

# JCT

ANNUAL REPORT 2004

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**JCT LIMITED**

**Board of Directors**

Mr. M.M. Thapar  
 Mr. Samir Thapar  
 Mr. Rajmohan Singh  
 Mr. Mahesh Sahai  
 Mr. A. S. Dugal  
 Mr. G. B. Kathuria  
 Dr. S. P. Narang  
 Mr. Lokanath Mishra  
 Mr. M. P. M. Menon  
 Mr. J. N. Pandey

Chairman & Managing Director  
 Vice Chairman & Managing Director  
 Director (Operations)

IFCI Nominee  
 UTI Nominee  
 Allahabad Bank Nominee

**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  
 Life Insurance Corporation of India  
 GE Capital Services (India) Ltd.

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**NOTICE**

**THE 55th ANNUAL GENERAL MEETING OF JCT LIMITED**  
**will be held at the Registered Office at Village Chohal, Dist.**  
**lohriarpur- 146 024 (Punjab) on Wednesday, the 29th day**  
**of September, 2004 at 12.30 P.M. to transact the following**  
**business:**

**ORDINARY BUSINESS**

To consider and adopt the Accounts of the Company for the financial year ended 31st March, 2004 and the Reports of the Directors and Auditors thereon.

To elect Directors in place of those retiring by rotation.

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.800,000/- payable in one or more instalments plus service tax as applicable and reimbursement of out-of-pocket expenses incurred."

**SPECIAL BUSINESS**

To consider, and if thought fit, to pass the following Resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956, and subject to other approvals as may be necessary, the members of the Company hereby accord its approval for the re-appointment of Mr. Samir Thapar as Vice Chairman & Managing Director for a period of five years w.e.f 2.6.2004 on the terms and conditions as set out here below and with further discretion to the Board to alter from time to time the said terms in such manner as it may deem fit in the best interest of the Company and agreed to with Mr. Thapar :

(a) Salary : At the rate not exceeding Rs. 75,000/- per month with annual increments effective 1st April each year, as may be decided by the Board of Directors of the Company subject to the ceiling on increment of 30% per annum over the existing salary.

(b) Commission/ Performance linked incentive : On net profits of the Company determined in accordance with the relevant provisions of the Companies Act, 1956 at a rate to be determined by the Board of Directors from time to time, but not exceeding an amount equivalent to the basic salary for the relevant period. The payment may be made on a pro-rata basis every month or on an annual basis or partly monthly and partly on an annual basis at the discretion of the Board.

(c) Perquisites : In addition to the Remuneration as stated above, Mr. Thapar shall be entitled to, as per Rules of the Company, the perquisites like:

Rent-free furnished residential accommodation with free use of all the facilities and amenities, such as cooking gas, electricity, water etc. In

case no accommodation is provided by the Company, he shall be entitled to house rent allowance limited to 80% of his salary.

Reimbursement of medical expenses incurred for self and family including hospitalization.

Personal Accident Insurance Premium.

Leave Travel Allowance for self and members of his family once a year.

Fees of clubs subject to a maximum of two clubs, which will not include admission fees.

Use of Company car with driver and telephone at the residence. Personal long distance telephone calls shall be borne by Mr. Thapar.

Encashment of privilege leave.

Contributions to Provident Fund, Superannuation Fund or Annuity Fund, Gratuity and any other retirement benefits.

(d) Other Terms : Mr. Thapar shall, subject to the superintendence, control, and direction of the Board, manage and conduct the entire business and affairs of the Company. He shall not be paid any sitting fees for attending meetings of the Board or Committee thereof.

5. To consider, and if thought fit, to pass the following Resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956, and subject to other approvals as may be necessary, the members of the Company hereby accord its approval for the re-appointment of Mr. Rajmohan Singh as Director (Operations) for a period of five years w.e.f. 20.7.2004 on the terms and conditions as set out here below and with further discretion to the Board to alter from time to time the said terms in such manner as it may deem fit in the best interest of the Company and agreed to with Mr. Rajmohan Singh :

(a) (i) Basic Salary : At the rate not exceeding Rs. 51,500/- per month with annual increments effective 1st April each year, as may be decided by the Board of Directors of the Company subject to the ceiling on increment of 30% per annum over the existing salary.

