



A N N U A L R E P O R T 2 0 0 2

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JCT LIMITED



Board of Directors Mr. M.M. Thapar Mr. Samir Thapar Mr. R. V. Rao Mrs. Prema M. Prasad Mr. J. N. Pandey Mr. Mahesh Sahai Mr. A. S. Dugal Mr. G. B. Kathuria Dr. S. P. Narang Mr. Raj Mohan Singh Mr. T. N. Subramanian		Chairman & Managing Director Vice Chairman & Managing Director IFCI Nominee UTI Nominee Allahabad Bank Nominee
Company Secretary Mr. S.C. Saxena		Director (Operations) Director (Finance)
Auditors S.P. Chopra & Co. <i>Chartered Accountants</i> F-31, Connaught Place New Delhi - 110 001	Bankers Allahabad Bank Punjab National Bank State Bank of India State Bank of Bikaner & Jaipur State Bank of Patiala Bank of Baroda State Bank of Travancore Central Bank of India Punjab & Sind Bank	Institutions IFCI Ltd. Unit Trust of India GE Capital Services (India) Ltd. Life Insurance Corporation of India
Registered Office Village Chohal Distt. Hoshiarpur - 146 024 (Punjab)	Units Textiles : Phagwara (Punjab) : Sriganganagar (Rajasthan) Filament : Hoshiarpur (Punjab) Steel/ Rope Wire : Hoshiarpur (Punjab)	Contents Notice 2 Directors' Report 5 Annexure to Directors' Report 7 Corporate Governance 9 Auditors' Certificate on Corporate Governance 13 Auditors' Report 14 Balance Sheet 16 Profit & Loss Account 17 Schedules to Balance Sheet 18 Schedules to Profit & Loss Account 27 Working of Ginning Factory 30 Significant Accounting Policies 31 Additional Information 36 Cash Flow Statement 41 Consolidated Accounts 43 Statement under Section 212 64 Accounts – Subsidiary Companies 65
Subsidiaries Chohal Exports Limited Polytex Fibres Trading Limited Rajdhani Trading Co. Limited Kidarnath Kishanchand Finance & Investments Limited JCT (International) Pte. Limited Gupta & Syal Limited		
Corporate Office Thapar House 124, Janpath New Delhi - 110 001		



NOTICE

THE FIFTY-THIRD ANNUAL GENERAL MEETING OF JCT LIMITED will be held at the Registered Office at Village Chohal, Dist. Hoshiarpur - 146 024 (Punjab) on Monday, the 30th September, 2002 at 12.30 P.M. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Accounts of the Company for the financial year ended 31st March, 2002 and the Reports of the Directors and Auditors thereon.
2. To elect Directors in place of those retiring by rotation.
3. To appoint Auditors and to fix their remuneration. In this connection, 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 Rs. 8,00,000/- payable in one or more instalments plus service tax as applicable, and reimbursement of out-of-pocket expenses incurred."

SPECIAL BUSINESS

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

"RESOLVED that subject to the provisions of the Companies Act, 1956, including any statutory modification or re-enactment thereof, the Securities Contracts (Regulation) Act, 1956 and the rules framed thereunder and other applicable laws, rules and regulations and guidelines and subject to such other approvals, permissions, sanctions etc. as may be necessary and subject to such conditions as may be prescribed by any authority while granting such approvals, permissions, sanctions etc. which may be agreed to by the Board of Directors (hereinafter referred to as "the Board", which expression shall be deemed to include any committee of the Board for the time being, exercising the powers conferred by the Board), the consent of the company be and is hereby accorded to the Board to voluntarily de-list the equity shares of the Company from The Calcutta Stock Exchange Association Limited and The Delhi Stock Exchange Association Limited."

"RESOLVED further that the Board be and is hereby authorised to do all acts, deeds and things as it may in its absolute discretion deem necessary, desirable and appropriate to give effect to the above resolution."

By Order of the Board
For JCT Limited
S. C. Saxena
Secretary

New Delhi
Dated: 31st July, 2002

NOTES:

- (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 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 commencement of the Annual General Meeting i.e. by 12.30 P.M. on 28.9.2002.

