

ANNUAL REPORT
(ABRIDGED)
2008-2009



JCT LIMITED

**Board of Directors**

Mr. Samir Thapar	Vice Chairman & Managing Director
Mr. Rajmohan Singh	Director (Operations)
Mr. Mahesh Sahai	
Mr. Gordhan Kathuria	
Mr. Apar Singh Dugal	
Dr. Satya Pal Narang	
Mr. Sonjoy Sethee	IFCI 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 (Raj.)
Filament : Hoshiarpur (Punjab)

Subsidiaries

Rajdhani Trading Co. Limited
Gupta & Syal Limited

Corporate Office

Thapar House
124, Janpath
New Delhi - 110 001

Registrar & Share Transfer Agents

RCMC Share Registry Pvt. Ltd.
B-106, Sector-2
Noida-201 301
Tel.: 95120-4015880
Fax: 95120-2444346
e-mail: shares@rcmcdelhi.com

Institutions & Bankers

IFCI Limited
Allahabad Bank
Bank of Baroda
Bank of Rajasthan Limited
Punjab National Bank
Punjab & Sind Bank
State Bank of India
State Bank of Bikaner & Jaipur
State Bank of Patiala
State Bank of Travancore

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NOTICE

THE 60th ANNUAL GENERAL MEETING OF JCT LIMITED will be held at the Registered Office at Village Chohal, Dist. Hoshiarpur (Punjab) on Friday, the 25th day of September, 2009 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, 2009 and the Reports of the Directors and Auditors thereon.
2. To re-elect Mr. G. B. Kathuria as Director retiring by rotation and pass the following resolution:
"RESOLVED that Mr. G. B. Kathuria be and is hereby re-elected as Director of the Company."
3. To re-elect Dr. S. P. Narang as Director retiring by rotation and pass the following resolution:
"RESOLVED that Dr. S. P. Narang be and is hereby re-elected as Director of the Company."
4. To appoint Auditors and to fix their remuneration and to consider and, if thought fit, to pass the following resolution:
"RESOLVED that M/s. S. P. Chopra & Company, Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold such office until the conclusion of the next Annual General Meeting at a remuneration of Rs. 12,00,000/- payable in one or more instalments plus service tax as applicable, and reimbursement of out-of-pocket expenses incurred."

By Order of the Board
For JCT LIMITED

S. C. Saxena
Company Secretary

Place: New Delhi
Dated: June 30, 2009

NOTES FOR MEMBERS' ATTENTION:

- (a) A Member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on a poll on his/her behalf. A proxy need not be a Member of the Company.
Proxies, in order to be effective, must be received at the Registered Office at Village Chohal, Dist. Hoshiarpur (Punjab), not less than forty-eight hours before the time of the Meeting.
- (b) Members are requested to notify immediately change of address, if any:
 - (i) To their Depository Participants (DPs) in respect of their electronic share accounts, and
 - (ii) To the Company or its Share Transfer Agent in respect of their physical share holdings.

- (c) The Share Transfer Books and Register of Members of the Company shall remain closed from 18th September 2009 to 25th September, 2009 (both days inclusive).
- (d) 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.
- (e) All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 A.M. and 1.00 P.M. upto the date of the Annual General Meeting.
- (f) In accordance with the provisions of Article 161 of the Articles of Association of the Company, Mr. G. B. Kathuria and Dr. S. P. Narang, 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 the Stock Exchange in respect of those Directors seeking re-election on retirement by rotation at the Annual General Meeting, are given hereunder:

Mr. G. B. Kathuria

Mr. Kathuria has been a Director of the Company since 20th 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 & Banking. He is also the Chairman of the Audit, Asset Sale and Remuneration Committee(s) of the Board of Directors. He is also the Director on the Board of Rajj Amrit marketing Pvt. Limited.

Dr. S. P. Narang

Dr. Narang has been a Director of the Company since 20th July, 2001. He has done M.Com, PhD, LL.B, FCS and Fellow Member of All India Management Association (FIMA) with consistent good academic record and retired as CEO of the Institute of Company Secretaries of India (ICSI). Presently he is a Professor of Eminence of School of Management, Indira Gandhi National Open University (IGNOU). He has been 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 on the Board of DSE Financial Services Limited, Prithi Information Solutions Limited and NH Elite Education Service Limited. He has also been a member of the various committees constituted by the Central & State Government including SE and closely associated with the various Chambers of Commerce like FICCI, ASSOCHAM, CII and PHDCC.

