



# JCT LIMITED

**ANNUAL REPORT**  
**2015-16**

**BOARD OF DIRECTORS**

Mr. Samir Thapar

Chairman &amp; Managing Director

Ms. Priya Thapar

Director (HR)

Mr. Gordhan Bhojraj Kathuria

Dr. Ajit Kumar Doshi

Mr. Chander Mohan Bhanot

Mr. Suresh Kumar Singhala

Allahabad Bank Nominee

**Executive Director**

Mr. Rohit Seru

**Business Head (Filament Unit)**

Mr. Kamal Bhasin

**Chief Financial Officer**

Mr. M.P.S Narang

**Company Secretary**

Ms. Nidhi Goel

**Auditors**

S.P.Chopra &amp; Co.

*Chartered Accountants*

F-31, Connaught Place

New Delhi-110001

**Registered Office**

Village Chohal

Distt. Hoshiarpur

Punjab: 146024

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

Email: jctsecretarial@jctltd.com

Website: www.jct.co.in

CIN: L17117PB1946PLC004565

**Units:**

Textiles : Phagwara (Punjab)

Filament : Hoshiarpur (Punjab)

**Corporate Office:**

305-309, 3rd Floor, Rattan Jyoti Building

18, Rajendra Place, New Delhi-110008

**Registrar & Share Transfer Agents****RCMC Share Registry Pvt. Ltd.**

B-25/1, 1st Floor, Okhla Industrial Area

Phase II, New Delhi-110020

Tel: 011-26387320-321-323

Fax: 011-26387322

Email: investor.services@rcmcdelhi.com

**BANKERS**

Allahabad Bank

Bank of Baroda

Punjab National Bank

Punjab &amp; Sind Bank

State Bank of India

State Bank of Patiala

State Bank of Travancore

**CONTENTS**

Notice to Members: ..... 2

Directors Report, ..... 6

Management Discussion & Analysis  
and its Annexures:

Corporate Governance Report: ..... 24

Auditor's Report: ..... 35

Balance Sheet: ..... 40

Profit &amp; Loss Account: ..... 41

Cash Flow Statement: ..... 42

Notes to Financial Statement: ..... 43



## JCT LIMITED

Corporate Identification No. (CIN) : L17117PB1946PLC004565  
Registered Office: Village Chohal, District Hoshiarpur 146 024 (Punjab)  
Tel: 01882 - 258780, FAX: 01882 - 258059  
Email ID: jctsecretarial@jctltd.com; Website: jct.co.in

### NOTICE

Notice is hereby given that the 67<sup>th</sup> Annual General Meeting of the Members of JCT Limited will be held on Friday, the 12<sup>th</sup> day of August, 2016 at 11:30 a.m. at the Registered Office of the Company at Village Chohal, District Hoshiarpur 146024 (Punjab), to transact the following business(s).

#### ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements of the Company including the audited Balance Sheet as at 31st March, 2016 and the statement of Profit and Loss for the financial year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Ms. Priya Thapar (DIN: 06742680), who retires by rotation, and being eligible, offers herself for re-election.
3. To ratify the appointment of the Auditors of the Company, and to fix their remuneration and to pass, with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to Section 139 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) thereto or re-enactment(s) thereof, for the time being in force), pursuant to the recommendations of the Audit Committee of the Board of Directors, and in pursuance of the resolution passed by the members at the 65th Annual General Meeting held on 25th September, 2014, the appointment of S P Chopra & Co., Chartered Accountants (Registration No. 000346N) as the Auditors of the Company, to hold office till the conclusion of the 68th Annual General Meeting, be and is hereby ratified/confirmed, at a remuneration of Rs. 20,00,000/- to conduct the audit for the financial year 2016-17, payable in one or more tranches plus service tax as applicable, and reimbursement of out of pocket expenses incurred."

#### SPECIAL BUSINESS

4. To ratify the remuneration of the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2017 and in this regard, to consider and if thought fit, to pass, with or without modification, the following resolutions as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) thereto or re-enactment(s) thereof, for the time being in force), the appointment of M/s Goyal, Goyal & Associates, Cost Accountants (Firm Registration No. 000100) by the Board of Directors of the Company, to conduct the audit of the cost records of the Company's Textile and Filament Unit for the financial year ending 31st March, 2017, at a remuneration of Rs. 1,50,000 plus service tax as applicable and re-imbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified/confirmed."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to the above resolution."