- (b) An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual General Meeting is attached.
- (c) Members are requested to bring the admission slips alongwith their copy of the Report and Accounts to the Meeting.

- (d) Members holding shares in physical form are requested to notify/send the following at the Registered Office or to the Transfer Agent to facilitate better service :

- any change in their address / mandate / bank details.
- share certificate(s) held in multiple accounts in identical names or joint account in the same order of names, for consolidation of such shareholdings into one account.

- (e) Dividend for the financial year ended 31st March, 1996, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government on 8th November, 2002, pursuant to the provisions of Section 205A/205C of the Companies Act, 1956.

Members who have not encashed their dividend warrant(s) for the financial year ended 31st March, 1996 are requested to seek issue of duplicate warrant(s) by writing to Registered Office/Corporate Office or Share Transfer Agent of the Company.

- (f) Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Share Transfer Agent of the Company the prescribed Form 2B, which is attached for this purpose.

- (g) In accordance with the provisions of Article 161 of the Articles of Association of the Company, Mr. Mahesh Sahai, Mr. T. N. Subramaniyan and Mr. Raj Mohan Singh, will retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election. Additional information, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, on Directors seeking election those retiring by rotation at the Annual General Meeting, are given hereunder :

I. Mr. Mahesh Sahai

Mr. Sahai aged 66 years has been a Director of the Company since 4th July, 1995. He is a practicing Chartered Accountant for over 35 years and is expert in Income Tax matters and is the Partner o



M/s. V. Sahai & Company, Chartered Accountants, New Delhi. He is on the Board/ Committees of various companies listed below :

DCM Shriram Fertilizers Limited
Delhi Safe Deposit Company Limited
Stepwell Industries Limited
Sidharth Travels (P) Limited
CNLT (Far East) Berhad, Malaysia

II. Mr. T. N. Subramaniyan

Mr. Subramaniyan aged 47 years has been a Director of the Company since 20th July, 2001 and designated as Director (Finance). He is a Chartered Accountant and total work experience of over 23 years in the areas of finance, accounts and MIS out of which he had been in JCT over 14 years. He is on the Board of various companies listed below :

Kidarnath Kishanchand Finance & Investments Ltd.
JCT International (Pte.) Ltd., Singapore
Gupta & Syal Limited
JCT Chemicals & Fibres Limited
Provestment Securities Pvt. Limited
Narandas Rajaram & Company Limited
JCT Employees Welfare Association

III. Mr. Raj Mohan Singh

Mr. Raj Mohan Singh aged 46 years has been a Director of the Company since 20th July, 2001. He is a Chartered Accountant and designated as Director (Operations). He has total experience of over 20 years out of which he has been in JCT for 9 years. He has good experience of project, finance, accounts, internal audit and MIS activities. He has been heading the Textile Unit of the Company at Phagwara for the last five years.

EXPLANATORY STATEMENT

Attached to the Notice convening the Fifty-third Annual General Meeting to be held on 30th September, 2002.

Item No. 4

Presently the equity shares of the Company are listed at the following stock exchanges:

The Stock Exchange, Mumbai (BSE).
The Ludhiana Stock Exchange Association Limited (LSE).
The Delhi Stock Exchange Association Limited (DSE).
The Calcutta Stock Exchange Association Limited (CSE).

With the extensive connectivity of the BSE, investors' have access to dealings in the equity shares of the company all over the country. The bulk of the trading in the equity shares of the Company take place on the BSE only. The trading on the other stock exchanges is almost nil. Accordingly, the listing fees paid to the other stock exchanges are dis-proportionately higher with no trading volumes. As part of the cost reduction measures, the Company has proposed the resolution at item no. 4 to enable it to voluntarily de-list its equity shares from the Stock Exchanges at Delhi and Calcutta. Members approval by Special Resolution is required for the voluntarily de-listing from the stock exchanges. The proposed de-listing will not adversely affect the investors, as Company's equity shares will continue to be listed on the BSE. The de-listing will take effect after all approvals, permissions and sanctions are received.

Company have also made an application with the National Stock Exchange (NSE) for listing of its shares with them. Earlier when the said Stock Exchange used to allow trading even of unlisted shares, the equity shares of our Company was being traded in a big volume.

Directors recommend the resolutions for approval of the members.

