ANNUAL REPORT
2009-2010

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
Chief Financial Officer
Mr. Sanjiva Jain

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
305-309, 3rd Floor
Rattan Jyoti Building
18, Rajendra Place
New Delhi- 110008

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 Patiala
State Bank of Travancore

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DIRECTORS' REPORT

To the Members of JCT Limited

The Directors of your Company present the 61st Annual Report on the affairs of the Company together with audited statement of account of the Company for the year ended on 31st March, 2010.

The highlights of financial Results for the year are given below:

(Rs. in lakhs)

	2009-2010	2008-2009
Gross Income from operations	59,249	57,766
Other Income	1,285	1,946
Profit before Interest, Depreciation and Exceptional Items	2,887	2,605
Interest & financing charges	4,689	4,311
Depreciation	3,927	4,356
Exceptional Items - (Loss) (net)	(351)	—
Provision for Tax	10	74
Net Profit/(loss)	(6,090)	(6,136)

DIVIDEND

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

OPERATIONS

Textile Units

JCT undertook a major capital expenditure plan during 2006-08. At Phagwara textile mill the old set up of machines in the spinning and weaving sections were replaced with new set up of spinning lines and Airjet looms, while processing and dyeing capacities were enhanced. A new facility with capacities to produce high quality synthetic fabrics was also set up at Phagwara. The company also added 8 MW captive power generation plant at Phagwara in addition to existing 5 MW power plant and a new Effluent Treatment Plant (ETP) was also set up. Company had made massive investment for this expansion and modernization.

Due to recessionary market conditions more particularly in US and European markets, demand for export quality fabrics reduced drastically. This resulted in under utilization of capacities in the textile mills. Increase in capacities worsened the plight as the interest and depreciation burden has increased substantially.

All Indian textile mills were trying desperately to fill their expanded capacities. This led to cut throat competition and the margins remained under pressure with no relief from input costs. Despite cash losses in the textile operations, management's endeavored to service the interest and other debt obligations of the lenders by raising funds from other sources. In the process, cotton ginning and pressing factory at Abohar, which was part of the textile operations, had to be disposed off. The recessionary trend in the global market started receding from the third quarter of the 2009-10 and the demand of fabric started looking up from the international markets. However, the opportunity could not be fully exploited for want of sufficient working capital funds and as a result capacities remained under utilized and cash loss situation continued.

During the current year, to improve the capacities utilization, the funds have been infused in the system for working capital. With infusion of funds, both the Textile and Performance Fabrics Plants at Phagwara are operating at full capacities. The processing capacities at cotton plant are still under-utilized and expect to attain the full capacity utilization in a phased manner.

The company has set up a small garmenting unit having 160 machines within the existing set up at Phagwara as a step towards value addition and integration. The company has also set up retail showrooms for newly launched brand 'Tyrock' on franchise model and already 8 such showroom in the state of Punjab have been set up. The company's investment in these retail show rooms will be to the extent of working capital available. The company plans to increase the number of retail showrooms to 45 during the current year.

Production at the Textile Unit at Sriganganagar remained suspended since July, 2007. In December 2009, management negotiated with the workers unions for full and final settlement of workers of the Unit-1 out of the sale proceeds of the assets of the Unit-1 including land. The company has already settled and paid the dues of over 600 workers out of the sale proceeds and advances received against sale of the assets of the unit including land. Dues of 40 staff members are pending and will be settled out of the proceeds of land sale. The company expects to complete the transaction during the current year and money so received will be utilized towards settlement of debt / strengthening of working capital to some extent.

Filament Unit

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 11,468 M.T. of Nylon Filament Yarn as compared to 11,426 M.T during the previous year. During the year, the unit operated at EBIDTA margins of 10.7% as against 8.9% in the previous year. The Caprolactum prices were quite low during the first quarter of the year and thereafter have been consistently on the rise and went upto an all time high of Rs. 141.50 per kg.

The company is also adding capacity in its filament unit by putting up a second hand LOY line and 12 old DT machines capable of manufacturing fine denier yarns. Installation of the machines is in process. On complete installation, the yarn production capacity will increase by about 150 MT / month.