Place : New Delhi  
Dated : 30.05.2016

By Order of the Board  
For JCT Limited  
*Nidhi Goel*  
Company Secretary





**NOTES FOR MEMBERS' ATTENTION:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other member of the Company.

The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the Meeting. A Proxy Form is annexed herewith. Proxies submitted on behalf of companies, societies etc., must be supported by an appropriate resolution/ authority, as applicable.

2. Members / Proxies / Authorised Representatives should bring the duly filled Attendance Slip enclosed herewith to attend the Meeting.
3. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business, under Item No. 4 above is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from August 05, 2016 to August 12, 2016 (both days inclusive),
5. Corporate Members intending to send their authorised representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
6. All the Registers, as required as per the provisions of Companies Act, 2013 and applicable rules, will be available for inspection by the Members at the time of Annual General Meeting.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Registrar/Company.
8. Annual Report of the Company for the year 2015-16 with the Notice of the 67<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent in electronic mode to the Members whose e-mail addresses are registered with the Company and/or Depository Participants(s), unless a member has requested for a hard copy of the same. We further request shareholders to update their e-mail addresses with the Share Transfer Agent/ Depository Participants to enable the Company to send the required communication/ correspondence electronically. Physical copies of the aforesaid documents are being sent to those Members who have not registered their email addresses.
9. Members may also note that the Annual Report for the year 2015-16 and Notice of the 67<sup>th</sup> Annual General Meeting will be available on the Company's website, [www.jct.co.in](http://www.jct.co.in). Physical copies of the aforesaid documents will also be available at the Company's Registered Office at Village Chohal, Dist. Hoshiarpur, Punjab, for inspection during normal business hours on working days.

**Voting through electronic means:** Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, the Company is pleased to provide its members the facility of remote e-voting (e-voting from a place other than venue of the AGM) to exercise their right to vote at the 67<sup>th</sup> Annual General Meeting (AGM). The business may be transacted through e-voting services rendered by National Securities Depository Limited (NSDL). The facility for voting, through polling paper shall be available at the venue of the 67<sup>th</sup> AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.

The Company has appointed Ms Seema Sharma, Practicing Company Secretary as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.



1. The instructions to members for voting electronically are as under:-

**A. In case of Members receiving the Notice in electronic mode:**

- a) Launch internet browser by typing the following URL in the address bar: [www.evoting.nsdl.com](http://www.evoting.nsdl.com) Click on “Shareholder” - “Login”.
- b) Enter User ID and password as initial password noted in step (a) above. Click “Login”.
- c) Home page of ‘e-Voting’ opens. Click on “e-Voting” icon and select “Active E-voting Cycles” and select ‘EVEN’ of JCT Limited.
- d) Now you are ready for “e-Voting” as “Cast Vote” page opens.
- e) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
- f) Upon confirmation, the message ‘Vote cast successfully’ will be displayed. Once you have voted on the resolution, you will not be allowed to modify your vote.
- g) Institutional shareholders (i.e. other than individuals, HUFs, NRIs, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board resolution/authority letter etc., together with attested specimen signature of the duly authorized signatory(ies), who are authorized to vote, to the Scrutinizer through e-mail at [pcs.seemasharma@gmail.com](mailto:pcs.seemasharma@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**B. In case of Members receiving the Notice by post:**

- a) User ID and initial password is provided in the Proxy-cum- Attendance slip.
- b) Please follow all steps from Sl. No. (b) to (g) mentioned in (A) above, to cast your vote.
2. Members can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
3. In case of any queries, Members may refer to the “Frequently Asked Questions (FAQs) for Members” and “e-Voting user manual for Members” available at the “Downloads” section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
4. The e-voting period commences **on 8<sup>th</sup> August, 2016 (9 a.m.) and ends on 11<sup>th</sup> August, 2016 (5 p.m.)**. During this period, shareholders of the Company holding shares either in physical form or in de-materialised form, as on the cut-off date 05th August, 2016 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
5. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
6. The results, along with the Scrutinizer's Report will be placed on the Company's website [www.jct.co.in](http://www.jct.co.in) and on NSDL's website [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the same is declared by the Chairman or a person authorized by him in writing. The same will also be communicated to the BSE Limited, Mumbai.