None of the Directors of the Company shall be deemed to be interested in the above resolutions.



Folio No.
No. of Shares

FORM 2B
NOMINATION FORM

(To be filled in by individual(s) applying singly or jointly)

I/Weand and, the holders of Shares being number(s) of JCT LIMITED wish to make a nomination and do hereby nominate the following person in who all rights of transfer and/or amount payable in respect of Shares shall vest in the event of my or our death.

Name and Address of Nominee

Name	
Address	
Date of Birth*	(*To be furnished in case the nominee is a minor)

** The Nominee is a minor whose guardian is

Name	
Address	

(**To be deleted if not applicable)

1.	Signature	
	Name	
	Address	
	Date	

2.	Signature	
	Name	
	Address	
	Date	

3.	Signature	
	Name	
	Address	
	Date	

Name, Address and Signature of two Witnesses

	Name & Address	Signature with date
1.		
2.		

Instructions:

1. The Nomination can be made by individuals only applying / holding shares on their own behalf singly or jointly. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of power of attorney can not nominate. If the Shares are held jointly, all joint holders will sign the nomination form. Space is provided as a specimen, if there are more jointholders more sheets can be added for signatures of holders of Shares and witnesses.
2. A minor can be nominated by a holder of Shares and in that event, the name and address of the guardian shall be given by the holder.
3. The nominee shall not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a power of attorney holder. A non-resident Indian can be a nominee on repatriable basis.
4. Nomination stands rescinded upon transfer of Shares.
5. Transfer of shares in favour of a nominee shall be a valid discharge by the company against the legal heir.
6. The Nomination Form shall be filed in duplicate with the Share Transfer Agent of the Company, RCMC Share Registry Pvt. Limited, 1515, Bhisham Pitamah Marg, Kotla Mubarakpur (Near South Extn.), New Delhi 110 003.

FOR OFFICE USE ONLY

Nomination Registration Number
Date of Registration
Checked by (Name and Signature)



DIRECTORS' REPORT

To the Members of JCT Limited

Your Directors present the 53rd Annual Report together with audited statement of account of the Company for the year ended on 31st March, 2002.

The salient features in respect of financial operations are given here below:

	(Rs. in '000)	
	2001-2002 (12 months)	2000-2001 (18 months)
Gross Income from operations	5,541,092	16,466,524
Other Income	149,935	147,772
Interest & financing charges (net)	306,962	1,307,369
Profit/(Loss) before depreciation	19,895	(344,069)
Depreciation	461,088	795,468
Net Loss	441,193	1,139,537

The operations of the Company post restructuring and after the hiving-off of the Fibre Unit, have significantly improved even under the difficult market conditions. It made a cash profit of Rs. 199 lacs in the financial year ended 31st March, 2002, in view of continuous efforts of the dedicated work force and the team spirit now, prevailing there is every hope for further positive growth in the current year.

In view of the losses, no dividend on equity and preference shares is being considered.

Equity Recast

As envisaged under the Scheme of Arrangement the paid-up equity capital was reduced by 75% after the confirmation of the Scheme by the Hon'ble High Court of Punjab & Haryana at Chandigarh. The Company, thereafter, have made fresh allotment of equity shares to financial institutions, banks, bodies corporate and also to promoters/ associates by private placement of the aggregate value of Rs. 56.02 Crores and the revised paid-up equity share capital now is Rs. 85.92 Crores. Optionally Convertible Preference Shares were also allotted to the financial institutions, banks, bodies corporate and promoters/associates as part of the Scheme.

As per the Scheme of Arrangement the preference shares of Rs. 100 lacs have been repaid in January, 2002 and the balance Rs. 400 lacs are repayable in four equal annual instalments.

OPERATIONS

Textile Division

The division could achieve the projections in terms of production and sales but found difficult to maintain profitability in line with the projections because of the significant drop in the anticipated selling prices. However, the Division could maintain reasonable profitability levels, primarily because of drop in the cotton prices which was in the region of 25% and also increase in the production efficiency & by various cost cutting measures. The Division during the year commissioned a husk fed boiler, which could run on coal also. This helped to save energy cost largely to add to the profitability.