(ii) Special Allowance : Rs. 17,250/- per month.

(b) Commission/ Performance linked incentive : On net profits of the Company determined in accordance with the relevant provisions of the Companies Act, 1956 at a rate to be determined by the Board of Directors from time to time, but not exceeding an amount equivalent to the basic salary for the relevant period. The payment may be made on a pro-rata

## (c) Perquisites :

basis every month or on an annual basis or partly monthly and partly on an annual basis at the discretion of the Board.

In addition to the Remuneration as stated above, Mr. Rajmohan Singh shall be entitled, as per Rules of the Company, the perquisites like:

Rent-free furnished residential accommodation with free use of all the facilities and amenities, such as cooking gas, electricity, water, and furnishings. In case no accommodation is provided by the Company, he shall be entitled to house rent allowance not exceeding 80% of his basic salary and furnishings as per the service rules of the Company.

Reimbursement of medical expenses incurred for self and family including hospitalization.

Personal Accident Insurance Premium.

Leave Travel Allowance for self and members of his family once a year.

Fees of one club, which will not include admission fees.

Use of Company car with driver and telephone at the residence. Personal long distance telephone calls shall be borne by Mr. Rajmohan Singh.

Encashment of privilege leave.

Contributions to Provident Fund, Superannuation Fund or Annuity Fund, Gratuity and any other retirement benefits.

## (d) Other Terms :

Mr. Rajmohan Singh shall, subject to the superintendence, control, and direction of the Board, manage and conduct the entire business and affairs of the Company pertaining to Textile Operations at Mills Phagwara (Punjab) and Sriganganagar (Rajasthan). He shall not be paid any sitting fees for attending meetings of the Board or Committee thereof. The appointment can be terminated by the Company or Mr. Rajmohan Singh, by one party giving to the other 3 (three) calendar month's notice in writing or by payment of a sum equivalent to remuneration for the notice period or part thereof in case of shorter notice or on such other terms as may be mutually agreed."

## NOTES FOR MEMBERS' ATTENTION:

- (a) A Member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on a poll on his 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.

- (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 notify immediately any change of address:

To their Depository Participants (DPs) in respect of their electronic share accounts; and

To the Company or its Share Transfer Agents in respect of their physical share folios, if any.

- (d) Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the Share Certificates for consolidating their holdings in one folio. The Share Certificates will be returned to the Members after making requisite changes thereon.

- (e) As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available to individuals holding shares in the Company. Shareholders holding shares in physical form may obtain the Nomination Form - 2B prescribed by the Government from the Company/Share Transfer Agent.

- (f) 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.

- (g) Dividend for the financial year ended 31st March, 1997 on 15% (Subject to tax) Redeemable Cumulative Preference Shares, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government on 29th September, 2004, 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, 1997 are requested to seek issue of duplicate warrant(s) by writing to Registered Office/Corporate Office or Share Transfer Agents of the Company.

- (h) In accordance with the provisions of Article 161 of the Articles of Association of the Company, Mr. Mahesh Sahai 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:

**Mr. Mahesh Sahai**

Mr. Sahai has been a Director of the Company since 4<sup>th</sup> July, 1995. He is a practicing Chartered Accountant for over 37 years and is expert in Income Tax matters and is

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



the Partner of M/s. V. Sahai & Company, Chartered Accountants, New Delhi. He is on the Board 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

#### **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 55<sup>th</sup> Annual General Meeting to be held on 29.9.2004.

#### **Item No. 4**

Mr. Samir Thapar was re-appointed as Vice Chairman & Managing Director w.e.f. 2.6.1999 for a period of five years which expired on 1.6.2004 and his re-appointment is being recommended by the Board of Directors for a period of five years w.e.f. 2.6.2004, subject to such approvals as may be necessary. The Board recommends the resolution to be passed.

The terms of the proposed remuneration are set out in the Resolution. The application has already been made to the Central Government for approval of his re-appointment and remuneration as set out in the resolution.

