

**ANNUAL REPORT**  
**2009-2010**



**JCT LIMITED**

**Board of Directors**

Mr. Samir Thapar  
 Mr. Rajmohan Singh  
 Mr. Mahesh Sahai  
 Mr. Gordhan Kathuria  
 Mr. Apar Singh Dugal  
 Dr. Satya Pal Narang  
 Mr. Sonjoy Sethee

Vice Chairman & Managing Director  
 Director (Operations)

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 Pneumafil 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 Dyeing 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 super 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 autoconer, 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 Filament Yarn. Efforts are being made to further explore for more markets.

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

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

| Products            | Current Year |       | Previous Year |       |
|---------------------|--------------|-------|---------------|-------|
|                     | 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  |
|----------------|-------------|----------------|------------------|--------------|---------------|--------|
| <b>2009-10</b> |             |                |                  |              |               |        |
| - 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% |
| <b>2008-09</b> |             |                |                  |              |               |        |
| - 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  |
| <b>2009-10</b> |             |                |                  |              |               |        |
| - 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% |
| <b>2008-09</b> |             |                |                  |              |               |        |
| - 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<br>Vice Chairman & Managing Director | Executive                     | 4                        | 4        | 5   | —   | —   |
| Mr. Rajmohan Singh<br>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                                     | Independent Non Executive     | 4                        | 4        | —   | —   | —   |
| Nominee - IFCI Ltd.                                   |                               |                          |          |   |   |   |

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<br>Vice Chairman & Managing Director |                  | Mr. Rajmohan Singh<br>Director (Operations) |                  |
|--|---|------------------|---|------------------|
|  | Current<br>Year                                       | Previous<br>Year | Current<br>Year                             | Previous<br>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.



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 w.e.f.1.4.2008 .The total amount of sitting fee paid to such directors during the period was Rs.6,94,000 /-.

### Management

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

### Shareholders' Grievance 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 for the same.

### Name of the Non-Executive Director heading the Committee

Dr. S. P. Narang, Director

### Name & Designation of Compliance Officer/ Chief Financial Officer

Mr. S. C. Saxena, Company Secretary.

Mr. Sanjiva Jain, Chief Financial Officer

### Number of complaints received, not solved & shares pending transfer

7 complaints were received and replied to the satisfaction of shareholders during the year 2009-10. There was no pending complaints as on 31st March, 2010. There is no share transfer or any other correspondence pending for more than fifteen days as on the date of this report. The Company also have exclusive e-mail ID i.e. jctsecretarial@jctltd.com for investors to contact the Company in case of any information and grievance.

### General Body Meetings

The previous three Annual General Meeting(s) of the Company were held on September 28, 2007, September 27, 2008 and September 25, 2009 at the registered office of the Company at Village Chohal, District Hoshiarpur, Punjab.

### Resolution through Postal Ballot

There was no resolution which was required to be passed by the shareholders of the Company through a Postal Ballot during the year 2009-2010.

### Details of non-compliance, penalties etc. imposed by Stock Exchange, SEBI etc. on any matter related to capital markets, during the last three years

No stricture/ penalties have been imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India (SEBI) or any statutory authority on any matters related to Capital Markets during the last three years.

### Means of Communication

- |  |   |   |
|--|---|---|
| (a) Quarterly Results  | : | Through publication   |
| (b) Newspapers wherein results normally published  | : | Business Standard (English)<br>Tribune (Punjabi)<br>Jagbani (Punjabi) |
| (c) Any web site, where displayed  | : | Yes on the web site of Mumbai<br>Stock Exchange i.e. www.bseindia.com |
| (d) Whether it also displays official news releases and the presentations made to institutional investors or to analysts | : | Yes, as and when necessary  |

### General shareholder information

AGM 61st Annual General Meeting  
Date 29th September, 2010  
Time 12.30 p.m.  
Financial Year 2010-2011  
Venue Village Chohal, Dist. Hoshiarpur (Punjab)-146 024

Date of Book Closure : September 20, 2010 to September 29, 2010 (both days inclusive)  
Dividend Payment Date : Not applicable  
Listing on Stock Exchanges : Mumbai and Luxembourg Stock Exchange  
Stock Code : 500223 (BSE)

### Un-audited Financial results after Limited Review (Financial Year 2010 - 2011)

for quarter ending June, 30, 2010 - August, 2010  
for quarter ending September, 30, 2010 - November, 2010  
for quarter ending December, 31, 2010 - February, 2011  
for quarter ending March 31, 2011 - May, 2011  
Audited results for the year ending March, 31, 2011 - August, 2011



## Market Price Data

| Month         | High | Low  |
|---------------|------|------|
| April, 2009   | 3.14 | 1.62 |
| May           | 4.02 | 2.36 |
| June          | 5.12 | 3.50 |
| July          | 4.11 | 3.08 |
| August        | 3.98 | 3.15 |
| September     | 4.10 | 3.61 |
| October       | 3.84 | 3.02 |
| November      | 3.75 | 2.96 |
| December      | 4.90 | 3.25 |
| January, 2010 | 5.45 | 3.80 |
| February      | 4.26 | 3.30 |
| March         | 3.80 | 3.03 |

**Performance in comparison to broad based indices such as BSE Sensex, Crisil Index etc.**

The shares of the Company are not considered by Stock Exchange in their index fluctuations.

**Registrar & Share Transfer Agents**

RCMC Share Registry Pvt. Limited

B-106, Sector- 2

NOIDA - 201301

Telephone : 95120-4015880

Fax : 95120-2444346

E-mail : shares@rcmcdelhi.com

**Share Transfer System**

The system for transfer of shares in physical form is delegated to Share Transfer Committee which meets once in a fortnight and the average time taken for transfer of shares is around 15 days. SEBI vide its circular no. MRD/DoP/Cir-03/2010 dated 7.1.2010 has now made it mandatory for the Transferee (s) to furnish copy of PAN Card to the Company / RTAs for register of transfer / transmission / deletion / transposition of shares in physical form of Listed Companies irrespective of the amount of such transaction.

**Shareholding Pattern by size (as on 31.3.2010)**

|        | Category | No. of Shareholder | No. of Shares | %age of Shares |
|--------|----------|--------------------|---------------|----------------|
| 1      | 5000     | 94779              | 39757580      | 11.07          |
| 5001   | 10000    | 4280               | 12802109      | 3.57           |
| 10001  | 20000    | 3119               | 17273075      | 4.81           |
| 20001  | 30000    | 1168               | 11715788      | 3.26           |
| 30001  | 40000    | 389                | 5531046       | 1.54           |
| 40001  | 50000    | 262                | 4951393       | 1.38           |
| 50001  | 100000   | 410                | 11658208      | 3.25           |
| 100001 | Above    | 338                | 255389391     | 71.12          |
|        | TOTAL    | 104745             | 359078590     | 100.00         |

**Shareholding Distribution Pattern (as on 31.3.2010)**

| Category  | No. of Shares | %age   |
|---|---------------|--------|
| Promoters/Promoter group  | 182504724     | 50.83  |
| Non-Promoters (Institutions/Banks/Mutual Funds/State Govt./FIs) | 30655617      | 8.54   |
| Others (Corporate Bodies/Individuals/custodian) non resident    | 145918249     | 40.63  |
| TOTAL   | 359078590     | 100.00 |

**Dematerialization of shares and liquidity**

Presently, 97.39% of shares are in dematerialized form. The shares of the Company are listed on Bombay Stock Exchange Ltd., which provide sufficient liquidity to the investors.

**Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity**

| Name of the Instrument   | Date of conversion  | Amount to be converted into Equity                               |
|--|---|--|
| Optionally Partially Convertible Preference shares of face value Rs.100/- each | Any time before the last instalment of redemption due on 31.12.2011 | 20%  |
| Foreign Currency Convertible Bonds (FCCB)(issued on April 8, 2006)             | Any time prior to the close of business on March 8, 2011            | Convertible into equity shares at a reset price of Rs.12.88 each |

**Plant Locations**

Textile units at Phagwara (Punjab) and Sriganganagar (Rajasthan)

Filament unit at Chohal, Dist. Hoshiarpur (Punjab)

**Address for Correspondence**

(a) Registered Office - Village Chohal, Dist. Hoshiarpur (Punjab) - 146 024

(b) Corporate Office - 305-309, 3rd Floor, 18, Rattan Jyoti Building Rajendra Place, New Delhi-110008

**5. CEO/CFO Certification**

Mr. Samir Thapar, Vice Chairman & Managing Director and Mr. Sanjiva Jain, Chief Financial Officer of the Company have certified to the Board that;

- (a) They have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2010 and that to the best of their knowledge and belief.
- (i) These statements do not contain any materially untrue statement or omit any material factor contain statements that might be misleading.
- (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of their knowledge and belief, no transaction entered into by the Company during the year ended 31<sup>st</sup> March, 2010 are fraudulent, illegal or violative of the Company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) There has not been any;
- (i) significant changes in internal control over financial reporting during the year;
- (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- (iii) instances of significant fraud of which they became aware and the involvement therein, if any of the management or an employee having a significant role in the Company's internal control system over financial reporting.

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**AUDITORS' CERTIFICATE TO THE SHAREHOLDERS ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

We have examined the compliance of conditions of corporate governance by JCT Limited for the year ended on 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange.

The compliance of conditions of corporate governance is the responsibility of the Company's management. Our examination was limited to procedures and implementations thereof adopted by the Company, for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the management of the Company, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We further state such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S. P. CHOPRA & CO.  
Chartered Accountants  
Firm Registration No. 000346N

Place : New Delhi  
Dated : August 6, 2010

Pawan K. Gupta  
Partner

Membership No. 92529



## STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

| 1. Name of the subsidiary Company   | Rajdhani Trading Co. Ltd | Gupta & Syal Ltd.       |
|---|--------------------------|-------------------------|
| 2. Holding Company's interest   | Wholly owned subsidiary  | Wholly owned subsidiary |
| 3. Net aggregate amount of Profit/(Loss)  |                          |                         |
| (i) For the subsidiaries financial year/period ended 31st March, 2010 (in Rs.)  | 9,269                    | 181,628                 |
| (ii) For the previous financial years of the subsidiary companies since it became subsidiary (in Rs.)   | (78,430)                 | 207,601                 |
| 4. Net aggregate amount of subsidiary companies' profits, less losses and dealt within the Company's accounts:  |                          |                         |
| (i) For the subsidiaries financial year/period ended 31st March, 2010   | Nil                      | Nil                     |
| (ii) For the previous financial years of the subsidiary companies since it became subsidiary  | Nil                      | Nil                     |
| 5. (a) Change in the Company's interest in any subsidiary company between the end of the preceding financial year of the subsidiary and the end of the Company's financial year | Nil                      | Nil                     |
| (b) Material changes occurred between the end of the preceding financial year of the subsidiary and the end of the company's financial year in respect of subsidiary's:         |                          |                         |
| (i) Fixed Assets  | Nil                      | Nil                     |
| (ii) Investments  |                          |                         |
| (iii) The moneys lent by it   |                          |                         |
| (iv) The moneys borrowed by it for any purpose other than that of meeting current liabilities.  |                          |                         |

Sanjiva Jain  
Chief Financial Officer

S.C. Saxena  
Company Secretary

Samir Thapar  
Vice Chairman &  
Managing Director

G.B. Kathuria  
Rajmohan Singh  
Directors

Place : New Delhi  
Dated : August 6, 2010





## AUDITORS' REPORT

### To the Members

1. We have audited the attached Balance Sheet of JCT Limited, as at 31st March, 2010, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;
  - (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by the Report are in agreement with the books of account;
  - (d) on the basis of the written representations received from the directors of the Company and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as director of the Company in terms of Section 274 (1) (g) of the Companies Act, 1956;
- (e) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement of the Company dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956;
- (f) Without qualifying our opinion, we draw attention to Note No.16 in Schedule IX in the financial statements. The Company has incurred a net loss of Rs. 6,090 lakhs during the year ended March 31, 2010 and, as on that date, its accumulated losses of Rs.15,800 lakhs are more than fifty percent of its net worth. The Company has incurred substantial cash losses in the current year as also in the previous year. However, the financial statements have been prepared on going concern basis on the grounds as disclosed in said note.
- (g) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with the Significant Accounting Policies and other notes thereon in Schedule No. 'IX' give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
  - (ii) in the case of the Profit & Loss Account, of the losses of the Company for the year ended on that date; and
  - (iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For S. P. CHOPRA & CO.  
Chartered Accountants  
Firm Registration No. 000346N

Pawan K. Gupta  
Partner

Membership No. : 92529

Place: New Delhi  
Dated: August 6, 2010

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our Report of even date)

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) In respect of its inventories:
  - (a) As explained to us, inventories except those lying with third parties, have been physically verified by the management in accordance with the perpetual



inventory programme, at regular intervals during the year. In our opinion, the frequency of verification is reasonable.

- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to size of the Company and nature of its business.
- (c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed in physical verification of inventory as compared to the book records.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured from/to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered into a register maintained under Section 301 of the Companies Act, 1956.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A, Section 58AA and other relevant provisions of the Companies Act, 1956 and the Rules framed thereunder, with regard to the deposits accepted from the public. As informed to us, no order has been passed by the National Company Law Tribunal, Reserve Bank of India, any court or any other Tribunal during the year.
- (vii) In our opinion and according to the information and explanations given to us, the internal audit system is commensurate with the size and nature of the Company's business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of the Textile and Filament Units of the Company where Order has been made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records.
- (ix) In respect of statutory dues:
- (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities *though there has been a delay in few cases*. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as on 31st March, 2010 for a period of more than six months from the date they became payable.
- (b) The disputed statutory dues aggregating to Rs. 3,190.64 lakhs, that have not been deposited on account of matters pending in appeal before appropriate authorities are as under:

| Sl. No. | Name of the statute                                   | Nature of the Dues | Forum where dispute is Pending                                      | Amount (Rs. in lakhs)            |
|---------|---|--------------------|---|----------------------------------|
| 1.      | Central Excise Act                                    | Excise Duty        | Upto Commissioner's level<br>CESTAT<br>Tribunal                     | 219.95<br>1,294.15<br>977.30     |
| 2.      | Central Sales Tax and Sales Tax Act of various states | Sales Tax          | Upto AETC<br>Dy. Comm., Appeal<br>Rajasthan Tax Board<br>High Court | 4.28<br>17.08<br>51.10<br>321.93 |
| 3.      | Customs Duty Act, 1962                                | Customs Duty       | Commissioner of Customs   | 186.05                           |
| 4.      | Income tax Act, 1961                                  | Income Tax         | CIT<br>ITAT<br>Supreme Court  | 0.55<br>35.76<br>82.49           |
|         |   | TOTAL              |   | 3,190.64                         |

- (x) In our opinion, the Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth and it has incurred cash losses in the financial year and also in the financial year immediately preceeding the current financial year.
- (xi) Based on our audit procedures and according to the information and explanations given to us, *the Company has defaulted in repayment of its dues of Rs. 88.47 lakhs to debenture holders. Further, there have been delays by the Company in repayment of dues to financial institutions, banks and debenture holders amounting to Rs. 321.43 lakhs during the year with maximum of 302 days.*
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) The Company has given a guarantee for a loan taken by another body corporate from a financial institution. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima-facie prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company has not availed any term loan during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that *the funds of Rs. 771.92 lakhs raised on short term basis have been used for repayment of long term loans.*
- (xviii) The Company has not made any preferential allotment of shares to any parties or companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xiv) On the basis of the records made available to us, the Company has created securities in respect of debentures.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For S. P. CHOPRA & CO.  
Chartered Accountants  
Firm Registration No. 000346N  
Pawan K. Gupta  
Partner  
Membership No. : 92529

Place : New Delhi  
Dated : August 6, 2010



# **BALANCE SHEET**

## **AS AT 31ST MARCH, 2010**

(Rs. in lakhs)

|                         | <b>Schedule No.</b> | <b>31.3.2010</b> | <b>31.3.2009</b> |
|-------------------------|---------------------|------------------|------------------|
| <b>SOURCES OF FUNDS</b> |                     |                  |                  |
| 1. SHAREHOLDERS' FUNDS  |                     |                  |                  |
| Capital                 | 'A'                 | <b>11,888.33</b> | 11,966.21        |
| Reserves and surplus    | 'B'                 | <b>14,173.99</b> | 9,845.15         |
|                         |                     | <b>26,062.32</b> | 21,811.36        |
| 2. LOAN FUNDS           |                     |                  |                  |
| Secured loans           | 'C'                 | <b>29,779.76</b> | 30,324.58        |
| Unsecured loans         | 'D'                 | <b>18,891.99</b> | 22,065.08        |
|                         |                     | <b>48,671.75</b> | 52,389.66        |
| <b>TOTAL</b>            |                     | <b>74,734.07</b> | 74,201.02        |

**APPLICATION OF FUNDS**

|   |      |                   |           |
|---|------|-------------------|-----------|
| 1. FIXED ASSETS   | 'E'  |                   |           |
| Gross block   |      | <b>101,897.59</b> | 99,854.16 |
| Less : Depreciation   |      | <b>50,735.91</b>  | 48,432.67 |
| Net block   |      | <b>51,161.68</b>  | 51,421.49 |
| Capital work-in-progress  |      | <b>493.18</b>     | 397.36    |
|   |      | <b>51,654.86</b>  | 51,818.85 |
| 2. INVESTMENTS  | 'F'  | <b>5,391.80</b>   | 6,277.10  |
| 3. CURRENT ASSETS, LOANS AND ADVANCES                                       |      |                   |           |
| Current Assets  | 'G'  |                   |           |
| (a) Inventories   |      | <b>12,630.42</b>  | 11,994.05 |
| (b) Sundry Debtors  |      | <b>3,360.09</b>   | 3,794.97  |
| (c) Cash and bank balances  |      | <b>1,053.20</b>   | 923.17    |
| Loans and Advances  | 'H'  | <b>4,645.31</b>   | 5,654.04  |
|   |      | <b>21,689.02</b>  | 22,366.23 |
| Less : CURRENT LIABILITIES AND PROVISIONS                                   |      |                   |           |
| (a) Current liabilities   | 'I'  | <b>17,644.56</b>  | 13,690.61 |
| (b) Provisions  | 'J'  | <b>2,157.09</b>   | 2,281.09  |
|   |      | <b>19,801.65</b>  | 15,971.70 |
| 4. NET CURRENT ASSETS   |      | <b>1,887.37</b>   | 6,394.53  |
| 5. PROFIT & LOSS ACCOUNT  |      | <b>15,800.04</b>  | 9,710.54  |
| Significant accounting policies and notes forming part of the Balance Sheet | 'IX' |                   |           |
| <b>TOTAL</b>  |      | <b>74,734.07</b>  | 74,201.02 |

Sanjiva Jain  
Chief Financial Officer

S.C. Saxena  
Company Secretary

Samir Thapar  
Vice Chairman &  
Managing Director

G.B. Kathuria  
Rajmohan Singh  
Directors

As per our report of even date attached  
S.P. CHOPRA & CO.  
Chartered Accountants  
Firm Registration No. 000346N

Place : New Delhi  
Dated : August 6, 2010

Pawan K. Gupta  
Partner  
Membership No. 92529



# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

(Rs. in lakhs)

|   | Schedule<br>No. | Current Year     | Previous Year    |
|---|-----------------|------------------|------------------|
| <b>INCOME</b>   |                 |                  |                  |
| Gross Sales   | 'I'             | 59,249.21        | 57,765.89        |
| Less: Excise Duty   |                 | (1,992.79)       | (1,823.85)       |
| Net Sales   |                 | 57,256.42        | 55,942.04        |
| Other income  | 'II'            | 1,284.63         | 1,946.01         |
| Increase/(decrease) in stocks   | 'III'           | (277.37)         | 358.37           |
|   |                 | <b>58,263.68</b> | <b>58,246.42</b> |
| <b>EXPENDITURE</b>  |                 |                  |                  |
| Raw materials consumed  |                 | 26,404.10        | 24,788.71        |
| Other Manufacturing expenses  | 'IV'            | 17,782.91        | 18,438.47        |
| Purchase  |                 | 300.25           | 259.10           |
| Payments to and provisions for employees  | 'V'             | 6,143.47         | 6,517.84         |
| Administration and other expenses   | 'VI'            | 1,930.24         | 2,881.52         |
| Selling and distribution expenses   | 'VII'           | 2,814.96         | 2,757.22         |
| Interest and financing charges  | 'VIII'          | 4,689.18         | 4,310.73         |
| Depreciation  |                 |                  |                  |
| Depreciation for the year   |                 | 3,950.85         | 4,379.70         |
| Less: Transfer from revaluation reserve   |                 | (24.15)          | (24.15)          |
|   |                 | <b>3,926.70</b>  | <b>4,355.55</b>  |
|   |                 | <b>63,991.81</b> | <b>64,309.13</b> |
| Profit/(Loss) before Tax and exceptional item   |                 | (5,728.13)       | (6,062.71)       |
| Profit on sale of Ginning factory<br>(Refer Note 17 in Schedule IX)                             |                 | 248.24           | —                |
| Profit/(Loss) from continuing operations<br>after exceptional item and before tax               |                 | (5,479.89)       | (6,062.71)       |
| Provision for tax   |                 | 10.02            | 73.64            |
| Profit/(Loss) from continuing operations<br>after exceptional item and after tax                |                 | (5,489.91)       | (6,136.35)       |
| Loss from discontinued operations<br>(Refer Note 19 In Schedule IX)                             |                 | 599.59           | —                |
| Net Profit/(Loss) after tax   |                 | (6,089.50)       | (6,136.35)       |
| Loss brought forward from last year   |                 | (9,710.54)       | (3,574.19)       |
| Significant Accounting Policies and Notes forming<br>part of the Profit & Loss Account          | 'IX'            |                  |                  |
| Balance loss carried over to Balance Sheet  |                 | (15,800.04)      | (9,710.54)       |
| Earning/(Loss) per share before exceptional items -in Rs.<br>(refer note No. 26 of Schedule IX) |                 |                  |                  |
| - Basic   |                 | (1.60)           | (1.72)           |
| - Diluted   |                 | (1.16)           | (1.22)           |
| Earning/(Loss) per share after exceptional items -in Rs.<br>(refer note No. 26 of Schedule IX)  |                 |                  |                  |
| - Basic   |                 | (1.70)           | (1.72)           |
| - Diluted   |                 | (1.23)           | (1.22)           |

Sanjiva Jain  
Chief Financial Officer

S.C. Saxena  
Company Secretary

Samir Thapar  
Vice Chairman &  
Managing Director

G.B. Kathuria  
Rajmohan Singh  
Directors

As per our report of even date attached  
S.P. CHOPRA & CO.  
Chartered Accountants  
Firm Registration No. 000346N

Place : New Delhi  
Dated : August 6, 2010

Pawan K. Gupta  
Partner  
Membership No. 92529



# CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

(Rs. in lakhs)

|   | Year ended<br>31.3.2010 | Year ended<br>31.3.2009 |
|---|-------------------------|-------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                                   |                         |                         |
| Profit/(loss) before tax and exceptional items                                  | (5,728.13)              | (6,062.71)              |
| <b>Adjustment for:</b>  |                         |                         |
| Depreciation  | 3,926.70                | 4,355.55                |
| Provision for diminution in value of investments                                | 0.46                    | 580.70                  |
| Fixed Assets written off.   | 27.48                   | 6.30                    |
| Provision for doubtful debts and advances etc.                                  | 128.55                  | 233.41                  |
| Bad debts written off   | 0.62                    | 42.80                   |
| Investments written off   | —                       | 3.74                    |
| Liabilities/provisions no longer required, written back                         | (121.94)                | (105.45)                |
| Depreciation excess provided in earlier years written back                      | —                       | (1.55)                  |
| Interest expense  | 4,689.18                | 4,310.73                |
| Interest earned   | (118.79)                | (78.53)                 |
| Dividend/Interest on Investments  | (3.37)                  | (3.19)                  |
| Profit on sale of investments   | —                       | (4.55)                  |
| Profit on sale of fixed assets (net)  | (77.38)                 | (434.83)                |
| Foreign exchange fluctuation (net)  | (133.26)                | 47.17                   |
|   | <u>8,318.25</u>         | <u>8,952.30</u>         |
| Operating profit before exceptional items<br>and before working capital changes | 2,590.12                | 2,889.59                |
| <b>Adjustment for working capital changes:</b>                                  |                         |                         |
| Inventories   | (636.37)                | 1,143.75                |
| Trade and other receivables   | 1,337.01                | (391.17)                |
| Trade payables and others   | 3,951.89                | 1,365.86                |
|   | <u>4,652.53</u>         | <u>2,118.44</u>         |
| <b>Cash generated from operations:</b>  | <u>7,242.65</u>         | <u>5,008.03</u>         |
| Cash flow from operating activities   | 7,242.65                | 5,008.03                |
| Income tax paid (net of provision)  | (32.59)                 | (125.43)                |
| Net cash flow from operating activities   | <u>7,210.06</u>         | <u>4,882.60</u>         |
| <b>B. CASH FLOW FROM EXCEPTIONAL ITEMS</b>                                      |                         |                         |
| Sale proceeds of Ginning factory<br>(Refer Note 17 in Schedule IX)              | 261.39                  | —                       |
| Loss from discontinued operations<br>(Refer Note 19 in Schedule IX)             | (599.59)                | —                       |
| <b>Net Cash flow from Exceptional items</b>                                     | <u>(338.20)</u>         | <u>—</u>                |
| <b>C. CASH FLOW FROM INVESTING ACTIVITIES</b>                                   |                         |                         |
| Purchase of fixed assets including capital work in progress                     | (922.46)                | (1,159.69)              |
| Sale of fixed assets  | 27.58                   | 573.45                  |
| Purchase/Sale/proceeds from investments<br>(net of provision for diminution)    | 267.68                  | 889.61                  |
| Interest earned   | 118.79                  | 78.53                   |
| Dividend/Interest on investments  | 3.37                    | 3.19                    |
| <b>Net Cash used in investing activities</b>                                    | <u>(505.04)</u>         | <u>385.09</u>           |



## CASH FLOW STATEMENT (Contd.)

|   | (Rs. in lakhs)          |                         |
|---|-------------------------|-------------------------|
|   | Year ended<br>31.3.2010 | Year ended<br>31.3.2009 |
| <b>D. CASH FLOW FROM FINANCING ACTIVITIES</b>         |                         |                         |
| Redemption of Preference Shares (net)                 | (128.11)                | (307.10)                |
| Redemption of debentures (net)                        | (437.78)                | (671.02)                |
| Repayment/proceeds from long term secured loans (net) | (698.56)                | (2,319.28)              |
| Proceeds from short term loans - Secured              | 591.52                  | 1,350.63                |
| Proceeds from short term loans - Unsecured            | (1,007.94)              | 732.43                  |
| Foreign exchange fluctuations (net)                   | 133.26                  | (47.17)                 |
| Interest and financing charges                        | (4,689.18)              | (4,310.73)              |
| <b>Net cash used in financing activities</b>          | <b>(6,236.79)</b>       | <b>(5,572.24)</b>       |
| (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS      | <b>130.03</b>           | <b>(304.55)</b>         |
| CASH AND CASH EQUIVALENTS (OPENING)                   | <b>923.17</b>           | <b>1,227.72</b>         |
| CASH AND CASH EQUIVALENTS (CLOSING)                   | <b>1,053.20</b>         | <b>923.17</b>           |

**Note to cash flow statement :**

Cash and cash equivalents consist of cash in hand and balances with banks.  
Cash and cash equivalents included in the Cash flow statement comprise of the following Balance Sheet Items:

|  |                 |               |
|--|-----------------|---------------|
| Cash in hand (including cheques and drafts<br>in hand/remittance in transit) | 304.20          | 187.59        |
| Balances with Banks :  |                 |               |
| — Current accounts   | 64.27           | 64.59         |
| — Others   | 684.54          | 670.80        |
| — Cash and bank balances lodged as security                                  | 0.19            | 0.19          |
|  | <b>1,053.20</b> | <b>923.17</b> |