The Company at its Textile Division made concerted efforts and gave thrust on the export turnover as the indigenous market was getting difficult in terms of competition and margins. The division achieved export of Rs. 62 crores

against Rs. 40 crores during the preceding 18 months period. The Division has plans to increase its export turnover further in the region of Rs. 75 crores during the current year. The company in its revitalizing exercise have constituted professional team for Marketing setup which is based at the Plant, which would help to monitor the production in line with the market demands and also facilitate developments of new qualities of fabrics to meet the challenges of the market.

In the current year prices of cotton, polyester stable fibre and viscose fibre are on increase, which is likely to effect the profitability. In order to meet the rising input cost, the company proposes to develop new variety of fabrics and products, which would yield higher margins. The company is contemplating replacement of exiting age old NMM looms by Air-Jet looms which would reduce the cost of production and also produce premium quality fabrics with better efficiency resulting in higher margins. Company is also considering to enter into trading activity by importing fabrics from South East Asian countries like China, Taiwan and Korea for sale in the domestic market.

The Sriganaganagar Unit has gone through a difficult phase primarily because of labour strike at its Plants for a period of 2 months. This adversely affected profitability of the Unit. However, corrective measures have been taken and the Plants are running normal. We are hopeful that the ensuing year 2002-03, the Unit would yield positive contribution to the Company.

Filament Division

After the hive-off of Fibre Unit at Hoshiarpur, Company undertook major revamp in Filament Unit to put it on a sound financial position. With the dedication of the entire work force, this unit has been able to achieve significantly good financial results during the year. Filament Unit has been able to effect substantial cost cutting in the areas of energy, packing material, stores etc. Besides cost reduction, the said unit has achieved improved plant utilization, rationalization of product mix and introduction of new products. All these steps helped in improving the profitability of this unit.

During the year, filament unit has successfully diversified into the field of Thermoplastic Engineering Nylon-6. Products made out of Nylon-6 (chips) is a replacement for large number of metallic parts in automobiles, electrical appliances, textile, etc. The product has been well received in the market and it expects to consolidate the market during the current year. This will add significant contribution to the bottom line during the current year and would result in full utilization of nylon polymerization capacity.

Nylon Filament Yarn is the major product of this unit contributing about 80% of the income. After persistent negative growth over the last few years, the market for nylon yarn is now stabilizing and it is expected that the current year market will grow by 3-4%. With no new capacity coming up, the existing manufacturers should be able to see improved profitability.

Steel Division

Recessionary conditions prevailed during the year and it was one of the worst years of the industry. The operations of this division were affected badly due to the market conditions and the Division had to curtail its production. The division incurred a loss during the year. However, during the current year the



Division is concentrating to increase and optimize its production and develop new markets for sale of its product. Such measures are expected to yield positive results.

Fixed Deposit

With a view to raise funds for long term working capital requirements, Company has re-introduced the Scheme of Acceptance of Fixed Deposits. The Company expects the good response from the public in view of its past good track record and brand equity of JCTs name.

Out of deposits which had become due for repayment during the year under review, deposits amounting to Rs. 19.19 lacs remained unclaimed as on 31st March, 2002. Of the above, deposits of Rs. 0.67 lacs have been repaid subsequently.

Consolidated Financial Statements

As required by Accounting Standard 21, 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India, the audited Consolidated Financial Statements of the Company are annexed and form an integral part of this Report.

Statutory Disclosures

As required under Section 212 of the Companies Act, 1956, the Statement and Annual Accounts of Subsidiary Companies are annexed and forms an integral part of this report.

The statement of employees required under Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975, is not annexed as there are none of the employees drawing salary exceeding the present limits as provided under the Act.

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

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

Directors' Responsibility Statement

As required under Section 217 of the Companies Act, 1956, the Directors hereby confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding

the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) the Directors had prepared the annual accounts on a going concern basis.

Auditors

M/s. S. P. Chopra & Company, Chartered Accountants, Auditors of the Company, retire and being eligible offer themselves for re-appointment.