DIRECTORS' REPORT

To the Members of JCT Limited

The Directors of your Company present the 60th Annual Report on the affairs of the Company together with audited statement of account of the Company for the year ended on 31st March, 2009.

The Financial Results for the year are given below:

	(Rs. in lakhs)	
	2008-2009	2007-2008
Gross Income from operations	57,766	54,589
Other Income	1,882	1,749
Interest & financing charges (net)	4,232	2,602
Profit/(loss) before depreciation	(1,707)	3,067
Depreciation	4,356	2,563
Net Profit/(loss) before tax	(6,063)	504

DIVIDEND

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

OPERATIONS

Textile Units

Over last couple of years the Company modernized its cotton textile unit at Phagwara by replacing old set up of machinery in spinning and weaving sections. In the spinning section, old spindles and preparatory machines were replaced with 22,000 spindles from Zinser and Erfangji and the preparatory machines from Trutzschler, Trumac and LMW. In the weaving section, 456 shuttle looms were replaced with Airjet and Rapier Looms from Picanol. In the processing section, a continuous pre-treatment range and an E-control continuous dyeing range from Monforts were added and became operational during the 4th quarter of the financial year 2007-08. With these overall capacity of export worthy fabrics increased from 20 lakh meters per month to 32 lakh meters per month. A new synthetic fabrics unit with 150 waterjet looms from Tsudokoma and processing machinery from Korea has also been set up. Overall capacity of this unit is about 15 lakhs meters of fabric per month. Apart from these, a new 8 MW bio-mass based captive power plant and a new Effluent Treatment Plant have also been set up and are now operational. Company has made massive investment for this expansion and modernization.

Global recessionary trend which initially started as a financial crisis in US had a severe negative impact on the demand of textile fabrics. The new capacities that came up in the textile segment over the last few years, have further built up pressure as interest and depreciation burden has increased sharply.

Because of the subdued demand particularly in the garment export segment, production capacities in the textile unit could not be fully utilised. With the Government fixing the minimum support price of cotton at a price 40% higher than the in the previous year, the raw material cost also caused a major dent in the profitability of the Textile Industry. The price of rice husk, the key fuel for the Boiler and Power Plant, touched

unprecedented high levels thereby negating the very purpose of putting up the Power Plant, especially in the 1st and 2nd quarter of the FY 2008-09.

The demand from domestic market appears to be picking up and the cost of various dyes and chemicals which was very high during the previous year have started coming down but the cotton prices still remain a matter of great concern. Rice husk (used as fuel) prices have since softened but are still much higher than the projected levels. The company expects consolidation and stabilization during the third quarter of the current year, when prices of fabrics are likely to improve, and profitability levels come back to be a little positive to sustain the onslaught of continued long recession.

The Company is in the process of adding 100 machines for Garmenting within the existing set up as a step towards value addition and integration. The Company has also initiated an action for starting of Branded Menswear Retail Sale on a franchise model. The first of its showroom is expected to come up in the 1st week of October, 2009.

Production at the Textile Unit at Sriganaganagar remained suspended since July, 2007. Management initiated steps for hive-off of the said unit. Although the approval of the Members is already on record but the final sale/hive-off could not materialise during the year.

Filament Unit

Nylon Filament Yarn (Textile Grade) market in India has remained stagnant over last couple of years at around 43,000 TPA. Substantial rise in Caprolactum price in the first eight months of the year and inverted excise duty structure also contributed to lower growth in the industry. JCT is one of the largest players in the Indian Nylon Filament Industry having capacity of 14,000 TPA. During the year the Company sold 11,452 M.T. of Nylon Filament Yarn as compared to 11,399 M.T. in the previous year. Operating margins started to improve in the last quarter of the year as Caprolactum prices eased down.