Sanjiva Jain  
Chief Financial Officer

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Company Secretary

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Rajmohan Singh  
Directors

As per our report of even date attached  
For S.P. CHOPRA & CO.  
Chartered Accountants  
Firm Registration No. 000346N

Place : New Delhi  
Dated : August 6, 2010

Pawan K. Gupta  
Partner  
Membership No. 92529





## SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. in lakhs)

| <b>SCHEDULE 'A'</b>   | <b>31.3.2010</b> | <b>31.3.2009</b> |
|---|------------------|------------------|
| <b>SHARE CAPITAL</b>  |                  |                  |
| <b>AUTHORISED</b>   |                  |                  |
| 600,000,000 Equity Shares of Rs.2.50 each   | <b>15,000.00</b> | 15,000.00        |
| 5,000,000 Redeemable Preference Shares of Rs.100/- each   | <b>5,000.00</b>  | 5,000.00         |
|   | <b>20,000.00</b> | 20,000.00        |
| <b>ISSUED, SUBSCRIBED AND PAID UP</b>   |                  |                  |
| 35,90,78,590 (Previous Year: 35,70,69,192) - Equity Shares of Rs.2.50 each, fully paid-up                                     | <b>8,976.96</b>  | 8,926.73         |
| 29,11,365 (Previous Year: 30,39,479)- Optionally Partially Convertible Preference Shares of Rs.100/- each (net of redemption) | <b>2,911.37</b>  | 3,039.48         |
|   | <b>11,888.33</b> | 11,966.21        |

### NOTES :

- During the year, 20,09,398 equity shares of Rs.2.50 each were issued on exercise of the option for conversion by the holders of the foreign currency convertible bonds at a premium of Rs.10.38 per equity share as per terms of issue.
  - In earlier years, 11,80,235 Equity Shares were allotted as fully paid up by way of bonus shares, capitalised from General Reserve and Share Premium Account.
- 13,32,378 Optionally Partially Convertible Preference Shares (OPCPS) issued to a financial institution, banks and body corporates with an outstanding amount of Rs. 1332.38 lakhs carry no dividend and are redeemable as under:

|                       |            |            |
|-----------------------|------------|------------|
| Date                  | 31.12.2010 | 31.12.2011 |
| Amount (Rs. in lakhs) | 307.10     | 1,025.28   |

20% of the face value is optionally convertible into equity shares during the currency of OPCPS in which case the amount of conversion of OPCPS would be reduced from the last redemption instalment payable.
  - 1,400,000 OPCPS with an outstanding amount of Rs.1,400 lakhs carry no dividend and are redeemable on 26.12.2010 with the option to convert before that the whole amount into equity shares at the amount to be determined and as permissible under SEBI guidelines.
  - 1,25,079 OPCPS of Rs.125.08 lakhs due to a financial institution on 31.12.2009 have been rescheduled and are repayable in six equal monthly instalments starting from April 30,2010 alongwith interest @13% p.a..
  - 53,908 OPCPS of Rs.53.91 lakhs issued to a bank and a body corporate and due on 31.12.09 were pending redemption.

| <b>SCHEDULE 'B'</b>   | <b>31.3.2010</b> | <b>31.3.2009</b> |
|---|------------------|------------------|
| <b>RESERVES AND SURPLUS</b>   |                  |                  |
| <b>CAPITAL REDEMPTION RESERVE</b>   |                  |                  |
| As per last Account   | <b>165.44</b>    | 165.44           |
| <b>REVALUATION RESERVE</b>  |                  |                  |
| As per last Account   | <b>682.84</b>    | 706.99           |
| Add: On account of revaluation of land (Refer Note 6b in Schedule IX)         | <b>4,373.60</b>  | —                |
| Less: Transfer to Profit & Loss Account on sale of assets                     | <b>(1.10)</b>    | —                |
| Less: Transfer to Profit & Loss Account                                       | <b>(24.15)</b>   | (24.15)          |
|   | <b>5,031.19</b>  | 682.84           |
| <b>DEBENTURE REDEMPTION RESERVE</b>   |                  |                  |
| As per last Account   | <b>2,045.76</b>  | 2,045.76         |
| <b>SHARE PREMIUM ACCOUNT</b>  |                  |                  |
| As per last Account   | <b>6,951.11</b>  | 7,724.95         |
| Add: Premium on conversion of Foreign Currency Convertible Bonds (FCCBs)      | <b>223.06</b>    | —                |
| Add: Write back of pro-rata redemption premium payable on FCCBs               | <b>35.94</b>     | —                |
| Less: Premium payable on redemption of FCCBs (Refer Note No 4 of Schedule IX) | <b>(278.51)</b>  | (773.84)         |
|   | <b>6,931.60</b>  | 6,951.11         |
|   | <b>14,173.99</b> | 9,845.15         |



|   | 31.3.2010 | (Rs. in lakhs)<br>31.3.2009 |
|---|-----------|-----------------------------|
| <b>SCHEDULE 'C'</b>                                 |           |                             |
| <b>SECURED LOANS</b>                                |           |                             |
| DEBENTURES  |           |                             |
| Zero rate Redeemable Debentures (Net of redemption) | 904.29    | 1,342.07                    |
| TERM LOANS  |           |                             |
| Financial Institutions                              | —         | 421.97                      |
| Scheduled banks                                     | 18,735.25 | 18,742.42                   |
| Others  | 89.38     | 362.92                      |
| Interest accrued and due on above                   | 4.12      | —                           |
|   | 18,828.75 | 19,527.31                   |
| CASH CREDIT ACCOUNTS WITH SCHEDULED BANKS           | 10,046.72 | 9,454.71                    |
| Add: Interest accrued and due                       | —         | 0.49                        |
|   | 10,046.72 | 9,455.20                    |
|   | 29,779.76 | 30,324.58                   |

**NOTES:**

- 3,78,040 Debentures of Rs.378.04 lakhs issued to a financial institution and a body corporate are redeemable on 31.12.2010.
  - 4,37,776 Debentures of Rs.437.78 lakhs due to a financial institution for repayment on 31.12.2009 have been rescheduled and are payable in six equal monthly instalments starting from April 30,2010 alongwith interest @ 13% p.a.
  - 88,475 Debentures of Rs.88.47 lakhs due to a body corporate for repayment on 31.12.2009 were pending redemption.
- Term Loans and Debentures are secured by hypothecation of all the moveable properties including plant & machinery and accessories etc. (both present & future) and also equitable mortgage, by deposit of title deeds, of all the immoveable properties (both present & future) including land, factory buildings, structures, erections, constructions and/or further constructions to be made thereon pertaining to Textile and Filament Units except:
    - Term Loan of Rs.1,399.39 lakhs from scheduled banks, which is secured by hypothecation of specific plant & machinery.
    - Term Loan of Rs.216.27 lakhs from scheduled banks and Rs. 65.89 lakhs from non-banking finance companies are secured against specific vehicles.
  - Debentures are additionally secured by a legal mortgage over the immovable properties of the Company (both present & future) situate at Dist. Mehsana (Gujarat).
- Cash Credit facilities from consortium of scheduled banks are secured by first charge ranking pari-passu inter-se amongst themselves on all the stock of raw materials, stock in process, semi-finished and finished goods, stores & spares, bills receivable and books debts and all other moveables current assets both present and future pertaining to Company's Textile and Filament Units. These are also secured by second charge over the fixed assets pertaining to abovesaid units.
- Financial facilities from Allahabad Bank are additionally secured by first charge by way of an equitable mortgage over the land admeasuring around 9 acres and structures thereon at Phagwara.
- Term Loans due within one year aggregate Rs.464.07 lakhs including Rs.86.90 lakhs due during 2009-10 repaid subsequently.
- During the year, Company repaid Rs. 258.08 lakhs of term loans with delays ranging from 1 to 167 days due to financial constraints.

|  | 31.3.2010 | 31.3.2009 |
|--|-----------|-----------|
| <b>SCHEDULE 'D'</b>  |           |           |
| <b>UNSECURED LOANS</b>   |           |           |
| FIXED DEPOSITS   | 2,052.02  | 1,253.31  |
| Add: Interest accrued and due  | 13.22     | 6.64      |
|  | 2,065.24  | 1,259.95  |
| SHORT TERM LOANS AND ADVANCES  |           |           |
| (i) from a bank  | —         | 1,998.76  |
| (ii) book overdraft  | 889.24    | 797.13    |
|  | 889.24    | 2,795.89  |
| FOREIGN CURRENCY CONVERTIBLE BONDS<br>(Refer Note No 4 of Schedule IX) | 11,586.44 | 13,377.00 |
| Add: Premium payable on redemption                                     | 1,853.83  | 1,611.26  |
|  | 13,440.27 | 14,988.26 |
| INTEREST-FREE LOAN FROM A BODY CORPORATE                               | —         | 617.16    |
| SECURITY DEPOSITS  | 2,497.24  | 2,403.82  |
|  | 18,891.99 | 22,065.08 |



**SCHEDULE 'E'**

**FIXED ASSETS**

| ASSETS  | ORIGINAL COST     |                                 |   | As at<br>31.3.2010 |
|---|-------------------|---------------------------------|---|--------------------|
|   | As at<br>1.4.2009 | Additions<br>during<br>the year | Sales/<br>disposal/<br>adjustments<br>during the year |                    |
| TANGIBLE FIXED ASSETS   |                   |                                 |   |                    |
| Land freehold   | 10,769.18         | 4,452.23*                       | 2.06  | 15,219.35          |
| Building  | 12,014.16         | 29.23                           | 129.09  | 11,914.30          |
| Plant & machinery:  |                   |                                 |   |                    |
| Plant & machinery (main)  | 74,024.82         | 425.19                          | 2,704.96**  | 71,745.05          |
| Data processing equipment   | 537.97            | 24.84                           | 77.85   | 484.96             |
| Electric installations  |                   |                                 |   |                    |
| including gadgets   | 821.63            | 27.57                           | 27.91   | 821.29             |
| Tools & implements  | 79.00             | 0.06                            | 15.73   | 63.33              |
| Furniture & fixtures &<br>other equipment                                   | 574.77            | 31.39                           | 53.26   | 552.90             |
| Vehicles  | 875.68            | 137.80                          | 140.16  | 873.32             |
| Leasehold Improvements  | —                 | 23.51                           | —   | 23.51              |
| Scrap (value of discarded assets)   | 3.90              | 3.58                            | 5.80  | 1.68               |
| Sub-total   | 99,701.11         | 5,155.40                        | 3,156.82  | 101,699.69         |
| Intangible Assets   |                   |                                 |   |                    |
| Computer Software   | 153.06            | 44.84                           | —   | 197.90             |
| Curent year's total   | 99,854.17         | 5,200.24                        | 3,156.82  | 101,897.59         |
| Previous year's total   | 90,893.50         | 10,071.65                       | 1,110.98  | 99,854.17          |
| CAPITAL WORK-IN-PROGRESS  |                   |                                 |   |                    |
| Capital work-in-progress  |                   |                                 |   |                    |
| Advances against machinery<br>and civil work - unsecured<br>considered good |                   |                                 |   |                    |
| Machinery in transit  |                   |                                 |   |                    |
| Total   |                   |                                 |   |                    |

\* includes Rs. 4,373.60 lakhs on account of revaluation of land (Refer Note 6.b in Schedule IX)

\*\* includes Rs. 1,517.27 lakhs arising due to foreign exchange fluctuations. (Refer note.9 in Schedule IX)



|                   |                 |   |                    | (Rs. in lakhs)     |                    |
|-------------------|-----------------|---|--------------------|--------------------|--------------------|
| DEPRECIATION      |                 |   |                    | WRITTEN DOWN VALUE |                    |
| As at<br>1.4.2009 | For the<br>year | On sales<br>disposals/<br>adjustment<br>during the year | As at<br>31.3.2010 | As at<br>31.3.2010 | As at<br>31.3.2009 |
| —                 | —               | —   | —                  | 15,219.35          | 10,769.18          |
| 3,443.00          | 325.08          | 88.45   | 3,679.63           | 8,234.67           | 8,571.16           |
| 42,967.88         | 3,392.66        | 1,312.78  | 45,047.76          | 26,697.29          | 31,056.94          |
| 402.20            | 31.31           | 66.74   | 366.77             | 118.19             | 135.77             |
| 554.50            | 30.85           | 17.12   | 568.23             | 253.06             | 267.13             |
| 59.00             | 2.42            | 9.14  | 52.28              | 11.05              | 20.00              |
| 447.71            | 23.69           | 44.96   | 426.44             | 126.46             | 127.06             |
| 539.85            | 105.71          | 108.43  | 537.13             | 336.19             | 335.83             |
| —                 | 2.61            | —   | 2.61               | 20.90              | —                  |
| —                 | —               | —   | —                  | 1.68               | 3.90               |
| 48,414.14         | 3,914.33        | 1,647.62  | 50,680.85          | 51,018.84          | 51,286.97          |
| 18.54             | 36.52           | —   | 55.06              | 142.84             | 134.52             |
| 48,432.68         | 3,950.85        | 1,647.62  | 50,735.91          | 51,161.68          | 51,421.49          |
| 44,604.04         | 4,379.70        | 551.06  | 48,432.68          | 51,421.49          |                    |
|                   |                 |   |                    | 395.02             | 335.24             |
|                   |                 |   |                    | 98.16              | 24.23              |
|                   |                 |   |                    | —                  | 37.89              |
|                   |                 |   |                    | 493.18             | 397.36             |

**NOTES:**

The above includes the following assets held for disposal as at 31st March, 2010 (previous year Rs. Nil) which are being carried at the lower of net block and net realisable value. (Refer Note 19 in Schedule IX)

| Description                             | Gross Block   | Accumulated depreciation | Net Block     |
|---|---------------|--------------------------|---------------|
| Land Freehold                           | 84.65         | —                        | 84.65         |
| Buildings                               | 6.32          | 3.84                     | 2.48          |
| Plant & Machinery (Main)                | 210.05        | 186.20                   | 23.85         |
| Tools & implements                      | 9.36          | 9.36                     | —             |
| Electric installation including gadgets | 4.45          | 3.23                     | 1.22          |
| Furniture & fixtures & other equipments | 1.52          | 1.51                     | 0.01          |
| <b>TOTAL</b>                            | <b>316.35</b> | <b>204.14</b>            | <b>112.21</b> |



**SCHEDULE 'F'**

**INVESTMENTS**

| Name of the Company  | Face value<br>Rs. | No.        | Balance as on 31.3.2009    |                            |
|--|-------------------|------------|----------------------------|----------------------------|
|  |                   |            | Face Value<br>Rs. in lakhs | Book Value<br>Rs. in lakhs |
| <b>A. LONG TERM INVESTMENTS</b>                            |                   |            |                            |                            |
| <b>Subsidiary Companies - unquoted</b>                     |                   |            |                            |                            |
| <b>Equity Shares - Fully Paid-up</b>                       |                   |            |                            |                            |
| Gupta & Syal Limited                                       | 10                | 82,320     | 8.23                       | 18.31                      |
| Rajdhani Trading Co. Ltd.                                  | 100               | 5,010      | 5.01                       | 65.71                      |
| <b>Other Companies</b>                                     |                   |            |                            |                            |
| <b>In Optionally Convertible Zero Rate Debentures</b>      |                   |            |                            |                            |
| Provestment Securities Pvt. Ltd. (Note-1)                  | 100               | 2,390,400  | 2,390.40                   | 2,390.40                   |
| KCT Textiles Ltd. (Note-2)                                 | 100               | 2,585,158  | 2,585.16                   | 2,585.16                   |
| <b>In Cumulative Convertible Preference Shares</b>         |                   |            |                            |                            |
| Tata Steel Limited   | 100               | 54         | 0.05                       | 0.05                       |
| <b>8.25% Secured Redeemable Non-convertible Debentures</b> |                   |            |                            |                            |
| Britannia Industries Ltd.                                  | 170               | —          | —                          | —                          |
| <b>In Equity Shares -quoted</b>                            |                   |            |                            |                            |
| JCT Electronics Ltd. (Refer Note 5 in Schedule IX)         | 1                 | 10,631,900 | 106.32                     | 5,625.48                   |
| <b>In Equity Shares - unquoted</b>                         |                   |            |                            |                            |
| India International Airways Ltd.                           | 10                | 3,630,000  | 363.00                     | 537.00                     |
| Nimbua Greenfield (Punjab) Ltd.                            | 10                | 50,000     | 5.00                       | 5.00                       |
| Preeti Vanijya (P) Ltd.                                    | 10                | 52,312     | 5.23                       | 418.50                     |
| Mynah Industries Ltd. (formerly Rama Qualitex Ltd.)        | 10                | 400,000    | 40.00                      | 40.00                      |
| Shivalik Video Communication Ltd.                          | 100               | 9,200      | 9.20                       | 9.20                       |
| The New India Co-operative Bank Ltd.                       | 10                | 3,260      | 0.33                       | 0.33                       |
| <b>B. CURRENT INVESTMENTS</b>                              |                   |            |                            |                            |
| <b>In Equity Shares - quoted</b>                           |                   |            |                            |                            |
| ABB Ltd. (Note 3)  | 2                 | 6,000      | 0.12                       | 0.07                       |
| Aditya Birla Nuvo Ltd. (Note 3)                            | 10                | 9,313      | 0.93                       | 11.90                      |
| Alstom Projects India Ltd. (Note 3)                        | 10                | 1,200      | 0.12                       | —                          |
| Ashok Leyland Ltd. (Note 3)                                | 1                 | 5,000      | 0.05                       | 0.18                       |
| Asian Paints Ltd. (Note 3)                                 | 10                | 600        | 0.06                       | —                          |
| Britannia Industries Ltd. (Note 3)                         | 10                | 500        | 0.05                       | —                          |
| CNLT (Far East) Berhad, Malaysia of MYR 1 each (Note 4)    | 0                 | 6,402,884  | —                          | 18.05                      |
| Chesind Textiles Ltd.                                      | 10                | 15,000     | 1.50                       | 1.50                       |
| Colgate Palmolive (I) Ltd. (Note 3)                        | 1                 | 3,000      | 0.03                       | 0.06                       |
| ElH Ltd. (Note 3)  | 2                 | 7,500      | 0.15                       | —                          |
| Grasim Industries Ltd. (Note 3)                            | 10                | 1,000      | 0.10                       | —                          |
| HDFC Bank Ltd. (Note 3)                                    | 10                | 500        | 0.05                       | 0.05                       |
| Hindustan Unilever Ltd. (Note 3)                           | 1                 | 5,000      | 0.05                       | 0.03                       |
| Housing Development Finance Corpn. Ltd (Note 3)            | 10                | 3,020      | 0.30                       | 0.40                       |
| India Card Clothing Ltd.                                   | 10                | 75         | 0.01                       | 0.02                       |
| Tata Steel Ltd. (Note 3)                                   | 10                | 72         | 0.01                       | 0.05                       |
| The Waterbase Ltd.   | 10                | 1,450,000  | 145.00                     | 145.00                     |
| <b>In Units of Mutual Fund</b>                             |                   |            |                            |                            |
| UTI Growth Fund  | 10                | 8,516      | 0.85                       | 5.25                       |
|  |                   |            |                            | 11,877.70                  |
| Less: Provision for diminution in value of investments     |                   |            |                            | (5,600.60)                 |
|  |                   |            |                            | 6,277.10                   |

**NOTES:**

1. Redeemable on 31st March each year in three equal instalments.
2. Redeemable on 31st March each year in eight equal instalments.
3. Pledged against a short term loan of Rs. 375 lakhs availed by an associate company.
4. Since the company is under liquidation and no realisation is expected, the investment has been fully written off and corresponding provision for diminution in value of investment has been written back.
5. Particulars of quoted/unquoted investments and their market value are as under:



| Additions during the year |                            | Sold/adjusted during the year |                            | Balance as on 31.3.2010 |                            |                            |
|---------------------------|----------------------------|-------------------------------|----------------------------|-------------------------|----------------------------|----------------------------|
| No.                       | Book Value<br>Rs. in lakhs | No.                           | Book Value<br>Rs. in lakhs | No.                     | Face Value<br>Rs. in lakhs | Book Value<br>Rs. in lakhs |
| —                         | —                          | —                             | —                          | 82,320                  | 8.23                       | 18.31                      |
| —                         | —                          | —                             | —                          | 5,010                   | 5.01                       | 65.71                      |
| —                         | —                          | 597,600                       | 597.60                     | 1,792,800               | 1,792.80                   | 1,792.80                   |
| —                         | —                          | 287,240                       | 287.24                     | 2,297,918               | 2,297.92                   | 2,297.92                   |
| —                         | —                          | 54                            | 0.05                       | —                       | —                          | —                          |
| 500                       | —                          | —                             | —                          | 500                     | 0.85                       | —                          |
| —                         | —                          | —                             | 5,062.94                   | 10,631.900              | 106.32                     | 562.54                     |
| —                         | —                          | —                             | —                          | 3,630,000               | 363.00                     | 537.00                     |
| —                         | —                          | —                             | —                          | 50,000                  | 5.00                       | 5.00                       |
| —                         | —                          | —                             | —                          | 52,312                  | 5.23                       | 418.50                     |
| —                         | —                          | 396,000                       | 39.60                      | 4,000                   | 0.40                       | 0.40                       |
| —                         | —                          | —                             | —                          | 9,200                   | 9.20                       | 9.20                       |
| —                         | —                          | —                             | —                          | 3,260                   | 0.33                       | 0.33                       |
| —                         | —                          | —                             | —                          | 6,000                   | 0.12                       | 0.07                       |
| —                         | —                          | —                             | —                          | 9,313                   | 0.93                       | 11.90                      |
| —                         | —                          | —                             | —                          | 1,200                   | 0.12                       | —                          |
| —                         | —                          | —                             | —                          | 5,000                   | 0.05                       | 0.18                       |
| —                         | —                          | —                             | —                          | 600                     | 0.06                       | —                          |
| —                         | —                          | —                             | —                          | 500                     | 0.05                       | —                          |
| —                         | —                          | 6,402,884                     | 18.05                      | —                       | —                          | —                          |
| —                         | —                          | —                             | —                          | 15,000                  | 1.50                       | 1.50                       |
| —                         | —                          | —                             | —                          | 3,000                   | 0.03                       | 0.06                       |
| —                         | —                          | —                             | —                          | 7,500                   | 0.15                       | —                          |
| —                         | —                          | —                             | —                          | 1,000                   | 0.10                       | —                          |
| —                         | —                          | —                             | —                          | 500                     | 0.05                       | 0.05                       |
| —                         | —                          | —                             | —                          | 5,000                   | 0.05                       | 0.03                       |
| —                         | —                          | —                             | —                          | 3,020                   | 0.30                       | 0.40                       |
| —                         | —                          | —                             | —                          | 75                      | 0.01                       | 0.02                       |
| 9                         | 0.05                       | —                             | —                          | 81                      | 0.01                       | 0.10                       |
| —                         | —                          | —                             | —                          | 1,450,000               | 145.00                     | 145.00                     |
| —                         | —                          | —                             | —                          | 8,516                   | 0.85                       | 5.25                       |
| —                         | 0.05                       | —                             | 6,005.48                   | —                       | —                          | 5,872.27                   |
| —                         | —                          | —                             | (5,120.13)                 | —                       | —                          | (480.47)                   |
| —                         | 0.05                       | —                             | 885.35                     | —                       | —                          | 5,391.80                   |

| (Rs. in lakhs)                 |           | Book Value            |           | (Rs. in lakhs) |           |
|--------------------------------|-----------|-----------------------|-----------|----------------|-----------|
|                                | 31.3.2010 |                       | 31.3.2010 |                | 31.3.2010 |
| A. In Debentures               | 4,090.72  | B. Quoted investments | 577.10    | 485.83         | 600.58    |
| In fully paid up Equity Shares | 1,295.83  | Unquoted investments  | 4,814.70  | 5,791.27       | —         |
| In Mutual Fund Units           | 5.25      |                       |           |                | —         |
|                                | 5,391.80  |                       | 5,391.80  | 6,277.10       | 600.58    |
|                                |           |                       |           |                | 485.83    |





|   |                  | (Rs. in lakhs)   |
|---|------------------|------------------|
|   | 31.3.2010        | 31.3.2009        |
| <b>SCHEDULE 'G'</b>   |                  |                  |
| <b>CURRENT ASSETS</b>   |                  |                  |
| (a) Inventories as prepared, valued and certified by the management                   |                  |                  |
| (i) Stores & spares   | 1,881.05         | 2,029.58         |
| (ii) Raw materials (including Rs. 1472.78 lakhs lying with outside parties/creditors) | 2,449.74         | 1,384.23         |
| (iii) Stock in-trade  | 2,414.92         | 2,100.08         |
| (iv) Stock in-process   | 3,368.69         | 3,774.80         |
| (v) Loose stock awaiting packing  | 2,429.66         | 2,615.76         |
| (vi) Goods in-transit   | 86.36            | 89.60            |
|   | <b>12,630.42</b> | <b>11,994.05</b> |
| (b) Sundry debtors (unsecured)  |                  |                  |
| (i) Debts outstanding for a period exceeding six months :                             |                  |                  |
| Considered good   | 85.44            | 186.89           |
| Considered doubtful   | 502.64           | 405.44           |
|   | 588.08           | 592.33           |
| Less: Provision for doubtful debts  | (502.64)         | (405.44)         |
|   | 85.44            | 186.89           |
| (ii) Other debts : Considered good  | 3,274.65         | 3,608.08         |
|   | <b>3,360.09</b>  | <b>3,794.97</b>  |
| (c) Cash and bank balances  |                  |                  |
| (i) Cash-in-hand  | 13.64            | 8.14             |
| (ii) Cheques and drafts-in-hand/remittance in transit                                 | 290.56           | 179.45           |
| (iii) With scheduled banks :  |                  |                  |
| (a) On current accounts   | 64.27            | 64.59            |
| (b) On fixed deposits   | 11.23            | 11.59            |
| (c) On margin money account   | 672.63           | 658.56           |
| (d) In savings bank accounts  | 0.68             | 0.65             |
|   | <b>748.81</b>    | <b>735.39</b>    |
| (iv) In Post Office Savings Accounts (lodged as security)                             | 0.19             | 0.19             |
|   | <b>17,043.71</b> | <b>16,712.19</b> |



(Rs. in lakhs)

**SCHEDULE 'H'**  
**LOANS AND ADVANCES****31.3.2010****31.3.2009**

(Unsecured - considered good unless stated otherwise)

**(a) ADVANCE TO A SUBSIDIARY COMPANY**

|                                    |                |         |
|------------------------------------|----------------|---------|
| Considered good                    | <b>6.00</b>    | —       |
| Considered doubtful                | <b>30.00</b>   | 36.00   |
|                                    | <b>36.00</b>   | 36.00   |
| Less: Provision for doubtful debts | <b>(30.00)</b> | (36.00) |

**6.00**

—

**(b) ADVANCES AND OTHER AMOUNTS RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED (inclusive of interest accrued and accruing)**

|                                    |                   |            |
|------------------------------------|-------------------|------------|
| Considered good                    | <b>4,378.38</b>   | 5,415.68   |
| Considered doubtful                | <b>1,450.04</b>   | 1,902.78   |
|                                    | <b>5,828.42</b>   | 7,318.46   |
| Less: Provision for doubtful debts | <b>(1,450.04)</b> | (1,902.78) |