The terms of remuneration as set out in the resolution may be regarded as an abstract of the terms of contract and memorandum of concern or interest for the purpose of Section 302 of the Companies Act, 1956.

Mr. Samir Thapar may be deemed to be concerned or interested in the resolution as recipient of the remuneration. Mr. M. M. Thapar being relative of Mr. Samir Thapar may also be deemed to be concerned or interested in the resolution. None of the other directors of the Company is concerned or interested in the resolution.

The Draft of the Agreement between the Company and Mr. Samir Thapar is open for inspection at the Registered Office of the Company during office hours on all working days except Saturday, between 10.00 a.m. to 1.00 p.m.

#### **Item No. 5**

Mr. Rajmohan Singh was appointed as Director (Operations) w.e.f. 20.7.2001 for a period of three years which expired on 19.7.2004 and his re-appointment is being recommended by the Board of Directors for a period of five years w.e.f. 20.7.2004, subject to such approvals as may be necessary. The Board recommends the resolution to be passed.

The terms of the proposed remuneration are set out in the Resolution. The application has already been made to the Central Government for approval of his re-appointment and remuneration as set out in the resolution.

The terms of remuneration as set out in the resolution may be regarded as an abstract of the terms of contract and memorandum of concern or interest for the purpose of Section 302 of the Companies Act, 1956.

Mr. Rajmohan Singh may be deemed to be concerned or interested in the resolution as recipient of the remuneration. None of the other directors of the Company is concerned or interested in the resolution.

The Draft of the Agreement between the Company and Mr. Rajmohan Singh is open for inspection at the Registered Office of the Company during office hours on all working days except Saturday, between 10.00 a.m. to 1.00 p.m.





## DIRECTORS' REPORT

### To the Members of JCT Limited

Your Directors present the 55th Annual Report together with audited statement of account of the Company for the year ended on 31st March, 2004.

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

	2003-2004	(Rs. in '000) 2002-2003
Gross Income from operations	5,925,110	5,965,037
Other Income	127,140	173,406
Interest & financing charges (net)	259,242	238,236
Profit/(Loss) before depreciation	89,845	333,403
Depreciation	307,128	301,472
Net Profit/(Loss) before tax	(217,283)	31,931

Contrary to the expectations of sustained growth after having shown the net profit in the previous financial year, the Company was faced with unprecedented rise in input costs, which could not be absorbed totally in the prices of finished goods and Company's profitability suffered heavily. Compared to the cash profit of Rs.3,334 lacs during the financial year 2002-03 it could achieve cash profit of Rs.898 lacs only during the financial year 2003-04. Although all other costs were kept under check, the raw material costs were beyond control and the increase being continuous and steep it affected the profitability.

In line with Textile Rehabilitation Package announced by the Government, the Company has approached various lenders for reduction in the rate of interest which when approved will be at par with the prevailing interest rates in the market. Further Company is also contemplating investments in capital equipments at various units mainly in the areas of balancing of equipments, conservation of energy and value addition in the existing production facilities. The funds are being tied-up with the consortium member banks under Technology Upgradation Fund.

Company could not redeem its debentures subscribed by UTI on the due dates due to tight liquidity.

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

### OPERATIONS

#### Textile Division

During the year 2003-04, the turnover at the textile division was same at Rs.330 crores as in the immediate preceding year. The sales turnover could have been higher but for the labour strike for over two months at Sriganganagar Unit. The year 2003-04 saw sharp increase in the raw material prices. The average cost of cotton consumed during the year went up by over 33% compared to the previous year. The other raw material like PSF and VSF also witnessed an increase of over 6% during the year. The total impact of the increase in raw material prices was to the tune of Rs.23 crores. The Company could only partly set off this increase by pushing up the selling prices of fabric, improvement in productivity, efficiencies, and fresh recoveries. The power tariff in Punjab was also revised twice during the year, which also had additional impact on energy cost. The margins on export were also under pressure owing to depreciation of dollar, which was approximately Rs.2/- per dollar compared to previous year. The central government is seized of the problems being faced by the textile industry and keeping in mind the importance of this industry and tariffs and quotas regime coming to an end w.e.f.