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

**Item No. 4**

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s Goyal, Goyal & Associates, Cost Accountants, to conduct the audit of the cost records of the Company for both Textile & Nylon Filament Units, for the financial year ending 31<sup>st</sup> March, 2017 at a remuneration of Rs. 1,50,000/- plus Service Tax and reimbursement of out of pocket expenses incurred.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.



Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2017.

The Board recommends the Ordinary Resolution set out in Item No 4 of the Notice for approval by the members.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

---

**Additional Information on Directors (Seeking Appointment / Re-Appointment) As Required Under Regulation 36 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015**

---

**PRIYA THAPAR (DIN: 06742680)**

Ms Priya Thapar is a Whole Time Director (Human Resource) of the Company. She joined the Board of the Company in November, 2013.

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 Sotheby's London.

***Nature of expertise in specific functional areas***

Ms Priya Thapar has a 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.

She is not holding any position of Director/ Chairman/ Member of any Committee in any Company other than JCT Limited.

She is holding 2,60,000 Equity Shares in the Company.

***Disclosure of relationships between directors inter-se:***

She is sister of Mr. Samir Thapar, Chairman and Managing Director of the Company.



## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

### Dear Members

Your Directors are pleased to present the 67th Annual Report on the affairs of the Company together with Audited Financial Statements for the financial year ended 31<sup>st</sup> March 2016. The Management Discussion and Analysis is also included in this Report.

### 1. Financial Highlights

	(₹ in lacs)	
	2015-16	2014-15
Gross Income from operations	91,339	102,214
Other Income	1,321	769
Profit before Interest, Depreciation, Tax and from Discontinued Operations	7,530	7104
Interest and financing charges	3,918	3,366
Depreciation and amortization Expense	3,046	2758
Profit/ (Loss) from Discontinued Operations	(23)	(102)
Net Profit	543	878

### 2. Transfer to Reserves & Dividend

Rs.700 lakhs has been credited to Share Premium Account consequent upon conversion of Preference Shares of Rs.1400 lakhs into Equity Shares.

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

### 3. Outlook of the Economy

The Global Economy disappointed in terms of growth, with deceleration of activity in key emerging and developing economies like China, Brazil and Russia overshadowing a modest recovery in major high income countries. Decelerating was accompanied by declines in commodity prices, subdued global trade, bouts of financial market volatility and weakening capital flows. The recovery is projected to strengthen in FY 2017 and beyond, driven primarily by emerging market and developing economies, as conditions in stressed economies start gradually to normalize.

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organization (CSO) and International Monetary Fund (IMF). According to the Economic Survey 2015-16, the Indian Economy will continue to grow more than 7 per cent in 2016-17. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, RBI's inflation focus supported by benign global commodity prices.

According to IMF World Economic Outlook Update, Indian economy is expected to grow at 7-7.75 per cent during FY 2016-17, despite the uncertainties in the global market. The Economic Survey 2015-16 had forecasted that the Indian economy will be growing by more than seven percent for the third successive year 2016-17 and can start growing at eight per cent or more in next two years.

The steps taken by the government in recent times have shown positive results as India's gross domestic product (GDP) at factor cost at constant (2011-12 prices 2015-16 is Rs.113.5 trillion as against Rs.105.5 trillion in 2014-15, registering a growth rate of 7.6 per cent. With the improvement in the economic scenario, there have been various investments leading to increased M&A activity. Numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India. The Government of India, under the Make in India initiative, is trying to give to the contribution made by the manufacturing sector and aims to take it up to 25 per cent of the GDP from 15 per cent as at present.