**4,378.38**

5,415.68

**(c) TAX DEDUCTED AT SOURCE AND ADVANCE INCOME-TAX - PENDING ADJUSTMENT (NET OF PROVISIONS)****260.93**

238.36

**4,645.31**

5,654.04

**SCHEDULE 'I'**  
**CURRENT LIABILITIES****31.3.2010****31.3.2009**

|   |                  |           |
|---|------------------|-----------|
| Acceptances including bills purchased and discounted by the bankers                     | <b>3,190.95</b>  | 3,589.31  |
| Sundry creditors (Note 1 and 2)   | <b>13,562.84</b> | 9,264.17  |
| Statutory liabilities   | <b>273.71</b>    | 313.78    |
| Remuneration payable to directors   | <b>1.67</b>      | —         |
| Interest accrued but not due on fixed deposits, debentures, loans and security deposits | <b>582.73</b>    | 488.96    |
| Unclaimed amount of fixed deposits/preference shares and interest thereon (Note 3)      | <b>20.86</b>     | 22.25     |
| Employees' security deposits (deposited with scheduled banks)                           | <b>11.80</b>     | 12.14     |
|   | <b>17,644.56</b> | 13,690.61 |

**NOTES:**

1. The Company has not received any intimation from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid at the year end together with interest paid/payable as required under the said Act have not been given.
2. Includes for machinery and civil works Rs.131.53 lakhs (Previous year: Rs. 269.30 lakhs).
3. There is no amount due and outstanding to be credited to Investors Education & Protection Fund.



|   |                  | (Rs. in lakhs)   |
|---|------------------|------------------|
| <b>SCHEDULE 'J'</b>   | <b>31.3.2010</b> | <b>31.3.2009</b> |
| <b>PROVISIONS</b>   |                  |                  |
| Provision for gratuity, superannuation and leave encashment | <b>2,157.09</b>  | 2,281.09         |
|   | <b>2,157.09</b>  | 2,281.09         |

**Signatures to Schedules 'A' to 'J' of the Balance Sheet**

Sanjiva Jain  
Chief Financial Officer

S.C. Saxena  
Company Secretary

Samir Thapar  
Vice Chairman &  
Managing Director

G.B. Kathuria  
Rajmohan Singh  
Directors

As per our report of even date attached  
S.P. CHOPRA & CO.  
Chartered Accountants  
Firm Registration No. 000346N

Place : New Delhi  
Dated : August 6, 2010

Pawan K. Gupta  
Partner  
Membership No. 92529



## SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

|                                  |                     | (Rs. in lakhs)       |
|----------------------------------|---------------------|----------------------|
| <b>SCHEDULE - I</b>              | <b>Current Year</b> | <b>Previous Year</b> |
| <b>GROSS SALES</b>               |                     |                      |
| Sales (Gross)                    | 58,978.48           | 57,522.98            |
| Export incentives/duty draw back | 270.73              | 242.91               |
|                                  | <u>59,249.21</u>    | <u>57,765.89</u>     |

|   |                 |                 |
|---|-----------------|-----------------|
| <b>SCHEDULE - II</b>  |                 |                 |
| <b>OTHER INCOME</b>   |                 |                 |
| Dividend on shares - current investments  | 3.37            | 3.13            |
| Interest on Bonds   | —               | 0.06            |
| Interests on deposits with Banks (Gross: Tax deducted at source Rs. 6.98 lakhs, previous year: Rs. 5.64 lakhs)  | 64.36           | 48.66           |
| Interest received/receivable on loans and advances, overdue accounts etc. (Gross: Tax deducted at source Rs. 6.47 Lakhs, Previous year: Rs. 3.38 lakhs) | 54.43           | 29.87           |
| Profit on sale of fixed assets (net)  | 77.38           | 434.83          |
| Profit on sale of investments   | —               | 4.55            |
| Liabilities/provisions no longer required, written back   | 121.94          | 105.45          |
| Depreciation excess provided in earlier years written back (net)  | —               | 1.55            |
| Miscellaneous receipts (Gross : tax deducted at source Rs. 26.51 lakhs, Previous year : Rs. 32.85 lakhs)  | 963.15          | 1,317.91        |
|   | <u>1,284.63</u> | <u>1,946.01</u> |

|                                      |                 |                 |
|--------------------------------------|-----------------|-----------------|
| <b>SCHEDULE - III</b>                |                 |                 |
| <b>INCREASE/(DECREASE) IN STOCKS</b> |                 |                 |
| <b>Opening Stocks :</b>              |                 |                 |
| Finished                             | 2,100.08        | 2,830.83        |
| Loose stock - awaiting packing       | 2,615.76        | 1,666.38        |
| In-process                           | 3,774.80        | 3,635.06        |
|                                      | <u>8,490.64</u> | <u>8,132.27</u> |
| <b>Closing Stocks :</b>              |                 |                 |
| Finished                             | 2,414.92        | 2,100.08        |
| Loose stock - awaiting packing       | 2,429.66        | 2,615.76        |
| In-process                           | 3,368.69        | 3,774.80        |
|                                      | <u>8,213.27</u> | <u>8,490.64</u> |
|                                      | <u>(277.37)</u> | <u>358.37</u>   |

|   |                  |                  |
|---|------------------|------------------|
| <b>SCHEDULE - IV</b>                            |                  |                  |
| <b>OTHER MANUFACTURING EXPENSES</b>             |                  |                  |
| Stores & spares consumed                        | 6,874.42         | 7,125.77         |
| Power & fuel                                    | 8,879.20         | 9,441.01         |
| Repairs to and maintenance of buildings         | 93.47            | 112.15           |
| Repairs to and maintenance of plant & machinery | 1,385.99         | 1,339.80         |
| Excise Duty*                                    | 30.57            | (13.17)          |
| Processing charges                              | 400.48           | 341.72           |
| Material handling charges                       | 118.78           | 91.19            |
|   | <u>17,782.91</u> | <u>18,438.47</u> |

\* Represents the difference between excise duty on opening and closing stock of finished goods.



|   |                     | (Rs. in lakhs)       |
|---|---------------------|----------------------|
| <b>SCHEDULE - V</b>                                       | <b>Current Year</b> | <b>Previous Year</b> |
| <b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>           |                     |                      |
| Salaries, wages, bonus, gratuity, allowances etc.         | <b>5,346.87</b>     | 5,709.70             |
| Contribution to provident, superannuation and other funds | <b>499.61</b>       | 495.03               |
| Workmen & staff welfare expenses                          | <b>296.99</b>       | 313.10               |
|   | <b>6,143.47</b>     | 6,517.83             |

**SCHEDULE - VI**  
**ADMINISTRATION AND OTHER EXPENSES**

|   |                 |          |
|---|-----------------|----------|
| Rent  | <b>166.24</b>   | 155.17   |
| Rates & taxes   | <b>29.61</b>    | 31.81    |
| Insurance   | <b>66.54</b>    | 67.61    |
| Directors' fee  | <b>6.94</b>     | 8.46     |
| Directors' remuneration   | <b>75.72</b>    | 77.89    |
| Other miscellaneous and office expenses                             | <b>1,398.88</b> | 1,644.42 |
| Auditors' remuneration:   |                 |          |
| Audit fee   | <b>12.00</b>    | 12.00    |
| Certification work  | <b>4.53</b>     | 4.43     |
| Out-of-pocket expenses  | <b>1.15</b>     | 1.76     |
|   | <b>17.68</b>    | 18.19    |
| Bad debts written off   | <b>491.14</b>   | 266.70   |
| Less: Provision for bad and doubtful debts written back             | <b>(490.52)</b> | (223.90) |
|   | <b>0.62</b>     | 42.80    |
| Provision for doubtful debts and advances                           | <b>128.55</b>   | 233.41   |
| Loss on sale of raw materials/stores (net)                          | <b>11.52</b>    | 11.02    |
| Long Term Investments written off                                   | <b>5,120.59</b> | 3.74     |
| Less: Provision for diminution in value of investments written back | <b>5,120.59</b> | —        |
|   | <b>0.46</b>     | 3.74     |
| Provision for diminution in value of investments                    | <b>—</b>        | 580.70   |
| Fixed Assets written off  | <b>27.48</b>    | 6.30     |
|   | <b>1,930.24</b> | 2,881.52 |

**SCHEDULE - VII**  
**SELLING & DISTRIBUTION EXPENSES**

|   |                 |          |
|---|-----------------|----------|
| Selling & publicity expenses            | <b>312.79</b>   | 278.28   |
| Commission to dealers/convassing agents | <b>544.84</b>   | 499.21   |
| Freight & cartage (net)                 | <b>657.50</b>   | 645.65   |
| Sales tax & octroi                      | <b>1,003.30</b> | 982.40   |
| Cash discount on sales                  | <b>296.53</b>   | 351.68   |
|   | <b>2,814.96</b> | 2,757.22 |

**SCHEDULE - VIII**  
**INTEREST AND FINANCING CHARGES**

|  |                 |          |
|--|-----------------|----------|
| On Foreign Currency Convertible Bonds              | <b>327.12</b>   | 356.44   |
| On term/bridging loans                             | <b>1,695.74</b> | 1,742.48 |
| On fixed deposits and inter-corporate deposits     | <b>198.52</b>   | 115.47   |
| On borrowing from banks/others for working capital | <b>2,466.90</b> | 2,095.13 |
| Other financing charges                            | <b>0.90</b>     | 1.20     |
|  | <b>4,689.18</b> | 4,310.72 |



**SCHEDULE – 'IX'**  
**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE**  
**ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of preparation of Financial statements**

The accompanying financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India ("GAAP") and the provisions of Companies Act, 1956, except for certain fixed assets which have been revalued.

**2. Use of Estimates**

The preparation of financial statements in conformity with GAAP in India requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of financial statements, and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/ materialised.

**3. Fixed Assets**

- (a) Fixed assets, except those revalued, are accounted for on historical cost basis (inclusive of the cost of installation and exchange fluctuations on foreign currency loans obtained for acquisition of fixed assets) less accumulated depreciation and impairment loss, if any.
- (b) Expenditure during construction period attributable to the fixed assets incurred upto the date of commercial production are capitalized.
- (c) Expenditure on renovation/ modernisation relating to existing fixed assets is added to the cost of such assets where it increases its performance/life significantly.
- (d) Leasehold improvements are amortised over the primary period of lease.

**4. Intangible assets**

Intangible assets consist of computer software and are stated at cost of acquisition/ implementation less accumulated depreciation. It is amortized over a period of 5 years on straight line basis.

**5. Investments**

Investments primarily meant to be held over long term period are valued at cost. Provision is made when in the management's opinion, there is decline, other than temporary, in the carrying value of such investments. Current investments are stated at the lower of cost or quoted/fair value, computed category wise.

**6. Inventory Valuation**

- (a) Inventories are valued at the lower of cost and net realisable value.
- (b) In respect of raw materials and stores & spares, cost is computed on weighted average basis. Finished goods and process stock include cost of inputs, conversion and other costs incurred in bringing the inventories to their present location and condition.
- (c) Obsolete, defective and unserviceable stocks are provided for, wherever required.

**7. Depreciation**

- (a) Depreciation is provided as under:
  - (i) On written down value basis at the applicable rates prescribed under Schedule XIV of the Companies Act, 1956 on pro-rata basis except in respect of Plant & Machinery and Buildings, which is provided on straight line method at the applicable rates prescribed under Schedule XIV of the Companies Act, 1956 on pro-rata basis.
  - (ii) Depreciation on buildings of Textile Units revalued in earlier years is calculated on the respective revalued figures spread equally over the residual life of the concerned buildings as assessed by the valuer. The difference in depreciation on revalued amount so determined and the depreciation on the original cost of such assets calculated in accordance with Section 205(2) of the Companies Act, 1956 is transferred from Revaluation Reserve to the credit of Depreciation Account.
- (b) In respect of assets sold/ discarded during the year, depreciation is provided upto the month prior to the date of sale/ discarding.

**8. Impairment of Assets**

An asset is treated as impaired when the carrying cost of assets exceeds recoverable value. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. The impaired loss of prior accounting period is increased/ reversed where there has been change in the estimate of recoverable amount. The recoverable value is the higher of the assets' net selling price and value in use.

**9. Foreign Currency Transactions**

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency existing at balance sheet date are translated at the exchange rate prevailing on that date.





Exchange differences in case of borrowed funds and liabilities in foreign currency for the acquisition of fixed assets from a country outside India are adjusted to the cost of fixed asset. All other exchange differences are recognised in profit and loss account. Premium or discount on forward exchange contract is amortised as expense or income over the life of the contract. Exchange difference on such contract is recognized in the statement of profit & loss account in the reporting period in which the exchange rates changes. Any profit or loss arising on cancellation or renewal of forward contract is recognised as income and expenditure during the period.

#### 10. Revenue Recognition

- Sales revenue is recognised on transfer of the significant risks and rewards of ownership of the goods to the buyer and are inclusive of excise duty/sales tax/VAT and net of trade discounts. Export sales are recognised on the date the company ships the exported goods as evidenced by their Bill of Lading/Air-way Bill.
- Sale of Certified Emission Reduction (CER) is recognised as income on the generation of CER.
- Export benefit entitlements under the duty entitlement pass book (DEPB) scheme are recognised in the Profit & Loss account when the right to receive credit as per the terms of the scheme is established in respect of the exports made. Obligation/entitlements on account of advance license scheme for imports of raw materials are accounted for at the time of purchase of raw materials.
- Other items of revenue are recognised in accordance with the Accounting Standard (AS-9). Accordingly, wherever there are uncertainties in the ascertainment/realisation of income it is not accounted for as revenue.
- Profit/loss on sale of revalued fixed assets are stated with reference to the written down value determined on the basis of their historical cost.

#### 11. Leases

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognized as an operating lease. Lease payments under operating lease are recognized as an expense in the Profit & Loss Account on a straight-line basis over the lease period.

#### 12. Government Grants

Government grants are recognized when there is a reasonable assurance of compliance with the conditions attached to such grants and where benefits in respect thereof have been earned and it is reasonably certain that the ultimate collection will be made. Government subsidy received for a specific asset is reduced from the cost of the said asset.

#### 13. Employee Benefits

- Liability towards Provident Fund is funded through a separate Trust and contributions thereon are made to the Trust.
- Gratuity to employees is provided for on the basis of actuarial valuation reduced by balance available under group gratuity policy with the Insurance Companies. The deficit between the actual payments and recoveries against claims are charged to revenue.
- Liability towards earned leave which is encashable is provided for on the basis of actuarial valuation.
- The Company has an approved Superannuation Scheme for its Officers not covered under the Payment of Bonus Act, 1965. Contributions are made in accordance with the Scheme and the Trust Rules.

#### 14. Borrowing Cost

Borrowing costs that are allocated to the acquisition or construction of qualifying assets are capitalised as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

#### B. CONTINGENT LIABILITIES NOT PROVIDED FOR

- Claims against the Company not acknowledged as debts: Rs. 17.55 lakhs (Previous year: Rs. 16.61 lakhs).
- Guarantees given by the bankers on behalf of the Company: Rs. 287.05 lakhs (Previous year: Rs. 158.07 lakhs).
- Unutilised amount of letters of credit established : Rs. 36.63 lakhs (Previous year: Rs. 222.86 lakhs).
- Disputed liabilities not adjusted as expenses in the Accounts for various years being in appeals towards:

|             | As at 31.3.2010<br>(Rs. in lakhs) | As at 31.3.2009<br>(Rs. in lakhs) |
|-------------|-----------------------------------|-----------------------------------|
| Sales Tax   | 394.39                            | 55.33                             |
| Income Tax  | 118.80                            | 152.77                            |
| Excise Duty | 2,491.40                          | 2,478.59                          |
| Stamp Duty  | 187.72                            | 187.72                            |
| Custom Duty | 186.05                            | 186.05                            |
| Others      | 229.44                            | 189.45                            |
| Total       | 3,607.80                          | 3,249.91                          |

**C. NOTES TO THE ACCOUNTS**

1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for in the Accounts (net of advances) : Rs. 451.98 lakhs (Previous year : Rs. 322.97 lakhs).
2. Secured loans of Rs. 28,593.32 lakhs (Previous year: Rs. 28,648.54 lakhs) from banks/financial institutions and a body corporate are additionally secured by personal guarantees of Vice Chairman and Managing Director and Shri M. M. Thapar. Further, secured loans of Rs. 991.96 lakhs are secured through pledge of 9,08,98,773 equity shares of JCT Limited held by Promoter group companies.

Secured loan of Rs.2,003.98 lakhs from a scheduled bank is collaterally secured by way of pledge of a title deed of an immovable property belonging to a wholly owned subsidiary company.

3. Corporate guarantee of Rs. 3,580.00 lakhs given to IFCI Ltd. for the term loan given to JCT Electronics Ltd. was invoked in an earlier year. As the said term loan has been restructured in terms of the scheme sanctioned by the 'Board for Industrial and Financial Reconstruction' which is under process of implementation, the invocation of guarantee is under abeyance.
4. Foreign Currency Convertible Bonds:

The Company raised US\$ 30 million through the issue of 2.5% unsecured Foreign Currency Convertible Bonds (FCCBs) on 8.4.2006. FCCBs amounting to US\$ 4.58 Million have been converted into equity shares upto 31.03.2010.

As per the terms of the issue, the bondholders have the option to convert the FCCBs into fully paid-up equity shares upto 8th March, 2011 at a reset price of Rs. 12.88 per equity share (determined as per SEBI Regulations) having a fixed exchange rate of Rs. 44.6225 per US\$.

FCCBs may be redeemed at the specified early redemption amounts in whole and not in part at the option of the Company at any time on or after 7.4.2009 but prior to 8.4.2011 subject to satisfaction of certain conditions.

FCCBs on maturity on 8.4.2011 are redeemable by the Company at a premium of 20.075% in either cash or by allotment of fully paid up equity shares of Rs. 2.50 each with the condition that the equity shares can be allotted for only upto 65% of the redemption amount.

Pro-rata premium for the year of Rs. 242.57 lakhs (net) payable on redemption has been adjusted against the Share Premium Account (Previous year: Rs. 773.84 lakhs).

5. In respect of the Company's investment in JCT Electronics Ltd.:
  - (a) The Company has given an undertaking to a financial institution and a bank of JCT Electronics Ltd. that the Company would not dispose off, pledge, charge, or create any lien, assign 39,33,000 equity shares having face value of Re. 1/- each.
  - (b) The Company has pledged 42,87,000 equity shares having a face value of Re. 1/- each with a financial institution for financial facility availed by JCT Electronics Ltd.
  - (c) Due to heavy accumulated losses, JCT Electronics Ltd. has restructured its share capital in terms of the scheme of rehabilitation approved by the 'Board for Industrial and Financial Reconstruction' and the face value of the equity share was reduced to Re.1/- from Rs.10/-. Accordingly, 90% of the book value of the investment amounting to Rs.5,062.94 lakhs has been written off during the year with corresponding write back of the provision for diminution in value of the investments.
  - (d) During the year, the investment has been transferred from current to long term investments in view of its strategic importance and the management's intention not to dispose it off in near future.
6.
  - (a) The Company had revalued its certain freehold land held at Tehsil Phagwara on 01.04.2005 and the resultant revalued amount of Rs. 10,417.70 lakhs was substituted for the historical cost in the gross block of fixed assets.
  - (b) Based on the valuation report submitted by the registered valuers, the Company has revalued its freehold land at Village Chohal, Hoshiarpur on 15.03.2010 and the resultant revalued amount of Rs.4,403.91 lakhs has been substituted for the historical cost in the gross block of fixed assets. The resultant surplus arising on such revalued amount over the book value of land amounting to Rs.4,373.60 lakhs has been credited to Revaluation Reserve Account during the year.
7. Government grant of Rs. 416.54 lakhs received in 2008-09 was reduced against the cost of specific plant and machinery.
8. Capital work in progress includes under noted pre-operative expenditure pending allocation on commencement of commercial production.



(Rs. in lakhs)

|                                       | As at<br>1.4.2009 | Additions | Less<br>Capitalised | As at<br>31.3.2010 |
|---------------------------------------|-------------------|-----------|---------------------|--------------------|
| Salary and wages                      | 15.66             | 38.72     | 54.38               | —                  |
| Raw material/Stores & Spares consumed | —                 | 20.38     | 20.38               | —                  |
| Sale of fabrics                       | —                 | (4.68)    | (4.68)              | —                  |
| Power & Fuel                          | —                 | 1.68      | 1.68                | —                  |
| Office & Misc. Expenses               | 9.71              | 17.75     | 10.75               | 16.71              |
| Discount and Bank charges             | —                 | 0.17      | 0.17                | —                  |
| Travelling expenses                   | 106.65            | 2.85      | 50.25               | 59.25              |
| Legal & Professional fees             | 32.91             | 4.63      | 7.03                | 30.51              |
| Total                                 | 164.93            | 81.50     | 139.96              | 106.47             |

9. The Company has continued to adjust the foreign currency exchange differences on amounts borrowed for acquisition of fixed assets to the carrying cost of fixed assets which is in accordance with provisions of the Companies Act, 1956, read with notification dated 31st March, 2009 of the Government of India. This has resulted in decrease in fixed assets by Rs.1,517.27 lakhs during the year (Previous Year: increase of Rs. 2,948.40 lakhs).

10. Loans and advances include the following amounts:

|                                | As at<br>31.3.2010<br>(Rs. in lakhs) | Maximum amount<br>outstanding during<br>the year<br>(Rs. in lakhs) |
|--------------------------------|--------------------------------------|--|
| <b>Associate Companies *</b>   |                                      |  |
| JCT Chemicals & Fibres Ltd.    | 395.00                               | 403.36   |
| Firemount Textile (India) Ltd. | 9.35                                 | 9.35   |

\* Interest-free and with no stipulation for repayment

11. Security deposits include Rs. 860.00 lakhs received during the year against 'Leave & License' of certain properties with licensees' option to buy at an agreed price in which eventuality the security deposit would be adjusted against the sale proceeds.
12. (a) The Company has not recorded cumulative deferred tax assets on account of timing differences as stipulated in Accounting Standard 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India in view of substantial losses and no taxable income for the current year as also due to uncertainty of future taxable income.
- (b) In view of no taxable profits, no provision for Income Tax as per the provisions of the Income tax Act, 1961 is considered necessary. Adequate provision in respect of Wealth tax has been made in the accounts.
13. In view of inadequacy of profits:
- (a) No commission is payable to whole time directors.
- (b) No capital redemption reserve has been created during the year.
14. Foreign exchange variation gain (net) on account of revenue transactions amounting to Rs.133.26 lakhs (Previous year loss (net): Rs. 47.17 lakhs) has been debited/ credited to respective revenue heads.
15. The Company has an export obligation of Rs.12,662.94 lakhs against import of machinery under EPCG Scheme which it would meet within stipulated period.
16. **Going Concern:**  
Losses during the current year and preceding financial year have resulted in substantial erosion in net worth and working capital of the Company. However, the financial statements have been prepared on a going concern basis on the strength of continued support of the promoters, bankers and other lenders and in view of the steps initiated by the management to infuse funds in the Company by sale of surplus assets and other sources.
- The management is of the view that the losses incurred are temporary in nature and considering the future plans for operations and support of the promoters and lenders, it is hopeful of improved profitability leading to improvement in its financial position.
17. During the year, cotton ginning and pressing factory at Abohar with assets at net book value of Rs. 13.15 lakhs, which was part of the textile operations of the Company, was disposed off and the resultant profit of Rs.248.24 lakhs has been treated as 'Exceptional Income' and shown separately in the Profit & Loss Account.



## 18. LEASES

The Company has leased facilities under cancellable and non cancellable operating lease arrangements with a lease terms ranging from 1 to 3 years, which are subject to renewal thereafter at mutual consent. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expense recognized during the year amounts to Rs.26.33 lakhs. The future lease payments in respect of non cancelable operating leases for a period later than one year but not later than 5 years is Rs. 28.70 lakhs as at 31st March, 2010.

## 19. Discontinued Operations:

During the year operations at Unit-1 of Sriganganagar Textile Mill were discontinued. The Company entered into an agreement with the workers unions pursuant to which full and final dues of 616 workers have been settled and paid off. Company also entered into various agreements for disposal of the assets of the Unit and the assets were partially disposed off during the year. The identified assets pending disposal having net book value of Rs.112.21 lakhs are carried at the net book value, expected net realizable value being higher, and are disclosed in 'Schedule E' as 'Assets held for disposal'. Advances of Rs.391.60 lakhs received from the buyers of assets of the Unit are included in the Current Liabilities to be adjusted pending completion of formalities.

Company has recognised loss of Rs. 599.59 lakhs as 'Loss from discontinued Operations' and disclosed it separately in the Profit and Loss Account. In earlier years results of the Unit were included under 'Textile Segment'. Disclosures as required under 'Accounting Standard 24 – Discontinuing Operations' are as under:

|  | For the year<br>ended 31.3.2010 | Rs. in Lakhs<br>For the year<br>ended 31.3.2009 |
|--|---------------------------------|---|
| Total Assets   | 112.21                          | 361.72  |
| Total Liabilities excluding corporate funds                    | 393.15                          | 410.71  |
| Other Income   | 34.88                           | 1.66  |
| Expenses:  |                                 |   |
| Payments to & provisions for employees                         | 335.74                          | 378.93  |
| Compensation to workers for retiral                            | 263.92                          | —   |
| Other office & miscellaneous expenses                          | 34.81                           | 9.36  |
| Depreciation   | —                               | 25.71   |
| Profit/ (Loss) before Tax                                      | (599.59)                        | (412.34)  |
| Profit/ (Loss) after Tax                                       | (599.59)                        | (412.34)  |
| Net Cash Flows attributable to:                                |                                 |   |
| (a) Operating Activities (including change in working capital) | 17.93                           | (386.63)  |
| (b) Investing Activities                                       | 249.90                          | —   |
| (c) Financing Activities                                       | —                               | —   |

20. During the year, no production took place at Unit-2 of Sriganganagar Textile Mill. The Company is taking steps to revive the operations.

21. Pursuant to the losses in the current year, accumulated losses as on 31.03.2010 exceed fifty percent of the peak net worth of the Company during preceding four financial years attracting provisions of 'Sick Industrial Companies (Special Provisions) Act, 1985'. Accordingly, requisite actions are being taken as envisaged under the said Act including intimation to the 'Board for Industrial and Financial Reconstruction'.

## 22. Employee Benefits

(a) General description of the defined benefit scheme:

|                  |   |   |
|------------------|---|---|
| Gratuity         | : | Payable on separation as per the Employees Gratuity Act @ 15 days pay for each completed year of service to eligible employee who render continuous service of 5 years or more. |
| Leave Encashment | : | Payable on encashment as per the policy or on separation to the eligible employees who have accumulated earned leave.   |

(b) Defined Benefit Plan

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan.