Auditors' Report

For the observations made by the Auditors in their report it is mentioned that no provision has been made of amounts of unsecured loans shown as doubtful of recovery of Rs. 4,449.16 lacs and investments of Rs. 2,002.02 lacs in the two wholly owned subsidiary companies on account of pending merger of the said subsidiaries with the Company. In view of long term involvement of the Company in M/s India International Airways Limited no provision has been made of probable loss of investments of Rs. 380.40 lacs. Further, no provision of shortfall of Rs. 359.52 lacs in the aggregate market value of quoted investments as compared to the book value has been made, as the decline in the market value is considered to be temporary in nature.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Mahesh Sahai, Mr. T. N. Subramaniyan and Mr. Raj Mohan Singh, retire by rotation and are eligible for re-appointment.

IFCI Limited has nominated Mr. R. V. Rao on the Board of the Company in place of Mr. S. K. Tandon. Board places on record its appreciation for valuable contribution made by Mr. Tandon. He was also a member of the Audit, Asset Sale, and Directors' Remuneration Committees.

Mr. L. P. Aggarwal nominated by IDBI Limited ceases to be director and Board places on record its appreciation for valuable contribution made by Mr. Aggarwal. He was also a member of the Audit and Asset Sale Committees.

Unit Trust of India has nominated Mrs. Prema M. Prasad on the Board in place of Mr. B. L. Gupta. Board places on record its appreciation for valuable contribution made by Mr. Gupta. He was also a member of the Asset Sale Committees.

Acknowledgment

The Board places on record its appreciation for the valuable support and cooperation of the various Financial Institutions, Banks, Govt. Agencies, Customers, Suppliers, Shareholders, Management team and the entire workforce for their co-operation and commitment and look forward to their continued support in future.

For and on behalf of the Board

New Delhi

Dated: 31st July, 2002

Samir Thapar

Vice 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 31.3.2002.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

At Phagwara Unit of the Textile Division, 3rd phase of replacement of industrial fans with FRP fans in humidification plants and 2nd phase of special energy efficient tube light in departments was completed which resulted in saving of 20% in energy bills. AFBC high efficiency coal/Husk fired boiler was commissioned which has resulted into a saving upto 25% in fuel cost.

In case of Filament Unit, all mechanical PIV's and eddy current drives replaced with inverters for spin finish rollers, metering pumps, friction rolls, groove rolls and traverse of all extruders of conventional and POY spinning.

In case of Steel Division, following measures were taken for energy conservation;

- (i) Capacity of one of the Furnaces has been enhanced by 15%.
- (ii) Thermal insulation strengthened and recuperators installed in one of the Galvanising Furnaces.
- (iii) Lighting system in the finished goods godown and two of the furnace sheds modified for optimising use of natural sunlight.

(b) Additional investments and proposals if any being implemented for reduction in consumption of energy:

- (i) At Phagwara Unit, there is a proposal for installation of condensing-cum- extraction 4MW T-G set which will enable reduction in the expenses of electrical energy by about 20%. There is another proposal to convert the existing thermopacks to multi fuel coal/ husk, which would result into 30% saving in fuel bills on thermopacks. Energy efficient tube lighting in 3rd phase shall be continued. Steps for steam, electrical and other energy conservation shall be taken up for further saving.
- (ii) In case of Filament Unit, there is proposal to replace old D C Drives with energy efficient A C Drives for D T Machines. Proposal is made to replace normal Fluorescent Tubes with energy efficient Tubes.
- (iii) In case of Steel Division, efforts on energy conservation mainly on Furnaces shall be continued further.

(c) Impact of measures:

On account of the aforesaid steps/measures, considerable savings have been achieved in respect of per unit of consumption of energy and other utilities.

(d) 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 Divisions

- Optimisation of Blow Room and Card Parameters.
- Optimisation of setting at Autoconer for controlling yarn count.
- Study the impact on yarn quality of Rotor dia in OE yarn.
- Optimisation of various Parameters at Simplex & Ring frame.
- Streamlining the tension draft in Carding, Draw frame & Simplex.
- Optimisation of Reed space in various sorts.
- Control on black stains in bleached blended fabric.
- Control on piece to piece shade variation within batch in blended fabric.
- Optimisation of fabric mass in Defence sorts.
- Control on yarn strength in case of PC yarn after dyeing.
- Optimisation of time of various activities by time & motion study technique.
- Analysis of material handling of fabric in Weaving, Processing & Warehouse by snap study technique.