FINANCE

During the year, the Company repaid the term loan instalments aggregating Rs. 2,320 lakhs. Optionally Partially Convertible Preference Shares (OPCPS) Rs. 307 lakhs and Zero Rate Debentures (ZRDs) Rs. 671 lakhs were also redeemed as per stipulated terms. In case of certain loans/debentures which became due for repayment during the year there were some delays due to liquidity constraints. As on 31.03.2009 Rs. 36.46 lakhs remained overdue for payment which has been paid subsequently. Due to inadequacy of profits, capital redemption reserve could not be created.

Fixed Deposit

Deposits remaining unclaimed at maturity amounted to Rs. 13.97 lakhs as on 31st March, 2009. Of the above, deposits of Rs. 9.11 lakhs have been repaid/ renewed subsequently.

Consolidated Financial Statements

As required by Accounting Standards AS 21 prescribed by the Institute of Chartered Accountants of India, the audited



Consolidated Financial Statements of the Company and its subsidiaries are annexed and form an integral part of this Report.

Statutory Disclosures

The Statement and Annual Accounts of subsidiary Companies along with the report of Board of Directors and Auditors' as required under section 212 of the Companies Act, 1956 are annexed here to and forms an integral part of this report.

As directed by the Central Government, the financial data of subsidiaries have been furnished as separate statement under 'Details of Subsidiaries' forming part of the Annual Report. Further, pursuant to Accounting Standard (AS-21) issued by the Institute of Chartered Accountants of India, consolidated financial statements presented by the Company in this Annual Report includes financial information of the subsidiaries.

The particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in a separate Annexure to this Report. The Annexure is not being sent along with this Report to the Members of the Company in line with the provisions of Section 219(1)(b)(iv) of the said Act. These documents will be made available on request by any member of the Company.

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

Pursuant to Clause 49 of the Listing Agreement, report on Corporate Governance and Management Discussions and Analysis are annexed hereto and form an integral part of this report.

Directors' Responsibility Statement

As required under Section 217 (2AA) of the Companies Act, 1956 this is to confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- (ii) such accounting policies have been selected and applied consistently and judgments/estimates made 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) proper and sufficient care have been taken with best of knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) the annual accounts have been prepared 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. The Audit Committee and the Board of Directors recommend the re-appointment of M/s. S. P. Chopra & Company as the Auditors of the Company.

Auditors' Report

In respect of the observations made by the Auditors in the Annexure to their main report, directors have to submit that (a) the delays in payment of certain provident fund dues in respect of textile unit at Sriganaganagar were due to financial constraints as the unit continued to incur losses with the production activity remaining suspended; (b) there were delays in repayment of certain instalments of term loans/ debentures due to liquidity constraints and same were made good subsequently and in some cases lenders have approved extension in repayment period; (c) due to inadequacy of operating surplus some short term funds were used for repayment of long term loans.

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 Sriganaganagar and Filament Unit at Hoshiarpur, for the year ending 31st March, 2010 and the requisite approval of Central Government have been received.

Directors

In accordance with the provisions of the Companies act, 1956 and Articles of Association of the Company, Mr. G. B. Kathuria and Dr. S. P. Narang, retire by rotation and being eligible offer themselves for re-election.

Acknowledgement

Your Directors wish to place on record their appreciation for the team spirit, dedication, and commitment shown by the work force of the Company 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 institution, banks and business associates for their continued co-operation and look forward to their continued support.

For and on behalf of the Board

Place : New Delhi

Samir Thapar

Dated: June 30, 2009 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 31.3.2009.

(A) CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

Textile Division

Redistribution of power to reduce transmission losses and efficient loading on transformers. Control of cooling tower fans on temperature basis. Use of energy efficient axial fans and lights.

Filament Division

Installation of one centrifugal Compressor, compressed air consumption is reduced by plugging the leakages and continuous metering & monitoring. Replacement of conventional motors with energy efficient motors. Air conditioning load is reduced by modifying/altering the return air duct of POY.

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

Textile Division

Added capacity of power generation from 5.5 MW to 8.0 MW. Appox 60000 additional unit per day thereby saving exchequer on payment to Electricity Board. Incorporation of energy efficient equipment from design stage for new E.T.P Plant (variable drives for blower fans) and new Thermax make boiler 50 TPH (variable drives for I.D fans & F.D fans). Recovery of soft water from cooling cylinder of E-control & Merceriser-II machines. Installation of Steam Control Valve with temperature controller on hot water tank. The approximate saving of steam is one Ton per day.