In respect of gratuity and leave encashment, the present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(c) Other disclosures as required under AS-15 (Revised 2005) on "Employee Benefits" in respect of defined benefit obligations are as under:



(i) Reconciliation of opening and closing balances of Defined Benefit obligation

|   | (Rs. in lakhs)    |          |          |                     |         |          |                             |          |          |
|---|-------------------|----------|----------|---------------------|---------|----------|-----------------------------|----------|----------|
|   | Gratuity (Funded) |          |          | Gratuity (Unfunded) |         |          | Leave encashment (Unfunded) |          |          |
|   | 2009-10           | 2008-09  | 2007-08  | 2009-10             | 2008-09 | 2007-08  | 2009-10                     | 2008-09  | 2007-08  |
| Defined Benefit obligation at beginning of the year | 1225.19           | 1054.26  | 1129.91  | 804.74              | 740.32  | 677.65   | 434.67                      | 412.72   | 382.97   |
| Current Service Cost                                | 80.89             | 77.44    | 62.94    | 37.56               | 50.49   | 196.86   | 46.08                       | 45.10    | 139.72   |
| Interest Cost                                       | 91.89             | 79.07    | 84.74    | 60.35               | 55.52   | 50.82    | 32.60                       | 30.95    | 28.72    |
| Actuarial (gain)/loss                               | 15.91             | 136.38   | 7.65     | 66.94               | 40.91   | (35.34)  | (26.49)                     | 59.57    | 1.78     |
| Benefits paid                                       | (172.71)          | (121.96) | (230.98) | (395.71)            | (82.50) | (149.67) | (78.42)                     | (113.67) | (140.47) |
| Defined Benefit obligation at year end              | 1241.17           | 1225.19  | 1054.26  | 573.88              | 804.74  | 740.32   | 408.44                      | 434.67   | 412.72   |

(ii) Reconciliation of opening and closing balances of fair value of plan assets

|  | (Rs. in lakhs)    |          |          |
|--|-------------------|----------|----------|
|  | Gratuity (Funded) |          |          |
|  | 2009-10           | 2008-09  | 2007-08  |
| Fair value of plan assets at beginning of the year | 475.52            | 502.00   | 487.98   |
| Expected return on plan assets                     | 41.61             | 46.69    | 45.13    |
| Actuarial gain/(loss)                              | (5.14)            | (5.17)   | (4.13)   |
| Employer contribution                              | —                 | 53.96    | 204.00   |
| Benefits paid                                      | (165.96)          | (121.96) | (230.98) |
| Fair value of plan assets at year end              | 346.03            | 475.52   | 502.00   |
| Actual return on plan assets                       | 36.47             | 41.52    | 41.00    |

(iii) Reconciliation of fair value of assets and obligations

|  | (Rs. in lakhs)    |          |          |                     |          |          |                             |          |          |
|--|-------------------|----------|----------|---------------------|----------|----------|-----------------------------|----------|----------|
|  | Gratuity (Funded) |          |          | Gratuity (Unfunded) |          |          | Leave encashment (Unfunded) |          |          |
|  | 2009-10           | 2008-09  | 2007-08  | 2009-10             | 2008-09  | 2007-08  | 2009-10                     | 2008-09  | 2007-08  |
| Fair value of plan assets                      | 346.03            | 475.52   | 502.00   | —                   | —        | —        | —                           | —        | —        |
| Present value of obligation                    | 1241.17           | 1225.19  | 1054.26  | 573.88              | 804.74   | 740.32   | 408.44                      | 434.67   | 412.72   |
| Amount recognized in Balance Sheet (Liability) | (895.14)          | (749.67) | (552.26) | (573.88)            | (804.74) | (740.32) | (408.44)                    | (434.67) | (412.72) |

(iv) Expense recognized during the year (Under the head "Payments to and Provisions for Employees" in Schedule 'V')

|                                | (Rs. in lakhs)    |         |         |                     |         |         |                             |         |         |
|--------------------------------|-------------------|---------|---------|---------------------|---------|---------|-----------------------------|---------|---------|
|                                | Gratuity (Funded) |         |         | Gratuity (Unfunded) |         |         | Leave encashment (Unfunded) |         |         |
|                                | 2009-10           | 2008-09 | 2007-08 | 2009-10             | 2008-09 | 2007-08 | 2009-10                     | 2008-09 | 2007-08 |
| Current Service Cost           | 80.89             | 77.44   | 62.94   | 37.56               | 50.49   | 196.86  | 46.08                       | 45.10   | 139.72  |
| Interest Cost                  | 91.89             | 79.07   | 84.74   | 60.35               | 55.52   | 50.82   | 32.60                       | 30.95   | 28.72   |
| Expected return on plan assets | (41.61)           | (46.69) | (45.13) | —                   | —       | —       | —                           | —       | —       |
| Actuarial (gain)/loss          | 15.91             | 136.38  | 7.65    | 66.94               | 40.91   | (35.34) | (26.49)                     | 59.57   | 1.78    |
| Net Cost                       | 147.08            | 246.20  | 110.20  | 164.85              | 146.92  | 212.34  | 52.19                       | 135.62  | 170.22  |

(v) Investment Details

|                                     | (% Invested)     |                  |                  |
|-------------------------------------|------------------|------------------|------------------|
|                                     | As at            |                  |                  |
|                                     | 31st March, 2010 | 31st March, 2009 | 31st March, 2008 |
| Life Insurance Corporation of India | 100              | 100              | 100              |

**(vi) Actuarial assumptions**

|  | As at 31.3.2010         | As at 31.3.2009 | As at 31.3.2008 |
|--|-------------------------|-----------------|-----------------|
| Method used  | Projected unit credit   |                 |                 |
| Mortality Table (LIC)  | 1994-96 (duly modified) |                 |                 |
| Discount rate (per annum)  | 7.50%                   | 7.50%           | 7.50%           |
| Expected rate of return on plan assets (per annum)   | 8.75%                   | 9.30%           | 9.25%           |
| Withdrawal Rate (per annum) upto 30/44 years and above 44 years  | 3% / 2% / 1%            | 3% / 2% / 1%    | 3% / 2% / 1%    |
| Rate of escalation in salary (per annum)   | 5.00%                   | 5.00%           | 5.00%           |
| The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. |                         |                 |                 |

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

- (vii) The disclosure above is in respect of the current year and the immediately preceding two years. The disclosure in respect of two immediately preceding annual periods as required by 'AS-15 (Revised 2005)' is not presented as the management considered it impracticable in the absence of requisite information.

**23. Disclosure of Derivative Instruments:**

- (a) The following are the outstanding forward exchange contracts used for hedge against currency exposures as at 31st March, 2010.

| Currency | In foreign currency<br>(in million) | In Indian Rupee<br>(in lakhs) | Exposure to Buy/Sell |
|----------|-------------------------------------|-------------------------------|----------------------|
| US\$     | 0.60                                | 300.19                        | Sell                 |

- (b) Foreign currency exposures that have not been specifically hedged by a derivative instrument or otherwise as at 31st March, 2010 are given below:

|                    | Rs. in lakhs |               | Foreign Currency in millions |        |               |        |
|--------------------|--------------|---------------|------------------------------|--------|---------------|--------|
|                    | Current year | Previous year | Current Year                 |        | Previous year |        |
|                    |              |               | Currency                     | Amount | Currency      | Amount |
| Sundry Debtors     | 360.65       | 345.03        | US\$                         | 0.80   | US\$          | 0.68   |
|                    | 142.51       | 60.77         | Euro                         | 0.24   | Euro          | 0.09   |
| Loans and Advances | 296.25       | 288.65        | Euro                         | 0.50   | Euro          | 0.30   |
| Foreign Currency   |              |               |                              |        |               |        |
| Convertible Bonds  | 13,440.27    | 14,988.26     | US\$                         | 29.49  | US\$          | 29.13  |
| Sundry Creditors   | 267.03       | 72.63         | US\$                         | 0.58   | US\$          | 0.18   |
|                    | 30.39        | 45.83         | Euro                         | 0.05   | Euro          | 0.01   |
|                    | 22.53        | —             | JPY                          | 4.59   | —             | —      |

**24. Related party disclosures:****A. Relationship**

- (a) Subsidiary Companies:

Gupta & Syal Ltd.  
Rajdhani Trading Co. Ltd.

- (b) Key Management Personnel:

Mr. Samir Thapar  
Mr. Rajmohan Singh

- (c) Other related parties where control/ significant influence exists:

Mr. M.M. Thapar  
JCT Electronics Ltd.  
Provestment Securities Pvt. Ltd.  
JCT Chemicals & Fibres Ltd.  
India International Airways Ltd.  
CNLT (Far East) Berhad  
Karam Chand Thapar & Bros. Ltd.  
JCT Sports Pvt. Ltd.  
Firemount Textiles (India) Ltd.  
KCT Textiles Ltd.

**Note:** Related party relationship is as identified by the Company and relied upon by the Auditors.



B. Transactions with related parties

(Rs. in lakhs)

|   | 31.3.2010 | 31.3.2009 |
|---|-----------|-----------|
| <b>EXPENSES</b>   |           |           |
| <b>Professional Fee:</b> Mr. M.M. Thapar                              | 24.00     | 15.20     |
| <b>Rent Paid:</b> Gupta & Syal Ltd.                                   | 0.60      | 0.60      |
| <b>Rent Paid:</b> Rajdhani Trading Co. Ltd.                           | 0.27      | 0.27      |
| <b>Travelling Expenses:</b> India International Airways Ltd.          | 7.14      | 26.96     |
| <b>Sports promotion Expenses:</b> JCT Sports Pvt. Ltd.                | 139.20    | 109.46    |
| <b>Establishment Expenses Realised:</b> Rajdhani Trading Co. Ltd.     | 0.12      | 0.12      |
| <b>Investments:</b> Debentures of KCT Textiles Ltd.                   | (287.24)  | (287.24)  |
| <b>Investments:</b> Debentures of Provestment Securities Pvt. Ltd.    | (597.06)  | (597.60)  |
| <b>Investments:</b> Equity shares of Karam Chand Thapar & Bros. Ltd.  | —         | (0.39)    |
| <b>FIXED ASSETS:</b> Sale of Land to Provestment Securities Pvt. Ltd. | —         | (305.00)  |

(Rs. in lakhs)

|                                  | Dr./(Cr.)<br>Balance as on<br>1.4.2009 | Received/<br>adjusted/given<br>during the year | Refunded/<br>adjusted during<br>the year | Dr./(Cr.)<br>Balance as on<br>31.3.2010 |
|----------------------------------|--|--|--|---|
| <b>UNSECURED LOANS FROM:</b>     |  |  |  |   |
| Provestment Securities Pvt. Ltd. | (617.16)                               | —  | 617.16                                   | —                                       |
| <b>Other Receivables</b>         |  |  |  |   |
| Rajdhani Trading Co. Ltd.        | —                                      | 0.12   | 0.12                                     | —                                       |
| JCT Chemicals & Fibres Ltd.      | 402.91                                 | 0.45   | 8.36                                     | 395.00                                  |
| Firemount Textiles (India) Ltd.  | 9.08                                   | 0.27   | —  | 9.35                                    |
| Gupta & Syal Ltd.                | —                                      | 9.25   | 9.25                                     | —                                       |
|                                  | 411.99                                 | 10.09  | 17.73                                    | 404.35                                  |
| <b>Payables:</b>                 |  |  |  |   |
| JCT Electronics Ltd.             | (57.61)                                | (1.00)   | 0.04                                     | (58.57)                                 |
| JCT Sports Pvt. Ltd.             | (30.79)                                | (118.11)                                       | 148.90                                   | —                                       |
| Mr. M.M. Thapar                  | —                                      | (15.85)  | 1.95                                     | (13.90)                                 |
| Provestment Securities Pvt. Ltd. | (42.87)                                | (1,199.00)                                     | 1,229.26                                 | (12.61)                                 |
| India International Airways Ltd. | (9.76)                                 | (7.04)   | 5.87                                     | (10.93)                                 |
|                                  | (141.03)                               | (1,341.00)                                     | 1,386.02                                 | (96.01)                                 |

**Note:** Details of remuneration to key management personnel referred to in A(b) above are given in Note No. D.9 of this Schedule.

25. Segment Reporting Policies

(a) Identification of segments

(i) Primary Segments

Business segment: The Company's operating businesses are organised and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products. Two identified segments are Textiles and Filament yarn. The products considered as a part of Textile segment are cloth, yarn and fents, rags and chindies. The products considered as a part of Filament segment are nylon yarn and chips.

(ii) Secondary Segment

Geographical Segment: The analysis of geographical segment is based on the geographical location of the customers.

(b) Inter Divisional transfers of goods, as marketable products produced by separate divisions of the Company, for captive consumption are made as if sales were made to third parties at current market prices and are included in turnover.

(c) Unallocable Items

Corporate income, corporate expenses, interest, capital and reserves are considered as part of unallocable items which are not identifiable to any business segment.



Segment information:

(Rs. in lakhs)

|                       | Textile    |            | Filament  |           | Total     |           |
|-----------------------|------------|------------|-----------|-----------|-----------|-----------|
|                       | 2009-10    | 2008-09    | 2009-10   | 2008-09   | 2009-10   | 2008-09   |
| External Sales/Income | 31,345.54  | 31,873.51  | 25,910.88 | 24,068.53 | 57,256.42 | 55,942.04 |
| Segment revenue       | 31,776.89  | 32,369.67  | 26,510.90 | 24,716.22 | 58,287.79 | 57,085.89 |
| Segment results       | (2,629.40) | (2,088.80) | 2,543.42  | 1,604.23  | (85.98)   | (484.57)  |
| Segment assets        | 53,119.17  | 56,609.47  | 13,508.51 | 14,227.42 | 66,627.68 | 70,836.89 |
| Segment liabilities   | 16,971.49  | 15,399.05  | 7,493.99  | 6,034.98  | 24,465.48 | 21,434.03 |

Reconciliation of reportable segment with the financial statements:

(Rs in lakhs)

|                              | Revenues  |           | Net Profit/(Loss) |            | Assets    |           | Liabilities |           |
|------------------------------|-----------|-----------|-------------------|------------|-----------|-----------|-------------|-----------|
|                              | 2009-10   | 2008-09   | 2009-10           | 2008-09    | 2009-10   | 2008-09   | 2009-10     | 2008-09   |
| Total of reportable Segments | 58,287.79 | 57,085.89 | (85.98)           | (484.57)   | 66,627.68 | 70,836.89 | 24,465.48   | 21,434.03 |
| Add: Corporate-Unallocated   | 253.26    | 802.16    | (952.97)          | 1,267.41)  | 11,847.07 | 9,386.93  | 44,007.92   | 46,927.33 |
| Interest expenses            | —         | —         | (4,689.18)        | (4,310.73) | —         | —         | —           | —         |
| Exceptional Items (net)      | —         | —         | (351.35)          | —          | —         | —         | —           | —         |
| Taxes                        | —         | —         | (10.02)           | (73.64)    | 260.93    | 238.36    | —           | —         |
| As per financial statements  | 58,541.05 | 57,888.05 | (6,089.50)        | (6,136.35) | 78,735.68 | 80,462.18 | 68,473.40   | 68,361.36 |

(d) Secondary segment reporting (By geographical segments)

The following is the distribution of the Company's sales by geographical market, regardless where the goods were produced:

(Rs. in lakhs)

|                          | Current Year | Previous year |
|--------------------------|--------------|---------------|
| Sales to domestic market | 51,750.85    | 49,376.90     |
| Sales to overseas market | 5,414.84     | 6,322.23      |
| Total                    | 56,985.69    | 55,699.13     |

The Company has common fixed assets for producing goods for domestic and overseas markets. Hence, separate figures for fixed assets/additions to fixed assets cannot be furnished.

26. Earnings/(loss) per share:

|  | Current Year | Previous Year |
|--|--------------|---------------|
| Net Loss as per Profit & Loss Account – (Rs. in lakhs)                   | 6,089.50     | 6,136.35      |
| Weighted average number of equity shares for Basic Profit                | 35,90,78,590 | 35,70,69,192  |
| Add: (i) Adjustment for option for 29,11,365 (Previous year : 30,39,479) |              |               |
| Optionally Partially Convertible Preference Shares of Rs. 100/- each     | 6,70,90,288  | 6,91,15,832   |
| (ii) Adjustment for option for foreign Currency Convertible Bonds        |              |               |
| having face value US\$ 25,420,000 (Previous Year US\$ 26,000,000)        | 6,87,35,253  | 7,64,78,876   |
| Weighted average number of equity shares for Diluted Loss                | 49,49,04,131 | 50,26,63,900  |
| Nominal value of Equity Share (Rs.)                                      | 2.50         | 2.50          |
| Basic loss per Share before exceptional items (Rs.)                      | (1.60)       | (1.72)        |
| Diluted loss per Share before exceptional items (Rs.)                    | (1.16)       | (1.22)        |
| Basic loss per Share after exceptional items (Rs.)                       | (1.70)       | (1.72)        |
| Diluted loss per Share after exceptional items (Rs.)                     | (1.23)       | (1.22)        |

27. Figures for previous year have been re-arranged, wherever necessary to conform to current year's classification.





## SCHEDULE - IX (Contd.)

**D. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS (3) TO (4D) OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956****1. Particulars in respect of the installed capacities and the actual production :**

| Class of goods   | Unit | Current Year | Installed Capacity |  |
|--|------|--------------|--------------------|--|
|  |      |              | Previous Year      |  |
| (a) Ring spindles  | Nos. | 50,728       | 70,728             |  |
| (b) Rotor open end   | Nos. | 2,568        | 2,568              |  |
| (c) Looms  | Nos. | 486          | 486                |  |
| (d) Synthetic filament including industrial yarn/tyre cord | M.T. | 14,000       | 14,000             |  |
| (e) Polyester/nylon chips                                  | M.T. | 1,000        | 1,000              |  |
| (f) Cotton Ginning   |      |              |                    | 6 Saw gins-capacity 193 bales per day (3 shifts) |

- NOTES:**
1. Installed capacities are as those certified by the management.
  2. Licensed capacities are not given as no license is required.

**2. Particulars in respect of stocks of finished goods and sales:**

| Class of Goods                | Unit of Quantity | STOCK OPENING  |          |                |          | PURCHASE       |        |
|-------------------------------|------------------|----------------|----------|----------------|----------|----------------|--------|
|                               |                  | Current Year   |          | Previous Year  |          | Current Year   |        |
|                               |                  | Quantity       | Value    | Quantity       | Value    | Quantity       | Value  |
|                               |                  | (Rs. in lakhs) |          | (Rs. in lakhs) |          | (Rs. in lakhs) |        |
| <b>A. MANUFACTURING:</b>      |                  |                |          |                |          |                |        |
| Cloth (in '000)               | Mtrs.            | 1,449          | 1,010.76 | 1,487          | 1,096.76 | —              | —      |
| Fents, rags and chindies      | M.T.             | —              | —        | 1              | 0.98     | —              | —      |
| Yarn                          | M.T.             | 4              | 2.29     | 40             | 33.64    | —              | —      |
| Nylon filament yarn           | M.T.             | 560            | 947.43   | 919            | 1,601.57 | —              | —      |
| Polyester/nylon chips         | M.T.             | 71             | 64.31    | —              | —        | —              | —      |
| Others                        |                  | —              | 39.85    | —              | 85.01    | —              | —      |
| <b>B. TRADING:</b>            |                  |                |          |                |          |                |        |
| Ready-made garments (in '000) | Pcs              | 12             | 35.44    | 5              | 12.87    | 85             | 300.25 |
| <b>TOTAL</b>                  |                  |                | 2,100.08 |                | 2,830.83 |                | 300.25 |

**NOTES:** \* inclusive of 59'000 pcs manufactured from own cloth.

\*\* does not include export incentives of Rs.270.73 lakhs (previous year: Rs.242.91 lakhs)



| Class of goods         | Unit  | Actual Production |               |
|------------------------|-------|-------------------|---------------|
|                        |       | Current Year      | Previous Year |
| Yarn*                  | M.T.  | 9,677             | 10,634        |
| Cloth** (in '000)      | Mtrs. | 41,356            | 41,132        |
| Fents, rags & chindies | M.T.  | 500               | 498           |
| Nylon filament yarn    | M.T.  | 11,580            | 11,093        |
| Polyester/nylon chips  | M.T.  | 1,236             | 338           |
| Processed cotton       | Bales | —                 | 14,741        |

\* inclusive of 9,640 M.T. consumed for the manufacture of cloth (Previous year: 10,602 M.T.).

\*\* inclusive of 21 thousand metres internally consumed (Previous year: 79 thousand metres).

| PURCHASE       |        | STOCK CLOSING  |          |                |          | NET SALES**    |           |                |           |
|----------------|--------|----------------|----------|----------------|----------|----------------|-----------|----------------|-----------|
| Previous Year  |        | Current Year   |          | Previous Year  |          | Current Year   |           | Previous Year  |           |
| Quantity       | Value  | Quantity       | Value    | Quantity       | Value    | Quantity       | Value     | Quantity       | Value     |
| (Rs. in lakhs) |        | (Rs. in lakhs) |          | (Rs. in lakhs) |          | (Rs. in lakhs) |           | (Rs. in lakhs) |           |
| 13             | 6.30   | 1,217          | 1,001.55 | 1,449          | 1,010.76 | 41,567         | 30,010.14 | 41,104         | 30,675.83 |
| —              | —      | 2              | 0.50     | —              | —        | 498            | 255.29    | 499            | 239.40    |
| —              | —      | —              | —        | 4              | 2.29     | 41             | 31.26     | 68             | 60.65     |
| —              | —      | 701            | 1,207.64 | 560            | 947.43   | 11,439         | 24,460.16 | 11,453         | 23,649.87 |
| —              | —      | 3              | 3.78     | 71             | 64.31    | 1,304          | 1,341.11  | 267            | 270.58    |
| —              | —      | —              | 39.70    | —              | 39.85    | —              | 520.79    | —              | 547.56    |
| 52             | 252.80 | 58             | 161.75   | 12             | 35.44    | 98*            | 366.94    | 45             | 255.24    |
| 259.10         |        | 2,414.92       |          | 2,100.08       |          | 56,985.69      |           | 55,699.13      |           |



## SCHEDULE - IX (Contd.)

## 3. Analysis of raw materials consumed:

(Rs. in lakhs)

| Particulars                | Unit of Quantity | Current Year |                  | Previous Year |                  |
|----------------------------|------------------|--------------|------------------|---------------|------------------|
|                            |                  | Quantity     | Value            | Quantity      | Value            |
| Cotton                     | Bales*           | 56,660       | 6,293.80         | 60,933        | 6,240.82         |
| Grey cloth (in' 000)       | Mtrs             | 6,234        | 2,082.39         | 5,537         | 1,673.62         |
| Synthetic fibre            | M.T.             | 1,641        | 1,323.88         | 1,888         | 1,457.19         |
| Finished fabrics (in' 000) | Mtrs             | 188          | 174.77           | 181           | 174.78           |
| Blended yarn               | M.T.             | 2,029        | 2,681.86         | 2,114         | 2,709.55         |
| Caprolactum                | M.T.             | 11,772       | 12,300.75        | 11,532        | 12,108.35        |
| Renol chips                | M.T.             | 99           | 194.67           | 95            | 221.03           |
| Nylon POY                  | M.T.             | 1,096        | 1,351.98         | 167           | 203.37           |
|                            |                  |              | <u>26,404.10</u> |               | <u>24,788.71</u> |

\* Standard bale of 1.70 quintals.

## 4. Value of imports on C.I.F. basis :

| Particulars                       | Current Year    | Previous Year   |
|-----------------------------------|-----------------|-----------------|
| (a) Raw materials                 | 1,633.51        | 564.30          |
| (b) Components & spare parts etc. | 633.45          | 616.91          |
| (c) Capital goods                 | <u>151.78</u>   | <u>131.32</u>   |
|                                   | <u>2,418.74</u> | <u>1,312.53</u> |

\* Including Rs.18.91 lakhs (Previous year: Rs. Nil) being the value of documents retired which includes the value of materials and components, spare parts and capital goods in transit and stores and spares under approval.

## 5. Expenditure in foreign currency:

| Particulars                       | Current Year  | Previous Year |
|-----------------------------------|---------------|---------------|
| (a) Commission on export sales    | 46.77         | 45.05         |
| (b) Other matters : On travelling | 86.12         | 92.43         |
| : On others                       | <u>48.49</u>  | <u>103.28</u> |
| Total                             | <u>181.38</u> | <u>240.76</u> |

## 6. Earnings in foreign currency:

| Particulars                                 | Current Year    | Previous Year   |
|---|-----------------|-----------------|
| Export of goods calculated on F.O.B. basis* | <u>5,482.24</u> | <u>6,089.63</u> |

\* includes deemed exports of Rs. 194.67 lakhs (Previous year: Rs. 1,030.26 lakhs).



## SCHEDULE - IX (Contd.)

**7. Value of imported raw materials, spare parts and components (excluding stores) consumed and the value of indigenous raw materials, spare parts and components (excluding stores) similarly consumed and the percentage of each to the total consumption:**

| Particulars                             | Current Year             |               | Previous Year            |            |
|---|--------------------------|---------------|--------------------------|------------|
|   | Amount<br>(Rs. in lakhs) | Percentage    | Amount<br>(Rs. in lakhs) | Percentage |
| (a) Raw materials - imported            | 1,893.50                 | 7.17          | 597.79                   | 2.41       |
| Raw materials - indigenous              | 24,510.60                | 92.83         | 24,190.92                | 97.59      |
|   | <b>26,404.10</b>         | <b>100.00</b> | 24,788.71                | 100.00     |
| (b) Spare parts & components - imported | 357.54                   | 23.39         | 366.18                   | 21.99      |
| Spare parts & components - indigenous   | 1,171.30                 | 76.61         | 1,298.68                 | 78.01      |
| Total*                                  | <b>1,528.84</b>          | <b>100.00</b> | 1,664.86                 | 100.00     |

\* Consumption of components and spare parts includes estimated value of stock brought forward from earlier years.

**8. No amount has been remitted during the year in foreign currency on account of dividend.**

**NOTE :** Information and particulars given for items (1) to (8) are as those certified by the Management.

**9. Particulars of managerial remuneration are as under:**

|  | Vice Chairman &<br>Managing Director |                  | Director<br>(Operations) |                  |
|--|--------------------------------------|------------------|--------------------------|------------------|
|  | Current<br>Year                      | Previous<br>Year | Current<br>Year          | Previous<br>Year |
|  | (Rs. in lakhs)                       | (Rs. in lakhs)   | (Rs. in lakhs)           | (Rs. in lakhs)   |
| Salary including allowances                            | 42.00                                | 44.17            | 33.72                    | 33.72            |
| Contribution to provident and<br>Superannuation funds* | 7.50                                 | 7.50             | 6.00                     | 6.00             |
| Perquisites & Reimbursement                            | 6.00                                 | 3.83             | 14.18                    | 14.28            |
|  | <b>55.50</b>                         | 55.50            | <b>53.90</b>             | 54.00            |

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

**10. Prior period expenses aggregating Rs. 6.75 lakhs (net debit) have been accounted for in the respective heads of account (Previous year: Rs.16.90 lakhs - net credit).**



## SCHEDULE - IX (Contd.)

## E. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Amount : Rs. in lakhs)

## 1. Registration details

|                    |       |            |      |
|--------------------|-------|------------|------|
| Registration No.   | 4,565 | State Code | 16   |
| Balance Sheet date | Date  | Month      | Year |
|                    | 31    | 03         | 2010 |

## 2. Capital raised during the period

|              |     |                   |     |
|--------------|-----|-------------------|-----|
| Public issue | Nil | Private Placement | Nil |
| Right issue  | Nil | Bonus issue       | Nil |

## 3. Position of Mobilisation and Deployment of Funds

|                   |        |              |        |
|-------------------|--------|--------------|--------|
| Total Liabilities | 74,734 | Total Assets | 74,734 |
|-------------------|--------|--------------|--------|

## 4. Sources of Funds

|                 |        |                    |        |
|-----------------|--------|--------------------|--------|
| Paid-up Capital | 11,888 | Reserves & Surplus | 14,174 |
| Secured loans   | 29,780 | Unsecured loans    | 18,892 |

## 5. Application of Funds

|                    |        |                    |        |
|--------------------|--------|--------------------|--------|
| Net Fixed Assets   | 51,655 | Investments        | 5,392  |
| Net Current Assets | 1,887  | Accumulated losses | 15,800 |

## 6. Performance of Company

|                      |        |                   |        |
|----------------------|--------|-------------------|--------|
| Turnover             | 58,541 | Total Expenditure | 64,269 |
| Loss before tax      | 6,080  | Loss after tax    | 6,090  |
| Loss per share (Rs.) |        | Dividend Rate (%) | Nil    |
| - Basic              | 1.70   |                   |        |
| - Diluted            | 1.23   |                   |        |

## 7. Generic names of two Principal Products/Services of Company (as per monetary terms)

|                         |               |                     |                           |
|-------------------------|---------------|---------------------|---------------------------|
| Item Code No.(ITC Code) | 5208 and 5210 | Product Description | Cotton & Blended Textiles |
| Item Code No.(ITC Code) | 5,402         | Product Description | Nylon Filament Yarn       |

## Signatures to Schedules 'I' to 'IX' of the Profit &amp; Loss Account

Sanjiva Jain  
Chief Financial Officer

S.C. Saxena  
Company Secretary

Samir Thapar  
Vice Chairman &  
Managing Director

G.B. Kathuria  
Rajmohan Singh  
Directors

As per our report of even date attached  
S.P. CHOPRA & CO.  
Chartered Accountants  
Firm Registration No. 000346N

Place : New Delhi  
Dated : August 6, 2010

Pawan K. Gupta  
Partner  
Membership No. 92529



## AUDITORS' REPORT

### To the Board of Directors on consolidated financial statements

We have examined the attached consolidated Balance Sheet of JCT Limited and its subsidiaries as at 31<sup>st</sup> March, 2010, the consolidated Profit and Loss Account and the consolidated cash flow statement for the year then ended. These financial statements are the responsibility of the management of JCT Limited. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework generally accepted in India and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs. 11.38 lakhs as at 31<sup>st</sup> March, 2010 and total profit of Rs. 1.90 lakhs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of JCT Limited and its subsidiaries.

