



# ANNUAL REPORT 2003

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JCT LIMITED

**Board of Directors**

Mr. M.M. Thapar  
 Mr. Samir Thapar  
 Mr. Lokanath Mishra  
 Mrs. Prema M. Prasad  
 Mr. J. N. Pandey  
 Mr. Mahesh Sahai  
 Mr. A. S. Dugal  
 Mr. G. B. Kathuria  
 Dr. S. P. Narang  
 Mr. T. N. Subramaniyan  
 Mr. Rajmohan Singh

Chairman & Managing Director  
 Vice Chairman & Managing Director  
 IFCI Nominee  
 UTI Nominee  
 Allahabad Bank Nominee

Director (Finance)  
 Director (Operations)

**Company Secretary**

Mr. S.C. Saxena

**Auditors**

S.P. Chopra & Co.  
*Chartered Accountants*  
 F-31, Connaught Place  
 New Delhi - 110 001

**Registered Office**

Village Chohal  
 Distt. Hoshiarpur - 146 024  
 (Punjab)

**Units**

Textiles : Phagwara (Punjab)  
           : Sriganganagar  
           (Rajasthan)  
 Filament : Hoshiarpur (Punjab)  
 Steel/  
 Rope Wire : Hoshiarpur (Punjab)

**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

**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

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## NOTICE

**THE 54<sup>th</sup> ANNUAL GENERAL MEETING OF JCT LIMITED will be held at the Registered Office at Village Chohal, Dist. Hoshiarpur-146 024 (Punjab) on Friday, the 29<sup>th</sup> day of August, 2003 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 31<sup>st</sup> March, 2003 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, in accordance with the applicable provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Listing Agreement with Stock Exchanges and the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, or any amendment or modification thereof and subject to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed by any Authority while granting such approvals, permissions or sanctions which may be agreed to by the Board of Directors of the company ('the Board') or any Committee/ persons(s) authorized by the Board, consent be and is hereby accorded to delist the Equity Shares of the Company from the Stock Exchanges at Ludhiana, Delhi and Kolkata."**

**"RESOLVED further that the authority be and is hereby accorded to the Board or any Committee/person(s) authorized by the Board, to settle all questions, difficulties or doubts that may arise in this regard and to do all such acts, deeds and things as may be necessary, expedient and desirable, for the purpose of giving effect to this Resolution."**

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

New Delhi  
Dated : July 3, 2003

### 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 27.8.2003.

- (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 who hold shares in dematerialized form are requested to write their Client ID and DP Id numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.

- (d) All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 A.M. and 1.00 P.M. upto the date of the Annual General Meeting.

- (e) 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.

- (f) Dividend for the financial year ended 31<sup>st</sup> March, 1996, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government on 27<sup>th</sup> September 2003, 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 31<sup>st</sup> 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.

- (g) Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which shall be made available on request) to the Share Transfer Agents M/s RCMC Share Registry Pvt. Limited.

- (h) In accordance with the provisions of Article 161 of the Articles of Association of the Company, Mr. G. B. Kathuria, Dr. S. P. Narang and Mr. A. S. Dugal, 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 in respect of those Directors seeking election after retiring by rotation at the Annual General Meeting, are given hereunder:

**I. Mr. G. B. Kathuria**

Mr. Kathuria has been a Director of the Company since 5<sup>th</sup> April, 1999. He retired as Chairman & Managing Director of Bank of India in the year 1995. He is having vast knowledge and experience in Finance and Banking. He is also the Chairman of the Audit, Asset Sale and Remuneration Committee of the Board of Directors. He is on the Board of:

- Hinduja Group India Limited
- Aasia Properties Development Limited
- IndusInd Enterprises & Finance Limited

**II. Dr. S. P. Narang**

Dr. Narang has been a Director of the Company since 20<sup>th</sup> July 2001. He has done M.Com, PhD, LL.B, FCS, FIMA with consistent good academic record and retired as CEO of the Institute of Company Secretaries of India (ICSI). He was actively involved in education and academic planning, professional development and education programmes, research/suggestions on government regulatory authorities, guidance notes and teaching papers, providing corporate services etc. in the matters mostly relating to corporate management. He has also participated in many international conferences related to Company Law and Secretarial matters. He is presently Professor with the Indraprastha University, Delhi.

**III. Mr. A. S. Dugal**

Mr. Dugal has been a Director of the Company since 29<sup>th</sup> November 1996. He retired from a senior position in GIC of India and has vast knowledge and experience in Insurance and Industrial Labour Relations. He is also the member of Investor Grievance Committee of Directors. He is on the Board of Saraya Sugar Mills Limited.