1.1.2005, the central government has come out with major concessions in the Union Budget, through substantial changes in excise duty structure which would give the industry an edge over the prices of imported fabric and competitiveness in the international markets.

The Company with the commissioning of 2nd CDR has doubled its dyeing capacity. This should also give a fillip to the Company's profitability. The cotton prices in the international market have also eased and are stabilizing to a reasonable level and it is hoped that the coming cotton season will not see a further rise. The Company is considering the installation of Captive Power Plant by installing Steam Turbine of 5MW capacity, for which steam is already available at the textile unit at Phagwara from the existing 35 Tons Turbo Boiler. The Company is also planning to set-up garmenting facilities to convert its fabrics. This would help the Company in providing full solution to the buyers who are looking for much shorter lead-time in the supply chain.

#### Filament Division

The sales turnover of filament unit during the year also remained almost at the same level as in the previous year. It had a sales turnover of Rs.181 crores during the year as compared to Rs.179 crores in the immediate preceding previous year. The increases in the crude oil prices pushed up the prices of raw materials like PTA, MEG, and Caprolactum. The margins on polyester filament yarn were under great pressure and accordingly the division shifted its production to nylon filament yarn where the margins were better. It has produced 8297MT of nylon filament yarns as compared to 7408 MT in the previous year.

We are the leading producer of the nylon filament yarn in the country. The division has also made plans to further increase nylon production by de-bottlenecking with small investments during the current year. The division is also contemplating to set-up the Captive Power Plant to reduce the energy cost which is substantial looking to the over-all cost. The Company is in discussions with various lenders to meet the finance requirement for the same.

#### Steel Division

The sales turnover of the division was down to Rs.82 crores during the year as compared to Rs.88 crores in the previous year. The division concentrated producing only such items, which had margins keeping in mind the over-all rise in the raw material prices. This helped the Division improve its overall working and the Division had a positive EBITD in the financial year under review as against negative EBITD in the preceeding year. The raw material prices went up by 21% during the year and it was difficult to pass the total impact on the finished products. In the current year, the division has started with a positive note and margins are looking better.

#### Fixed Deposit

Out of deposits, which had become due for repayment during the year under review, deposits amounting to Rs. 15.26 lacs remained unclaimed as on 31st March, 2004. Of the above, deposits of Rs. 7.42 lacs have been repaid subsequently.

#### Consolidated Financial Statements

As required by Accounting Standard 21, 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, 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; and
- (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.4,122 lacs and investments of Rs.2,002 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 considered necessary of the probable loss of investments of Rs.380 lacs. No provision of shortfall of Rs.147 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.

**Cost Auditors**

Pursuant to provisions of Section 233-B of the Companies Act, 1956, your Directors have appointed Mr. P. K. Verma, AICWA, ACMM, as the Cost Auditors to conduct the Cost Audit of Textile Units at Phagwara and Sriganganagar and Filament Unit at Hoshiarpur, for the year 2004-05. The approval of the Central Government as required has also been received.

**Directors**

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Mahesh Sahai, and Mr. A. S. Dugal, retire by rotation and are eligible for re-appointment.

The Board also subject to your approval and of the Central Government has re-appointed Mr. Samir Thapar as Vice Chairman & Managing Director of the Company for a further period of five years w.e.f. 2nd June, 2004.

The Board, subject to your approval and of the Central Government, has re-appointed Mr. Rajmohan Singh as Director (Operations) of the Company for a further period of five years w.e.f. 20th July, 2004.

UTI has nominated Mr. M. P. Murlidhar Menon on the Board of the Company in place of Mrs. Prema M. Prasad. Board places on record its appreciation for valuable contribution made by Mrs. Prasad.

Mr. T. N. Subramaniam, Director (Finance) resigned from the Board of the Company on 21.10.2003. Your Directors wish to place on record their appreciation for Mr. Subramaniam's valuable contribution during his tenure.