Filament Division

Installation of one Vapour Absorption Machine (VAM) to replace Brine Chilling machine. No. of positions of Draw Twisting Machines to be increased from 120 to 144 for 20 m/cs. One godet will be stopped in double godet DT machine. All condensate of Power plant will be recovered.

(c) Impact of Measures:

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

(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

Control of finish width, GSM & EPI in case of lycra, control the CSV, reduce bobbin ejection at autoconer, increase heater efficiency in blow room, reduce TPI in 2/15 PV dyed.

Filament Division

Development of various FDY, FOY and micro deniers as per changing market needs and improvement in first quality percent as per segment wise domestic and export requirements. Increased the production of Dyed yarn with existing machines by reducing process cycle time and reduction in cost by introducing modified dyeing recipes.

2. Benefits Derived:

Textile Division

Increase in GSM, Strech percentage & EPI as per customer specifications in case of lycra fabric. Improve the quality of fabric in term of CSV. Increased production and less splice. Improvement in the quality of sliver and yarn. Increased productivity and improved quality.

Filament Division

Reduction in cost of production and better sales realization on new varieties of yarn produced.

3. Future plan of action:

Initiative to increase the productivity and reduce the conversion cost by eliminating the wastage at all levels and optimum utilization of resources, minimizing the idle time and break downs by adopting the proper maintenance schedules. Increase in quality percentage to meet the customers need. Increase in productivity of mono deniers.

4. Expenditure on Research & Development:

	Current Year (Rs. in lakhs)	Previous Year (Rs. in lakhs)
Capital	2.79	110.26
Recurring	101.07	90.36
	<u>103.86</u>	<u>200.62</u>

Total R&D Expenditure as a

Percentage of total turnover **0.18%** 0.37%

(C) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

New Machines with latest technology and state of the art have been installed at Textile Division to produce cloth and as well as to reduce the cost of the fabric of the desired quality.

(b) Benefits derived:

The efforts for product improvement, cost reduction and technology absorption, adaptation and innovation have resulted into a larger product range of fabrics, development of new type of filament yarn and reduction in the cost.

(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 continuous concerted efforts to maintain export performance both in fabric and as well as Nylon Filament Yarn. Efforts are being made to further explore for more markets.

(b) Total Foreign Exchange used and earned:

	Current Year (Rs. in lakhs)	Previous Year (Rs. in lakhs)
Used	1,450.00	2,074.69
Earned	6,089.63	6,284.83

TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION**FORM 'A'****A. POWER AND FUEL CONSUMPTION:**

	Current Year	Previous Year		Current Year	Previous Year
1. Electricity			2. Coal / Husk (Boilers)		
(a) Purchased:			Quantity (tonnes)	96,981.98	77,869.80
Units	63,090,621.00	54,984,828.00	Total Cost (Rs./Lacs)	3,581.28	2,445.42
Total Cost (Rs./Lacs)	2,769.70	2,313.31	Average Rate (Rs)	3,692.73	3,140.40
Rate/Unit(Rs.)	4.39	4.21	3. Furnace Oil (Boilers)		
(b) Own Generation:			Quantity (K.Ltrs)	1,460.38	1,484.22
(i) Through Diesel Generators			Total Cost (Rs./Lacs)	339.67	314.99
Units	1,218,540.00	473,511.00	Average Rate (Rs.)	23,259.08	21,222.47
Unit per Ltr of Diesel Oil	3.06	3.28	4. LDO/HSD (Furnaces / DG sets)		
Cost/unit (Rs.)	9.17	2.28	Quantity (Ltrs)	331,810.00	103,250.00
(ii) Through Steam Turbine Generators			Total Cost (Rs./Lacs)	105.64	28.93
Units	92,978,622.00	86,798,280.00	Average Rate/ltr (Rs.)	31.84	28.02
Total cost of Coal/			5. Other/Internal Generation		
Rice Husk (Rs. in lakhs)	3,658.79	2,875.16	Steam		
Cost/unit (Rs.)	3.93	3.31	Quantity (tonnes)	405,825.00	345,105.00
			Total Cost (Rs./Lacs)	4,064.70	2,851.15
			Average Rate (Rs.)	1,001.59	826.17