Finance

During the year, Banks extended the repayment period of term loans availed under Technology Up-gradation Fund Scheme, by a period of two years under the package announced by the Govt. of India.

During the year, holders of Foreign Currency Convertible Bonds (FCCB) for US$ 4,58,000 exercised option for conversion and 20,09,398 equity shares of Rs.2.50 each were allotted to them at a premium of Rs.10.38 as per terms of issue of FCCB.

During the year, the company repaid/redeem the term loan installments aggregating Rs. 698.56 lakhs, Optionally Partially Convertible Preference Shares (OPCPS) of Rs. 128.11 lakhs and Zero Rate Debentures (ZRDs) Rs. 437.78 lakhs as per stipulated terms. Short Term Loan of Rs. 2,000 lakhs from a Bank was also repaid during the year. In case of certain loans, debentures and Optionally Partially Convertible Preference Shares (OPCPS) which became due for repayment/ redemption during the year, there were delays in servicing the debt obligations due to liquidity constraints. As on 31.3.2010 term loan instalments of Rs. 86.90 lakhs remained overdue for repayments which have been paid subsequently. Zero Rate Debentures and OPCPS amounting Rs. 526.25 lakhs and Rs. 178.99 lakhs respectively due for redemption on 31.12.2009 also remained unpaid as on 31.3.2010 and the company is making arrangement for redemption. Due to inadequacy of profits, capital redemption reserve could not be made.

Fixed Deposit

Deposits remaining unclaimed at maturity amounted to Rs. 12.40 lakhs as on 31st March, 2010. Of the above, deposits of Rs. 7.64 lakhs have been repaid/ renewed subsequently. Repayments and servicing of interest on deposits remained prompt and regular.

Fixed Assets and Investments

During the year land at one of the units was revalued and resultant surplus Rs.4,373.60 lakhs has been credited to Revaluation

Reserve Account. 90% of the book value of investment in JCT Electronics Ltd. amounting to Rs. 5,062.94 lakhs was written off with corresponding write back of provision for diminution in value of investment and had no net effect on the profit and loss account for the year.

Exceptional Items in Profit and Loss Account

As mentioned above, Cotton Ginning and Pressing factory at Abohar was sold during the year and resultant profit has been treated as an 'Exceptional Item' in the Profit & Loss account for the current year. Pursuant to closure of Unit-1 of Sriganganagar textile mill, expenses including towards settlement of workers net off the income has also been treated as an 'Exceptional Item' in the Profit & Loss account for the current year.

Net Worth Erosion

The accumulated losses of the Company at the end of financial year 31st March, 2010 have resulted in erosion of more than fifty percent of its peak net worth during the immediately preceding four financial years. While the Company is taking necessary steps to protect further erosion, the Company will report to the Board for Industrial and Financial Reconstruction about such erosion of net worth as envisaged under Section 23 of the Sick Industrial Companies (Special Provision) Act, 1985 forthwith upon finalization of the duly audited accounts of the Company for the financial year ended 31st March, 2010. Shareholders are also requested to take note of this erosion and consider the same at the Annual General Meeting of the members being convened on 29th September, 2010.

Statutory Disclosures

Pursuant to the approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, copies of balance sheet, profit & loss account, cash flow statement, reports of the board of directors and auditors of the subsidiaries are annexed hereto and form an integral part of this report.

As per the Central Government directives, 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 include 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 alongwith 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 alongwith 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 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

The report by the Auditors is self-explanatory. However in respect of certain observations made by the Auditors in the Annexure to their main Report to the Members of the Company, directors have to submit that (a) Delay in deposit of statutory dues in a few cases: delays in deposit of provident fund dues in respect of Sriganganagar unit were due to the financial constraints as there was no production activity and the said unit continued to incur cash losses; (b) default in repayment of Rs.88.47 lakhs to debenture holders and delays in repayment of dues of banks and other lenders: delays were due to financial constraints and were made good subsequently in some cases, while in other cases company is in discussion with the lenders for extension in repayment period; (c) utilisation of short term funds for long term use to the extent of Rs.771.92 lakhs: as there were cash losses, short term funds had to be utilised towards repayment of lenders dues.