### 4. Industry Outlook

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's exports with approximately 11 per cent of total exports. The textiles industry is also labour intensive and is one of the largest employers. The industry realized export earnings worth US\$ 41.4 billion in 2014-15, a growth of 5.4 per cent, as per The Cotton Textiles Export Promotion Council (Texprocil). The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

The Indian textiles industry, currently estimated at around US\$ 108 billion, is expected to reach US\$ 223 billion by 2021. The industry is the second largest employer after agriculture, providing employment to over 45 million people directly and 60 million people indirectly. The Indian Textile Industry contributes approximately 5 per cent to India's gross domestic product (GDP), and 14 per cent to overall Index of Industrial Production (IIP). The growth implies domestic sales to rise to US\$ 315 billion from currently US\$ 68 billion. At the same time, exports are implied to increase to US\$ 185 billion from approximately US\$ 41 billion currently.

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. The organized apparel segment is expected to grow at a Compound Annual Growth Rate (CAGR) of more than 13 per cent over a 10-year period.



## **5. Business Strategy**

### **Textile Unit:**

Last year it was a very challenging year for the textile industry. Domestic market had not shown any significant signs of improvement. Global players turned to other small economies like Bangladesh & Vietnam, wherein they are reaping lot of duty benefits for imports given to these economies under the Generalized Scheme of Preferences (GSP) agreement and also pricing owing to cheap labour, thus put pressures on the capacity utilization.

JCT has worked on areas to increase productivity from the existing infrastructure by focusing more on Work Wear range, increased focus on technical fabrics, domestic market, brands. Company is working on debottlenecking / upgrades its facilities wherever possible with available funds to meet competition with productivity and higher efficiencies. Company is in various stages of involvement and activation with power brands like MADURA GARMENTS, INDUS LEAGUE, INDIAN TERRAIN, PANTALOOON RETAILS etc. We are also going to enter in E-commerce retailing which is another dominant force adding momentum to apparel retail market growth.

New product developments and launches will definitely help in increasing the penetration in the world of technical textiles and deeper reach in the untouched Brands market.

### **Filament Unit**

The Company produces Nylon Filament Yarn & Nylon Chips which fall within the broad industry category of Synthetic Fiber. 70% of the input cost comprises from petroleum based products Caprolactum, fuel oil, gas and coal. Per capita consumption of Nylon Textile Fabrics in India is very low as compared to global standards. Indian Nylon Market is expanding quite significantly at a CAGR of 13% otherwise in a shrinking global economy.

Out of this 1200 MT expansions came in 2015-16 and approx another 2800 MT Expansions are planned for 2016-17. Till last year 30% of domestic demand was dependent on imports. Incremental growth during coming years is going to be met with domestic supplies only as imports would remain either stagnant at current levels or will go down with new domestic capacities. However threat of imports will remain with significant capacity additions in Vietnam mainly targeting India.

The maximum share of growth in Nylon has come through Warp Knitting segment used for ladies dress apparels, shoulder and Elastic tapes and Dupatta Segment and is expected to continuously grow in coming future due to less labor intensive nature of warp knitting compared to weaving, growth in under garments segment due to middle income class population growth.

Looking into coming expansions of around 4000 MTs during FY 2016 & FY 2017, the company is putting one New HOY (Spinning) machine which will help in overcoming technological Constraints to some extent and foraying into forward integration by starting production of Covered Yarn

and further exploring possibilities in Warping segment to offset stiff competition.

## **6. OPERATIONS**

### **Textiles:**

The textile unit at Phagwara, despite challenging business environment, with its available resources fared quite well in the otherwise depressed markets. The unit produced and sold 3.67 crores and 4.14 Crores meters of fabrics respectively. The technical textiles have been well accepted by the market. The unit has launched new range of inherently Fire Retardant fabric like JCT Pinnacle, Derby, Polaris and Inferno.

### **Nylon Filament Yarn:**

JCT Filament Unit is one of the top Textile Grade Nylon Yarn manufacturers in India with installed capacity of 16000 TPA despite challenges thrown by peers and cheaper imports are coming to India through ASEAN countries.

The unit performed exceedingly well during the year and sold highest quantity (14383 MT) of filament yarn and also sold 518 MT of Nylon Chips. The raw materials prices remained quite volatile and fluctuated between Rs 133/- Kg and Rs 93/- Kg. the selling prices were also synchronized with fluctuation in raw material prices. The unit has been exploring new products to remain competitive in the market.

