

ANNUAL REPORT

2010-2011



JCT LIMITED

**Board of Directors**

Mr. Samir Thapar

Mr. Mahesh Sahai

Mr. Gordhan Kathuria

Mr. Apar Singh Dugal

Dr. Satya Pal Narang

Mr. Vipul Singla

Vice Chairman & Managing Director

Allahabad Bank Nominee

Chief Financial Officer

Mr. Sanjiva Jain

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)

: Sriganaganagar (Raj.)

Filament : Hoshiarpur (Punjab)

Subsidiary

Rajdhani Trading Co. Limited

Corporate Office

305-309, 3rd Floor

Rattan Jyoti Building

18, Rajendra Place

New Delhi- 110008

Website: www.jct.co.inEmail: jctsecretarial@jctltd.com**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**Bankers**

Allahabad Bank

Bank of Baroda

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 62nd Annual Report on the affairs of the Company together with audited statement of account of the Company for the year ended on 31st March, 2011.

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

	(Rs. in lakhs)	
	2010-2011	2009-2010
Gross Income from operations	75,882	59,249
Other Income	1,469	1,285
Profit before Interest, Depreciation and Exceptional Items	3,017	2,888
Interest & financing charges	4,702	4,689
Depreciation	4,056	3,927
Exceptional Items		
-Profit from sale of building/factory	11,762	248
-(Loss)/Profit from discontinued operations	7	(600)
Provision for Tax	424	10
Net Profit/(loss)	5,604	(6,090)

DIVIDEND

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

OPERATIONS

Textile Units

The Company had undertaken a huge expansion & modernization of the textile facilities in 2006-2008 which could not be fully utilised due to recessionary market conditions. Demand for direct export and garment fabrics remained subdued during the first two quarters due to downwards trend in the markets. However there was a surge in the demand in the latter half of the year and the industry witnessed buoyant demand. During 2010-11, the Company could focus on capacity utilization of both of its divisions - Cotton Textiles and Synthetic Performance fabrics. The important point needs mention is unprecedented upsurge in cotton prices. Globally, the cotton prices went through the roof and it was highest ever touching a level of Rs 65,000/- per candy. Following the trend of cotton, prices of other raw materials also increased considerably. During 2010-11, average per unit cost of cotton consumed was 49% higher compared to previous year. Raw material prices continue to be highly volatile leading to uncertainties in the fortunes of textile companies.

In Sriganganagar unit, the operations at Unit – 1 were discontinued in an earlier year. Land pertaining to the unit is pending disposal. The company is taking steps to revive the operations at Unit – 2 which remained suspended since 2009-10.

Filament Unit

JCT continues to maintain its position as one of the largest Textile Grade Nylon yarn manufacturer in India with installed capacity of 14,000 TPA. During the year the company sold 11,496 MT of

filament yarn & 741 MT of nylon chips as compared to 11,439 MT of filament yarn and 1,304 MT of nylon chips during the previous year. The market demand was more towards finer denier yarns. EBIDTA margins of the unit dropped in the current year due to consistent increase in the input costs. Price of Caprolactum, the main raw material, touched an all time high of Rs.173 per kg. During 2010-11 average raw material price per unit was 34% higher compared to previous year. Considering the market trend, unit has undertaken expansion of capacities of finer deniers which are expected to be operational during 2011-12.

Finance

During the year, the company redeemed Zero Rate Debentures (ZRDs) of Rs. 878 lakhs, Optionally Partially Convertible Preference Shares (OPCPS) of Rs. 489 lakhs and repaid term loan installments of Rs.699 lakhs as per stipulated terms. 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. During the year, company sold off one of its buildings for a total consideration of Rs.12,000 lakhs, out of which Rs 4,900 lakhs was utilised to pay off dues of a bank to whom the property was mortgaged. The balance amount of sale proceeds was utilised for strengthening the working capital position of the company which had got strained due to the losses, as also to meet debt obligations and capital expenditure requirements.