Filament Division

- Developed Engineering grade Nylon- 6 Chips for use in Plastic Industry. This was achieved by use of various additives.
- Developed bleach yarn through dope dyeing process with the help of master batch chips.
- Developed high tenacity Nylon bright yarn for use in fish nets, ropes etc.

2. Benefits Derived:

Textile Divisions

- Improvement in yarn quality parameters.
- Reduction in off count in the Autoconer package.
- Controlling of yarn count variation.
- Cost saving in terms of warp yarn.
- Increase in fresh recovery of bleached blended fabric.
- Reduction in processing cost & increase in fresh recovery.
- Reduction in hard waste in PC dyed yarn.
- Increase in productivity & efficiency of man & machine in the department.
- Reduction in stain and improvement in fabric recovery.

Filament Division

- Reduction in production cost & better sales realization.
- Widening of product range manufactured by Company.
- Increase in productivity.

3. Future plan of action:

Textile Divisions

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

**Filament Division**

- Development of compounded Nylon chips.
- Development of high tenacity monofilament yarn.

4. Expenditure on Research & Development:

	Current year	Previous Period
	Rs.	Rs.
Capital	439,100	278,861
Recurring	5,636,095	7,286,044
	6,075,195	7,564,905

Total R&D Expenditure as a

Percentage of total turnover **0.11%** 0.05%**C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION****(a) Efforts in brief, made towards technology absorption, adaptation and innovation**

Old and obsolete machines/components have been replaced with the latest technology to provide avenues to manufacture value added products with reduced cost. New methods have also been developed for improvement in the quality and quantity of production.

(b) Benefits derived

The efforts at product improvement, cost reduction and technology absorption, adaptation and innovation have resulted into a larger product range including development of new deniers and optimisation of the cost of the fabrics of the desired quality.

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

Not applicable

D. FOREIGN EXCHANGE EARNINGS & OUTGO**(a) Activities relating to exports, initiatives taken to increase export development of new export markets for product services and export plans.**

There have been concentrated efforts to maintain and improve exports performance in respect of Textiles inspite of depressed market conditions prevailing, the world over. New markets for the same have been developed in Lebanon, Tunisia, Egypt and Kenya.

(b) Total Foreign Exchange used and earned:

	Rs.
Used	18,816,816
Earned	626,143,448

FORM 'A'**A. POWER AND FUEL CONSUMPTION:**

	Current year	Previous Period
1. Electricity		
(a) Purchased:		
Units	134,544,227	243,444,066
Total Cost (Rs./lacs)	4,726.02	8,061.72
Rate/Unit (Rs.)	3.51	3.31
(b) Own Generation:		
(i) Through Diesel Generators		
Units	20,783,975	63,826,474
Unit per Ltr of Diesel Oil	3.58	3.60
Cost/unit (Rs.)	3.72	3.48
(ii) Through Steam Turbine Generators		
Units	Nil	Nil
Unit per Ltr of Fuel Oil/Gas	Nil	Nil
Cost/unit (Rs.)	Nil	Nil
2. Coal (Specify quantity/ where used)		
Quantity (tonnes)	49,890	67,713
Total Cost (Rs./lacs)	1,233.66	1,934.41
Average Rate (Rs.)	2,472.76	2,856.78
3. Furnace Oil		
Quantity (K.ltrs)	4,844.813	20,635.324
Total Cost (Rs./lacs)	513.12	2,239.47
Average Rate (Rs.)	10,591	10,853
4. LDO / HSD (HTM / Boiler)		
Quantity (Ltrs)	5,410,257	21,127,329
Total Cost (Rs./lacs)	705.37	2,606.57
Average Rate/ltr (Rs.)	13.04	12.34
5. Other / Internal Generation		
Steam		
Quantity (tonnes)	38.228	164.513
Total Cost (Rs./lacs)	291.69	1,446.94
Average Rate (Rs.)	763.05	879.53

B. Consumption per unit of production (Rs.)

Products	Unit	Current Year					Previous Period				
		Electricity	Coal/Husk	Furnace Oil	Steam	LDO/HSD	Electricity	Coal	Furnace Oil	Steam	LDO/HSD
Filament Yarn/Chips	Per Kg.	15.07	-	2.29	1.94	3.45	16.81	-	2.80	2.89	4.93
Cloth	Per Mtr	1.95	1.26	-	-	-	1.96	1.12	-	-	-
Steel Wires	Per MT	1887	22	554	-	-	1862	18	565	-	-
Cotton Yarn	Per Kg.	1.83	-	-	-	-	1.69	-	-	-	-



CORPORATE GOVERNANCE REPORT

1. Company's philosophy on Code of Governance

Corporate Governance assumes a great deal of importance in the business life of JCT Ltd.