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 ending on 31st March, 2011 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. Mahesh Sahai and Mr. A.S. Dugal, 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 operations.

Your Directors express their gratitude to the financial institution and more particularly to the 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: August 6, 2010 — *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 31.3.2010

(A) CONSERVATION OF ENERGY

(a) Energy conservation measures taken and (b) Additional investments and proposals, if any, being implemented for reduction in consumption of energy:

Textile Division

Continuous improvement plans for saving of Power Energy and reduction of Electrical energy consumption, steam conservation and saving of Water Resources. Reduction of compressed air consumption under Continual Improvement Plans resulting good amount of power saving. Energy saving through replacing the old inefficient compressed air dryers with new efficient dryers, on-off on temperature basis control system, return air fans by Pnemafil fans in Plants, reduced electrical energy consumption by adjusting load of transformer to underloaded ones, use of energy efficient lights & CFL lights in plants. Connection of exhausters & exhaust fans Kuster Washing Range, PTR-1, CDR-1,Rotary Printing & Print Washer with machine start/stop circuit. Energy saving by providing appropriate level of pressure to Jet Dying machines through appropriate setting of pump motor inverter speed .Steam conservation with the installation of auto temperature control system on jigger machines. The E.T.P outlet water was filtered through Quartz filters and used for the irrigation as well as Plantation.

Filament Division

Replaced poor efficient motors with supper efficient motors and thus power saving achieved 106331 KW/ year. Instrument air consumption reduced to 57%. Replaced tube light / high pressure mercury lamps with CFL thus achieved power saving approximately 146909 KW/ year. Installed synchronizing and load management of Turbine with PSEB grid & thus optimizing running load on Turbine.

Plan to replace DC drive system in LOY & DT machines with AC drive system. Replacing of bearings of Motors with energy efficient bearings and installing auto starting of air compressors according to running load.

(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 contamination at Autoconer (post spinning) by optimization of Siro setting on autoconor, improvement in Pilling , Stretch percentage & shrinkage , improving tearing strength where strength drops, Minimize the problem of Warp/weft cut in the finish fabric in finer & peach quality, reduce the defective stop motion at Draw Frame & Speed Frame.

Filament Division

Full dull chips production started with existing polymerization capacities in order to improve product quality and reduce cost of production. Mono yarn production increased by enhancing capacity of existing hardware in spinning & DT machines. New modified dyeing receipt developed in to increase dyed yarn volume and reduce cost of production.

2. Benefits Derived:

Textile Division

Contributed to reducing the inspection penalty points of contamination, which spoil the appearance of fabric, Improve the fabric quality in term of piling, stretchability and shrinkage and ultimate satisfaction of customer which helps in taking repeated order, in term of tear strength which helped in reducing the damage of fabric and rejection. Improve in silver and roving quality which helped to produce better quality yarn and fabric.

Filament Division

Providing products and services to our Customer's requirements. Reduction in cost of production and better sales realization and also presence in international market in hank & dope dyed segment.

3. Future plan of action:

Textile Division

To meet the challenge of the World, new latest technology state of the installed in the Mill to produce as well as to reduce and optimize the cost of the fabric of desired quality.

Filament Division

Plan to increase LOY/DT & dyeing capacity to cater domestic & international market and to upgrade R & D Lab of dyeing in order to reduce the lead time for shade matching & further improved quality. Focused on increasing productivity by maximum utilization of resources & modification in existing hardware.

(C) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

New latest technology and state of the art have been installed at Textile Division to produce as well as to reduce and optimize the cost of the production of various types of fabric and of the desired quality.