The Company could not redeem the Foreign Currency Convertible Bonds (FCCBs) on due date 08.04.2011 for paucity of cash funds. The Company is taking steps to restructure/ extend the maturity of the FCCBs.

Fixed Deposits

Deposits remaining unclaimed at maturity amounted to Rs. 25.12 lakhs as on 31st March, 2011. Of the above, deposits of Rs. 15.33 lakhs have been repaid subsequently. Repayments and servicing of interest on fixed deposits remained prompt and regular.

Fixed Assets and Investments

Amount of certain investments which became due for redemption during the year were received and there was inflow of funds to the extent of about Rs.885 lakhs .

Exceptional Items in Profit and Loss Account

Pursuant to the scheme of amalgamation of the erstwhile wholly owned subsidiary company Gupta & Syal Ltd. with JCT Limited sanctioned by the Hon'ble High Court of Delhi vide order dated 10.05.2011 and Hon'ble High Court of Punjab and Haryana vide order dated 25.03.2011, all assets and liabilities of transferor company were transferred and stood vested with transferee company with effect from April 1, 2010. No shares have been allotted to the shareholders of the Company in terms of Scheme of Amalgamation. Loss of Rs.17.83 lakhs arising on amalgamation has been accounted for as per Accounting Standard 14 'Accounting for Amalgamation' issued by the Institute of Chartered Accountants of India.



During the year, company sold one of its buildings for a total consideration of Rs.12,000 lakhs and the resultant profit of Rs.11,762 lakhs has been reported as "Exceptional Income".

Statutory Disclosures

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

As per the Central Government directives, the financial data of subsidiary company has 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 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.

In conformity with the provisions of Clause 32 of the Listing Agreement the Cash Flow Statement for the year ended 31.03.2011 is annexed hereto.

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 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 term loan installments of Rs.314.51 lakhs to bankers and there have been delays in repayment of dues to financial institutions, banks and debentureholders amounting to Rs.983.54 lakhs during the year with maximum of 312 days; delays were due to financial constraints and were made good subsequently.

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, 2012 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 Gordhan Kathuria and Dr. Satya Pal Narang, retire by rotation and being eligible offer themselves for re-election.

Mr Rajmohan Singh – Director (Operations) and Mr Sonjoy Sethee – Nominee Director (IFCI) ceased to be the Directors on the Board of the Company w.e.f. 14th May, 2011 and 12th August, 2011 respectively. The Board places on record its appreciation for valuable contribution made by them during their tenure on the Board of the Company.

Allahabad Bank, the lead bank in the Consortium Member Banks, has nominated Mr. Vipul Singla as their Nominee. Mr. Singla has been co-opted on the Board w.e.f. 12.8.2011.

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 12, 2011 *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 31.3.2011

(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

Purchase of Electricity through Open Access System sometime at much lesser rate, reduction of compressed air consumption under continual improvement plan resulting good amount of power saving, replacement of Conventional Axial fans with aerodynamic profile energy efficient axial fans at Float Dryer Cotton, modification in the circuit of cooling motor control at Stenter machine no. 1,2 5. Installed one MCB in the circuit of G5/1 Ring Frame pneumatic fan motor to stop it at the time of tuning for 8 hours/day, replacement of ceiling fans, A C, with energy efficient star rating, conventional CRT monitors with TFT Energy cleaning of radiators of 8 M.W T G alternators to improve loading in summer, installation of time switches in wrapping yarn store, LTG plant to switch of tube light at least 15 hrs in a day. Reduction of electrical energy consumption by adjusting load of transformer to underloaded ones. Use of energy efficient lights and CFL lights in plant. Reduced energy consumption for cooling of electronic panels at Jet Dyeing with chilled water cooling effects instead of A Cs. Substantial electrical unit saving by trimming the impellers of soft water pumps and running time control for Tube well motors in night. Steam conservation with the installation of auto temp. control system and saving of water resources.

