modification, variation or re-enactment of the foregoing, and the provisions of any rules/regulations/guidelines issued/framed by the Central Government, Reserve Bank of India, Foreign Investment Promotion Board, Securities and Exchange Board of India, the stock exchange where the shares of the company are listed, and any other appropriate authorities (hereinafter collectively referred to as the **"Appropriate Authorities"**), enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange(s) where the shares of the Company are listed and subject to the Company obtaining all approvals from the Appropriate Authorities; and subject to such conditions and modifications, as may be prescribed by any one of them while granting any such approval, consent, permission, and / or sanction, which may be agreed to by the Board, upon conversion of the 493 FCCBs, upto an aggregate of 44,195,092 equity shares of face value of Rs. 2.50 each (collectively the **"Musk Issue Shares"**) pursuant to the restructuring and conversion of 493 FCCBs of face value of USD 10,000 each, to Musk.

Resolution under Section 81(1A) of the Companies Act, 1956 and Disclosures under Regulation 73 of the SEBI ICDR Regulations

1. Pursuant to the provisions of Section 81(1A) of the Companies Act, 1956, any preferential allotment of shares is required to be approved by the shareholders of the company by way of a special resolution. Further, in terms of Chapter VII of the SEBI ICDR Regulations, it is necessary to make certain disclosures in the Explanatory Statement to the Notice provided for convening a general meeting at which the aforesaid special resolution shall be passed. Hence, the requisite approval of the shareholders is being sought in terms of the provisions of the Companies Act, 1956 and Companies Act, 2013, as may be applicable, and the SEBI ICDR Regulations, the relevant disclosures/details of which are given below:

a) **Object of the Preferential Issue**

The purpose of the preferential allotment of the Issue Shares pursuant to conversion of the FCCBs is to settle with Musk, being the FCCB holders in the Company and to reduce the outstanding indebtedness of the Company.

b) **Proposal of the promoters/directors/key management personnel of the Company to subscribe to the offer**

The current promoters, directors, and/or key management personnel of the Company do not propose to subscribe to the proposed preferential issue.

c) **Shareholding pattern of the Company before and after the proposed preferential issue**

Shareholding Pattern Pre And Post Preferential Issue				
Category	Pre preferential issue		Post preferential issue	
	No. of Shares	%	No. of Shares	%
Promoters and Promoter Group (A)	223375874	43.58	223375874	40.12
Public (B)	289221683*	56.42	333416775*	59.88
Total (A) + (B)	512597557	100	556792649	100
Custodian (C)	-	-	-	-
Grand Total (A) + (B) + (C)	512597557	100	556792649	100

**inclusive of 71758967 pending issue/allotment to holders of 800 FCCBs held by Elm Park Fund Limited (600 Nos.) and Hypnos Fund Limited (200 Nos.) subject to approval from BSE, approved by the members of the Company at their Extra Ordinary General Meeting held on 15.11.2013.*

d) **Proposed time within which allotment will be completed**

In terms of regulation 74(1) of the SEBI ICDR Regulations, preferential allotment of Issue Shares pursuant to a special resolution shall be completed within a period of fifteen days from the date of passing of such resolution in the ordinary general meeting of the shareholders of the Company being convened in pursuance hereof, provided that where exemption and/or permission by Securities and Exchange Board or/any regulatory authority or the Central Government, as the case may be, for allotment is pending, the period of fifteen days shall be counted from the date of order on application made in this behalf and/or approval or permission, as the case may be. In terms of regulation 74 (2) of the SEBI ICDR Regulations, if the allotment of Issue Shares is not completed within fifteen days from the date of the



aforesaid special resolution, a fresh special resolution shall be passed, and the relevant date for determining the price of the Issue Shares will be taken with reference to the date of latter special resolution.

Accordingly, the allotment of the Musk Issue Shares shall take place within the applicable period mentioned above.