(b) Benefits derived:

The efforts for product quality 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 fabrics and as well as Nylon Fillament 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	**2,600.12**	1,450.00
Earned	**5,482.24**	6,089.63

TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION

FORM 'A'

A. POWER AND FUEL CONSUMPTION:

	Current Year	Previous Year
1. Electricity		
(a) Purchased:		
Units	**40,656,385.00**	63,090,621.00
Total Cost (Rs./Lacs)	**2,047.63**	2,769.70
Rate/Unit(Rs.)	**5.03**	4.39
(b) Own Generation:		
(i) Through Diesel Generators		
Units	**809,124.00**	1,218,540.00
Unit per Ltr of Diesel Oil	**3.27**	3.06
Cost/unit (Rs.)	**8.82**	9.17
(ii) Through Steam Turbine Generators		
Units	**107,343,370.00**	92,978,622.00
Total cost of Coal/ Rice Husk (Rs. in lakhs)	**3,980.49**	3,658.79
Cost/unit (Rs.)	**3.71**	3.93
2. Coal / Husk (Boilers)		
Quantity (tonnes)	**163,091.42**	96,981.98
Total Cost (Rs./Lacs)	**3,642.20**	3,581.28
Average Rate (Rs)	**2,233.23**	3,692.73
3. Furnace Oil (Boilers)		
Quantity (K.Ltrs)	**1,563.58**	1,460.38
Total Cost (Rs./Lacs)	**374.23**	339.67
Average Rate (Rs.)	**23.93**	23.26
4. LDO/HSD (Furnaces / DG sets)		
Quantity (Ltrs)	**234,149.00**	331,810.00
Total Cost (Rs./Lacs)	**67.48**	105.64
Average Rate/ltr (Rs.)	**28.82**	31.84
5. Other/Internal Generation		
Steam		
Quantity (tonnes)	**634,520.00**	405,825.00
Total Cost (Rs./Lacs)	**4,064.55**	4,064.70
Average Rate (Rs.)	**640.57**	1,001.59

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

	Current Year		Previous Year	
Products	**Electricity**	**Steam**	Electricity	Steam
Filament Yarn/Chips	**24.61**	**6.13**	33.60	8.45
Cloth	**6.39**	**7.28**	7.06	7.45

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. OVERALL VIEW

Market conditions for textile industry continued to remain grim with no relief on either the demand side or on the input costs side. With US and Europe remaining under the grip of recession, there was no improvement in demand from these markets and most of the textile mills were forced to operate at sub-optimum capacities. More so substantial additional capacities built up over last couple of years further escalated the pressure as interest and depreciation burden having increased sharply. Cotton prices continued to remain very high. There was sharp increase in the other input costs also while pressure built up on the selling prices due to lower demand. Towards the second half of the financial year, demand of textile products started improving but due to paucity of working capital funds, improvement in capacity utilization remained a challenge. The negative impact of these developments is reflected in the financial results of the company.

During the year total revenue from operations increased by 1.1% to Rs. 58,541 lakhs from Rs. 57,888 lakhs in the previous year. Textile operations contributed 55% of total revenue at Rs. 31,777 lakhs (previous year 56% at Rs. 32,370 lakhs) while Filament operations contributed the balance 45% of the total revenue at Rs. 26,610 lakhs (previous year 44% at Rs. 24,716 lakhs). On the profitability front, operations generated profit (before depreciation and unallocated expenses including interest) of Rs. 3,790 lakhs as against Rs. 3,853 lakhs during the previous year. Contribution towards profit (before depreciation and unallocated expenses including interest) from Textile operations dropped further to Rs. 687 lakhs from previous year's level of Rs. 1,463 lakhs while filament operations contributed improved profit of Rs. 3,103 lakhs (previous year Rs. 2,350 lakhs). With the implementation of expansion and modernization programme involving heavy investments in plant and machinery and other fixed assets, incidence of depreciation and interest increased substantially from the financial year 2008-09. After providing for depreciation Rs. 3,877 lakhs compared to Rs. 4,337 lakhs in the previous year, operations generated profit of Rs.86 lakhs compared to loss of Rs.485 lakhs. Simultaneously, interest and finance cost also increased to Rs. 4,689 lakhs from Rs. 4311 lakhs in the previous year. Unallocated expenses (net of revenue) reduced to Rs. 953 lakhs from Rs. 1,267 lakhs in the previous year. During the year, cotton ginning and pressing factory at Abohar was disposed off resulting in profit of Rs. 248 lakhs, while operations at Unit-1 of Sriganganagar textile mill were discontinued resulting in loss of Rs.600 lakhs. After providing for depreciation, interest, tax and exceptional items company incurred net loss of Rs. 6,090 lakhs during the year compared to net loss of Rs.6,136 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 increased by 0.5% to 413.56 lakh meters compared to 411.32 lakh meters in the previous year. In volume terms, Sales increased by 1.1% to 415.67 lakh meters of fabric compared to 411.04 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 declined by 1.8% to Rs. 31,777 lakhs from previous year's Rs. 32,370 lakhs. 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
2009-10						
- Rs. in Lakhs	18,645	4,968	6,771	1,133	260	31,777
- %age	58.7%	15.6%	21.3%	3.6%	0.8%	100.0%
2008-09						
- Rs. in Lakhs	*17,898*	*4,512*	*7,551*	*1,838*	*571*	*32,370*
- %age	*55.3%*	*13.9%*	*23.3%*	*5.7%*	*1.8%*	*100.0%*