Without qualifying our opinion, we draw attention to Note No. 17 in Schedule IX in the financial statements. The Company has incurred a net loss of Rs. 6,087.64 lakhs during the year ended March 31, 2010 and, as on that date, its accumulated losses of Rs. 15,761.15 lakhs are more than fifty percent of its net worth. The company has incurred substantial cash losses in the current year as also in the previous year. However, the financial statements have been prepared on going concern basis on the grounds as disclosed in the said note.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of JCT Limited and its subsidiaries, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) in the case of the consolidated Balance Sheet of state of affairs of JCT Limited and its subsidiaries as at 31<sup>st</sup> March, 2010;
- (b) in case of the consolidated Profit and Loss Account of the losses of JCT Limited and its subsidiaries for the year then ended; and
- (c) in case of the consolidated cash flow statement of the cash flows of JCT Limited and its subsidiaries for the year then ended.

For S.P. CHOPRA & CO.  
*Chartered Accountants*  
Firm Registration No. 000346N

Pawan K. Gupta  
*Partner*

Place : New Delhi  
Date : August 6, 2010

Membership No.: 92529



# CONSOLIDATED BALANCE SHEET

## AS AT 31ST MARCH, 2010

(Rs. in lakhs)

|                         | Schedule No. | 31.3.2010        | 31.3.2009        |
|-------------------------|--------------|------------------|------------------|
| <b>SOURCES OF FUNDS</b> |              |                  |                  |
| 1. SHAREHOLDERS' FUNDS  |              |                  |                  |
| Capital                 | 'A'          | 11,888.33        | 11,966.21        |
| Reserves and surplus    | 'B'          | 14,173.99        | 9,845.15         |
|                         |              | 26,062.32        | 21,811.36        |
| 2. LOAN FUNDS           |              |                  |                  |
| Secured loans           | 'C'          | 29,779.76        | 30,324.58        |
| Unsecured loans         | 'D'          | 18,891.99        | 22,065.08        |
|                         |              | 48,671.75        | 52,389.66        |
| <b>TOTAL</b>            |              | <b>74,734.07</b> | <b>74,201.02</b> |

### APPLICATION OF FUNDS

|   |      |                  |                  |
|---|------|------------------|------------------|
| 1. FIXED ASSETS   | 'E'  |                  |                  |
| Gross block   |      | 101,903.54       | 99,860.12        |
| Less : Depreciation   |      | 50,741.27        | 48,438.00        |
| Net block   |      | 51,162.27        | 51,422.12        |
| Capital work-in-progress  |      | 493.18           | 397.36           |
|   |      | 51,655.45        | 51,819.48        |
| 2. INVESTMENTS  | 'F'  | 5,311.78         | 6,195.78         |
| 3. GOODWILL (on Consolidation)  |      | 112.42           | 112.42           |
| 4. CURRENT ASSETS, LOANS AND ADVANCES                                       |      |                  |                  |
| Current Assets  | 'G'  |                  |                  |
| (a) Inventories   |      | 12,630.42        | 11,994.05        |
| (b) Sundry Debtors  |      | 3,360.09         | 3,794.97         |
| (c) Cash and bank balances  |      | 1,058.64         | 927.86           |
| Loans and Advances  | 'H'  | 4,646.25         | 5,655.10         |
|   |      | 21,695.40        | 22,371.98        |
| Less : CURRENT LIABILITIES AND PROVISIONS                                   |      |                  |                  |
| (a) Current liabilities   | 'I'  | 17,645.04        | 13,691.06        |
| (b) Provisions  | 'J'  | 2,157.09         | 2,281.09         |
|   |      | 19,802.13        | 15,972.15        |
| 5. NET CURRENT ASSETS   |      | 1,893.27         | 6,399.83         |
| 6. PROFIT & LOSS ACCOUNT  |      | 15,761.15        | 9,673.51         |
| Significant accounting policies and notes forming part of the Balance Sheet | 'IX' |                  |                  |
| <b>TOTAL</b>  |      | <b>74,734.07</b> | <b>74,201.02</b> |

Sanjiva Jain  
Chief Financial Officer

S.C. Saxena  
Company Secretary

Samir Thapar  
Vice Chairman &  
Managing Director

G.B. Kathuria  
Rajmohan Singh  
Directors

As per our report of even date attached  
S.P. CHOPRA & CO.  
Chartered Accountants  
Firm Registration No. 000346N

Place : New Delhi  
Dated : August 6, 2010

Pawan K. Gupta  
Partner  
Membership No. 92529



# **CONSOLIDATED PROFIT AND LOSS ACCOUNT** **FOR THE YEAR ENDED ON 31ST MARCH, 2010**

(Rs. in lakhs)

|  | Schedule No. | Current Year       | Previous Year     |
|--|--------------|--------------------|-------------------|
| <b>INCOME</b>  |              |                    |                   |
| Gross Sales  | 'I'          | 59,249.21          | 57,765.89         |
| Less: Excise Duty  |              | (1,992.79)         | (1,823.85)        |
| Net Sales  |              | 57,256.42          | 55,942.04         |
| Other income   | 'II'         | 1,285.22           | 1,947.07          |
| Increase/(decrease) in stocks  | 'III'        | (277.37)           | 358.37            |
|  |              | <u>58,264.27</u>   | <u>58,247.48</u>  |
| <b>EXPENDITURE</b>   |              |                    |                   |
| Raw materials consumed   |              | 26,404.10          | 24,788.71         |
| Other Manufacturing expenses   | 'IV'         | 17,782.91          | 18,438.47         |
| Purchase   |              | 300.25             | 259.10            |
| Payments to and provisions for employees   | 'V'          | 6,143.59           | 6,517.84          |
| Administration and other expenses  | 'VI'         | 1,928.58           | 2,882.90          |
| Selling and distribution expenses  | 'VII'        | 2,814.96           | 2,757.22          |
| Interest and financing charges   | 'VIII'       | 4,689.18           | 4,310.72          |
| Depreciation   |              |                    |                   |
| Depreciation for the year  |              | 3,950.89           | 4,379.75          |
| Less: Transfer from revaluation reserve  |              | (24.15)            | (24.15)           |
|  |              | <u>3,926.74</u>    | <u>4,355.60</u>   |
|  |              | <u>63,990.31</u>   | <u>64,310.56</u>  |
| Profit/(Loss) before Tax and exceptional item  |              | (5,726.04)         | (6,063.08)        |
| Profit on sale of Ginning factory<br>(Refer Note 18 in Schedule IX)                            |              | 248.24             | —                 |
| Profit/(Loss) from continuing operations<br>after exceptional item and before tax              |              | (5,477.80)         | (6,063.08)        |
| Provision for tax  |              | 10.25              | 73.80             |
| Profit/(Loss) from continuing operations<br>after exceptional item and after tax               |              | (5,488.05)         | (6,136.88)        |
| Loss from discontinued operations<br>(Refer Note 20 in Schedule IX)                            |              | 599.59             | —                 |
| Net Profit/(Loss) after tax  |              | <u>(6,087.64)</u>  | <u>(6,136.88)</u> |
| Loss brought forward from last year  |              | <u>(9,673.51)</u>  | <u>(3,536.63)</u> |
| Significant Accounting Policies and Notes forming<br>part of the Profit & Loss Account         | 'IX'         |                    |                   |
| Balance loss carried over to Balance Sheet   |              | <u>(15,761.15)</u> | <u>(9,673.51)</u> |
| Earning/(Loss) per share before exceptional items<br>-in Rs. (refer note No.27 of Schedule IX) |              |                    |                   |
| - Basic  |              | (1.60)             | (1.72)            |
| - Diluted  |              | (1.16)             | (1.22)            |
| Earning/(Loss) per share after exceptional items<br>-in Rs. (refer note No.27 of Schedule IX)  |              |                    |                   |
| - Basic  |              | (1.70)             | (1.72)            |
| - Diluted  |              | (1.23)             | (1.22)            |

Sanjiva Jain  
Chief Financial Officer

S.C. Saxena  
Company Secretary

Samir Thapar  
Vice Chairman &  
Managing Director

G.B. Kathuria  
Rajmohan Singh  
Directors

As per our report of even date attached  
S.P. CHOPRA & CO.  
Chartered Accountants  
Firm Registration No. 000346N  
Pawan K. Gupta  
Partner  
Membership No. 92529

Place : New Delhi  
Dated : August 6, 2010





# **CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010**

(Rs. in lakhs)

|   | Year ended<br>31.3.2010 | Year ended<br>31.3.2009 |
|---|-------------------------|-------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                                   |                         |                         |
| Profit/(loss) before tax and exceptional items                                  | (5,726.04)              | (6,063.08)              |
| <b>Adjustment for:</b>  |                         |                         |
| Depreciation  | 3,926.74                | 4,355.60                |
| Provision for diminution in value of investments                                | 0.82                    | 582.00                  |
| Fixed Assets written off  | 27.48                   | 6.30                    |
| Provision for doubtful debts and advances etc.                                  | 128.55                  | 233.41                  |
| Bad debts written off   | 0.62                    | 42.80                   |
| Investments written off   | —                       | 3.74                    |
| Liabilities/provisions no longer required, written back                         | (121.94)                | (105.45)                |
| Depreciation excess provided in earlier years written back                      | —                       | (1.55)                  |
| Interest expense  | 4,689.18                | 4,310.72                |
| Interest earned   | (119.08)                | (79.06)                 |
| Dividend/Interest on Investment   | (3.37)                  | (3.19)                  |
| Profit on sale of investments   | —                       | (4.55)                  |
| Profit on sale of fixed assets (net)  | (77.38)                 | (434.83)                |
| Foreign exchange fluctuation (net)  | (133.26)                | 47.17                   |
|   | <u>8,318.36</u>         | <u>8,953.11</u>         |
| Operating profit before exceptional items<br>and before working capital changes | 2,592.32                | 2,890.03                |
| <b>Adjustment for working capital changes:</b>                                  |                         |                         |
| Inventories   | (636.37)                | 1,143.75                |
| Trade and other receivables   | 1,337.07                | (391.17)                |
| Trade payables and others   | 3,951.92                | 1,365.86                |
|   | <u>4,652.62</u>         | <u>2,118.44</u>         |
| <b>Cash generated from operations:</b>  | <u>7,244.94</u>         | <u>5,008.47</u>         |
| Cash flow from operating activities   | 7,244.94                | 5,008.47                |
| Income tax paid (net of provision)  | (32.76)                 | (125.43)                |
| Net cash flow from operating activities   | <u>7,212.18</u>         | <u>4,883.04</u>         |
| <b>B. CASH FLOW FROM EXCEPTIONAL ITEMS</b>                                      |                         |                         |
| Sale proceeds of Ginning factory (Refer Note 18 in Schedule IX)                 | 261.39                  | —                       |
| Loss from discontinued operations (Refer Note 20 in Schedule IX)                | (599.59)                | —                       |
| Net Cash flow from Exceptional Items  | <u>(338.20)</u>         | <u>—</u>                |
| <b>C. CASH FLOW FROM INVESTING ACTIVITIES</b>                                   |                         |                         |
| Purchase of fixed assets including<br>capital work in progress                  | (922.46)                | (1,162.15)              |
| Sale of fixed assets  | 27.58                   | 573.45                  |
| Purchase/sale/proceeds from investments (net of provision for diminution)       | 266.02                  | 889.61                  |
| Interest earned   | 119.08                  | 79.06                   |
| Dividend/Interest on Investments  | 3.37                    | 3.19                    |
| Net cash used in investing activity   | <u>(506.41)</u>         | <u>383.16</u>           |



## CASH FLOW STATEMENT (Contd.)

(Rs. in lakhs)

|  | Year ended<br>31.3.2010 | Year ended<br>31.3.2009 |
|--|-------------------------|-------------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>  |                         |                         |
| Redemption of Preference Shares (net)  | (128.11)                | (307.10)                |
| Redemption of debentures (net)   | (437.78)                | (671.02)                |
| Repayment/proceeds from long term secured loans (net)                                | (698.56)                | (2,319.28)              |
| Proceeds from short term loans - Secured   | 591.52                  | 1,350.63                |
| Proceeds from short term loans - Unsecured   | (1,007.94)              | 732.43                  |
| Foreign exchange fluctuations (net)  | 133.26                  | (47.17)                 |
| Interest and financing charges   | (4,689.18)              | (4,310.72)              |
| Net cash used in financing activities  | <u>(6,236.79)</u>       | <u>(5,572.23)</u>       |
| <br>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS                                 | <br>130.78              | <br>(306.03)            |
| CASH AND CASH EQUIVALENTS (OPENING)  | <u>927.86</u>           | <u>1,233.89</u>         |
| CASH AND CASH EQUIVALENTS (CLOSING)  | <u>1,058.64</u>         | <u>927.86</u>           |
| <b>Note to cash flow statement :</b>   |                         |                         |
| Cash and Cash equivalents consist of cash in hand and balances with banks.           |                         |                         |
| Cash and cash equivalents included in the cash flow statement comprise the following |                         |                         |
| Balance Sheet items  |                         |                         |
| Cash in hand (including cheques and drafts in hand/remittance in transit)            | 304.36                  | 187.67                  |
| Balances with banks :  |                         |                         |
| — Current accounts   | 66.05                   | 65.70                   |
| — Others   | 688.04                  | 674.30                  |
| — Cash and bank balances lodged as security  | 0.19                    | 0.19                    |
|  | <u>1,058.64</u>         | <u>927.86</u>           |

Sanjiva Jain  
Chief Financial Officer

S.C. Saxena  
Company Secretary

Samir Thapar  
Vice Chairman &  
Managing Director

G.B. Kathuria  
Rajmohan Singh  
Directors

As per our report of even date attached  
For & on behalf of S.P. CHOPRA & CO.  
Chartered Accountants  
Firm Registration No. 000346N

Place : New Delhi  
Dated : August 6, 2010

Pawan K. Gupta  
Partner  
Membership No. 92529



## SCHEDULES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. in lakhs)

| <b>SCHEDULE 'A'</b>   | <b>31.3.2010</b> | <b>31.3.2009</b> |
|---|------------------|------------------|
| <b>SHARE CAPITAL</b>  |                  |                  |
| <b>AUTHORISED</b>   |                  |                  |
| 600,000,000 Equity Shares of Rs.2.50 each   | <b>15,000.00</b> | 15,000.00        |
| 5,000,000 Redeemable Preference Shares of Rs.100/- each   | <b>5,000.00</b>  | 5,000.00         |
|   | <b>20,000.00</b> | 20,000.00        |
| <b>ISSUED, SUBSCRIBED AND PAID UP</b>   |                  |                  |
| 35,90,78,590 (Previous Year: 35,70,69,192) - Equity Shares of Rs.2.50 each, fully paid-up                                     | <b>8,976.96</b>  | 8,926.73         |
| 29,11,365 (Previous Year: 30,39,479)- Optionally Partially Convertible Preference Shares of Rs.100/- each (net of redemption) | <b>2,911.37</b>  | 3,039.48         |
|   | <b>11,888.33</b> | 11,966.21        |

**NOTES :**

1. (i) During the year, 20,09,398 equity shares of Rs.2.50 each were issued on exercise of the option for conversion by the holders of the foreign currency convertible bonds at a premium of Rs.10.38 per equity share as per terms of issue.
- (ii) In earlier years, 11,80,235 Equity Shares were allotted as fully paid up by way of bonus shares, capitalised from General Reserve and Share Premium Account.
2. (i) 13,32,378 Optionally Partially Convertible Preference Shares (OPCPS) issued to a financial institution, banks and body corporates with an outstanding amount of Rs. 1,332.38 lakhs carry no dividend and are redeemable as under:
 

|                       |            |            |
|-----------------------|------------|------------|
| Date                  | 31.12.2010 | 31.12.2011 |
| Amount (Rs. in lakhs) | 307.10     | 1,025.28   |

20% of the face value is optionally convertible into equity shares during the currency of OPCPS in which case the amount of conversion of OPCPS would be reduced from the last redemption instalment payable.
- (ii) 1,400,000 OPCPS with an outstanding amount of Rs.1,400 lakhs carry no dividend and are redeemable on 26.12.2010 with the option to convert before that the whole amount into equity shares at the amount to be determined and as permissible under SEBI guidelines.
- (iii) 1,25,079 OPCPS of Rs.125.08 lakhs due to a financial institution on 31.12.2009 have been rescheduled and are repayable in six equal monthly instalments starting from April 30,2010 alongwith interest @13% p.a..
- (iv) 53,908 OPCPS of Rs.53.91 lakhs issued to a bank and a body corporate and due on 31.12.2009 were pending redemption.

| <b>SCHEDULE 'B'</b>  | <b>31.3.2010</b> | <b>31.3.2009</b> |
|--|------------------|------------------|
| <b>RESERVES AND SURPLUS</b>  |                  |                  |
| <b>CAPITAL REDEMPTION RESERVE</b>  |                  |                  |
| As per last Account  | <b>165.44</b>    | 165.44           |
| <b>REVALUATION RESERVE</b>   |                  |                  |
| As per last Account  | <b>682.84</b>    | 706.99           |
| Add: On account of revaluation of land<br>(Refer Note 7.b in Schedule IX)        | <b>4,373.60</b>  | —                |
| Less: Transfer to Profit & Loss Account on sale of assets                        | <b>(1.10)</b>    | —                |
| Less: Transfer to Profit & Loss Account  | <b>(24.15)</b>   | (24.15)          |
|  | <b>5,031.19</b>  | 682.84           |
| <b>DEBENTURE REDEMPTION RESERVE</b>  |                  |                  |
| As per last Account  | <b>2,045.76</b>  | 2,045.76         |
| <b>SHARE PREMIUM ACCOUNT</b>   |                  |                  |
| As per last Account  | <b>6,951.11</b>  | 7,724.95         |
| Add: Premium on conversion of<br>Foreign Currency Convertible Bonds (FCCBs)      | <b>223.06</b>    | —                |
| Add: Write back of pro-rata redemption<br>premium payable on FCCBs               | <b>35.94</b>     | —                |
| Less: Premium payable on redemption of FCCBs<br>(Refer Note No 5 of Schedule IX) | <b>(278.51)</b>  | (773.84)         |
|  | <b>6,931.60</b>  | 6,951.11         |
|  | <b>14,173.99</b> | 9,845.15         |



|   | 31.3.2010 | (Rs. in lakhs)<br>31.3.2009 |
|---|-----------|-----------------------------|
| <b>SCHEDULE 'C'</b>                                 |           |                             |
| <b>SECURED LOANS</b>                                |           |                             |
| DEBENTURES  |           |                             |
| Zero rate Redeemable Debentures (Net of redemption) | 904.29    | 1,342.07                    |
| TERM LOANS  |           |                             |
| Financial Institutions                              | —         | 421.97                      |
| Scheduled banks                                     | 18,735.25 | 18,742.42                   |
| Others  | 89.38     | 362.92                      |
| Interest accrued and due on above                   | 4.12      | —                           |
|   | 18,828.75 | 19,527.31                   |
| CASH CREDIT ACCOUNTS WITH SCHEDULED BANKS           | 10,046.72 | 9,454.71                    |
| Add: Interest accrued and due                       | —         | 0.49                        |
|   | 10,046.72 | 9,455.20                    |
|   | 29,779.76 | 30,324.58                   |

**NOTES:**

- (a) 3,78,040 Debentures of Rs.378.04 lakhs issued to a financial institution and a body corporate are redeemable on 31.12.2010.
- (b) 4,37,776 Debentures of Rs.437.78 lakhs due to a financial institution for repayment on 31.12.2009 have been rescheduled and are payable in six equal monthly instalments starting from April 30,2010 alongwith interest @ 13% p.a.
- (c) 88,475 Debentures of Rs.88.47 lakhs due to a body corporate for repayment on 31.12.2009 were pending redemption.
- (a) Term Loans and Debentures are secured by hypothecation of all the moveable properties including plant & machinery and accessories etc. (both present & future) and also equitable mortgage, by deposit of title deeds, of all the immoveable properties (both present & future) including land, factory buildings, structures, erections, constructions and/or further constructions to be made thereon pertaining to Textile and Filament Units except:
  - Term Loan of Rs.1,399.39 lakhs from scheduled banks, which are secured by hypothecation of specific plant & machinery.
  - Term Loan of Rs. 216.27 lakhs from scheduled banks and Rs. 65.89 lakhs from non-banking finance companies are secured against specific vehicles.
- (b) Debentures are additionally secured by a legal mortgage over the immovable properties of the Company (both present & future) situate at Dist. Mehsana (Gujarat).
- Cash Credit facilities from consortium of scheduled banks are secured by first charge ranking pari-passu inter-se amongst themselves on all the stock of raw materials, stock in process, semi-finished and finished goods, stores & spares, bills receivable and books debts and all other moveables current assets both present and future pertaining to Company's Textile and Filament Units. These are also secured by second charge over the fixed assets pertaining to abovesaid units.
- Financial facilities from Allahabad Bank are additionally secured by first charge by way of an equitable mortgage over the land admeasuring around 9 acres and structures thereon at Phagwara.
- Term Loans due within one year aggregate Rs.464.07 lakhs including Rs.86.90 lakhs due during 2009-10 repaid subsequently.
- During the year, the Company repaid Rs. 258.08 lakhs of term loans with delays ranging from 1 to 167 days due to financial constraints.

|  | 31.3.2010 | 31.3.2009 |
|--|-----------|-----------|
| <b>SCHEDULE 'D'</b>  |           |           |
| <b>UNSECURED LOANS</b>   |           |           |
| FIXED DEPOSITS   | 2,052.02  | 1,253.31  |
| Add: Interest accrued and due  | 13.22     | 6.64      |
|  | 2,065.24  | 1,259.95  |
| SHORT TERM LOANS AND ADVANCES  |           |           |
| (i) from a bank  | —         | 1,998.76  |
| (ii) book overdraft  | 889.24    | 797.13    |
|  | 889.24    | 2,795.89  |
| FOREIGN CURRENCY CONVERTIBLE BONDS<br>(Refer Note No 5 of Schedule IX) | 11,586.44 | 13,377.00 |
| Add: Premium payable on redemption                                     | 1,853.83  | 1,611.26  |
|  | 13,440.27 | 14,988.26 |
| INTEREST-FREE LOAN FROM A BODY CORPORATE                               | —         | 617.16    |
| SECURITY DEPOSITS  | 2,497.24  | 2,403.82  |
|  | 18,891.99 | 22,065.08 |



**SCHEDULE 'E'**

**CONSOLIDATED FIXED ASSETS**

| ASSETS  | ORIGINAL COST     |                                 |   | As at<br>31.3.2010 |
|---|-------------------|---------------------------------|---|--------------------|
|   | As at<br>1.4.2009 | Additions<br>during<br>the year | Sales/<br>disposal/<br>adjustments<br>during the year |                    |
| <b>TANGIBLE ASSETS</b>  |                   |                                 |   |                    |
| Land freehold   | 10,769.18         | 4,452.23*                       | 2.06  | <b>15,219.35</b>   |
| Building  | 12,014.16         | 29.23                           | 129.09  | <b>11,914.30</b>   |
| Buildings-Leasehold   | 5.45              | —                               | —   | <b>5.45</b>        |
| Plant & machinery:  |                   |                                 |   |                    |
| Plant & machinery (main)  | 74,024.82         | 425.19                          | 2,704.96**  | <b>71,745.05</b>   |
| Data processing equipment   | 537.97            | 24.84                           | 77.85   | <b>484.96</b>      |
| Electric installations  |                   |                                 |   |                    |
| including gadgets   | 822.13            | 27.57                           | 27.91   | <b>821.79</b>      |
| Tools & implements  | 79.00             | 0.06                            | 15.73   | <b>63.33</b>       |
| Furniture & fixtures &<br>other equipment                                   | 574.77            | 31.39                           | 53.26   | <b>552.90</b>      |
| Vehicles  | 875.68            | 137.80                          | 140.16  | <b>873.32</b>      |
| Leasehold Improvements  | —                 | 23.51                           | —   | <b>23.51</b>       |
| Scrap (value of<br>discarded assets)  | 3.90              | 3.58                            | 5.80  | <b>1.68</b>        |
| Sub-total   | 99,707.06         | 5,155.40                        | 3,156.82  | <b>101,705.64</b>  |
| Intangible Assets   |                   |                                 |   |                    |
| Computer Software   | 153.06            | 44.84                           | —   | <b>197.90</b>      |
| <b>Curent year's total</b>  | <b>99,860.12</b>  | <b>5,200.24</b>                 | <b>3,156.82</b>                                       | <b>101,903.54</b>  |
| <b>Previous year's total</b>  | <b>90,899.45</b>  | <b>10,071.65</b>                | <b>1,110.98</b>                                       | <b>99,860.12</b>   |
| <b>CAPITAL WORK-IN-PROGRESS</b>   |                   |                                 |   |                    |
| Capital work-in-progress  |                   |                                 |   |                    |
| Advances against machinery<br>and civil work - unsecured<br>considered good |                   |                                 |   |                    |
| Machinery in transit  |                   |                                 |   |                    |
| <b>Total</b>  |                   |                                 |   |                    |

\* includes Rs. 4,373.60 lakhs on account of revaluation of land (Refer Note 7.b in Schedule IX)

\*\* includes Rs. 1,517.27 lakhs arising due to foreign exchange fluctuations. (Refer note.10 in Schedule IX)



|                   |                 |   |                    | (Rs. in lakhs)     |                    |
|-------------------|-----------------|---|--------------------|--------------------|--------------------|
| DEPRECIATION      |                 |   |                    | WRITTEN DOWN VALUE |                    |
| As at<br>1.4.2009 | For the<br>year | On sales<br>disposals/<br>adjustment<br>during the year | As at<br>31.3.2010 | As at<br>31.3.2010 | As at<br>31.3.2009 |
| —                 | —               | —   | —                  | <b>15,219.35</b>   | 10,769.18          |
| 3,443.00          | 325.08          | 88.45   | <b>3,679.63</b>    | <b>8,234.67</b>    | 8,571.16           |
| 4.86              | 0.03            | —   | <b>4.89</b>        | <b>0.56</b>        | 0.59               |
| 42,967.88         | 3,392.67        | 1,312.78  | <b>45,047.77</b>   | <b>26,697.28</b>   | 31,056.94          |
| 402.20            | 31.31           | 66.74   | <b>366.77</b>      | <b>118.19</b>      | 135.77             |
| 554.98            | 30.85           | 17.12   | <b>568.71</b>      | <b>253.08</b>      | 267.15             |
| 59.00             | 2.42            | 9.14  | <b>52.28</b>       | <b>11.05</b>       | 20.00              |
| 447.71            | 23.69           | 44.96   | <b>426.44</b>      | <b>126.46</b>      | 127.06             |
| 539.83            | 105.71          | 108.43  | <b>537.11</b>      | <b>336.21</b>      | 335.85             |
| —                 | 2.61            | —   | <b>2.61</b>        | <b>20.90</b>       | —                  |
| —                 | —               | —   | —                  | <b>1.68</b>        | 3.90               |
| 48,419.46         | 3,914.37        | 1,647.62  | <b>50,686.21</b>   | <b>51,019.43</b>   | 51,287.60          |
| 18.54             | 36.52           | —   | <b>55.06</b>       | <b>142.84</b>      | 134.52             |
| 48,438.00         | 3,950.89        | 1,647.62  | <b>50,741.27</b>   | <b>51,162.27</b>   | 51,422.12          |
| 44,609.32         | 4,379.75        | 551.07  | 48,438.00          | 51,422.12          |                    |
|                   |                 |   |                    | <b>395.02</b>      | 335.24             |
|                   |                 |   |                    | <b>98.16</b>       | 24.23              |
|                   |                 |   |                    | —                  | 37.89              |
|                   |                 |   |                    | <b>493.18</b>      | 397.36             |