## **7. FINANCE**

The Company has been meeting its repayment obligation as per the terms of restructuring under CDR mechanism and the Charge on Company's moveable and immoveable assets of the Company have been created and registered in favour of All Bank Finance Ltd, the Security Trustee, appointed by the consortium member banks.

## **8. SHARE CAPITAL**

During the year under review, Company converted 14,00,000 Optionally Convertible Preference Shares (OCPS) aggregating to Rs.1400 lakhs held by one of the holders, namely Alport Limited into 2,80,00,000 Equity Shares at Rs.5 each (including Rs.2.50 as share premium) on 31.12.2015. The paid-up share capital as on 31.3.2016 stood at Rs.156.20 Crores.

Further, during the year under review, the Board had considered the request to convert the Optionally Convertible Preference Shares (OCPS) aggregating to Rs.1000 lakhs held by one of the promoter companies namely Provestment Securities Private Limited into 13,333,333 Equity Shares subject to requisite approvals. Company after having all the requisite approvals, 13,333,333 Equity Shares at Rs.7.50 each (including Rs.5 as share premium) have been allotted on 5.5.2016.

## **9. FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)**

The Hon'ble High Court of Punjab & Haryana, allowed the mutually accepted consent terms between the Company, Foreign Currency Convertible Bond (FCCB) holders and





The Bank of New York, Mellon, Trustee, on 05.06.2015. The Company started making payments to the Trustee of FCCB holders out of the funds received from sale / redemption proceeds of non-core assets including investments as per the consent terms. The bondholders have agreed to equally apportion the partly paid / unpaid installments upto March 2016 in remaining installments.

## **10. DEPOSITS**

During the year company accepted fixed deposits of Rs.526.25 lakhs upto 28.09.2015 and discontinued accepting fresh/ renewal of deposits thereafter. The company is regular in repayment of deposits as and when due and claimed by depositors. Fixed Deposits remaining unclaimed at maturity amounted to Rs. 7.24 lakhs. Out of unclaimed deposits amounting to Rs.4.23 lakhs have been repaid subsequently.

## **11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## **12. CORPORATE GOVERNANCE**

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate report on Corporate Governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance forms an integral part of this Report.

## **13. AUDITORS**

### **Statutory Auditors**

M/s S.P. Chopra & Company (Firm Registration No.000346N), Chartered Accountants, were appointed as Statutory Auditors of your Company at the 65th Annual General Meeting held on 25.09.2014 for a term of three consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by the Members at every Annual General Meeting.

The Report given by the Auditors on the financial statements of the company is self explanatory and is a part of Annual Report. Their qualified opinion given in the Report has been fully explained in Note No.5.2 attached to the schedule 5 of Long Term Liabilities.

### **Cost Auditors**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules 2015, the cost audit records maintained by the Company in respect of its textile and filament yarn units are required to be audited.

The Board of Directors, on the recommendation of the Audit Committee, has appointed M/s Goyal, Goyal & Associates, Cost Accountants, as Cost Auditor of the Company for the financial year 2016-17 at a remuneration

of Rs. 1,50,000/- plus service tax as applicable and reimbursement of out of pocket expenses. As required under the Companies Act, 2013, the remuneration payable to Cost Auditor is required to be placed before the members for ratification. Accordingly, a resolution seeking members' approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting.

The cost audit report for the financial year 2015-16 is under finalization and would be filed within the stipulated time with the Ministry of Corporate Affairs.

### **Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder, the company has appointed Ms. Seema Sharma, Whole Time Company Secretary in Practice (C.P No.4397) to undertake the Secretarial Audit of the Company. The Secretarial Audit report forms an integral part of this Report.

There is no secretarial audit qualification for the year under review.

## **14. EXTRACT OF THE ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT-9, as required under Section 92 of the Companies Act, 2013, forms an integral part of this Report.

## **15. STATUTORY DISCLOSURES**

### **Conservation of Energy, Technology Absorption & Foreign Exchange Earnings & Outgo**

The particulars relating to energy conservation, technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 forms an integral part of this Report.

### **Particulars of Employees**

The Disclosure required under Section 197(12) of the Companies Act, 2013 read with the Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed and forms an integral part of this Report.