Region	Northern	Western	Southern	Eastern	Exports	Total
2009-10						
- Rs. in Lakhs	9,925	2,344	10,290	4,455	4,763	31,777
- %age	31.2%	7.4%	32.4%	14.0%	15.0%	100.0%
2008-09						
- Rs. in Lakhs	*9,848*	*2,948*	*10,387*	*4,675*	*4,512*	*32,570*
- %age	*30.2%*	*9.1%*	*31.9%*	*14.4%*	*14.5%*	*100.0%*

Profit (before depreciation and unallocated expenses including interest) from Textile operations dropped sharply to Rs. 687 lakhs from previous year's level of Rs. 1,463 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. After providing for depreciation of textiles operations Rs.3,317 lakhs (previous year Rs. 3,591 lakhs), textile operation incurred loss of Rs. 2,629 lakhs compared to loss of Rs. 2,089 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 improved to 11,580 MT from 11,093 MT in the previous year while production of nylon chips (for outside sales) increased to 1,236 MT from 338 MT in the previous year. In volume terms Sales of nylon yarn, however, remained almost flat at 11,439 MT compared to 11,453 MT in the previous year, while Sale of nylon chips increased to 1,304 MT from 267 MT in the previous year. In value terms, total revenue from filament operations improved by 7.6% to Rs. 26,610 lakhs from previous year's Rs. 24,716 lakhs. During the first three quarters raw material (caprolactum) prices remained within reasonable range. Thrust on improved efficiencies and better realization of the product resulted in better profitability. Profit (before depreciation and unallocated expenses including interest) from Filament operations improved to Rs. 3,103 lakhs from previous year's level of Rs. 2,350 lakhs. After providing for depreciation Rs. 560 lakhs (previous year Rs.746 lakhs), filament operations generated profit (before unallocated expenses and interest) of Rs. 2,543 lakhs compared to Rs. 1,604 lakhs in the previous year. Looking at improved performance of the unit, production capacity is being augmented by installing second hand spinning and DT machines. From the last quarter of the year, Caprolactum prices have again started increasing which is not a good sign for the nylon yarn industry.

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.

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 : 2009-2010

Company's philosophy on code of Governance

JCT has full belief that the 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 2009-10, the strength of Board remained seven Directors comprising of two Executive and five Non-Executive Directors out of which four are independent directors which constitute more than 50% of the Board strength. These directors have 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 31.3.2010 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	4	4	5	—	—
Mr. Rajmohan Singh Director (Operations)	Executive	4	3	3	—	—
Mr. Mahesh Sahai	Non Independent Non Executive	4	3	2	—	—
Mr. G.B. Kathuria	Independent Non Executive	4	4	1	—	—
Dr. S.P. Narang	Independent Non Executive	4	3	2	4	—
Mr. A.S. Dugal	Independent Non Executive	4	4	1	—	—
Mr. Sonjoy Sethee Nominee - IFCI Ltd.	Independent Non Executive	4	4	—	—	—

The last Annual General Meeting of the Company was held on September 25, 2009 and attended by Mr. G. B. Kathuria , Director of the Company who is also the Chairman of the Audit Committee.

Date and number of Board Meetings held

Four Board meetings were held during the year on June 30, 2009, August 6, 2009, October 30, 2009 and January 29, 2010.