- e) Identity of the proposed allottees, the percentage of post preferential issue capital that maybe held by them, and change in control, if any, in the Company consequent to the preferential issue

Identity of Proposed allottees	If allottee is not a natural person, identity of the natural person who are the ultimate beneficial owner of the shares, proposed to be issued, if applicable	Category	Number of FCCBs to be converted (Face Value of USD 10,000 each)	No of equity shares to be allotted	%age of post preferential issue
Musk Holdings Limited	Francatina Development Inc.	FCCB Holder(Non-Promoter Group)	493	44,195,092	7.94

There will be no change in control of the Company consequent to the preferential issue of Issue Shares to Musk post conversion of the 493 FCCBs.

f) Requirement as to lock-in and re-computation of price of specified securities in terms of the SEBI ICDR Regulations :

- The Musk Issue Shares allotted on preferential basis shall be locked-in till the trading approval is granted by the Bombay Stock Exchange.
- Since the Musk Issue Shares are being allotted on preferential basis to Musk who qualify as persons other than promoter and promoter group, the Musk Issue Shares, shall be locked in for a period of 1 (one) year from the date of receipt of the trading approval from the Bombay Stock Exchange Limited.
- Musk does not have any pre-preferential allotment shareholding in the Company.

Since the equity shares of the Company have been listed on the Bombay Stock Exchange for a period more than 26 (twenty six) weeks prior to the relevant date which is 30th November, 2013, the Company is not required to re-compute the price under Regulation 73 of the SEBI ICDR Regulations.

The Company undertakes to re-compute the price of the Musk Issue Shares, if required in terms of SEBI ICDR Regulations. The Company further undertakes to comply with the lock-in as applicable to it in terms of the SEBI ICDR Regulations till such time any amount payable on account of the aforesaid re-computation of price of the Musk Issue Shares is paid by.

g) Other information:

- The preferential allotment of the Musk Issue Shares shall be made in dematerialized form.
- The Company is in the process of obtaining a certificate from its statutory auditor certifying that the preferential issue of the Musk Issue Shares is in accordance with the requirements of the SEBI ICDR Regulations. A copy of this certificate shall be placed before the shareholders at the ordinary general meeting, and shall also be available for inspection at the registered office of the Company on all working days except Saturdays, Sundays, and public holidays between 10.00 a.m. to 12 Noon prior to the date of the annual general meeting.
- Musk does not hold any equity shares of the Company prior to this preferential issue, accordingly the condition of selling of shares during the 6 (six) months preceding the relevant date, i.e. 30th November 2013 does not arise.
- The Issue Shares are not being issued on a preferential basis in terms of the SEBI ICDR Regulations to promoters, their relatives, associates and related entities.
- None of the directors, manager, other key managerial person and relatives of director, manager and key managerial persons of the Company is in any way concerned or interested, financial or otherwise, in passing the aforesaid resolution.
- The preferential issue of the Musk Issue Shares neither relates to nor affects any other company (including Musk) in which the shareholding interest of the promoter, director, manager and other key managerial personnel of the Company exceeds 2% (two percent) of the paid up share capital of such company.

The Board of Directors of the Company recommends passing of the resolution as set out in the notice.

**DIRECTORS' REPORT****To the Members of JCT Limited**

The Directors of your Company present the 64th Annual Report on the affairs of the Company together with audited statement of account of the Company for the 18 months period ended on 30th September, 2013.