The driving forces of Corporate Governance at JCT Ltd. are its core values – Trust in People, Entrepreneurship, Customer Orientation and the Pursuit of Excellence. The Company's goal is to find creative and productive ways of delighting its stakeholders, i.e. Investors, Customers and Associates, while fulfilling the role of a responsible corporate representative committed to best professional practices.

2. Board of Directors

Constitution

The total strength of the Board is eleven at present, which includes four Executive Directors out of which two are promoter directors and the other two are professional directors, elevated from within the organisation. The balance seven consist of three nominee directors Mr.R. V. Rao, Mrs. Prema M. Prasad & Mr. J. N. Pandey of the financial institutes & banks and four independent professional directors Mr. G. B. Kathuria, Mr. Mahesh Sahai, Mr.A. S. Dugal and Dr. S. P. Narang. Attendance of Directors at Board Meetings & AGM and number of companies in which the director is a member of the Board or its Committees as a member or chairperson thereof during the financial year

Name of the Director & Designation	Category	No. of Board Meetings		No. of other Companies in which a Director	No. of other Committees in which a Member	No. of other Board Committees in which a Chairperson
		Held*	Attended			
Mr.M. M. Thapar Chairman & Managing Director	Promoter	4	1	4	1	1
Mr.Samir Thapar Vice Chairman & Managing Director	Promoter	4	4	2	-	-
Mr.Raj Mohan Singh Director (Operations)	Executive	2	1	-	-	-
Mr. T. N. Subramaniyan Director (Finance)	Executive	2	2	7	-	-
Mr. L. M. Thapar**	Non Executive	2	-	-	-	-
Mr. Prem Saigal**	Non Executive	2	-	-	-	-
Mr.G. B. Kathuria	Independent Non Executive	4	4	-	-	-
Dr. S. P. Narang	Independent Non Executive	3	2	-	-	-
Mr.Mahesh Sahai	Independent Non Executive	4	2	5	-	-
Mr.A. S. Dugal	Independent Non Executive	4	4	1	-	-
Mr. C. D. Ghosh**	Nominee (IFCI)	1	1	5	-	-
Mr. S. K. Tandon	Nominee (IFCI)	3	3	-	-	-
Mr.L. P. Aggarwal	Nominee (IDBI)	4	4	-	-	-
Mr.B. L. Gupta	Nominee (UTI)	4	4	-	-	-
Mr. J. N. Pandey	Nominee (Allahabad Bank)	4	4	1	-	-

* Denotes number of meetings held during the tenure of directorship of each Director.

** Ceased to be a Director on the Board of the Company during the year.

The last AGM held on September 28, 2001 was attended by Mr. A. S. Duggal, Mr. Rajmohan Singh and Mr. T. N. Subramaniyan.

Date and number of Board Meetings held

The Board met four times during the year on April 30, 2001, July 20, 2001, October 30, 2001 and January 24, 2002.

3. Audit Committee

Constitution

The audit committee was constituted as per the stipulation of IFCI on November 27, 1997 and last reconstituted on July 20, 2001, consisting of three independent directors & two nominee directors of IFCI & IDBI. At present the committee consists of Mr. G.B. Kathuria, Mr. Mahesh Sahai & Dr. S.P. Narang, independent directors, Mr. R. V. Rao, nominee of IFCI. Mr. Samir Thapar, Vice Chairman & Managing Director, Mr. Raj Mohan Singh, Director (Operations) & Mr. T.N. Subramaniyan, Director (Finance) are the permanent invitees.

The statutory Auditors, M/s. S.P. Chopra & Co., Chartered Accountants, also attend the meeting as an invitee.