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 31,2010.

For JCT Limited
Samir Thapar
Vice Chairman & Managing Director

2. Audit Committee

Constitution

The audit committee at present consists of Mr. G. B. Kathuria, Mr. Mahesh Sahai, Dr. S. P. Narang, Mr. Sonjoy Sethee (Nominee of IFCI) and Mr. Rajmohan Singh – Director (Operations).The Statutory, Cost and Internal Auditors of the Company attend such meetings. Mr. G. B. Kathuria who is an independent director is the Chairman of the Committee.

Date and number of Committee Meetings held

Five meetings of the Audit Committee were held during the year on June 30, 2009, August 6, 2009, October 30,2009, January 29,2010 and March 29, 2010 .

Attendance of Directors

Name of Committee Member		No of Meetings held	No of Meetings attended
Mr. G.B. Kathuria	Independent Non Executive	5	5
Dr. S.P. Narang	Independent Non Executive	5	4
Mr. Mahesh Sahai	Non-Independent Non Executive	5	4
Mr. Rajmohan Singh	Executive Director (Operations)	5	4
Mr. Sanjoy Sethee	Nominee - IFCI Ltd.	5	5

Power, Role and Review of information by Audit Committee

The role and terms of reference of the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and Section 292 A of the Companies Act, 1956 besides other matters as may be referred by the Board of Directors. These inter-alia include review of Company's financial reporting process and disclosure of financial information to ensure that the financial statement are correct, sufficient and credible, reviewing annual and quarterly financial statement with management before submission to the Board reviewing the adequacy of internal control system with management, external and internal auditors and reviewing the Company's financial risk and management policies.

3. **Subsidiary Companies**.

Company has two unlisted Indian subsidiaries namely Rajdhani Trading Company Limited and Gupta & Syal Limited. In each case, the turnover / net worth does not exceed 20 % of the turn over/ net worth of the Company. The minutes of Board Meetings of Indian subsidiary Companies are placed before the Board of Directors of the Company. The Audit Committee reviews the financial statements including investments, if any.

4. **Disclosures**

Basis of related party transactions

No transaction of a material nature has been entered into by the Company with the Directors, Senior Management, personnel and their relatives that may have a potential conflict with the interest of the Company except as disclosed under the related party transactions as per the Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India (ICAI) which are set out in the Annual Report.

Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards issued by ICAI. The significant accounting policies which are consistently applied have been set out in the Notes to the Accounts.

Risk Management

Board was apprised of the assessment done of risk factors and the management policy for control and minimization of the same during the year. There is elaborate system for the assessment and control on continuous basis also.

Remuneration of Directors

Terms of reference for Remuneration Committee constituted by the Board are to recommend/review the remuneration package of the Managing/ whole time Director based on performance and keeping in view the applicable provisions of the Companies Act, 1956.

The committee at present comprises of Mr. G. B. Kathuria, Dr. S. P. Narang and Mr. Sonjoy Sethee, Nominee of IFCI, all independent directors and Mr. Mahesh Sahai, the non-independent non-executive director. Mr. G. B. Kathuria is the Chairman of the Committee.

Attendance of Members

The last meeting of the Committee was held on August 6, 2010. However no Meeting of the remuneration committee was held during the year ended on 31.3.2010.

Remuneration Policy

Remuneration policy is aimed at attracting and retaining high caliber talent. The policy therefore takes into account the remuneration trends in the industry and the competitive requirement of its business.

Details of remuneration of Directors

The details of remuneration paid to the Executive Directors during the year are given below:

Rs. in lakhs

NAME	Mr. Samir Thapar Vice Chairman & Managing Director		Mr. Rajmohan Singh Director (Operations)	
	Current Year	Previous Year	**Current Year**	Previous Year
Salary including allowances	**42.00**	44.17	**33.72**	33.72
Contribution to Provident & super annuation funds*	**7.50**	7.50	**6.00**	6.00
Perquisites & Reimbursements	**6.00**	3.83	**14.18**	14.28
TOTAL	**55.50**	55.50	**53.90**	54.00

* excluding the provision made towards gratuity and leave encashment on actuarial basis.