Filament Division

Replaced DC drive system in LOY & DT machines with AC drive system resulting saving in power by 80 KW/hr. System has developed to drive gadgets of DT machines on individual AC drives & energy efficient motors. Power saving would be to the tune of 40KW/hr. System installed for auto start up of Air Compressors according to requirement of air in the plant. Power saving would be to the tune of 46 KW/hr. System has been installed to purchase cheaper power from open access (IEX), to run super heater with high temperature system in place of electric heating. Power saved is 64KW/hr.

(b) 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.

(c) 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

Blow Room Lap CV %, reduction in Bobbin Ejection at autoconor (post spg.) and defective stop motion at card. Saving in consumption of sulfuric acid by recycle the same solution for testing purposes in R & D Department. Improvement in poor colour fastness of Micro filaments Fabric and improvement in Crease Marks while dyeing of 100% Polyester Fabrics on jet Dyeing.

Filament Division

Upgraded R & D Lab of dyeing in order to reduce lead time for shade matching and new modified dyeing recipe developed in order to increase dyed yarn volume and reduce cost of production. Oeko Tex product class 1 certificate taken to cater export market by improving dyed yarn quality. Successfully launched two new products 40/10 brt FDY(for weaving) and 170/24 brt DW(for Velcro fabric). Mono yarn production increased by procurement of LOY and DT machines as well as enhancing capacity of existing hardware in spinning & DT machines. FDY quality significantly improved by modification in existing hardware & optimization of process parameters.

2. Benefits Derived :

Textile Division

Contributed to improvement in the yarn and in the fabric quality, to increase the efficiency of Auto Coner machines and decrease the unwanted cuts/splices in the yarn that create reasons to spoil the appearance of fabric. Improved card sliver quality which led to improvement in yarn and fabric quality. Saving in cost as well as environment control. Customers satisfaction due to improvement of color fastness and quality of fabric.

Filament Division

Providing products and services to our Customer's requirements. Reduction in cost of production by reduction in wastage, optimum resources of utilization of resources and manpower to increase productivity, better sales realization and presence in international market in hank & dope dyed segment.

3. Future plan of action :

Textile Division

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

Filament Division

Plan to increase LOY, POY, FDY/DT&DW machines to increase market share in domestic & international market and focused on increasing productivity by maximum utilization of resources & modification in existing hardware.

For reduction of consumption of energy-Replacement of existing brine chillers with energy efficient screw compressor, energy saving is 70KW and centrifugal fans with axial fans, energy saving is 30KW.



(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 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	2,837.87	2,894.53
Earned	7,503.38	5,482.24

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)	171,301.45	163,091.42
Units	50,363,050.00	40,656,385.00	Total Cost (Rs./Lacs)	4,236.26	3,642.20
Total Cost (Rs./Lacs)	2,615.67	2,047.63	Average Rate (Rs)	2,472.99	2,233.23
Rate/Unit(Rs.)	5.20	5.03	3. Furnace Oil (Boilers)		
Marchant Power:			Quantity (K.Ltrs)	1,338.89	1,563.58
Unit (Kwh)	2,764,820.00	—	Total Cost (Rs./Lacs)	379.60	374.23
Total cost (Rs.)	11,463,257.00	—	Average Rate/Ltr. (Rs.)	28.35	23.93
Rate/Unit (Rs.)	4.15	—	4. LDO/HSD (Furnaces / DG sets)		
(b) Own Generation:			Quantity (Ltrs)	127,572.00	234,149.00
(i) Through Diesel Generators			Total Cost (Rs./Lacs)	40.13	67.48
Units	457,420.00	809,124.00	Average Rate/ltr (Rs.)	31.46	28.82
Unit per Ltr of Diesel Oil	3.36	3.27	5. Other/Internal Generation		
Cost/unit (Rs.)	9.44	8.82	Steam		
(ii) Through Steam Turbine Generators			Quantity (tonnes)	641,409.00	634,520.00
Units	105,722,800.00	107,343,370.00	Total Cost (Rs./Lacs)	4,676.54	4,064.55
Total cost of Coal/			Average Rate (Rs.)	729.10	640.57
Rice Husk (Rs. in lakhs)	4,236.76	3,980.49			
Cost/unit (Rs.)	4.01	3.71			