## EXPLANATORY STATEMENT

Attached to the Notice convening the 54<sup>th</sup> Annual General Meeting to be held on 29<sup>th</sup> August, 2003.

**Item No. 4**

The Securities and Exchange Board of India (SEBI) has issued

the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the 'Delisting Guidelines') incorporating, among other, provisions for delisting of securities of a body corporate voluntarily by a promoter or an acquirer or any person other than the Stock Exchanges.

The Equity Shares of the Company were listed on the following Stock Exchanges in India.

- The Stock Exchange, Mumbai.
- The Ludhiana Stock Exchange Association Limited.
- The Delhi Stock Exchange Association Limited.
- The Calcutta Stock Exchange Association Limited.

With the extensive networking of The Stock Exchange, Mumbai (BSE) as also the extension of BSE terminals to other cities as well, investors have access to online dealings in Equity Shares of the Company across the country. The bulk of the trading in the Company's equity shares in any case takes place on the BSE and trading in the Company's Equity Shares on all the other Stock Exchanges was not significant. Keeping in view the above facts Members had passed the Special Resolution at the last Annual General Meeting held on 30.9.2002 for delisting of equity shares from Delhi & Calcutta Stock Exchange(s). Under the new guidelines issued by SEBI even the concept of having regional stock exchange been abandoned. It is therefore proposed to get the shares delisted from Ludhiana Stock Exchange also.

It has also been observed that the listing fee paid to the Stock Exchanges other than BSE is disproportionately higher, compared to almost nil trading volumes of the Company's securities on those stock exchanges.

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 big volumes.

This Resolution as a part of its cost reduction measures would enable the Company for voluntary delisting of its equity shares from Ludhiana, Delhi and Kolkata Stock Exchanges.

The proposed delisting of the Company's Equity Shares from the said Stock Exchanges, as and when it take place, will not affect the investors.

Directors recommend the resolutions for approval of the members.

None of the Directors of the Company may be deemed to be interested in the said resolution.



## DIRECTORS' REPORT

### To the Members of JCT Limited

Your Directors present the 54<sup>th</sup> Annual Report together with audited statement of account of the Company for the year ended on 31<sup>st</sup> March, 2003.

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

	(Rs. in '000)	
	2002-2003	2001-2002
	(12 months)	(12 months)
Gross Income from operations	5,965,037	5,541,092
Other Income	173,863	149,935
Interest & financing charges (net)	238,236	306,962
Profit/(Loss) before depreciation	333,403	19,895
Depreciation	301,472	461,088
Net Profit/(Loss) before tax	31,931	(441,193)

The operations of the Company have shown significant improvement consequent upon the concerted efforts to achieve the optimum level of production more particularly in the Filament Unit of the Company and also measures taken towards substantial reduction in the cost of production. It made a net profit of Rs. 286 lacs after making a provision of tax to the tune of Rs.33 lacs in the financial year ended 31<sup>st</sup> March, 2003. With the dedicated work force and the team spirit there is every hope for sustained growth in the current year also.

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

### OPERATIONS

#### Textile Division

The production at the two textile units of the Company was at the optimum level. During the year greater emphasis was made on trading of fabrics to improve upon the profitability. The division purchased 22 lac meters of fabrics for trading as against 7 lac meters in the immediately preceeding year. The raw material prices especially the cotton and polyester staple fibre showed upward trend during the later part of the financial year. But for this profitability would have still been better. The division continues to make efforts to penetrate into export market which has made export turnover to go up from Rs. 63 crores last year to Rs.80 crores during the financial year ended on 31<sup>st</sup> March, 2003. The Company is also gearing to face challenges after implementation of WTO in 2005. It has accordingly installed 22 Air jet Looms in replacement of old 120 NMM Looms. This would not only help to reduce the cost of production but also improve the quality of fabric. It has also installed one Sizing & Singeing Machine, which would further improve the finish of the fabric. It has also plans for adding one more Continuous Dyeing Range Plant (CDR) so that it could supply more processed fabric for domestic readymade garment sector as well as export market. The margins on processed fabric is better than those available on grey fabric and installation of CDR will help further improve the profitability of the Company.

The prices of cotton in the current year, which is the main raw material for textile units, have shown unprecedented increase of over 35% as compared to the last year. However the selling

prices of fabrics are not keeping pace with the rising cotton prices. With a view to over-come this mismatch Company is looking at changing the product-mix by adding more processed fabric, exploring new markets and also improve upon the efficiencies and cost cutting measures. Company is also further increasing its trading activity and also looking its various options like acquiring production capacities on job work basis.