**NOTES:**

The above includes the following assets held for disposal as at 31st March, 2010 (previous year Rs. Nil) which are being carried at the lower of net block and net realisable value. (Refer Note 12 in Schedule IX)

| Description                             | Gross Block   | Accumulated depreciation | Net Block     |
|---|---------------|--------------------------|---------------|
| Land Freehold                           | 84.65         | —                        | 84.65         |
| Buildings                               | 6.32          | 3.84                     | 2.48          |
| Plant & Machinery (Main)                | 210.05        | 186.20                   | 23.85         |
| Tools & implements                      | 9.36          | 9.36                     | —             |
| Electric installation including gadgets | 4.45          | 3.23                     | 1.22          |
| Furniture & fixtures & other equipments | 1.52          | 1.51                     | 0.01          |
| <b>TOTAL</b>                            | <b>316.35</b> | <b>204.14</b>            | <b>112.21</b> |



**SCHEDULE 'F'**

**CONSOLIDATED INVESTMENTS**

|  | Face value | No.        | Balance as on 31.3.2009    |                            |
|--|------------|------------|----------------------------|----------------------------|
| Name of the Company  | Rs.        |            | Face Value<br>Rs. in lakhs | Book Value<br>Rs. in lakhs |
| <b>A. LONG TERM INVESTMENTS</b>                            |            |            |                            |                            |
| <b>Other Companies</b>                                     |            |            |                            |                            |
| <b>In Optionally Convertible Zero Rate Debentures</b>      |            |            |                            |                            |
| Provestment Securities Pvt. Ltd. (Note-1)                  | 100        | 2,390,400  | 2,390.40                   | 2,390.40                   |
| KCT Textiles Ltd. (Note-2)                                 | 100        | 2,585,158  | 2,585.16                   | 2,585.16                   |
| <b>In Cumulative Convertible Preference Shares</b>         |            |            |                            |                            |
| Tata Steel Limited   | 100        | 54         | 0.05                       | 0.05                       |
| <b>8.25% Secured Redeemable Non-convertible Debentures</b> |            |            |                            |                            |
| Britannia Industries Ltd.                                  | 170        | —          | —                          | —                          |
| <b>In Equity Shares -quoted</b>                            |            |            |                            |                            |
| JCT Electronics Ltd. (Refer Note 6 in Schedule IX)         | 1          | 10,631,900 | 106.32                     | 5,625.48                   |
| <b>In Equity Shares - unquoted</b>                         |            |            |                            |                            |
| India International Airways Ltd.                           | 10         | 3,630,000  | 363.00                     | 537.00                     |
| Nimbua Greenfield (Punjab) Ltd.                            | 10         | 50,000     | 5.00                       | 5.00                       |
| Preeti Vanijya (P) Ltd.                                    | 10         | 52,312     | 5.23                       | 418.50                     |
| Mynah Industries Ltd. (formerly Rama Qualitex Ltd.)        | 10         | 400,000    | 40.00                      | 40.00                      |
| Shivalik Video Communication Ltd.                          | 100        | 9,200      | 9.20                       | 9.20                       |
| The New India Co-operative Bank Ltd.                       | 10         | 3,260      | 0.33                       | 0.33                       |
| <b>B. CURRENT INVESTMENTS</b>                              |            |            |                            |                            |
| <b>In Equity Shares - quoted</b>                           |            |            |                            |                            |
| ABB Ltd. (Note 3)  | 2          | 6,000      | 0.12                       | 0.07                       |
| Aditya Birla Nuvo Ltd. (Note 3)                            | 10         | 9,313      | 0.93                       | 11.90                      |
| Alstom Projects India Ltd. (Note 3)                        | 10         | 1,200      | 0.12                       | —                          |
| Ashok Leyland Ltd. (Note 3)                                | 1          | 5,000      | 0.05                       | 0.18                       |
| Asian Paints Ltd. (Note 3)                                 | 10         | 600        | 0.06                       | —                          |
| Britannia Industries Ltd. (Note 3)                         | 10         | 500        | 0.05                       | —                          |
| CNLT (Far East) Berhad, Malaysia of MYR 1 each (Note 4)    | 0          | 6,402,884  | —                          | 18.05                      |
| Cheslind Textiles Ltd.                                     | 10         | 15,000     | 1.50                       | 1.50                       |
| Colgate Palmolive (I) Ltd. (Note 3)                        | 1          | 3,000      | 0.03                       | 0.06                       |
| EIH Ltd. (Note 3)  | 2          | 7,500      | 0.15                       | —                          |
| Grasim Industries Ltd. (Note 3)                            | 10         | 1,000      | 0.10                       | —                          |
| HDFC Bank Ltd. (Note 3)                                    | 10         | 500        | 0.05                       | 0.05                       |
| Hindustan Unilever Ltd. (Note 3)                           | 1          | 5,000      | 0.05                       | 0.03                       |
| Housing Development Finance Corpn. Ltd (Note 3)            | 10         | 3,020      | 0.30                       | 0.40                       |
| India Card Clothing Ltd.                                   | 10         | 75         | 0.01                       | 0.02                       |
| Tata Steel Ltd. (Note 3)                                   | 10         | 72         | 0.01                       | 0.05                       |
| The Waterbase Ltd.   | 10         | 1,450,000  | 145.00                     | 145.00                     |
| <b>In Units of Mutual Fund</b>                             |            |            |                            |                            |
| UTI Growth Fund  | 10         | 8,516      | 0.85                       | 5.25                       |
| HDFC Prudential Mutual Fund - Growth                       | 10         | 2,957      | 0.30                       | 4.00                       |
|  |            |            |                            | 11,797.68                  |
| Less: Provision for diminution in value of investments     |            |            |                            | (5,601.90)                 |
|  |            |            |                            | 6,195.78                   |

**NOTES:**

1. Redeemable on 31st March each year in three equal instalments.
2. Redeemable on 31st March each year in eight equal instalments.
3. Pledged against a short term loan of Rs. 375 lakhs availed by an associate company.
4. Since the company is under liquidation and no realisation is expected, the investment has been fully written off and corresponding provision for diminution in value of investment has been written back.
5. Particulars of quoted/unquoted investments and their market value are as under:



| Additions during the year |                            | Sold/adjusted during the year |                            | Balance as on 31.3.2010 |                            |                            |
|---------------------------|----------------------------|-------------------------------|----------------------------|-------------------------|----------------------------|----------------------------|
| No.                       | Book Value<br>Rs. in lakhs | No.                           | Book Value<br>Rs. in lakhs | No.                     | Face Value<br>Rs. in lakhs | Book Value<br>Rs. in lakhs |
| —                         | —                          | 597,600                       | 597.60                     | <b>1,792,800</b>        | <b>1,792.80</b>            | <b>1,792.80</b>            |
| —                         | —                          | 287,240                       | 287.24                     | <b>2,297,918</b>        | <b>2,297.92</b>            | <b>2,297.92</b>            |
| —                         | —                          | 54                            | 0.05                       | —                       | —                          | —                          |
| 500                       | —                          | —                             | —                          | <b>500</b>              | <b>0.85</b>                | —                          |
| —                         | —                          | —                             | 5,062.94                   | <b>10,631,900</b>       | <b>1,06.32</b>             | <b>562.54</b>              |
| —                         | —                          | —                             | —                          | <b>3,630,000</b>        | <b>363.00</b>              | <b>537.00</b>              |
| —                         | —                          | —                             | —                          | <b>50,000</b>           | <b>5.00</b>                | <b>5.00</b>                |
| —                         | —                          | —                             | —                          | <b>52,312</b>           | <b>5.23</b>                | <b>418.50</b>              |
| —                         | —                          | 396,000                       | 39.60                      | <b>4,000</b>            | <b>0.40</b>                | <b>0.40</b>                |
| —                         | —                          | —                             | —                          | <b>9,200</b>            | <b>9.20</b>                | <b>9.20</b>                |
| —                         | —                          | —                             | —                          | <b>3,260</b>            | <b>0.33</b>                | <b>0.33</b>                |
| —                         | —                          | —                             | —                          | <b>6,000</b>            | <b>0.12</b>                | <b>0.07</b>                |
| —                         | —                          | —                             | —                          | <b>9,313</b>            | <b>0.93</b>                | <b>11.90</b>               |
| —                         | —                          | —                             | —                          | <b>1,200</b>            | <b>0.12</b>                | —                          |
| —                         | —                          | —                             | —                          | <b>5,000</b>            | <b>0.05</b>                | <b>0.18</b>                |
| —                         | —                          | —                             | —                          | <b>600</b>              | <b>0.06</b>                | —                          |
| —                         | —                          | —                             | —                          | <b>500</b>              | <b>0.05</b>                | —                          |
| —                         | —                          | 6,402,884                     | 18.05                      | —                       | —                          | —                          |
| —                         | —                          | —                             | —                          | <b>15,000</b>           | <b>1.50</b>                | <b>1.50</b>                |
| —                         | —                          | —                             | —                          | <b>3,000</b>            | <b>0.03</b>                | <b>0.06</b>                |
| —                         | —                          | —                             | —                          | <b>7,500</b>            | <b>0.15</b>                | —                          |
| —                         | —                          | —                             | —                          | <b>1,000</b>            | <b>0.10</b>                | —                          |
| —                         | —                          | —                             | —                          | <b>500</b>              | <b>0.05</b>                | <b>0.05</b>                |
| —                         | —                          | —                             | —                          | <b>5,000</b>            | <b>0.05</b>                | <b>0.03</b>                |
| —                         | —                          | —                             | —                          | <b>3,020</b>            | <b>0.30</b>                | <b>0.40</b>                |
| —                         | —                          | —                             | —                          | <b>75</b>               | <b>0.01</b>                | <b>0.02</b>                |
| 9                         | 0.05                       | —                             | —                          | <b>81</b>               | <b>0.01</b>                | <b>0.10</b>                |
| —                         | —                          | —                             | —                          | <b>1,450,000</b>        | <b>145.00</b>              | <b>145.00</b>              |
| —                         | —                          | —                             | —                          | <b>8,516</b>            | <b>0.85</b>                | <b>5.25</b>                |
| —                         | —                          | —                             | —                          | <b>2,957</b>            | <b>0.30</b>                | <b>4.00</b>                |
| —                         | 0.05                       | —                             | 6,005.48                   | —                       | —                          | <b>5,792.25</b>            |
| —                         | —                          | —                             | (5,121.43)                 | —                       | —                          | <b>(480.47)</b>            |
| —                         | 0.05                       | —                             | 884.05                     | —                       | —                          | <b>5,311.78</b>            |

| (Rs. in lakhs)                 |                 | Book Value            |                 | (Rs. in lakhs) |               |
|--------------------------------|-----------------|-----------------------|-----------------|----------------|---------------|
|                                | 31.3.2010       |                       | 31.3.2010       |                | 31.3.2010     |
| A. In Debentures               | <b>4,090.72</b> | B. Quoted investments | <b>581.10</b>   | 488.53         | <b>605.96</b> |
| In fully paid up Equity Shares | <b>1,211.81</b> | Unquoted investments  | <b>4,730.68</b> | 5,707.25       | —             |
| In Mutual Fund Units           | <b>9.25</b>     |                       |                 |                | —             |
|                                | <b>5,311.78</b> |                       | <b>5,311.78</b> | 6,195.78       | <b>605.96</b> |
|                                |                 |                       |                 |                | 488.53        |





|   |                   | (Rs. in lakhs)   |
|---|-------------------|------------------|
| <b>SCHEDULE 'G'</b>   | <b>31.3.2010</b>  | <b>31.3.2009</b> |
| <b>CURRENT ASSETS</b>   |                   |                  |
| (a) Inventories as prepared, valued and certified by the management                   |                   |                  |
| (i) Stores & spares   | 1,881.05          | 2,029.58         |
| (ii) Raw materials (including Rs. 1472.78 lakhs lying with outside parties/creditors) | 2,449.74          | 1,384.23         |
| (iii) Stock in-trade  | 2,414.92          | 2,100.08         |
| (iv) Stock in-process   | 3,368.69          | 3,774.80         |
| (v) Loose stock awaiting packing  | 2,429.66          | 2,615.76         |
| (vi) Goods in-transit   | 86.36             | 89.60            |
|   | <b>12, 630.42</b> | <b>11,994.05</b> |
| (b) Sundry debtors (unsecured)  |                   |                  |
| (i) Debts outstanding for a period exceeding six months :                             |                   |                  |
| Considered good   | 85.44             | 186.89           |
| Considered doubtful   | 502.64            | 405.44           |
|   | 588.08            | 592.33           |
| Less: Provision for doubtful debts  | (502.64)          | (405.44)         |
|   | 85.44             | 186.89           |
| (ii) Other debts : Considered good  | 3,274.65          | 3,608.08         |
|   | <b>3,360.09</b>   | <b>3,794.97</b>  |
| (c) Cash and bank balances  |                   |                  |
| (i) Cash-in-hand  | 13.70             | 8.22             |
| (ii) Cheques and drafts-in-hand/remittance in transit                                 | 290.66            | 179.45           |
| (iii) With scheduled banks :  |                   |                  |
| (a) On current accounts   | 66.05             | 65.70            |
| (b) On fixed deposits   | 14.73             | 15.09            |
| (c) On margin money account   | 672.63            | 658.56           |
| (d) In savings bank accounts  | 0.68              | 0.65             |
|   | <b>754.09</b>     | <b>740.00</b>    |
| (iv) In Post Office Savings Accounts (lodged as security)                             | 0.19              | 0.19             |
|   | <b>17,049.15</b>  | <b>16,716.88</b> |

**SCHEDULE 'H'**  
**LOANS AND ADVANCES**

(Unsecured - considered good unless stated otherwise)

(a) ADVANCES AND OTHER AMOUNTS RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED (inclusive of interest accrued and accruing)

|                                    |                 |                 |
|------------------------------------|-----------------|-----------------|
| Considered good                    | 4,385.34        | 5,416.70        |
| Considered doubtful                | 1,450.04        | 1,902.78        |
|                                    | 5,835.38        | 7,319.48        |
| Less: Provision for doubtful debts | (1,450.04)      | (1,902.78)      |
|                                    | <b>4,385.34</b> | <b>5,416.70</b> |

(b) TAX DEDUCTED AT SOURCE AND ADVANCE INCOME-TAX - PENDING ADJUSTMENT (NET OF PROVISIONS)

|                 |                 |
|-----------------|-----------------|
| <b>260.91</b>   | <b>238.40</b>   |
| <b>4,646.25</b> | <b>5,655.10</b> |



|   |                  | (Rs. in lakhs)   |
|---|------------------|------------------|
| <b>SCHEDULE 'I'</b>   | <b>31.3.2010</b> | <b>31.3.2009</b> |
| <b>CURRENT LIABILITIES</b>  |                  |                  |
| Acceptances including bills purchased and discounted by the bankers                     | <b>3,190.95</b>  | 3,589.31         |
| Sundry creditors: (Note 1 and 2)  | <b>13,563.32</b> | 9,264.62         |
| Statutory liabilities   | <b>273.71</b>    | 313.78           |
| Remuneration payable to directors   | <b>1.67</b>      | —                |
| Interest accrued but not due on fixed deposits, debentures, loans and security deposits | <b>582.73</b>    | 488.96           |
| Unclaimed amount of fixed deposits/preference shares and interest thereon (Note 3)      | <b>20.86</b>     | 22.25            |
| Employees' security deposits (deposited with scheduled banks)                           | <b>11.80</b>     | 12.14            |
|   | <b>17,645.04</b> | 13,691.06        |

**NOTES:**

1. The Company has not received any intimation from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid at the year end together with interest paid/payable as required under the said Act have not been given.
2. Includes for machinery and civil works Rs.131.53 lakhs (Previous year: Rs.269.30 lakhs).
3. There is no amount due and outstanding to be credited to Investors Education & Protection Fund.

**SCHEDULE 'J'**  
**PROVISIONS**

|   |                 |          |
|---|-----------------|----------|
| Provision for gratuity, superannuation and leave encashment | <b>2,157.09</b> | 2,281.09 |
|   | <b>2,157.09</b> | 2,281.09 |

**Signatures to Schedules 'A' to 'J' of the Consolidated Balance Sheet**

Sanjiva Jain  
Chief Financial Officer

S.C. Saxena  
Company Secretary

Samir Thapar  
Vice Chairman &  
Managing Director

G.B. Kathuria  
Rajmohan Singh  
Directors

As per our report of even date attached  
S.P. CHOPRA & CO.  
Chartered Accountants  
Firm Registration No. 000346N

Place : New Delhi  
Dated : August 6, 2010

Pawan K. Gupta  
Partner  
Membership No. 92529



## SCHEDULES ATTACHED TO AND FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

|                                  | (Rs. in lakhs)      |                      |
|----------------------------------|---------------------|----------------------|
| <b>SCHEDULE - I</b>              | <b>Current Year</b> | <b>Previous Year</b> |
| <b>GROSS SALES</b>               |                     |                      |
| Sales (Gross)                    | 58,978.48           | 57,522.98            |
| Export incentives/duty draw back | 270.73              | 242.91               |
|                                  | <u>59,249.21</u>    | <u>57,765.89</u>     |

| <b>SCHEDULE - II</b>  |                 |                 |
|---|-----------------|-----------------|
| <b>OTHER INCOME</b>   |                 |                 |
| Dividend on shares - current investments  | 3.37            | 3.13            |
| Interest on Bonds   | —               | 0.06            |
| Interests on deposits with Banks (Gross: Tax deducted at source Rs. 6.98 lakhs, previous year: Rs. 5.64 lakhs)  | 64.65           | 48.92           |
| Interest received/receivable on loans and advances, overdue accounts etc. (Gross: Tax deducted at source Rs. 6.50 Lakhs, Previous year: Rs. 3.41 lakhs) | 54.43           | 30.14           |
| Profit on sale of fixed assets (net)  | 77.38           | 434.83          |
| Profit on sale of investments   | —               | 4.78            |
| Liabilities/provisions no longer required, written back   | 121.94          | 105.45          |
| Depreciation excess provided in earlier years written back (net)  | —               | 1.55            |
| Miscellaneous receipts (Gross: tax deducted at source Rs. 26.51 lakhs Previous year: Rs. 32.85 lakhs)   | 963.45          | 1,318.21        |
|   | <u>1,285.22</u> | <u>1,947.07</u> |

| <b>SCHEDULE - III</b>                |                 |                 |
|--------------------------------------|-----------------|-----------------|
| <b>INCREASE/(DECREASE) IN STOCKS</b> |                 |                 |
| <b>Opening Stocks :</b>              |                 |                 |
| Finished                             | 2,100.08        | 2,830.83        |
| Loose stock - awaiting packing       | 2,615.76        | 1,666.38        |
| In-process                           | 3,774.80        | 3,635.06        |
|                                      | <u>8,490.64</u> | <u>8,132.27</u> |
| <b>Closing Stocks :</b>              |                 |                 |
| Finished                             | 2,414.92        | 2,100.08        |
| Loose stock - awaiting packing       | 2,429.66        | 2,615.76        |
| In-process                           | 3,368.69        | 3,774.80        |
|                                      | <u>8,213.27</u> | <u>8,490.64</u> |
|                                      | <u>(277.37)</u> | <u>358.37</u>   |

| <b>SCHEDULE - IV</b>                            |                  |                  |
|---|------------------|------------------|
| <b>OTHER MANUFACTURING EXPENSES</b>             |                  |                  |
| Stores & spares consumed                        | 6,874.42         | 7,125.77         |
| Power & fuel                                    | 8,879.20         | 9,441.01         |
| Repairs to and maintenance of buildings         | 93.47            | 112.15           |
| Repairs to and maintenance of plant & machinery | 1,385.99         | 1,339.80         |
| Excise Duty*                                    | 30.57            | (13.17)          |
| Processing charges                              | 400.48           | 341.72           |
| Material handling charges                       | 118.78           | 91.19            |
|   | <u>17,782.91</u> | <u>18,438.47</u> |

\* Represents the difference between excise duty on opening and closing stock of finished goods.



|   |                     | (Rs. in lakhs)       |
|---|---------------------|----------------------|
| <b>SCHEDULE - V</b>                                       | <b>Current Year</b> | <b>Previous Year</b> |
| <b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>           |                     |                      |
| Salaries, wages, bonus, gratuity, allowances etc.         | 5,346.99            | 5,709.70             |
| Contribution to provident, superannuation and other funds | 499.61              | 495.04               |
| Workmen & staff welfare expenses                          | 296.99              | 313.10               |
|   | <u>6,143.59</u>     | <u>6,517.84</u>      |

**SCHEDULE - VI**  
**ADMINISTRATION AND OTHER EXPENSES**

|   |                 |                 |
|---|-----------------|-----------------|
| Rent  | 165.54          | 155.17          |
| Rates & taxes   | 29.70           | 31.81           |
| Insurance   | 66.56           | 67.61           |
| Directors' fee  | 6.94            | 8.46            |
| Directors' remuneration   | 75.72           | 77.89           |
| Other miscellaneous and office expenses                             | 1,399.01        | 1,644.42        |
| Auditors' remuneration:   |                 |                 |
| Audit fee   | 12.08           | 12.08           |
| Certification work  | 4.53            | 4.43            |
| Out-of-pocket expenses  | 1.15            | 1.76            |
|   | <u>17.76</u>    | <u>18.27</u>    |
| Bad debts written off   | 491.14          | 266.70          |
| Less: Provision for bad and doubtful debts written back             | <u>(490.52)</u> | <u>(223.90)</u> |
|   | 0.62            | 42.80           |
| Provision for doubtful debts and advances                           | 128.55          | 233.41          |
| Loss on sale of raw materials/stores (net)                          | 11.52           | 11.02           |
| Long Term Investments written off                                   | 5,120.59        | 3.74            |
| Less: Provision for dimunition in value of investments written back | <u>5,120.59</u> | <u>—</u>        |
|   | —               | 3.74            |
| Provision for dimunition in value of investments                    | (0.82)          | 582.00          |
| Fixed Assets written off  | 27.48           | 6.30            |
|   | <u>1,928.58</u> | <u>2,882.90</u> |

**SCHEDULE - VII**  
**SELLING & DISTRIBUTION EXPENSES**

|   |                 |                 |
|---|-----------------|-----------------|
| Selling & publicity expenses            | 312.79          | 278.28          |
| Commission to dealers/convassing agents | 544.84          | 499.21          |
| Freight & cartage (net)                 | 657.50          | 645.65          |
| Sales tax & octroi                      | 1,003.30        | 982.40          |
| Cash discount on sales                  | 296.53          | 351.68          |
|   | <u>2,814.96</u> | <u>2,757.22</u> |

**SCHEDULE - VIII**  
**INTEREST AND FINANCING CHARGES**

|  |                 |                 |
|--|-----------------|-----------------|
| On Foreign Currency convertible Bonds              | 327.12          | 356.44          |
| On term/bridging loans                             | 1,695.74        | 1,742.48        |
| On fixed deposits and inter-corporate deposits     | 198.52          | 115.47          |
| On borrowing from banks/others for working capital | 2,466.90        | 2,095.13        |
| Other financing charges                            | 0.90            | 1.20            |
|  | <u>4,689.18</u> | <u>4,310.72</u> |



**SCHEDULE 'IX'**  
**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED**  
**ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of preparation of Financial statements**

The accompanying consolidated financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India ("GAAP") and the provisions of Companies Act, 1956, except for certain fixed assets which have been revalued.

The consolidated financial statements are prepared in accordance with the principles and procedures laid out by the Accounting Standard on consolidated financial statements issued by the Institute of Chartered Accountants of India. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and resulting un-realised gains/losses. The consolidated financial statements are prepared applying uniform accounting policies in use at the Company and its subsidiaries.

**2. Use of Estimates**

The preparation of financial statements in conformity with GAAP in India requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of financial statements, and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/ materialised.

**3. Fixed Assets**

- (a) Fixed assets, except those revalued, are accounted for on historical cost basis (inclusive of the cost of installation and exchange fluctuations on foreign currency loans obtained for acquisition of fixed assets) less accumulated depreciation and impairment loss, if any.
- (b) Expenditure during construction period attributable to the fixed assets incurred upto the date of commercial production are capitalized.
- (c) Expenditure on renovation/ modernisation relating to existing fixed assets is added to the cost of such assets where it increases its performance/life significantly.
- (d) Leasehold improvements are amortised over the primary period of lease.

**4. Intangible assets**

Intangible assets consist of computer software and are stated at cost of acquisition/ implementation less accumulated depreciation. It is amortized over a period of 5 years on straight line basis.

**5. Investments**

Investments primarily meant to be held over long term period are valued at cost. Provision is made when in the management's opinion, there is decline, other than temporary, in the carrying value of such investments. Current investments are stated at the lower of cost or quoted/fair value, computed category wise.

**6. Inventory Valuation**

- (a) Inventories are valued at the lower of cost and net realisable value.
- (b) In respect of raw materials and stores & spares, cost is computed on weighted average basis. Finished goods and process stock include cost of inputs, conversion and other costs incurred in bringing the inventories to their present location and condition.
- (c) Obsolete, defective and unserviceable stocks are provided for, wherever required.

**7. Depreciation**

- (a) Depreciation is provided as under:
  - (i) On written down value basis at the applicable rates prescribed under Schedule XIV of the Companies Act, 1956 on pro-rata basis except in respect of Plant & Machinery and Buildings, which is provided on straight line method at the applicable rates prescribed under Schedule XIV of the Companies Act, 1956 on pro-rata basis.
  - (ii) Depreciation on buildings of Textile Units revalued in earlier years is calculated on the respective revalued figures spread equally over the residual life of the concerned buildings as assessed by the valuer. The difference in depreciation on revalued amount so determined and the depreciation on the original cost of such assets calculated in accordance with Section 205(2) of the Companies Act, 1956 is transferred from Revaluation Reserve to the credit of Depreciation Account.
  - (iii) In case of one subsidiary Company, depreciation on Building - Leasehold has been provided @ 5% on written down value basis.
  - (iv) In case of another subsidiary Company, depreciation is provided on written down value basis in the manner and at the applicable rates prescribed in Schedule XIV of the Companies Act, 1956.
- (b) In respect of assets sold/ discarded during the year, depreciation is provided upto the month prior to the date of sale/ discarding.

**8. Impairment of Assets**

An asset is treated as impaired when the carrying cost of assets exceeds recoverable value. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. The impaired loss of prior accounting period is increased/ reversed where there has been change in the estimate of recoverable amount. The recoverable value is the higher of the assets' net selling price and value in use.

**9. Foreign Currency Transactions**

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency existing at balance sheet date are translated at the exchange rate prevailing on that date. Exchange differences in case of borrowed funds and liabilities in foreign currency for the acquisition of fixed assets from a country outside India are adjusted to the cost of fixed asset. All other exchange differences are recognised in profit and loss account. Premium or discount on forward exchange contract is amortised as expense or income over the life of the contract. Exchange difference on such contract is recognized in the statement of profit & loss account in the reporting period in which the exchange rates changes. Any profit or loss arising on cancellation or renewal of forward contract is recognised as income and expenditure during the period.