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

	Current Year		Previous Year	
Products	Electricity	Steam	Electricity	Steam
Filament Yarn/Chips	30.43	6.78	24.61	6.13
Cloth	5.98	7.41	6.39	7.28



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. OVERALL VIEW

The overall profitability of the Company during the year under review has been adversely affected due to unfavorable market conditions prevailing for a major part of the year, particularly in the textile segment. Global economic recovery is still uneven and weak though emerging economies have grown strongly. Commodity prices have seen unprecedented volatility. Oil prices are at uncomfortable high levels due to various global factors including unrest in several Middle Eastern countries. In India, the economy has grown well. Concerns include rising commodity prices, high inflation, particularly food price inflation and high current account deficit. The rupee has been strengthening against the dollar putting pressure on realizations from exports. In order to control high inflation, RBI has adopted tighter monetary policies which have resulted in higher interest rates. Interest cost is likely to increase further in the coming years partly because of a general increase in the interest rates on all types of borrowing, whether short term or long term. There has been lot of resistance from the markets to fully absorb the escalating costs squeezing the margins and putting lot of pressure on profitability and liquidity. We expect the growing economy to result in increased demand and the ability and willingness to accept price increases.

Directors are confident that with the support of employees, investors and bankers the company will be in a position to tide over the unprecedented crisis in spite of the current stressful situation and our continued efforts to maintain quality and scouting for new and better markets should promote growth and we hope to achieve a better performance in the coming years.

II. TEXTILE OPERATIONS

During the year production of textile fabrics increased to 497.30 lakh meters compared to 413.56 lakh meters in the previous year. In volume terms, Sales increased to 496.88 lakh meters of fabric compared to 415.67 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 increased to Rs. 43,333 lakhs as compared to Rs. 31,777 lakhs in the previous year. Market segment-wise and area-wise revenue from textile operations is as under:

MARKET SEGMENT	Fabrics-	Fabrics- RMG	Fabrics- Export	Institutions Domestic	Yarn & Others
2010-11					
- Rs. in Lakhs	26,574	7,170	7,658	1,649	24
- %age	61.69%	16.65%	17.7%	3.83%	0.05%
Region	Northern	Western	Southern	Eastern	Exports
2010-11					
- Rs. in Lakhs	12,782	2,993	13,959	6,171	7,170
- %age	29.67%	6.95%	32.41%	14.32%	16.65%

The segment incurred operational loss (before interest) of Rs.498 lakhs as against Rs.2,629 lakhs in the previous year. The cost of power and fuel was on the higher side as the prices of Rice Husk which is the main fuel used for power & steam generation remained higher than expected. In the prices of Dyes & Chemicals some consolidation was observed in the current year.

However the major concern was cotton prices which increased to the tune of Rs. 65,000 per candy. Other Raw Material like Polyester & Viscose followed the same trend. The sale prices also increased substantially in the 3rd & 4th quarter but there still remained pressure on sale prices and the margins.

III. FILAMENT OPERATIONS

During the year production of nylon yarn marginally decreased to 11,329 MT from 11,580 MT in the previous year while production of nylon chips (for outside sales) also decreased to 738 MT from 1,236 MT in the previous year. In volume terms Sales of nylon yarn, however, remained almost flat at 11,496 MT compared to 11,439 MT in the previous year, while Sale of nylon chips also decreased to 741 MT from 1,304 MT in the previous year. In value terms, total revenue from filament operations improved to Rs. 30,651 lakhs from Rs. 26,511 lakhs in the previous year. The segment earned operational profit (before interest) of Rs. 931 lakhs as against Rs. 2,543 lakhs in the previous year.

The Caprolactum – main raw material prices touched the all time high of Rs.173/- per kg and other input costs like chemicals, energy, packing material costs etc. also increased substantially. The unit has successfully installed the second hand LOY and DT machines and second phase of the increase in yarn capacity by installing 3 LOY lines and 12 DT machines is in process.