#### Filament Division

The production and sale of Nylon Filament Yarn is increased by 30% as compared to the previous financial year, which has been possible with full utilization of plant & machinery. High petroleum prices and increased electricity charges did affect the profitability in the last quarter of the year. Further Steps taken to reduce cost of production did yield improved margins during the year.

Operations in the first quarter 2003-04 have been badly affected by the power loom strike after the Union Budget. The frequent price hike in the basic raw material of polyester as well as nylon has further aggravated the situation. This was mainly because of the increase in price of crude oil and the Iraq war. It is expected that the situation will stabilize by second quarter. The recent policy announced by the Government in respect of reduction of custom duty on imported textile and man-made yarn machinery, introduction of Cenvat on power loom fabric and reduction in excise duty on polyester and nylon yarn will benefit the unit in the long run. These steps will not only attract fresh investment in the weaving sector but also improve consumption of filament yarn.

#### Steel Division

Operations continued to be affected on account of continuous increase in the prices of raw material which could not be passed on to the buyers due to tough competition for the industrial wire and rope wires. However, various steps like reduction in staff cost, administrative expenses and savings in power consumption have helped to reduce operating losses substantially. Various measures are being considered to make the Division profitable like shift to readily saleable products in the market may help to improve cash flows and also improve the production levels and reduction in operating costs.

#### 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 JCT's name.

Out of deposits, which had become due for repayment during the year under review, deposits amounting to Rs. 8.60 lacs remained unclaimed as on 31<sup>st</sup> March, 2003. Of the above, deposits of Rs. 0.44 lac 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 towards unsecured loans shown as doubtful of recovery of Rs.4,432.40 lacs and investments of Rs.2,002.02 lacs in two wholly owned subsidiary companies on account of pending merger of the said

subsidiaries with the Company. In view of the 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. No provision of shortfall of Rs.638.45 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. Further no provision has been made for liability which may arise on invocation of the corporate guarantee of Rs.3,580 lacs given for the term loan facilities to JCT Electronics Limited, the company promoted by us, as the said company has gone into BIFR and the proceedings in the court have been stayed.

**Directors**

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. G. B. Kathuria, Dr. S. P. Narang and Mr. A. S. Dugal, retire by rotation and are eligible for re-appointment.

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

**Delisting of Equity Shares from some Stock Exchanges**

The Equity Shares of your Company are presently listed on Mumbai, Ludhiana, Delhi and Kolkata Stock Exchanges. Trading volumes indicates that the company's shares are not traded in material volumes at Stock Exchanges other than Mumbai. Mumbai Stock Exchange have extensive networking of trading terminals, which facilitates trading by members / investors across the country.

The Board of Directors of your Company accordingly recommended for the approval of the Members, the proposal to voluntarily delist the Company's shares from Ludhiana, Delhi and Kolkata Stock Exchanges. A Special Resolution seeking your approval to such delisting is appearing in the Notice convening the 54<sup>th</sup> Annual General Meeting of the Company.

**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: July 3, 2003

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 31.3.2003.

### A. CONSERVATION OF ENERGY

#### (a) Energy conservation measures taken:

At Phagwara Unit of Textile Division, more replacement of industrial fans with FRP fans and spray nozzles in humidification plants and energy efficient tube light in departments was carried out which has resulted in saving of 10% in power cost.

In case of Filament Unit, energy saving fittings of 28 watts were installed after removing conventional rods of 54 watts. Further modification work is being carried out on drives of DT machines. During the year, husk fired boiler was successfully installed.

In Steel Division, integration of furnaces by capacity enhancement has led to significant savings in energy consumed per tonne of production. The power consumption has reduced to 473 units per tonne of production in the current year against 524 units in the previous year.

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

In Textile Division at Phagwara Unit, there is a proposal for installation of condensing-cum-extraction 5MW T-G set which will enable reduction in the expenses of electrical energy by about 25%. There is another proposal to convert the existing thermopacs used for heating the oil required for hot air stenter in synthetic cloth processing to multi fuel coal/husk, which would result into 30% saving in cost of fuel bills on thermopacs. Instalation of energy efficient tube lighting in next phase shall be continued. Special imported industrial impellers will be fitted in process house machines for saving in power consumption.

In case of Filament Unit, there is proposal to replace normal Fluorescent Tubes with energy efficient Tubes. Various machines have been identified for modification of DC drives.

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

- Controlling of stains in Polyester cotton sorts.
- Change in colour combination for better fastness.
- Online information of Yarn & Fabric test results to the concerned department.
- Optimization of comber parameters.
- Impact of changing parameter at different processing stage to increase production & quality.
- To improve working efficiency of Beater.
- Design & development of lycra Fabric stretch testing machine as per ASTM D-3107.
- Development of software for analysis of spectrogram for spinning machines.