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

Products	Current Year		Previous Year	
	Electricity	Steam	Electricity	Steam
Filament Yarn/Chips	33.60	8.45	22.85	5.00
Cloth	7.06	7.45	4.36	5.29

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. OVERALL VIEW

Global recessionary trend has taken a heavy toll on the Indian Textile Industry. Growth of textile industry in India over last five years was driven by healthy growth of exports to US and Europe. With US and Europe under severe grip of recession, demand from these markets shrunk sharply and most of the textile mills were forced to operate at sub-optimum capacities. More so substantial additional capacities built up over last 2-3 years have further built up the pressure as interest and depreciation burden increasing sharply. Government of India's move to increase minimum support price for cotton by 40% over previous year has worsened the situation. There was sharp increase in the other input costs also while pressure built up on the selling prices due to lower demand. The negative impact of these developments is reflected in the financial results of the company.

During the year total revenue from operations increased by 4.9% to Rs. 58,883 lakhs from Rs. 56,143 lakhs in the previous year. Textile operations contributed 55.3% of total revenue at Rs. 32,570 lakhs (previous year: 57% at Rs. 32,015 lakhs) while Filament operations contributed the balance 44.7% of the total revenue at Rs. 26,313 lakhs (previous year: 43% at Rs. 24,128 lakhs). On the profitability front, operations generated profit (before depreciation and unallocated expenses including interest) of Rs. 3,810 lakhs as against Rs. 6,741 lakhs during the previous year. Contribution towards profit (before depreciation and unallocated expenses including interest) from Textile operations dropped sharply to Rs. 1,463 lakhs from previous year's level of Rs. 5,015 lakhs while filament operations contributed improved profit of Rs. 2,347 lakhs (previous year Rs. 1,726 lakhs). With the implementation of expansion and modernization programme involving heavy investments in plant and machinery and other fixed assets, incidence of depreciation increased to Rs. 4,337 lakhs compared to Rs. 2,489 lakhs in the previous year. Simultaneously, interest and finance cost also increased to Rs. 4,232 lakhs from Rs. 2,603 lakhs in the previous year. Unallocated expenses increased to Rs. 2,052 lakhs from Rs. 1,348 lakhs in the previous year as the crash in stock markets required additional provision of Rs. 581 lakhs towards diminution in the value of investments. Steep fall in the margins from the textiles operations coupled with increase in depreciation and interest cost resulted in a net loss of Rs. 6,137 lakhs during the year compared to net profit Rs.380 lakhs in the previous year.

Directors are confident that with the support of employees, investors and bankers the Company will be in position to tide over the unprecedented crisis situation in the textile industry. Management has taken further initiatives to start value addition garmenting and retailing activities. Directors believe that the initiatives taken towards expansion and modernization will give handsome returns as the industry situation improves.

II. TEXTILE OPERATIONS

During the year production of textile fabrics registered a modest growth of 4.3% to 411.32 lakhs meters compared to 394.19 lakh meters in the previous year. In volume terms, Sales improved by 5% to 411.04 lakh meters of fabric compared to 391.47 lakh meters in the previous year. This includes production and sales of the newly set up 100% synthetic performance fabrics unit, its products having been widely accepted in the market. In value terms, total revenue from textile operations improved by 1.7% to Rs. 32,570 lakhs from previous year's Rs. 32,015 lakhs. Growth would have been slightly better but for Sriganaganagar textile mill which contribution just Rs. 87 lakhs towards revenue during the year compared to Rs. 1,911 lakhs in the previous year. Due to slack demand of fabrics, enhanced production capacities remained underutilized. Market segment-wise and area-wise revenue from textile operations is as under:

MARKET SEGMENT	Fabrics- RMG	Fabrics- Export	Fabrics- Domestic	Institutions	Yarn & Others	Total
2008-09						
- Rs. in Lakhs	17,898	4,712	7,551	1,838	571	32,570
- %age	55.0%	14.5%	23.2%	5.6%	1.8%	100%
2007-08						
- Rs. in Lakhs	15,256	3,722	10,488	675	1,874	32,015
- %age	47.7%	11.6%	32.8%	2.1%	5.9%	100%
Region	Northern	Western	Southern	Eastern	Exports	Total
2008-09						
- Rs. in Lakhs	9,848	2,948	10,387	4,675	4,712	32,570
- %age	30.2%	9.1%	31.9%	14.4%	14.5%	100%
2007-08						
- Rs. in Lakhs	11,457	3,627	9,589	3,620	3,722	32,015
- %age	35.8%	11.3%	30.0%	11.3%	11.6%	100%

With the new machineries coming into operation, sales in RMG and Export segment increased by 17.3% and 26.6% respectively while sales in the domestic segment came down with discontinuation of some low value addition products following scrapping of old set up of machineries. Institutional sales also improved but sale of yarn reduced sharply as production at Sriganaganagar unit remained suspended. Profit (before depreciation and unallocated expenses including interest) from Textile operations dropped sharply to Rs. 1,463 lakhs from previous year's level of Rs. 5,015 lakhs. Underutilisation of the capacities coupled with steep



increase in costs of input – cotton, rice husk (fuel) and dyes and chemicals without corresponding increase in selling prices resulted in worst ever performance of the business in the last two decades. Depreciation of textiles operations increased by 95% to Rs. 3,591 lakhs from Rs. 1,842 lakhs in the previous year. After providing for depreciation, textile operation incurred loss of Rs. 2,128 lakhs compared to profit of Rs. 3,173 lakhs in the previous year.

Of late costs of rice husk and various dyes and chemicals which was very high during the previous year have started rationalizing but the cotton prices still remain a matter of great concern. The demand from domestic market appears to be picking up but overseas demand still remains sluggish.

III. FILAMENT OPERATIONS

During the year production of nylon yarn marginally improved to 11,093 MT compared to 10,926 MT in the previous year while production of nylon chips (for outside sales) increased to 338 MT from 181 MT in the previous year. In volume terms Sales of nylon yarn improved to 11,452 MT compared to 11,399 MT while Sale of nylon chips increased to 267 MT from 192 MT in the previous year. In value terms, total revenue from filament operations improved by 9.1% to Rs. 26,313 lakhs from previous year's Rs. 24,128 lakhs. During the first two quarters margins in the segment remained under pressure due to very high prices of Caprolactum, a petroleum derivative raw material for nylon. Costs of other inputs' also including rice husk (fuel) also increased which could not be passed on to the consumers. However, towards end of the third quarter, with petroleum prices dropping sharply, Caprolactum prices also corrected, providing much awaited relief to the industry. Profit (before depreciation and unallocated expenses including interest) from Filament operations improved to Rs. 2,347 lakhs from previous year's level of Rs. 1,726 lakhs. After providing for depreciation Rs. 746 lakhs (previous year Rs.647 lakhs), filament operations generated profit (before unallocated expenses and interest) of Rs. 1,601 lakhs compared to Rs. 1,079 lakhs in the previous year.

Nylon filament yarn (textile grade) industry in India has remained more or less stagnant over last 2-3 years and largely dependent on domestic consumption. Very high raw material prices, competition from indiscriminate imports and inverted excise duty have stunted the growth of the industry. Indigenously, there is only one reliable source of Caprolactum and volatility in the petroleum prices is almost immediately reflected in its prices. Anti-dumping duty on imports from certain Asian countries continues but ambiguous wording of the notification permits imports of certain deniers without attracting anti-dumping duty. In Dec. 2008, basic excise duty on Caprolactum was reduced to 8% from 12% while on Nylon Yarn it was reduced to 4% from 8%, thus inverted excise duty structure continued although duty rates were reduced. However, at present levels of raw material prices, the industry is expected to perform reasonably well.

IV. INTERNAL CONTROL SYSTEMS

The Company has in place proper and adequate control systems and procedures to ensure efficacy of decisions for optimal utilization and protection of resources and compliance with applicable statutory laws and regulations as also internal policies. Continuous efforts are being made to upgrade the systems and procedures and to further improve compliances.

The Company's systems and processes in all areas are regularly reviewed by Internal Auditors and their reports are placed before the Audit Committee of Board of Directors.