IV. INTERNAL CONTROL SYSTEMS

The company has proper and adequate system of internal control to safeguard assets against loss from unauthorized use or disposition. This also ensures that all transactions are authorised, recorded and reported correctly. Regular internal audit and



checks are carried out to check the existence of adequate system. The management also reviews the internal control systems and procedures to ensure its application. The emphasis on internal control prevails across functions and processes, covering the entire gamut of various activities. An effective and comprehensive review by the Audit Committee of the Board have strengthened the internal controls with the organization.

V. HUMAN RESOURCES

The Company takes pleasure in adopting a progressive policy for helping employees to develop their organizational skill, knowledge and abilities to achieve greater efficiency. The focus of all aspects of Human Resource Development is on developing superior workforce so that the organization and individual employees can accomplish their work goals of service to customers. The progress made by the Company was possible due to the sustained efforts of the entire team. Industrial relations were harmonious at all our units. Welfare and training at all levels of our employees continue to be areas of major focus for the Company.

VI. CORPORATE SOCIAL RESPONSIBILITY AND CONSERVATION OF RESOURCES

JCT has always been proud of its social commitments and endeavors to conserve the natural resources and we firmly believe that safe and healthy working conditions at factories and other premises are as necessary and as important as production, productivity and quality. Your Company complies with all applicable statutory provisions pertaining to health and safety and takes all possible measures to prevent accidents and occupational hazards. The Company provides the necessary information, promotes awareness and provides training to all employees to carry out their tasks in a safe and responsive manner. Periodic audits and risk analysis for hazardous operations are done and corrective actions taken. All employees are obliged to ensure that they fully understand all policies and that they fully comply with the requirements. 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.

VII. STATEMENT OF CAUTION

Statements in this report on 'Management Discussion and Analysis' may be forward looking, considering the applicable laws and regulations. The statements are based on certain assumptions and expectation of future events. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw materials costs and availability, fluctuations in exchange rates, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts.

The Company assumes no responsibility in respect of the forward looking statements herein, which may undergo changes in future on the basis of subsequent developments, information or events.



CORPORATE GOVERNANCE REPORT : 2010-2011

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 2010-11, the strength of Board remained seven Directors comprising of two Executive and five Non-Executive Directors which constitute more than 50% as independent directors on the Board. 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 31.3.2011 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	6	3	5	—	—
Mr. Rajmohan Singh* Director (Operations)	Executive	6	5	3	—	—
Mr. Mahesh Sahai	Independent Non Executive	6	5	1	—	—
Mr. G.B. Kathuria	Independent Non Executive	6	5	1	—	—
Dr. S.P. Narang	Independent Non Executive	6	4	2	5	1
Mr. A.S. Dugal	Independent Non Executive	6	5	1	—	—
Mr. Sonjoy Sethee** Nominee - IFCI Ltd.	Independent Non Executive	6	6	2	—	—

* ceased to be a Director on the Board of the Company w.e.f. 14.5.2011

** ceased to be a Director on the Board of the Company w.e.f. 12.8.2011

The last Annual General Meeting of the Company was held on September 29, 2010 and attended by Mr. G. B. Kathuria, Director of the Company who is also the Chairman of the Audit Committee, Mr. Rajmohan Singh, Director (Operations) and Mr. Sonjoy Sethee, Nominee Director of IFCI Limited.

Date and number of Board Meetings held

Six Board meetings were held during the year on April 28, 2010, August 6, 2010, September 29, 2010, October 19, 2010, November 15, 2010 and February 11, 2011.

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 of the Company. The Board Members and Senior Management of the Company have confirmed compliance with the Code of Conduct. The Code of Conduct has been posted on the Company's web site www.jct.co.in

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2011.