##### Filament Division

- Developed Film grade polyester chips for use in Packing industry. This was achieved by use of various additives.
- Developed black yarn through dope dyeing process with the help of master batch chips.
- Developed nylon bright yarn for use in air texturing.

#### 2. Benefits Derived:

##### Textile Divisions

- Reduction in stain in PC sorts.
- Improvement in fastness properties as per customer needs.
- It has helped in taking corrective & preventive action in time.
- Improvement in Yarn & Cloth quality.
- Synchronization of machines.
- Scientific testing of Lycra Fabric.
- Finding the exact location of faults on the machine.

##### Filament Division

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

#### 3. Future plan of action:

The Company has independent R&D department for its textile division as well as for filament unit, which regularly provides suggestions for improvement so as to minimize the cost of products and improve the quality. In case of filament unit, efforts are being made for the development of bottle grade polyester chips and high tenacity monofilament yarn.



## 4. Expenditure on Research &amp; Development:

## FORM 'A'

	Current year	Previous year
	Rs.	Rs.
Capital	5,038,922	439,100
Recurring	6,040,813	5,636,095
	<b>11,079,735</b>	<b>6,075,195</b>
Total R&D Expenditure as a Percentage of total turnover	0.19%	0.11%

## C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

120 NMM Looms have been replaced with 22 Air Jet Looms of latest technology at Phagwara unit of textile division.

## (b) Benefits derived

The efforts at product improvement, cost reduction and technology absorption, adaptation and innovation have resulted into a larger product range of textiles including development of new types of filament yarn and reduction in the cost of the yarn/fabrics.

## (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 &amp; 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.

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

	Rs.
Used	22,993,479
Earned	799,395,659

## A. POWER AND FUEL CONSUMPTION:

	Current year	Previous year
<b>1. Electricity</b>		
(a) Purchased:		
Units	132,492,757	134,544,227
Total Cost (Rs./lacs)	5,024.37	4,726.02
Rate/Unit (Rs.)	3.79	3.51
(b) Own Generation:		
(i) Through Diesel Generators		
Units	24,825,706	20,783,975
Unit per Ltr of Diesel Oil	3.61	3.58
Cost/unit (Rs.)	3.81	3.72
(ii) Through Steam Turbine Generators		
Units	Nil	Nil
Unit per Ltr of Fuel Oil/Gas	Nil	Nil
Cost/unit (Rs.)	Nil	Nil
<b>2. Coal/Husk (Specify quantity/ where used)</b>		
Quantity (tonnes)	57,683	49,890
Total Cost (Rs./lacs)	1,199.46	1,233.66
Average Rate (Rs.)	2,079.41	2,472.76
<b>3. Furnace Oil</b>		
Quantity(K.ltrs)	4,009.549	4,844.813
Total Cost (Rs./lacs)	513.95	513.12
Average Rate (Rs.)	12,818.13	10,591.15
<b>4. LDO / HSD ( HTM / Boiler)</b>		
Quantity (Ltrs)	6,207,617	5,410,257
Total Cost (Rs./lacs)	835.35	705.37
Average Rate/ltr (Rs.)	13.46	13.04
<b>5. Other / Internal Generation</b>		
Steam		
Quantity (tonnes)	44.992	38.228
Total Cost (Rs./lacs)	300.13	291.69
Average Rate (Rs.)	667.08	763.05

## B. Consumption per unit of production (Rs.)

Products	Unit	Current year					Previous year				
		Electricity	Coal/Husk	Furnace Oil	Steam	LDO/HSD	Electricity	Coal/Husk	Furnace Oil	Steam	LDO/HSD
Filament Yarn/Chips	Per Kg	15.46	0.40	2.18	1.95	3.37	15.07	-	2.29	1.94	3.45
Cloth	Per Mtr	2.04	1.39	-	-	-	1.95	1.26	-	-	-
Steel Wires	Per MT	1865	19	582	-	-	1887	22	554	-	-
Cotton Yarn	Per Kg	1.92	-	-	-	-	1.83	-	-	-	-