**10. Revenue Recognition**

- (a) Sales revenue is recognised on transfer of the significant risks and rewards of ownership of the goods to the buyer and are inclusive of excise duty/sales tax/VAT and net of trade discounts. Export sales are recognised on the date the company ships the exported goods as evidenced by their Bill of Lading/Air-way Bill.
- (b) Sale of Certified Emission Reduction (CER) is recognised as income on the generation of CER.
- (c) Export benefit entitlements under the duty entitlement pass book (DEPB) scheme are recognised in the Profit & Loss account when the right to receive credit as per the terms of the scheme is established in respect of the exports made. Obligation/entitlements on account of advance license scheme for imports of raw materials are accounted for at the time of purchase of raw materials.
- (d) Other items of revenue are recognised in accordance with the Accounting Standard (AS-9). Accordingly, wherever there are uncertainties in the ascertainment/realisation of income it is not accounted for as revenue.
- (e) Profit/loss on sale of revalued fixed assets are stated with reference to the written down value determined on the basis of their historical cost.

**11. Leases**

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognized as an operating lease. Lease payments under operating lease are recognized as an expense in the Profit & Loss Account on a straight-line basis over the lease period.

**12. Government Grants**

Government grants are recognized when there is a reasonable assurance of compliance with the conditions attached to such grants and where benefits in respect thereof have been earned and it is reasonably certain that the ultimate collection will be made. Government subsidy received for a specific asset is reduced from the cost of the said asset.

**13. Employee Benefits**

- (a) Liability towards Provident Fund is funded through a separate Trust and contributions thereon are made to the Trust.
- (b) Gratuity to employees is provided for on the basis of actuarial valuation reduced by balance available under group gratuity policy with the Insurance Companies. The deficit between the actual payments and recoveries against claims are charged to revenue.
- (c) Liability towards earned leave which is encashable is provided for on the basis of actuarial valuation.
- (d) The Company has an approved Superannuation Scheme for its Officers not covered under the Payment of Bonus Act, 1965. Contributions are made in accordance with the Scheme and the Trust Rules.

**14. Borrowing Cost**

Borrowing costs that are allocated to the acquisition or construction of qualifying assets are capitalised as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**B. CONTINGENT LIABILITIES NOT PROVIDED FOR**

- (a) Claims against the Company not acknowledged as debts: Rs. 17.55 lakhs (Previous year: Rs. 16.61 lakhs).
- (b) Guarantees given by the bankers on behalf of the Company: Rs. 287.05 lakhs (Previous year: Rs. 158.07 lakhs).
- (c) Unutilised amount of letters of credit established : Rs. 36.63 lakhs (Previous year: Rs. 222.86 lakhs).
- (d) Disputed liabilities not adjusted as expenses in the Accounts for various years being in appeals towards:

|             | As at 31.3.2010<br>(Rs. in lakhs) | As at 31.3.2009<br>(Rs. in lakhs) |
|-------------|-----------------------------------|-----------------------------------|
| Sales Tax   | 394.39                            | 55.33                             |
| Income Tax  | 118.80                            | 152.77                            |
| Excise Duty | 2,491.40                          | 2,478.59                          |
| Stamp Duty  | 187.72                            | 187.72                            |
| Custom Duty | 186.05                            | 186.05                            |
| Others      | 229.44                            | 189.45                            |
| Total       | 3,607.80                          | 3,249.91                          |

**C. NOTES TO THE ACCOUNTS**

1. The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of parent Company. The list of subsidiary companies which are included in the consolidation with the parent Company are as under:
  - (a) Gupta & Syal Limited
  - (b) Rajdhani Trading Co. Ltd.

All these Companies are wholly owned subsidiaries of the parent Company i.e. JCT Limited and incorporated in India.
2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for in the Accounts (net of advances) : Rs. 451.98 lakhs (Previous year : Rs. 322.97 lakhs).
3. Secured loans of Rs. 28,593.32 lakhs (Previous year: Rs. 28,648.54 lakhs) from banks/financial institutions and a body corporate are additionally secured by personal guarantees of Vice Chairman and Managing Director and Shri M. M. Thapar. Further, secured loans of Rs. 991.96 lakhs are secured through pledge of 9,08,98,773 equity shares of JCT Limited held by Promoter group companies.  
Secured loan of Rs.2,003.98 lakhs from a scheduled bank is collaterally secured by way of pledge of a title deed of an immovable property belonging to a wholly owned subsidiary company.
4. Corporate guarantee of Rs. 3,580.00 lakhs given to IFCI Ltd. for the term loan given to JCT Electronics Ltd. was invoked in an earlier year. As the said term loan has been restructured in terms of the scheme sanctioned by the 'Board for Industrial and Financial Reconstruction' which is under process of implementation, the invocation of guarantee is under abeyance.
5. Foreign Currency Convertible Bonds:  
The Company raised US\$ 30 million through the issue of 2.5% unsecured Foreign Currency Convertible Bonds (FCCBs) on 8.4.2006. FCCBs amounting to US\$ 4.58 Million have been converted into equity shares upto 31.03.2010.  
As per the terms of the issue, the bondholders have the option to convert the FCCBs into fully paid-up equity shares upto 8th March, 2011 at a reset price of Rs. 12.88 per equity share (determined as per SEBI Regulations) having a fixed exchange rate of Rs. 44.6225 per US\$.  
FCCBs may be redeemed at the specified early redemption amounts in whole and not in part at the option of the Company at any time on or after 7.4.2009 but prior to 8.4.2011 subject to satisfaction of certain conditions.  
FCCBs on maturity on 8.4.2011 are redeemable by the Company at a premium of 20.075% in either cash or by allotment of fully paid up equity shares of Rs. 2.50 each with the condition that the equity shares can be allotted for only upto 65% of the redemption amount.  
Pro-rata premium for the year of Rs. 242.57 lakhs (net) payable on redemption has been adjusted against the Share Premium Account (Previous year: Rs. 773.84 lakhs).
6. In respect of the Company's investment in JCT Electronics Ltd.:
  - (a) The Company has given an undertaking to a financial institution and a bank of JCT Electronics Ltd. that the Company would not dispose off, pledge, charge, or create any lien, assign 39,33,000 equity shares having face value of Re. 1/- each.
  - (b) The Company has pledged 42,87,000 equity shares having a face value of Re. 1/- each with a financial institution for financial facility availed by JCT Electronics Ltd.
  - (c) Due to heavy accumulated losses, JCT Electronics Ltd. has restructured its share capital in terms of the scheme of rehabilitation approved by the 'Board for Industrial and Financial Reconstruction' and the face value of the equity share was reduced to Re.1/- from Rs.10/-. Accordingly, 90% of the book value of the investment amounting to Rs.5,062.94 lakhs has been written off during the year with corresponding write back of the provision for diminution in value of the investments.
  - (d) During the year, the investment has been transferred from current to long term investments in view of its strategic importance and the management's intention not to dispose it off in near future.
7. (a) The Company had revalued its certain freehold land held at Tehsil Phagwara on 01.04.2005 and the resultant revalued amount of Rs. 10,417.70 lakhs was substituted for the historical cost in the gross block of fixed assets.  
(b) Based on the valuation report submitted by the registered valuers, the Company has revalued its freehold land at Village Chohal, Hoshiarpur on 15.03.2010 and the resultant revalued amount of Rs.4,403.91 lakhs has been substituted for the historical cost in the gross block of fixed assets. The resultant surplus arising on such revalued amount over the book value of land amounting to Rs.4,373.60 lakhs has been credited to Revaluation Reserve Account during the year.
8. Government grant of Rs. 416.54 lakhs received in 2008-09 was reduced against the cost of specific plant and machinery.
9. Capital work in progress includes under noted pre-operative expenditure pending allocation on commencement of commercial production.

(Rs. in lakhs)

|                                       | As at<br>1.4.2009 | Additions | Less<br>Capitalised | As at<br>31.3.2010 |
|---------------------------------------|-------------------|-----------|---------------------|--------------------|
| Salary and wages                      | 15.66             | 38.72     | 54.38               | —                  |
| Raw material/Stores & Spares consumed | —                 | 20.38     | 20.38               | —                  |
| Sale of fabrics                       | —                 | (4.68)    | (4.68)              | —                  |
| Power & Fuel                          | —                 | 1.68      | 1.68                | —                  |
| Office & Misc. Expenses               | 9.71              | 17.75     | 10.75               | 16.71              |
| Discount and Bank charges             | —                 | 0.17      | 0.17                | —                  |
| Travelling expenses                   | 106.65            | 2.85      | 50.25               | 59.25              |
| Legal & Professional fees             | 32.91             | 4.63      | 7.03                | 30.51              |
| Total                                 | 164.93            | 81.50     | 139.96              | 106.47             |



10. The Company has continued to adjust the foreign currency exchange differences on amounts borrowed for acquisition of fixed assets to the carrying cost of fixed assets which is in accordance with provisions of the Companies Act, 1956, read with notification dated 31st March, 2009 of the Government of India. This has resulted in decrease in fixed assets by Rs.1,517.27 lakhs during the year (Previous Year: increase of Rs. 2,948.40 lakhs).

11. Loans and advances include the following amounts:

|                                | As at<br>31.3.2010<br>(Rs. in lakhs) | Maximum amount<br>outstanding during<br>the year<br>(Rs. in lakhs) |
|--------------------------------|--------------------------------------|--|
| <b>Associate Companies *</b>   |                                      |  |
| JCT Chemicals & Fibres Ltd.    | 395.00                               | 403.36   |
| Firemount Textile (India) Ltd. | 9.35                                 | 9.35   |

\* Interest-free and with no stipulation for repayment

12. Security deposits include Rs. 860.00 lakhs received during the year against 'Leave & License' of certain properties with licensees' option to buy at an agreed price in which eventuality the security deposit would be adjusted against the sale proceeds.
13. (a) The Company has not recorded cumulative deferred tax assets on account of timing differences as stipulated in Accounting Standard 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India in view of substantial losses and no taxable income for the current year as also due to uncertainty of future taxable income.
- (b) In view of no taxable profits, no provision for Income Tax as per the provisions of the Income tax Act, 1961 is considered necessary. Adequate provision in respect of Wealth tax has been made in the accounts.
14. In view of inadequacy of profits:
- (a) No commission is payable to whole time directors.
- (b) No capital redemption reserve has been created during the year.
15. Foreign exchange variation gain (net) on account of revenue transactions amounting to Rs.133.26 lakhs (Previous year loss (net): Rs. 47.17 lakhs) has been debited/ credited to respective revenue heads.
16. The Company has an export obligation of Rs.12,662.94 lakhs against import of machinery under EPCG Scheme which it would meet within stipulated period.
17. **Going Concern:**

Losses during the current year and preceding financial year have resulted in substantial erosion in net worth and working capital of the Company. However, the financial statements have been prepared on a going concern basis on the strength of continued support of the promoters, bankers and other lenders and in view of the steps initiated by the management to infuse funds in the Company by sale of surplus assets and other sources.

The management is of the view that the losses incurred are temporary in nature and considering the future plans for operations and support of the promoters and lenders, it is hopeful of improved profitability leading to improvement in its financial position.

18. During the year, cotton ginning and pressing factory at Abohar with assets at net book value of Rs. 13.15 lakhs, which was part of the textile operations of the Company, was disposed off and the resultant profit of Rs.248.24 lakhs has been treated as 'Exceptional Income' and shown separately in the Profit & Loss Account.
19. **LEASES**

The Company has leased facilities under cancellable and non cancellable operating lease arrangements with a lease terms ranging from 1 to 3 years, which are subject to renewal thereafter at mutual consent. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expense recognized during the year amounts to Rs.26.33 lakhs. The future lease payments in respect of non cancelable operating leases for a period later than one year but not later than 5 years is Rs. 28.70 lakhs as at 31st March, 2010.

20. **Discontinued Operations:**

During the year operations at Unit-1 of Sriganganagar Textile Mill were discontinued. The Company entered into an agreement with the workers unions pursuant to which full and final dues of 616 workers have been settled and paid off. Company also entered into various agreements for disposal of the assets of the Unit and the assets were partially disposed off during the year. The identified assets pending disposal having net book value of Rs.112.21 lakhs are carried at the net book value, expected net realizable value being higher, and are disclosed in 'Schedule E' as 'Assets held for disposal'. Advances of Rs.391.60 lakhs received from the buyers of assets of the Unit are included in the Current Liabilities to be adjusted pending completion of formalities.

Company has recognised loss of Rs. 599.59 lakhs as 'Loss from discontinued Operations' and disclosed it separately in the Profit and Loss Account. In earlier years results of the Unit were included under 'Textile Segment'. Disclosures as required under 'Accounting Standard 24 – Discontinuing Operations' are as under:





|  |                                 | Rs. in Lakhs                    |
|--|---------------------------------|---------------------------------|
|  | For the year<br>ended 31.3.2010 | For the year<br>ended 31.3.2009 |
| Total Assets   | 112.21                          | 361.72                          |
| Total Liabilities excluding corporate funds                    | 393.15                          | 410.71                          |
| Other Income   | 34.88                           | 1.66                            |
| Expenses:  |                                 |                                 |
| Payments to & provisions for employees                         | 335.74                          | 378.93                          |
| Compensation to workers for retiral                            | 263.92                          | —                               |
| Other office & miscellaneous expenses                          | 34.81                           | 9.36                            |
| Depreciation   | —                               | 25.71                           |
| Profit/ (Loss) before Tax                                      | (599.59)                        | (412.34)                        |
| Profit/ (Loss) after Tax                                       | (599.59)                        | (412.34)                        |
| Net Cash Flows attributable to:                                |                                 |                                 |
| (a) Operating Activities (including change in working capital) | 17.93                           | (386.63)                        |
| (b) Investing Activities                                       | 249.90                          | —                               |
| (c) Financing Activities                                       | —                               | —                               |

21. During the year, no production took place at Unit-2 of Sriganganagar Textile Mill. The Company is taking steps to revive the operations.

22. Pursuant to the losses in the current year, accumulated losses as on 31.03.2010 exceed fifty percent of the peak net worth of the Company during preceding four financial years attracting provisions of 'Sick Industrial Companies (Special Provisions) Act, 1985'. Accordingly, requisite actions are being taken as envisaged under the said Act including intimation to the 'Board for Industrial and Financial Reconstruction'.

23. Employee Benefits

(a) General description of the defined benefit scheme:

Gratuity : Payable on separation as per the Employees Gratuity Act @ 15 days pay for each completed year of service to eligible employee who render continuous service of 5 years or more.

Leave Encashment : Payable on encashment as per the policy or on separation to the eligible employees who have accumulated earned leave.

(b) Defined Benefit Plan

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan.

In respect of gratuity and leave encashment, the present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(c) Other disclosures as required under AS-15 (Revised 2005) on "Employee Benefits" in respect of defined benefit obligations are as under:

(i) Reconciliation of opening and closing balances of Defined Benefit obligation

|   | (Rs. in lakhs)       |          |          |                        |         |          |                                |          |          |
|---|----------------------|----------|----------|------------------------|---------|----------|--------------------------------|----------|----------|
|   | Gratuity<br>(Funded) |          |          | Gratuity<br>(Unfunded) |         |          | Leave encashment<br>(Unfunded) |          |          |
|   | 2009-10              | 2008-09  | 2007-08  | 2009-10                | 2008-09 | 2007-08  | 2009-10                        | 2008-09  | 2007-08  |
| Defined Benefit obligation at beginning of the year | 1225.19              | 1054.26  | 1129.91  | 804.74                 | 740.32  | 677.65   | 434.67                         | 412.72   | 382.97   |
| Current Service Cost                                | 80.89                | 77.44    | 62.94    | 37.56                  | 50.49   | 196.86   | 46.08                          | 45.10    | 139.72   |
| Interest Cost                                       | 91.89                | 79.07    | 84.74    | 60.35                  | 55.52   | 50.82    | 32.60                          | 30.95    | 28.72    |
| Actuarial (gain)/loss                               | 15.91                | 136.38   | 7.65     | 66.94                  | 40.91   | (35.34)  | (26.49)                        | 59.57    | 1.78     |
| Benefits paid                                       | (172.71)             | (121.96) | (230.98) | (395.71)               | (82.50) | (149.67) | (78.42)                        | (113.67) | (140.47) |
| Defined Benefit obligation at year end              | 1241.17              | 1225.19  | 1054.26  | 573.88                 | 804.74  | 740.32   | 408.44                         | 434.67   | 412.72   |



(ii) Reconciliation of opening and closing balances of fair value of plan assets

|  |          |          | (Rs. in lakhs)               |
|--|----------|----------|------------------------------|
|  | 2009-10  | 2008-09  | Gratuity (Funded)<br>2007-08 |
| Fair value of plan assets at beginning of the year | 475.52   | 502.00   | 487.98                       |
| Expected return on plan assets                     | 41.61    | 46.69    | 45.13                        |
| Actuarial gain/(loss)                              | (5.14)   | (5.17)   | (4.13)                       |
| Employer contribution                              | —        | 53.96    | 204.00                       |
| Benefits paid                                      | (165.96) | (121.96) | (230.98)                     |
| Fair value of plan assets at year end              | 346.03   | 475.52   | 502.00                       |
| Actual return on plan assets                       | 36.47    | 41.52    | 41.00                        |

(iii) Reconciliation of fair value of assets and obligations

|   |          | Gratuity<br>(Funded) |          | Gratuity<br>(Unfunded) |          | Leave encashment<br>(Unfunded) |          |          |          |
|---|----------|----------------------|----------|------------------------|----------|--------------------------------|----------|----------|----------|
|   | 2009-10  | 2008-09              | 2007-08  | 2009-10                | 2008-09  | 2007-08                        | 2009-10  | 2008-09  | 2007-08  |
| Fair value of plan assets                         | 346.03   | 475.52               | 502.00   | —                      | —        | —                              | —        | —        | —        |
| Present value of obligation                       | 1241.17  | 1225.19              | 1054.26  | 573.88                 | 804.74   | 740.32                         | 408.44   | 434.67   | 412.72   |
| Amount recognized in<br>Balance Sheet (Liability) | (895.14) | (749.67)             | (552.26) | (573.88)               | (804.74) | (740.32)                       | (408.44) | (434.67) | (412.72) |

(iv) Expense recognized during the year (Under the head “Payments to and Provisions for Employees” in Schedule ‘V’)

|                                |         | Gratuity<br>(Funded) |         | Gratuity<br>(Unfunded) |         | Leave encashment<br>(Unfunded) |         |         |         |
|--------------------------------|---------|----------------------|---------|------------------------|---------|--------------------------------|---------|---------|---------|
|                                | 2009-10 | 2008-09              | 2007-08 | 2009-10                | 2008-09 | 2007-08                        | 2009-10 | 2008-09 | 2007-08 |
| Current Service Cost           | 80.89   | 77.44                | 62.94   | 37.56                  | 50.49   | 196.86                         | 46.08   | 45.10   | 139.72  |
| Interest Cost                  | 91.89   | 79.07                | 84.74   | 60.35                  | 55.52   | 50.82                          | 32.60   | 30.95   | 28.72   |
| Expected return on plan assets | (41.61) | (46.69)              | (45.13) | —                      | —       | —                              | —       | —       | —       |
| Actuarial (gain)/loss          | 15.91   | 136.38               | 7.65    | 66.94                  | 40.91   | (35.34)                        | (26.49) | 59.57   | 1.78    |
| Net Cost                       | 147.08  | 246.20               | 110.20  | 164.85                 | 146.92  | 212.34                         | 52.19   | 135.62  | 170.22  |

(v) Investment Details

|                                     |                  |                  | (% Invested)              |
|-------------------------------------|------------------|------------------|---------------------------|
|                                     | 31st March, 2010 | 31st March, 2009 | As at<br>31st March, 2008 |
| Life Insurance Corporation of India | 100              | 100              | 100                       |

(vi) Actuarial assumptions

|  | As at 31.3.2010 | As at 31.3.2009         | As at 31.3.2008 |
|--|-----------------|-------------------------|-----------------|
| Method used  |                 | Projected unit credit   |                 |
| Mortality Table (LIC)  |                 | 1994-96 (duly modified) |                 |
| Discount rate (per annum)  | 7.50%           | 7.50%                   | 7.50%           |
| Expected date of return on plan assets (per annum)                 | 8.75%           | 9.30%                   | 9.25%           |
| Withdrawal Rate (per annum) upto 30/44 years<br>and above 44 years | 3% / 2% / 1%    | 3% / 2% / 1%            | 3% / 2% / 1%    |
| Rate of escalation in salary (per annum)                           | 5.00%           | 5.00%                   | 5.00%           |



The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

- (vii) The disclosure above is in respect of the current year and the immediately preceding two years. The disclosure in respect of two immediately preceding annual periods as required by 'AS-15 (Revised 2005)' is not presented as the management considered it impracticable in the absence of requisite information.

24. Disclosure of Derivative Instruments:

- (a) The following are the outstanding forward exchange contracts used for hedge against currency exposures as at 31st March, 2010.

| Currency | In foreign currency<br>(in million) | In Indian Rupee<br>(in lakhs) | Exposure to Buy/Sell |
|----------|-------------------------------------|-------------------------------|----------------------|
| US\$     | 0.60                                | 300.19                        | Sell                 |

- (b) Foreign currency exposures that have not been specifically hedged by a derivative instrument or otherwise as at 31st March, 2010 are given below:

|                    | Rs. in lakhs |               | Foreign Currency in millions |        |               |        |
|--------------------|--------------|---------------|------------------------------|--------|---------------|--------|
|                    | Current year | Previous year | Current Year                 |        | Previous year |        |
|                    |              |               | Currency                     | Amount | Currency      | Amount |
| Sundry Debtors     | 360.65       | 345.03        | US\$                         | 0.80   | US\$          | 0.68   |
|                    | 142.51       | 60.77         | Euro                         | 0.24   | Euro          | 0.09   |
| Loans and Advances | 296.25       | 288.65        | Euro                         | 0.50   | Euro          | 0.30   |
| Foreign Currency   |              |               |                              |        |               |        |
| Convertible Bonds  | 13,440.27    | 14,988.26     | US\$                         | 29.49  | US\$          | 29.13  |
| Sundry Creditors   | 267.03       | 72.63         | US\$                         | 0.58   | US\$          | 0.18   |
|                    | 30.39        | 45.83         | Euro                         | 0.05   | Euro          | 0.01   |
|                    | 22.53        | —             | JPY                          | 4.59   | —             | —      |

25. Related party disclosures:

A. Relationship

- (a) Key Management Personnel:

Mr. Samir Thapar  
Mr. Rajmohan Singh

- (b) Other related parties where control/significant influence exists:

Mr. M.M. Thapar  
JCT Electronics Ltd.  
Provestment Securities Pvt. Ltd.  
JCT Chemicals & Fibres Ltd.  
India International Airways Ltd.  
CNLT (Far East) Berhad  
Karam Chand Thapar & Bros. Ltd.  
Firemount Textiles (India) Ltd.  
KCT Textiles Ltd.  
JCT Sports Pvt. Ltd.

**Note:** Related party relationship is as identified by the Company and relied upon by the Auditors.

B. Transactions with related parties

(Rs. in lakhs)

|   | 31.3.2010 | 31.3.2009 |
|---|-----------|-----------|
| <b>EXPENSES</b>   |           |           |
| <b>Professional Fee:</b> Mr. M.M. Thapar                              | 24.00     | 15.20     |
| <b>Travelling Expenses:</b> India International Airways Ltd.          | 7.14      | 26.96     |
| <b>Sports promotion Expenses:</b> JCT Sports Pvt. Ltd.                | 139.20    | 109.46    |
| <b>Investments:</b> Debentures of KCT Textiles Ltd.                   | (287.24)  | (287.24)  |
| <b>Investments:</b> Debentures of Provestment Securities Pvt. Ltd.    | (597.06)  | (597.60)  |
| <b>Investments:</b> Equity shares of Karam Chand Thapar & Bros. Ltd.  | —         | (0.39)    |
| <b>FIXED ASSETS:</b> Sale of Land to Provestment Securities Pvt. Ltd. | —         | (305.00)  |



(Rs. in lakhs)

|                                  | Dr./ (Cr.)<br>Balance as on<br>1.4.2009 | Received/<br>adjusted/given<br>during the year | Refunded/<br>adjusted during<br>the year | Dr./ (Cr.)<br>Balance as on<br>31.3.2010 |
|----------------------------------|---|--|--|--|
| <b>UNSECURED LOANS</b>           |   |  |  |  |
| Provestment Securities Pvt. Ltd. | (617.16)                                | —  | 617.16                                   | —  |
| <b>Other Receivables</b>         |   |  |  |  |
| JCT Chemicals & Fibres Ltd.      | 402.91                                  | 0.45   | 8.36                                     | 395.00                                   |
| Firemount Textiles (India) Ltd.  | 9.08                                    | 0.27   | —  | 9.35                                     |
|                                  | 411.99                                  | 0.72   | 8.36                                     | 404.35                                   |
| <b>Payables</b>                  |   |  |  |  |
| JCT Electronics Ltd.             | (57.61)                                 | (1.00)   | 0.04                                     | (58.57)                                  |
| JCT Sports Pvt. Ltd.             | (30.79)                                 | (118.11)                                       | 148.90                                   | —  |
| Mr. M.M. Thapar                  | —                                       | (15.85)  | 1.95                                     | (13.90)                                  |
| Provestment Securities Pvt. Ltd. | (42.87)                                 | (1,199.00)                                     | 1,229.26                                 | (12.61)                                  |
| India International Airways Ltd. | (9.76)                                  | (7.04)   | 5.87                                     | (10.93)                                  |
|                                  | (141.03)                                | (1,341.00)                                     | 1,386.02                                 | (96.01)                                  |

Details of remuneration to key management personnel {referred to in A(a) above}

|   | Vice Chairman<br>& Managing Director |                               | Director<br>(Operations)     |                               |
|---|--------------------------------------|-------------------------------|------------------------------|-------------------------------|
|   | Current Year<br>Rs. in Lakhs         | Previous year<br>Rs. in Lakhs | Current Year<br>Rs. in Lakhs | Previous year<br>Rs. in Lakhs |
| Salary including allowances                           | 42.00                                | 44.17                         | 33.72                        | 33.72                         |
| Contribution to provident<br>And Superannuation Fund* | 7.50                                 | 7.50                          | 6.00                         | 6.00                          |
| Perquisites & Reimbursement                           | 6.00                                 | 3.83                          | 14.18                        | 14.28                         |
|   | 55.50                                | 55.50                         | 53.90                        | 54.00                         |

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

## 26. Segment Reporting Policies

### (a) Identification of segments

#### (i) Primary Segments

Business segment: The Company's operating businesses are organised and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products. Two identified segments are Textiles and Filament yarn. The products considered as a part of Textile segment are cloth, yarn and fents, rags and chindies. The products considered as a part of Filament segment are nylon yarn and chips.

#### (ii) Secondary Segment

Geographical Segment: The analysis of geographical segment is based on the geographical location of the customers.

### (b) Inter Divisional transfers of goods, as marketable products produced by separate divisions of the Company, for captive consumption are made as if sales were made to third parties at current market prices and are included in turnover.

### (c) Unallocable Items

Corporate income, corporate expenses, interest, capital and reserves are considered as part of unallocable items which are not identifiable to any business segment.