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

(₹ in lacs)

	2012-13 (18 Months)	2011-12 (12 Months)
Gross Income from operations	1,32,643	82,797
Other Income	1,823	728
Profit before Interest, Depreciation, tax and Exceptional Items	6,284	2,223
Interest and financing charges	5,295	4,116
Depreciation and amortization Expense	7,392	4,695
Exceptional Items		
- Profit/(Loss) from Discontinuing Operations	(674)	(143)
- Secured Lenders' Sacrifice	(1,622)	-
Provision for Tax		
- Current Period	-	-
- Earlier Year	82	14
Net Profit/(Loss)	(8,780)	(6,805)

Dividend

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

Operations

The global economy has been passing through a prolonged phase of uncertainty and the low growth along with the atmosphere of hesitancy is also reflected in India. The recovery from the global crisis of 2008-09 in the advanced economies has been uneven and fragile and this as well as a number of its own problems has had a notable dampening effect on growth and business confidence in India over the last two to three years. Continuing high inflation, unacceptable level of fiscal and current account deficits, lackluster performance on the export front as a fall in the rate of growth in industrial production, high prices of crude in international markets- all these have added to the reasons for low economic growth. Further, a consequential tight monetary policy during the major part of the period coupled with stalled reforms, electricity shortages and lack of rain in some parts of the country have all contributed to lower business confidence. These factors have adversely impacted government spending and investment by private sector for various project related to infrastructure development, housing and industry. As the government has over the last few months taken some action to revive industrial growth, encourage fresh investment and seems committed to reforms in terms of keenly awaited measures being promised for implementation, our economy in the coming years should regain a trajectory of high growth, nearer to that witnessed in the recent past.

The Indian Textile Industry is one of the leading Textile Industries of the world. Though the Industry was predominantly, unorganized industry even a few years back, but the scenario started changing after the economic liberalization of Indian economy in 1991. The opening of the economy gave the much needed thrust to the Industry and now it has successfully become one of the largest industries in the world.

The textile Industry plays a pivotal role in the economic life in the country. Apart from providing one of the basic necessities of life, the industry also plays a vital role through its contribution of about 14% to Industrial Production, 4% to Gross Domestic Product (GDP), and 11% to the country's export earnings as per Government of India, Ministry of Textiles, Note on Textile and Clothing Export of India. It provides direct employment to over 45 million people and thus the Textile Industry is the second largest provider of employment after agriculture. Accordingly, the growth and development of the industry has a direct bearing on the economy of the nation and its people.

Textile Unit

The textile division operated at an average of around 75% and produced 5.53 crores meters of fabrics during the 18 months period ended on 30th September 2013. The utilisation of capacities at Textile Units at Phagwara suffered very adversely due to shortage of working capital funds. The performance also affected besides lower capacity utilisation adverse fluctuation in foreign currency, cost of power & fuel increased substantially since power rates increased by PSEB and also rice husk. The increase in inputs the selling prices increased marginally during the period, thus leading to strain on the overall margins. However, the performance during the quarter ended 30th September 2013 improved substantially in terms of turnover and the margins.

- The company is having 19.5 MW in house rice-husk based power plants. The rates of rice husk have been on the rise this year.
- The company incurred operational cash losses during the financial year 2008-09 to 2012-13 and continued to service interest and repayment of debts to the lenders in terms of various loan agreements entered into with 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 agreement to sell entered into with the buyers of land at Sriganganagar was terminated during the year due to non-fulfillment of conditions of the agreement by the buyer for quite a long time.

Industry Scenario

The Indian textile industry is on a comeback trail due to an improved US economy, a recovering demand from the European Union and favourable raw material prices. China, a major textile producer for about two decades is now focusing on other sectors, which should open up opportunities for other textile producing countries such as India and Bangladesh. As a result, India, Bangladesh and Vietnam are receiving more orders due to reduction in the global spinning capacity and cut down in cotton imports by China. The global buyers, therefore, are looking at India as one of the major sourcing destinations. The Indian textile industry is competitively placed vis-à-vis competitors. India offers higher skills, lower cost, modern technology, global acceptance and a highly creative pool of design talent. A supportive policy regime and the absolute commitment of private enterprise add strength to Indian prospects. India is among the few textile manufacturing countries, which is fully integrated from fibre to finished products.

Financial problems:

In light of the scenario, as explained above, owing to marketing difficulties, lower capacity utilisation the profitability of the Textile operations remained in the negative zone. Consequently in this situation the earnings which had gone negative on account