**Delisting of Equity Shares**

In accordance with the approval granted by the shareholders, the Company has got its equity shares delisted from the Stock Exchanges at Delhi and Ludhiana. Delisting application has been submitted to the Stock Exchange at Kolkata and the same is under their consideration.

The Company's equity shares shall continue to be listed on The Stock Exchange, Mumbai (BSE), which have nationwide trading terminals.

**Acknowledgment**

Your Directors wish to place on record their appreciation of the dedication and commitment of your Company's employees during this year. Their unstinted support has been and continues to be integral to your Company's ongoing growth.

Your Directors express their gratitude to the financial institutions banks, Govt. agencies, customers, and business associates for their continued co-operation and guidance and look forward to their continued support in future.

For and on behalf of the Board

New Delhi

Dated: July 30, 2004

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 31.3.2004.

### A. CONSERVATION OF ENERGY

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

At Textile Division at Phagwara, 3 small capacity pumps have been installed in LTG plants and have also replaced spray nozzles in humidification plants.

At Filament Division, a number of inverters have been installed in place of DC drives. The Division has also installed Energy efficient tubes in place of conventional Tube rods.

At Steel Division, the power consumption has reduced to 460 units per tonne of production in the current year against 473 units in the previous year. Similarly, the coal consumption per tonne of production was reduced to 2.560 kgs in the current year from 3.131 kgs in the previous year. This has been made possible by better energy management.

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

At Textile Division at Phagwara, installation of thermopacs of multi fuel i.e. husk/coal fired is in progress. Additional investment in energy efficient lighting is also considered which will improve saving upto 10%. Special imported industrial impellers completed on one machine and order for another 2 machines has been placed.

At Filament Division, there is proposal to install a high capacity energy efficient compressor in place of a number of small compressors.

#### (c) Impact of measures:

On account of the aforesaid steps/measures, considerable savings have been achieved in 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 Division, Phagwara

- Controlling of holes/damages in fabrics for Defence supply.
- Optimisation of slub in 16s super cotton yarn.
- Process modification for controlling Hollow mark.
- Impact of different parameters on Tearing/Strength.

- Improvement of Breaking Strength in yarn.
- Improvement in Hairiness of yarn.
- Online information of in-process material test results of Spinning Section.

##### Filament Division

- Developed Nylon Bright FOY yarn for knitting machines.
- Developed Nylon Bright Mono Filament.
- Developed non-intermingled yarn to replace intermingled yarn.

#### 2. Benefits Derived:

##### Textile Division, Phagwara

- Increase in fresh recovery percentage in Defence qualities.
- Improvement in Fabric realization.
- Improvement in Tearing Strength of sort no. 3342, 3453 & 3579.
- Improvement in breaking strength of sort no. 1710 & 7933.
- Hairiness reduced in 20s sulzer yarn.
- Timely corrective action 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 minimise the cost of products and improve the quality. In case of filament unit, efforts are being made to improve the quality of high tenacity mono filament yarn and Nylon FDY yarn. Company is also exploring the acceptability of new fabric made of Cotton warp end with weft of Nylon yarn.

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

	Current year Rs.	Previous year Rs.
Capital	169,724	5,038,922
Recurring	6,496,052	6,040,813
	<u>6,665,776</u>	<u>11,079,735</u>
Total R&D Expenditure as a Percentage of total turnover	0.11%	0.19%



## 2. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

### a) Efforts in brief, made towards technology absorption, adaption and innovation.

In the textile division at Phagwara, one Singeing & Desizing machine of latest technology has been installed and replaced with the old machine. 260 Nos of Yarn Clearer devices were installed on Auto Coner machines to enhance the quality of Yarn.

### b) Benefits derived

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

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

Not Applicable.

## 3. 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 concerted efforts to maintain exports performance in respect of Textiles in spite of depressed market conditions prevailing the world over. The Company is also exploring markets for export of Nylon filament yarns.