**CORPORATE GOVERNANCE REPORT – 2002-2003****1. Company's philosophy on Code of Governance**

Corporate Governance assumes a great deal of importance in the business life of JCT. The driving forces of Corporate Governance at JCT Limited 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 organization. The balance seven consist of three nominee directors Mr. Lokanath Mishra, Mrs. Prema M. Prasad & Mr. J. N. Pandey of the financial institutions & 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	-	4	-	1
Mr. Samir Thapar Vice Chairman & Managing Director	Promoter	4	3	2	-	-
Mr. T. N. Subramaniyan Director (Finance)	Executive	4	4	6	-	-
Mr. Rajmohan Singh Director (Operations)	Executive	4	4	1	-	-
Mr. G. B. Kathuria	Independent Non Executive	4	4	3	-	-
Dr. S. P. Narang	Independent Non Executive	4	4	-	-	-
Mr. Mahesh Sahai	Independent Non Executive	4	3	5	-	-
Mr. A. S. Dugal	Independent Non Executive	4	4	1	-	-
Mr. R. V. Rao**	Nominee (IFCI)	3	2	5	-	-
Mr. Lokanath Mishra	Nominee (IFCI)	1	-	2	1	-
Mr. Prema M. Prasad	Nominee (UTI)	4	3	-	-	-
Mr. J. N. Pandey	Nominee (Allahabad Bank)	4	4	1	-	-
Mr. L. P. Agarwal**	Nominee (IDBI)	2	-	-	-	-

\* 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 30, 2002 was attended by Dr. S.P. Narang, Mr. G. B. Kathuria, 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 29, 2002, July 31, 2002, October 24, 2002 and January 31, 2003.

**3. Audit Committee****Constitution**

The audit committee was last reconstituted on April 29, 2002, consisting of three independent directors and nominee director of IFCI. At present the committee consists of Mr. G. B. Kathuria, Mr. Mahesh Sahai & Dr. S.P. Narang, independent directors and Mr. Lokanath Mishra, nominee of IFCI. Mr. Samir Thapar, Vice Chairman & Managing Director, Mr. T. N. Subramaniyan, Director (Finance) & Mr. Rajmohan Singh, Director (Operations) are the permanent invitees. The statutory Auditors and own internal auditors also attend the meetings.



#### Quorum for the Committee & its Chairman

The quorum for the meeting is two independent directors, which is more than one third of the members of the Committee. The meeting is chaired by Mr. G. B. Kathuria who is an independent director.

#### Terms of reference

Keeping in view the provisions of section 292A of the Companies Act, 1956 and matters specified under clause 49 of the Listing Agreement with Stock Exchanges, terms of reference are as under:

- To select and recommend appointment of the statutory auditors and cost auditors.
- To review reports of the internal audit department & decide about the scope of work.
- To meet statutory and internal auditors periodically and discuss their findings, suggestions and other related matters.
- To review financial statements and to seek clarifications etc. from the statutory/internal auditors.
- To review the internal control system.
- To select and establish accounting policies.
- To act as a link between the statutory and internal auditors and the board of directors.
- To review the financial statements before submission to the board of directors.
- Generally to ensure that tendencies for extravagance, if any, are avoided.

#### Date and number of Committee Meetings held

The audit committee met four times during the year (as against the minimum requirement of 3 meetings) on April 29, 2002, July 30, 2002, October 24, 2002 & January 31, 2003. The meeting held on July 30, 2002, reviewed the Annual Accounts before approval by the Board.

#### Attendance of Directors

Name of the Committee Member	No. of meetings held *	No. of meetings attended
Mr. G.B. Kathuria	4	4
Dr. S. P. Narang	4	4
Mr. Mahesh Sahai	4	3
Mr. R. V. Rao (IFCI)**	3	2
Mr. Lokanath Mishra (IFCI)	1	—

\* Denotes number of Meetings held during the tenure of Directorship of each Director.

\*\* Ceased to be a Member of the Committee during the year.

#### 4. Remuneration Committee

The Remuneration Committee was reconstituted on April 29, 2002, consisting of three independent directors and a nominee director of IFCI. At present, the committee consists of Mr. G.B. Kathuria, Mr. Mahesh Sahai & Dr. S.P. Narang, independent directors, and Mr. Lokanath Mishra, nominee of IFCI.

#### Quorum for the meeting & its Chairman

The quorum for the meeting is three out of which the presence of nominee Director of IFCI is must. The committee meeting is chaired by Mr. G.B. Kathuria who is an independent director.

#### Terms of reference

Finalization of Directors' remuneration, keeping in view the stipulation as contained in Schedule XIII and other applicable provisions of the Companies Act, 1956 Remuneration policy is aimed at attracting and retaining high caliber talent. The policy therefore, takes into account the remuneration trends and the competitive requirement of its businesses. The objective of remuneration policy is to retain the best talent and seeks to leverage performance in a significant manner.

#### Attendance of Members

Member	No. of meetings held	No. of meetings attended
Mr. G. B. Kathuria	2	2
Dr. S. P. Narang	2	2
Mr. Mahesh Sahai	2	2
Mr. R. V. Rao	2	2