For JCT Limited

Samir Thapar

Vice Chairman & Managing Director

2. Audit Committee

Constitution

The Board has constituted a qualified and an independent audit committee consisting of Mr. G. B. Kathuria, Mr. Mahesh Sahai, Dr. S. P. Narang, Mr. Sonjoy Sethee (Nominee of IFCI Ltd.) and Mr. Rajmohan Singh – Director (Operations). Mr. G. B. Kathuria who is an independent director is the Chairman of the Committee.

Statutory Auditors, Internal Auditor, Chief Financial officer (CFO) and other functional heads are also invited as special invitees. The Company Secretary acts as a Secretary of the Committee.

Date and number of Committee Meetings held

Five meetings of the Audit Committee were held during the year on April 28, 2010, August 6, 2010, November 15, 2010, December 23, 2010 and February 29, 2011.

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

* ceased to be director w.e.f. 14.5.2011

** ceased to be director w.e.f. 12.8.2011

**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 as at 31.3.2011 has one unlisted Indian subsidiary namely Rajdhani Trading Company Limited and in the case of subsidiary company the turnover / net worth does not exceed 20 % of the turn over/ net worth of the Company. Gupta & Syal Limited, formerly a subsidiary company has been merged with JCT Limited w.e.f 1.4.2010 in terms of the Orders of High Court of Punjab & Haryana at Chandigarh on 25.3.2011 and High Court of Delhi at New Delhi on 10.5.2011. The minutes of Board Meetings of Indian subsidiary Company are placed before the Board of Directors of the Company and a statement of all significant transactions and arrangements entered into by the Subsidiary Company, if any is placed before the board of directors. 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.

Proceeds from public issues, right issues, preferential issues etc.

No money has been raised for public issue, right issue, preferential issue by the Company during the year 2010-11.

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, Mr. Mahesh Sahai and Mr. Sonjoy Sethee, Nominee of IFCL, all independent directors and Mr. G.B. Kathuria is the Chairman of the Committee.

Attendance of Members

Two meeting of the Remuneration Committee held during the year on August 6, 2010 and May 14, 2011 were attended by Mr. G.B. Kathuria, Chairman and Mr. Mahesh Sahai, Dr. S.P. Narang, Mr. Sonjoy Sethee, Members of the Committee.

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)

	Mr. Samir Thapar Vice Chairman & Managing Director		Mr. Rajmohan Singh** Director (Operations)	
	Current Year	Previous Year	Current Year	Previous Year
Salary including allowances	49.50	42.00	41.64	33.72
Contribution to Provident & super annuation funds*	9.37	7.50	7.50	6.00
Perquisites & Reimbursements	3.30	6.00	11.16	14.18
TOTAL	62.17	55.50	60.30	53.90

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

**ceased to be Director on the Board of the Company w.e.f 14.5.2011

Executive Directors are under service contracts on terms and conditions as approved by the Board /shareholders from time to time and the remuneration as permissible under the provisions of the Companies Act, 1956. The Non-executive Directors do not draw any remuneration from the Company except sitting fee of Rs.15,000/-for attending Audit Committee Meeting, Rs.8000/- other committee meetings and Rs.20,000/- for each meeting of the Board.The total amount of sitting fee paid to such directors during the year was Rs.9,05,000/-. Further, no shares and/or convertible instruments are held by the Non executive Directors of the Company.

Management

Management Discussion & Analysis Report is annexed and form the part of the Director's Report.

Shareholders' Committee

The said committee at present consists of Dr. S. P. Narang, Mr. A. S. Dugal, Mr. G. B. Kathuria all Non Executive Independent Directors and Mr. Rajmohan Singh, Executive Director (Operations). The committee meets normally once in three months to oversee proper redressal of grievances of shareholders /investors and compliance of stipulation in the matter of listing of shares with stock exchange/ depositories etc. The matter of transfer / transmission of shares /debentures, sub-division /consolidation and issue of new /duplicate shares / debenture certificates etc. including demat / remat of shares /debentures in the normal course are looked after by the committee of Senior Executives consisting of Mr. Sanjiva Jain, Chief Financial Officer and Mr. S. C. Saxena, Company Secretary who have been authorized by the Committee for the same.