Details of employees who were in receipt of remuneration as per Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed and form an integral part of this Report. However, these details are not being sent along with this Annual Report to the Members of the Company in line with the provision of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. Further, the above information is available for inspection by Members at the Registered Office of the Company, 21 days before the 67th Annual General Meeting and upto the date of the ensuing Annual General Meeting during the business hours on working days.



None of the employees hold (by himself or along with his spouse and dependent children) more than two percent of the equity shares of the Company.

## **16. DIRECTORS**

### **Changes in Directors and Key Managerial Personnel**

During the year under review, there was no change in the Board of Directors and the following are the Key Managerial Personnel (KMPs) of the Company :

- Mr Samir Thapar - Chairman & Managing Director
- Ms Priya Thapar - Director (HR)
- Mr M P S Narang - Chief Financial Officer
- Ms Nidhi Goel - Company Secretary

Ms. Priya Thapar will retire at the forthcoming Annual General Meeting of the Company and being eligible, offer herself for re-appointment.

### **Declaration by Independent Directors and re-appointment, if any**

All independent directors have given declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (LODR) Regulations, 2015.

### **Formal Annual Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25 of SEBI (LODR) Regulations, 2015, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its constituted Committees from time to time.

### **Remuneration Policy**

In pursuance of Section 178 of Companies Act, 2013, The Board of Directors has framed a policy which lays down a framework in relation to criteria for selection, appointment, remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The policy is stated in the Corporate Governance Report.

### **Number of Meetings of Board and its Committees**

The details of the number of meetings of the Board held during the financial year 2015-16 forms part of the Corporate Governance Report.

## **17. WHISTLE BLOWER POLICY**

The Company has a Vigil Mechanism named Whistle Blower Policy to deal with the instances of fraud and mismanagement, if any. The details of Whistle Blower Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

## **18. RELATED PARTY TRANSACTIONS**

All transactions entered with Related Parties were on arm's length basis and in the ordinary course of business. There were no material significant related party transactions made by the Company during the year under review with the Promoter/ Directors or Key Managerial Personnel. All related party transactions are placed before the Audit Committee and has sent also to the Board for approval and omnibus approval was obtained on a quarterly basis for transactions

which are of repetitive natures. The policy on related party transactions as approved by the Board has been uploaded on the website of the Company. None of the Directors has any pecuniary relationship or transactions *vis-a-vis* the company.

## **19. RISK MANAGEMENT**

The Company has a Risk Management Policy for identifying, prioritizing and mitigating risks which may impact attainment of short and long term business goals of the Company. The risk management framework is reviewed periodically by the risk management teams at all the units of the Company constituted by the Board which monitors and evaluates the effectiveness of risk management framework of the Company and strengthens it.

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

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

## **21. INTERNAL CONTROL SYSTEMS**

Company is having strong & effective internal control & risk mitigation systems in all areas of its operations. There are qualified personnel having efficient monitoring systems. Independent analyses by internal auditors are reported to Audit committee and their suggestions are being appraised by Board of Directors, Statutory Auditors and Business Head and accordingly corrective actions are taken. The company is in compliance with laws and regulations and runs business with strong ethical behavior.

Internal financial control of your Company has adequate internal control system in place, commensurate with the size, scale and complexity of the operations. The Statutory Auditor has also commented on the internal financial control on financial reporting in their report.

## **22. CORPORATE SOCIAL RESPONSIBILITY**

As a part of its initiative under the "Corporate Social Responsibility" (CSR) drive, the Company has set up Corporate Social Responsibility Committee (CSR Committee) as per the requirement of the Companies Act 2013. The CSR policy was approved by the Board of Directors and has been uploaded on the Company's website i.e. [www.jct.co.in](http://www.jct.co.in). The list of Programs and other imperative information of CSR is mentioned in the said policy.

The members of the CSR Committee are Mr Samir Thapar - Chairman & Managing Director, Ms Priya Thapar - Director HR and Mr Gordhan Bhojraj Kathuria - Independent Director. Due to the accumulated losses the average net profit of last 3 years is coming as negative, hence the contribution under CSR, is not applicable for this financial year.