Management Information Reports are compiled every month for analysis and review of performance and to enable implementation of corrective actions wherever required. Quarterly reports are also discussed at the Audit Committee Meetings.

The Company has commissioned SAP ERP at its Plant and Sales Offices of Nylon Filament Division. RAMCO ERP is already in operation at Textile Division for quite sometime. These ERPs incorporate the best practices and have greatly strengthened the internal control systems.

V. HUMAN RESOURCES

The Company takes pleasure in announcing that the Textile Division of the Company earned SA-8000 Certification by following the strict compliances as required by it. The workers' training was given an impetus with the appointment of qualified trainers and all workers are imparted at least 2 days training in a year. The HR initiatives are directed towards improving technical skill levels and team spirit to increase productivity. The Company had about 6600 employees as on 31.03.2009.

VI. CORPORATE SOCIAL RESPONSIBILITY AND CONSERVATION OF RESOURCES

JCT has always been proud of its social commitments and endeavours to conserve the natural resources. The commissioning of three-Bio Mass Fuel based Boilers and Turbines at Phagwara and Hoshiarpur with a total capacity of 18 MW Power is a case in instance. This also qualifies the Company in earning Carbon Credits for saving the fossil fuels.

The company has been patronizing the game of Football in the state of Punjab in a big way and also few other sports where budding sportspersons and potential talents have been groomed.

The units at Phagwara and Hoshiarpur have residential colonies for workers and staff. The Company is already running a Co-education School in Phagwara, which provides free education to the children of workers right upto the class 12th standard. Similar School is being run in Hoshiarpur, which has now been upgraded upto 8th standard and the Company intends to add the next senior class every year to go upto 12th class in the next 4 years

VII. STATEMENT OF CAUTION

Representations and statements made under 'Management Discussion and Analysis' are based on the expectations and perceptions of the management of the market conditions. Actual results may materially differ due to several factors which could influence the company's business operations such as demand and supply conditions, prices of inputs, changes in government levies and regulations, industrial relations and other economic developments in the country.

CORPORATE GOVERNANCE REPORT : 2008-2009

Company's philosophy on code of Governance

JCT has full belief that sound corporate governance is essential for the success of its operations in the long term. The organizational success is truly a reflection of the professionalism, conduct and ethical values of its management and employees. Our Company strives to ensure transparency in all its operations, make disclosures and comply with various laws and regulations.

1. Board of Directors

Composition of Board

During the year 2008-09, the Board has strength of seven Directors with a combination of two Executive and five Non-Executive Directors with considerable professional expertise and experience. None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees. Necessary disclosures regarding directorship held in other companies and committee positions as on 31.3.2009 have been made by the Directors.

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	Number 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. Samir Thapar Vice Chairman & Managing Director	Executive	5	2	6	—	—
Mr. Rajmohan Singh Director (Operations)	Executive	5	5	3	2	—
Mr. Mahesh Sahai	Non Independent Non Executive	5	3	4	2	—
Mr. G.B. Kathuria	Independent Non Executive	5	5	1	3	2
Dr. S.P. Narang	Independent Non Executive	5	5	3	5	1
Mr. A.S. Dugal	Independent Non Executive	5	5	1	1	—
Mr. Sonjoy Sethee Nominee - IFCI Ltd.	Independent Non Executive	5	4	1	2	—

Only the three Committees namely Audit, Remuneration and Shareholders' Grievance are considered.

The last Annual General Meeting of the Company was held on September 27, 2008 and attended by Mr. G.B. Kathuria, Dr. S.P. Narang, Mr. A.S. Dugal, Mr. Rajmohan Singh- Director (Operations) and Mr. Sonjoy Sethee (Nominee of IFCI), all directors of the Company.

Date and number of Board Meetings held

Five Board meetings were held during the year ended on 31.03.2009. These were held on June 30, 2008, August 25, 2008, September 27, 2008, October 31, 2008 and January 29, 2009.

Code of Conduct

The code of Conduct in line with the provisions of clause 49 of the listing agreement has been framed/adopted by the Board and is applicable to all the members of the Board and Senior Management Executives. The Board Members and Senior Management of the Company have confirmed compliance with the Code of Conduct.

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2009.

For JCT Limited
Samir Thapar
Vice Chairman & Managing Director