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

	Current year Rs.	Previous year Rs.
Used	23,410,872	22,993,479
Earned	693,547,913	799,395,659

## FORM 'A'

### A. POWER AND FUEL CONSUMPTION:

	Current year	Previous year
<b>1. Electricity</b>		
(a) Purchased:		
Units	134,693,932	132,492,757
Total Cost (Rs./lacs)	5,406.83	5,024.37
Rate/Unit (Rs.)	4.01	3.79
(b) Own Generation:		
(i) Through Diesel Generators		
Units	14,367,697	24,825,706
Unit per Ltr of Diesel Oil	3.48	3.61
Cost/unit (Rs.)	4.67	3.81
(ii) Through Steam Turbine Generators		
Units	13,412,305	11,807,600
Total cost of Coal/Rice Husk (Rs./lacs)	134.12	149.64
Cost/unit (Rs.)	1.18	1.45
<b>2. Coal/Husk</b>		
Quantity (tonnes)	70,134	57,683
Total Cost (Rs./lacs)	1,217.26	1,199.46
Average Rate (Rs.)	1,735.61	2,079.41
<b>3. Furnace Oil</b>		
Quantity (K. ltrs)	1,021.07	4,009.549
Total Cost (Rs./lacs)	121.87	513.95
Average Rate (Rs.)	11,935.05	12,818.13
<b>4. LDO/HSD ( HTM / Boiler)</b>		
Quantity (Ltrs)	3,912,835	6,207,617
Total Cost (Rs./lacs)	666.24	835.35
Average Rate/ltr (Rs.)	17.03	13.46
<b>5. Other / Internal Generation</b>		
Steam		
Quantity (tonnes)	192,359	190,153
Total Cost (Rs./lacs)	1,108.30	1,306.07
Average Rate (Rs.)	576.16	686.85

## 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	12.48	0.93	0.60	1.02	2.26	15.46	0.40	2.18	1.95	3.37
Cloth	Per Mtr	6.63	2.55	—	2.91	—	6.64	2.90	—	3.14	—
Steel Wires	Per MT	1971	15	680	—	—	1865	19	582	—	—
Cotton Yarn	Per Kg	7.88	—	—	—	—	7.68	—	—	—	—

**CORPORATE GOVERNANCE REPORT – 2003-2004****1. Company's philosophy**

Corporate Governance assumes a significant importance in the business style of JCT. The driving forces of Corporate Governance at JCT are – Trust in People, delegation of powers with transparency in its actions 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 practice in managing the affairs of the Company.

**2. Board of Directors****Constitution**

At present the Board comprises of ten Directors, which includes three Executive Directors out of which two are promoter directors and the other is professional director. Of the remaining seven Directors, three are nominee Directors namely Mr. Lokanath Mishra, Mrs. Prema. M. Prasad & Mr. J. N. Pandey of the financial institutions & bank and four independent professional directors namely 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	6	3	4	-	1
Mr. Samir Thapar Vice Chairman & Managing Director	Promoter	6	5	2	1	-
Mr. Rajmohan Singh Director (Operations)	Executive	6	5	1	-	-
Mr. T. N. Subramaniyan** Director (Finance)	Executive	4	3	6	-	-
Mr. G. B. Kathuria	Independent Non Executive	6	5	2	3	2
Dr. S. P. Narang	Independent Non Executive	6	6	-	3	1
Mr. Mahesh Sahai	Independent Non Executive	6	5	5	2	-
Mr. A. S. Dugal	Independent Non Executive	6	5	1	1	-
Mr. Lokanath Mishra	Nominee (IFCI)	6	2	3	3	-
Mrs. Prema M. Prasad	Nominee (UTI)	6	3	-	-	-
Mr. J. N. Pandey	Nominee (Allahabad Bank)	6	2	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 August 29, 2003 was attended by Mr. G. B. Kathuria, Mr. A. S. Duggal, Dr. S. P. Narang and Mr. Rajmohan Singh.

**Date and number of Board Meetings held**

The Board met six times during the year on April 29, 2003, July 3, 2003, July 31, 2003, August 29, 2003, October 21, 2003 and January 29, 2004.

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

The audit committee consist 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. Rajmohan Singh, Director (Operations) are the permanent invitees. The statutory Auditors, Cost Auditors and Mr. V. K. Mangla, Dy. G. M. (Internal Audit) of the Company 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.