Segment information:

(Rs. in lakhs)

|                       | Textile    |            | Filament  |           | Total     |           |
|-----------------------|------------|------------|-----------|-----------|-----------|-----------|
|                       | 2009-10    | 2008-09    | 2009-10   | 2008-09   | 2009-10   | 2008-09   |
| External Sales/Income | 31,345.54  | 31,873.51  | 25,910.88 | 24,068.53 | 57,256.42 | 55,942.04 |
| Segment revenue       | 31,776.89  | 32,369.67  | 26,510.90 | 24,716.22 | 58,287.79 | 57,085.89 |
| Segment results       | (2,629.40) | (2,088.80) | 2,543.42  | 1,604.23  | (85.98)   | (484.57)  |
| Segment assets        | 53,119.17  | 56,609.47  | 13,508.51 | 14,227.42 | 66,627.68 | 70,836.89 |
| Segment liabilities   | 16,971.49  | 15,399.05  | 7,493.99  | 6,034.98  | 24,465.48 | 21,434.03 |



## Reconciliation of reportable segment with the financial statements:

(Rs in lakhs)

|                              | Revenues  |           | Net Profit/(Loss) |            | Assets    |           | Liabilities |           |
|------------------------------|-----------|-----------|-------------------|------------|-----------|-----------|-------------|-----------|
|                              | 2009-10   | 2008-09   | 2009-10           | 2008-09    | 2009-10   | 2008-09   | 2009-10     | 2008-09   |
| Total of reportable Segments | 58,287.79 | 57,085.89 | (85.98)           | (484.57)   | 66,627.68 | 70,836.89 | 24,465.48   | 21,434.03 |
| Add: Corporate-Unallocated   | 253.85    | 803.22    | (950.88)          | (1,267.79) | 11,886.46 | 9,424.37  | 44,008.40   | 46,927.78 |
| Interest expenses            | —         | —         | (4,689.18)        | (4,310.72) | —         | —         | —           | —         |
| Exceptional Items (net)      | —         | —         | (351.35)          | —          | —         | —         | —           | —         |
| Taxes                        | —         | —         | (10.25)           | (73.80)    | 260.91    | 238.40    | —           | —         |
| As per financial statements  | 58,541.64 | 57,889.11 | (6,087.64)        | (6,136.88) | 78,775.05 | 80,499.66 | 68,473.88   | 68,361.81 |

## (d) Secondary segment reporting (By geographical segments)

The following is the distribution of the Company's sales by geographical market, regardless where the goods were produced:

(Rs. in lakhs)

|                          | Current Year | Previous year |
|--------------------------|--------------|---------------|
| Sales to domestic market | 51,750.85    | 49,376.90     |
| Sales to overseas market | 5,414.84     | 6,322.23      |
| Total                    | 56,985.69    | 55,699.13     |

The Company has common fixed assets for producing goods for domestic and overseas markets. Hence, separate figures for fixed assets/additions to fixed assets cannot be furnished.

## 27. Earnings/(Loss) per share:

|  | Current Year | Previous Year |
|--|--------------|---------------|
| Net Loss as per Profit & Loss Account – Rs. in lakhs                     | 6,087.64     | 6,136.88      |
| Weighted average number of equity shares for Basic Profit                | 35,90,78,590 | 35,70,69,192  |
| Add: (i) Adjustment for option for 29,11,365 (Previous year : 30,39,479) |              |               |
| Optionally Partially Convertible Preference Shares of Rs. 100/- each     | 6,70,90,288  | 6,91,15,832   |
| (ii) Adjustment for option for foreign Currency Convertible Bonds        |              |               |
| having face value US\$ 25,420,000 (Previous Year US\$ 26,000,000)        | 6,87,35,253  | 7,64,78,876   |
| Weighted average number of equity shares for Diluted Profit/Loss         | 49,49,04,131 | 50,26,63,900  |
| Nominal value of Equity Share (Rs.)                                      | 2.50         | 2.50          |
| Basic Loss per Share before exceptional items (Rs.)                      | (1.60)       | (1.72)        |
| Diluted Loss per Share before exceptional items (Rs.)                    | (1.16)       | (1.22)        |
| Basic Loss per Share after exceptional items (Rs.)                       | (1.70)       | (1.72)        |
| Diluted Loss per Share after exceptional items (Rs.)                     | (1.23)       | (1.22)        |

## 28. Figures for previous year have been re-arranged, wherever necessary to conform to current year's classification.

## Signatures to Schedules 'I' to 'IX' of the Balance Sheet

Sanjiva Jain  
Chief Financial Officer

S.C. Saxena  
Company Secretary

Samir Thapar  
Vice Chairman &  
Managing Director

G.B. Kathuria  
Rajmohan Singh  
Directors

As per our report of even date attached  
S.P. CHOPRA & CO.  
Chartered Accountants  
Firm Registration No. 000346N

Place : New Delhi  
Dated : August 6, 2010

Pawan K. Gupta  
Partner  
Membership No. 92529



## DIRECTORS' REPORT

### To the Members

Your Directors present their Annual Report and Accounts for the year ended 31.3.2010.

### Financial Results

During the year under review, the company has made a profit of Rs. 13,619/- after providing for depreciation to the tune of Rs.491/- . In view of accumulated losses no payment of dividend is recommended.

### Directors

Mr. Jitender Khanna, Director, retires by rotation and being eligible, offers himself for re-appointment.

### Auditors

M/s Gautam Suri & Company, Chartered Accountants, the retiring Auditors being eligible offer themselves for re-appointment. They have furnished a certificate that their re-appointment, if made, would be within the limits specified in Section 224(1B) of the Companies Act, 1956.

### Auditors Report

The observations made by the Auditors in their Report are adequately explained in the notes to the Accounts and Significant Accounting Policies and need no further elaboration.

### Requirement under Section 217(2A) of the Companies Act, 1956

There are no employees covered under the provisions of the

Section 217(2A) of the Companies Act, 1956 read under the Companies (Particulars of Employees) Rules, 1975.

### Directors' Responsibility Statement

As required under Section 217 (2AA) of the Companies Act, 1956 the Directors hereby confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) 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 loss of the Company for that period;
- (iii) Proper and sufficient care have been taken with the 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; and
- iv) The annual accounts have been prepared on a going concern basis.

For & on behalf of Board

Place : New Delhi

Jitender Khanna

Dated : May 20, 2010

Director

## AUDITORS' REPORT

### To the members

- 1 We have audited the attached Balance Sheet of M/s RAJDHANI TRADING COMPANY LIMITED as at 31st March 2010 and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4 Further to our comments in the Annexure referred to in paragraph (03) above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii. In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
  - iii. The Balance Sheet and Profit and Loss Account, dealt with by this report are in agreement with the books of account;

- iv. In our opinion, the Balance Sheet and Profit and Loss Account, dealt with by this report comply with the Accounting Standards, referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the directors, as on 31st March, 2010 none of them are disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi. No comments are offered on clause (g) of the Section 227(3) of the Companies Act, 1956, since the Central Government has not yet published any notification in the Official Gazette for levy and collection of cess under section 441A of the Companies Act, 1956;
- vii. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with Significant Accounting Policies and Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
  - a. In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2010; and
  - b. In the case of the Profit and Loss Account, of the Loss for the year ended on that date; and

For GAUTAM SURI & CO.

Chartered Accountants  
Firm Registration No. 011073N

Place : New Delhi

Dated : May 20, 2010

Gautam Suri

Sole Proprietor

Membership No. 89819



## ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph (03) of our Report of even date

- 1 In respect of fixed assets of the Company:-
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - b. The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancy has been noticed on such verification.
- 2 The company does not have any inventories and as such the clause is not applicable
- 3 During the year, the company has neither granted nor taken any loans secured or unsecured to /from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956. Therefore the provision of clause 4(iii) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures, commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit no major weakness has been noticed in the internal control system.
5. a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the Register maintained under section 301 of the Companies Act, 1956, have been so entered.  
b. In our opinion and according to the information and explanation given to us, the transaction made in pursuance of contracts of arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of concerned parties during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6 The Company has not accepted any deposit under the provisions of the Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under during the year.
- 7 In our opinion, the company has an internal audit system, commensurate with the size and nature of its business.
- 8 The Central Government has not prescribed the maintenance of cost records by the Company under Section 209 (1) (d) of the Companies Act, 1956, therefore the provision of clause 4 (viii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- 9 a. According to the records of the Company, it is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employee's state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other applicable statutory dues.  
b. According to the information and explanations given to us, there is no undisputed amount payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty and cess as at the year end; for a period more than six months from the date they became payable.  
c. According to the information and explanation given to us, there are no dues of custom duty, wealth tax and cess, which have not been deposited on account of any dispute.
- 10 The Company has not incurred cash losses during the financial year under report.
- 11 The Company has not defaulted in repayment of dues to Financial Institutions and Banks. Further the Company does not have any outstanding debentures.
- 12 The Company has not granted any loans and advances, on the basis of security by way of pledge of shares, debentures and other securities, during the year.
- 13 The Company is not a chit fund, nidhi or mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
- 14 The company has not dealt or traded in shares, securities, debentures and other investments during the year.
- 15 According to the information and explanation given to us, the Company has not given any guarantee during the year, for loans taken by others from Banks or other Financial Institutions.
- 16 The Company has neither raised any term loan during the year nor any utilized amount was left on this account, as at the beginning of the year. Therefore the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 17 According to the information and explanation given to us and on all overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have not been used for long-term investment and vice-versa.
- 18 The Company has not made any preferential allotment of shares to any person during the year.
- 19 The Company does not have any outstanding debentures. Therefore, the provision of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- 20 The Company has not raised any money by public issue during the year.
- 21 To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For GAUTAM SURI & CO.  
Chartered Accountants  
Firm Registration No. 011073N

Place : New Delhi  
Dated : May 20, 2010

Gautam Suri  
Sole Proprietor  
Membership No. 89819





## BALANCE SHEET

### AS AT 31ST MARCH, 2010

| LIABILITIES   | 31.3.2010<br>Rs.         | 31.3.2009<br>Rs.         |
|---|--------------------------|--------------------------|
| SHARE CAPITAL<br>AUTHORISED<br>10,000 (Previous year: 10,000) Equity Shares of Rs 100/- each<br>ISSUED, SUBSCRIBED & PAID UP<br>5,010 (Previous year: 5,010) Equity Shares of Rs.100/- each | 1,000,000<br><br>501,000 | 1,000,000<br><br>501,000 |
| CURRENT LIABILITIES & PROVISIONS  |                          |                          |
| Current Liability   |                          |                          |
| Liability for expenses  | 41,948                   | 7,450                    |
| Provision   | 8,450                    | 4,100                    |
|   | 50,398                   |                          |
| Provision for Income Tax  | 551,398                  | 512,550                  |
| <b>ASSETS</b>   |                          |                          |
| FIXED ASSETS (As per Schedule 'A' attached)   |                          |                          |
| Gross block   | 50,136                   | 50,136                   |
| Less: Depreciation  | 47,092                   | (46,601)                 |
|   | 3,044                    |                          |
| CURRENT ASSETS, LOANS & ADVANCES  |                          |                          |
| Current Assets:   |                          |                          |
| Cash in hand  | 3,970                    | 4,900                    |
| Balance with scheduled banks on current account   | 49,161                   | 2,071                    |
| Fixed Deposit Account   | 350,000                  | 350,000                  |
|   | 403,131                  |                          |
| Loans & Advances:   |                          |                          |
| Security Deposit  | 20,900                   | 20,900                   |
| Tax Deducted at Source/Advance Tax  | 6,597                    | 2,770                    |
| Interest Receivable   | 22,735                   | 24,114                   |
|   | 50,232                   |                          |
| MISCELLANEOUS EXPENDITURE<br>(To the extent not written off or adjusted)  |                          |                          |
| PROFIT & LOSS ACCOUNT   | 94,991                   | 104,260                  |
| Notes to Accounts and Significant Accounting Policies as per Schedule 'B'   | 551,398                  | 512,550                  |

## PROFIT & LOSS ACCOUNT

### FOR THE YEAR ENDED 31ST MARCH, 2010

|  | Current Year<br>Rs. | Previous Year<br>Rs. |
|--|---------------------|----------------------|
| <b>INCOME</b>  |                     |                      |
| Income from other sources  | 29,700              | 27,000               |
| Interest on Fixed Deposit (TDS Rs 2,527/- Previous year 2,770/-) | 29,090              | 26,884               |
|  | 58,790              | 53,884               |
| <b>EXPENSES</b>  |                     |                      |
| Audit fee  | 2,500               | 2,500                |
| Rent paid  | 19,635              | 18,141               |
| Discount & Bank Charges  | 2,193               | 183                  |
| Filing fee   | 900                 | 2,000                |
| Establishment Expenses   | 12,000              | 12,000               |
| Legal & Professional Expenses                                    | 1,500               | —                    |
| Repair & Maintenance   | 5,952               | 6,062                |
| Depreciation   | 491                 | 571                  |
|  | 45,171              | 41,457               |
| Profit for the year  | 13,619              | 12,427               |
| Provision for Income Tax   | 4,350               | 4,100                |
| Loss brought forward   | 104,260             | 112,587              |
| Loss Carried Forward to Balance Sheet                            | 94,991              | 104,260              |

In terms of our Report of even date  
For GAUTAM SURI & CO.  
Firm Registration No. 011073N  
Chartered Accountants  
Gautam Suri  
Sole Proprietor  
Membership No.89819

Place : New Delhi  
Dated : May 20, 2010

Directors : J.K. Gupta  
Jitender Khanna  
Satish Kapoor



**SCHEDULE 'A'  
FIXED ASSETS**

| Assets                | ORIGINAL COST     |                            |                    | DEPRECIATION      |                 |                                     |                   | WRITTEN DOWN VALUE |                    |
|-----------------------|-------------------|----------------------------|--------------------|-------------------|-----------------|-------------------------------------|-------------------|--------------------|--------------------|
|                       | As on<br>1.4.2009 | Sold<br>during<br>the year | As on<br>31.3.2010 | As on<br>1.4.2009 | For the<br>year | Adjustm-<br>ents during<br>the year | Upto<br>31.3.2010 | As on<br>31.3.2010 | As on<br>31.3.2009 |
| Air conditioners      | 40,186            | —                          | 40,186             | 37,142            | 423             | —                                   | 37,565            | 2,621              | 3,044              |
| Generators            | 9,950             | —                          | 9,950              | 9,459             | 68              | —                                   | 9,527             | 423                | 491                |
| Current year's total  | 50,136            | —                          | 50,136             | 46,601            | 491             | —                                   | 47,092            | 3,044              | 3,535              |
| Previous year's total | 50,136            | —                          | 50,136             | 46,030            | 571             | —                                   | 46,601            | 3,535              | 4,106              |

**SCHEDULE 'B'  
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH, 2010****A. SIGNIFICANT ACCOUNTING POLICIES**

These accounts have been prepared on historical cost convention and materially comply with the Accounting Standards issued by the Institute of Chartered Accountants of India.

**1. FIXED ASSETS**

Fixed assets are stated at cost (inclusive of cost of installation less depreciation).

**2. DEPRECIATION**

Depreciation is charged on written down value basis in the manner and at the applicable rates prescribed in Schedule XIV of the Companies Act, 1956.

**B. NOTES ON ACCOUNTS**

- All the equity shares are held by the Holding Company i.e. M/s JCT Limited &/or its nominee.
- Previous year figures have been re-grouped wherever necessary so as to make them comparable with the figures of the current year.
- There was no amount due to any supplier as on 31.3.2010 and further there was no claim from suppliers for interest on delayed payment under the "Micro, Small and Medium enterprises Development Act, 2006".
- In view of substantial carry forward losses and no business income for the current year and also due to uncertainty with regard to future business income, the Company has not recorded cumulative deferred tax assets on accounting of timing differences as stipulated in AS-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.
- Earning per share (As per AS 20)

|   | Current Year | Previous Year |
|---|--------------|---------------|
| Net Profit/(Loss) as per Profit & Loss Account (Rs.)          | 9,269        | 8,327         |
| Weighted Average Nos of Equity Shares for Basic Profit/Loss   | 5,010        | 5,010         |
| Weighted Average Nos of Equity Shares for Diluted Profit/Loss | 5,010        | 5,010         |
| Nominal value of Equity Share (Rs.)                           | 100          | 100           |
| Basic Earning per Share (Rs.)                                 | 1.85         | 1.66          |
| Diluted Earning per Share (Rs.)                               | 1.85         | 1.66          |

**C. RELATED PARTY DISCLOSURES**

- Relationship
  - Holding company: JCT Limited
  - Key Management Personnel: Mr. Satish Kapoor, Mr. J. K. Gupta, Mr. Jitendra Khanna
  - Other related Parties: Gupta & Syal Ltd. Provestments Securities Pvt Ltd.
- Details of the transaction carried out with the related parties in the ordinary course of business.

| Nature of Transaction                  | Nature of relationship | Name of the related parties | Amount(Rs.) |
|--|------------------------|-----------------------------|-------------|
| A. Expenses/Income (during the year)   |                        |                             |             |
| Income from other sources              | 1(a)                   | JCT Limited                 | 29,700      |
| Establishment Expenses                 | 1(a)                   | JCT Limited                 | 12,000      |
| B. Balance outstanding as on 31.3.2010 |                        |                             | Nil         |

**NOTE :** Related party relationship is as identified by the Company and relied upon by the Auditors.

**D. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS (3) to (4D) OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956**

Nil

**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

|   |            |
|---|------------|
| <b>I. REGISTRATION DETAILS</b>  |            |
| Registration No.  | 29591      |
| State Code  | 55         |
| Balance Sheet date  | 31.3.2010  |
| <b>II. CAPITAL RAISED DURING THE YEAR</b>   |            |
|   | Rs.<br>Nil |
| <b>III. POSITION OF MOBILISATION &amp; DEPLOYMENTS OF FUNDS</b>                                       |            |
| Total liabilities   | 551,398    |
| Total assets  | 551,398    |
| <b>SOURCES OF FUNDS</b>   |            |
| Paid up capital   | 501,000    |
| Reserves & surplus  | —          |
| Secured loans   | —          |
| Unsecured loans   | —          |
| <b>APPLICATION OF FUNDS</b>   |            |
| Net fixed assets  | 3,044      |
| Investments   | —          |
| Net current assets  | 402,965    |
| Misc. expenditure   | —          |
| Accumulated losses  | 94,991     |
| <b>IV. PERFORMANCE OF COMPANY</b>   |            |
| Total income  | 58,790     |
| Total expenditure   | 45,171     |
| Profit before tax   | 13,619     |
| Profit after tax  | 9,269      |
| Earning per share in Rs. (weighted average)   | 1.85       |
| Dividend rate %   | Nil        |
| <b>V. GENERAL NAMES OF THREE PRINCIPALS PRODUCTS/<br/>SERVICES OF COMPANY (AS PER MONETARY TERMS)</b> |            |
| Product description   | N.A.       |
| Item Code No.   | N.A.       |

**AUDITORS' REPORT**

Signatures to schedules 'A' & 'B'  
forming part of the Balance sheet  
For GAUTAM SURI & CO.  
*Chartered Accountants*  
Firm Registration No. 011073N  
Gautam Suri  
*Proprietor*  
Membership No.89819

Place : New Delhi  
Dated: May 20, 2010

*Directors :* J.K. Gupta  
Jitender Khanna  
Satish Kapoor



## DIRECTORS' REPORT

### To the Members

Your Directors present their 80th Annual Report and Accounts for the year ended on 31.3.2010.

### Financial Results

The year under review ended with a profit of Rs. 1,96,203/- before making a provision for income tax of Rs. 14,575/-.

### Directors

Mr. Rajmohan Singh, Director retires by rotation and being eligible, offers himself for re-appointment.

### Auditors

M/s. R. K. J. K. Khanna & Co., Chartered Accountants, the retiring Auditors being eligible offer themselves for re-appointment. They have furnished a certificate that their re-appointment, if made, would be within the limits specified in Section 224(1B) of the Companies Act, 1956.

### Auditors Report

The observations made by the Auditors in their Report are adequately explained in the notes to the Accounts and Significant Accounting Policies and need no further elaboration.

## AUDITORS' REPORT

### To the Members

1. We have audited the attached Balance Sheet of M/s Gupta & Syal Limited, New Delhi as at 31st March, 2010 and also the Profit & Loss Account for the year, ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 & 5 of the said Order.
4. We further report that :-
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

### Requirement under Section 217(2A) of the Companies Act, 1956

There are no employees who come under the purview of the provisions of the Section 217(2A) of the Companies Act, 1956 read under the Companies (Particulars of Employees) Rules, 1975.

### Directors' Responsibility Statement

As required under Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) accounting policies selected were 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 loss of the Company for that period;
- (iii) proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- (iv) annual accounts have been prepared on a going concern basis.

Place : New Delhi  
Dated : July 31, 2010

For & on behalf of Board  
Satish Kapoor  
Director

- (b) In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of these books.
- (c) The company's Balance Sheet and Profit & Loss Account dealt with by the report are in agreement with the books of account.
- (d) In our Opinion, the Balance Sheet and Profit & Loss Account dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (e) On the basis of written representations received from directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as director under Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon given the information required by the Companies Act, 1956 in the manner so required and give a true and faire view :-
  - i. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010 and
  - ii. In the case of Profit & Loss Account, of the loss of the Company for the year ended on that date.

For R.K.J.K. KHANNA & CO.  
Chartered Accountants  
Firm Registration No. 000033N

Place : New Delhi  
Dated : July 31, 2010

Vipin Bali  
Partner  
Membership No. 083436

**ANNEXURE TO THE AUDITORS' REPORT****Referred to in the Paragraph 3 of our report of even date**

- 1 The Company does not have any fixed assets. Therefore, the paragraph 4(1) of the order is not applicable to the Company.
- 2 The Company during the year has not held any inventory. Hence, paragraph 4(ii) of the order is not applicable to the Company.
- 3 The Company has not granted or taken any loan, secured or unsecured to/from a company, firm or a party listed in the register maintained u/s 301 of the Companies Act, 1956 or to /from any other party/ firm or company. Hence paragraph 4(ii) of the order is not applicable to the Company. However to meet operating expenses the company had in earlier years taken from time to time interest free amounts from holding company which is being reflected in current liabilities. Total amount due to holding company is Rs.36 lacs.
- 4 Paragraph (iv) of the Order regarding Internal Control procedures is not applicable to the company, as the company during the year has not made purchase or inventory, fixed assets or sale of good.
- 5 (a) According to information & explanations given to us and as per records produced before us, the transactions required to be entered into a register in pursuance of Section 301 of the Act, have been so entered.  
(b) According to information and explanations given to us, the transactions of purchases / sale of goods, material and services in pursuance of contracts with parties covered in register under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regards to prevailing price at the relevant time.
- 6 According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year under consideration. Therefore, the paragraph 4 (vi) of the order is not applicable to the Company.
7. Paragraph (vii) of the Order regarding Internal Audit is not applicable to the Company as the Company does not have turnover exceeding Rs.5 Crore or paid up share capital and reserves exceeding Rs.50 lakhs.
8. The Company is not required to maintain cost records u/s 209(1)(d) of the Companies Act, 1956.
9. (a) According to information and explanations given to us and as per records produced before us for verification, the Company is regular in depositing statutory dues including income tax, etc. As per information and explanations given to us, no undisputed statutory dues are outstanding as at 31st March, 2010, for a period exceeding six months from the date they became payable.  
(b) As per information and explanations furnished to us and on verification of records produced before us, we report that the company has no pending dispute in respect of statutory liabilities referred to in clause (ix) (b) of the Order.
- 10 The company has not incurred cash losses in the current financial year or in immediately preceding financial year. However, as at 31.3.2010 it's entire net worth was eroded on account of accumulated losses.
- 11 In our opinion and on verification of records, we report that the company has not taken any loan from a financial institution or bank and has not issued any debenture.
- 12 In Our opinion and according to explanations given to us and as per verification of records, the company has not granted any loan or advance on the basis of security by way of pledge of shares, debentures and other securities. However the leasehold land is mortgaged by deposit of title deed with a schedule bank to secure the financial facility granted by a scheduled bank to the holding company.
- 13 In our opinion the provisions of any special statute applicable to chit fund / nidhi / mutual benefit funds / societies are not applicable to the company.
- 14 The company is not dealing or trading in shares, securities, debentures and other investments.
- 15 As per information and explanations given to us, the company has not given any guarantee for loan taken by others from banks and financial institutions during the year.
- 16 The Company has not taken any term loan during the year.
- 17 In our opinion and according to the explanations given to us, the company during the period under consideration has not raised any fund on short term basis.
- 18 The company has not made any preferential allotment of shares during the year to parties covered under section 301 of the Companies Act, 1956.
- 19 The company during the year has not issued any debentures.
- 20 The company during the year has not raised any money by issue of shares.
- 21 During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year nor have we been informed of such case by the management.

For R.K.J.K. KHANNA &amp; Co.

Chartered Accountants

Firm Registration No. 000033N

Place : New Delhi

Vipin Bali

Dated: July 31, 2010

Partner

Membership No. 083436



# **BALANCE SHEET**

## **AS AT 31ST MARCH, 2010**

| <b>LIABILITIES</b>  | <b>31.3.2010</b>   | <b>31.3.2009</b> |
|---|--------------------|------------------|
|   | <b>Rs.</b>         | <b>Rs.</b>       |
| SHARE CAPITAL   |                    |                  |
| AUTHORISED  |                    |                  |
| 3,50,000 (Previous year : 3,50,000) Equity Shares of Rs.10/- each           | <b>3,500,000</b>   | 3,500,000        |
| 10,000 (Previous year : 10,000 ) Preference Shares of Rs 100/- each         | <b>1,000,000</b>   | 1,000,000        |
|   | <b>4,500,000</b>   | 4,500,000        |
| ISSUED, SUBSCRIBED AND PAID-UP  |                    |                  |
| 82,320 (Previous year : 82,320) Equity Shares of Rs.10/- each fully paid up | <b>823,200</b>     | 823,200          |
| RESERVE & SURPLUS   |                    |                  |
| As per last Balance Sheet   | <b>227,000</b>     | 227,000          |
|   | <b>1,050,200</b>   | 1,050,200        |
| <b>ASSETS</b>   |                    |                  |
| INVESTMENTS (At cost)   |                    |                  |
| Building on leasehold land (including cost of land)                         | <b>545,100</b>     | 545,100          |
| HDFC Prudence Mutual Fund-Growth (At cost)                                  |                    |                  |
| (2956.896 units) (Market Value Rs. 5,38,309/-                               |                    |                  |
| previous year: Rs. 2,70,479/-)  | <b>400,000</b>     | 270,479          |
|   | <b>945,100</b>     | 815,579          |
| CURRENT ASSETS, LOANS & ADVANCES  |                    |                  |
| (As per Schedule 'A')   | <b>226,019</b>     | 222,934          |
| CURRENT LIABILITIES & PROVISIONS  |                    |                  |
| (As per Schedule 'B')   | <b>4,122,846</b>   | 4,171,868        |
| NET CURRENT ASSETS  | <b>(3,896,827)</b> | (3,948,934)      |
| MISC. EXPENDITURE   |                    |                  |
| (To the extent not written off/adjusted)                                    |                    |                  |
| PROFIT & LOSS ACCOUNT   |                    |                  |
| Opening Balance   | <b>4,183,555</b>   | 4,123,060        |
| Less: Profit/(Loss)Transfer from Profit And Loss Account                    | <b>181,628</b>     | (60,495)         |
|   | <b>4,001,927</b>   | 4,183,555        |
|   | <b>1,050,200</b>   | 1,050,200        |

**AUDITORS' REPORT**  
As per our separte Report of even date  
For R.K.J.K. KHANNA & CO.  
Chartered Accountants  
Firm Registration No. 000033N

Place : New Delhi  
Dated: July 31, 2010

Vipin Bali  
Partner  
Membership No. 083436

Directors : Sanjiva Jain  
Satish Kapoor

**PROFIT & LOSS ACCOUNT****FOR THE PERIOD ENDED 31ST MARCH, 2010**

| Particulars  | Current<br>Year  | Previous<br>Year |
|--|------------------|------------------|
|  | Rs.              | Rs.              |
| <b>INCOME</b>  |                  |                  |
| Profit on sale of Investment   | —                | 22,566           |
| Rent received  | 90,000           | 90,000           |
|  | <u>90,000</u>    | <u>112,566</u>   |
| <b>EXPENSES</b>  |                  |                  |
| Discount and bank charges  | 306              | 90               |
| Filing fee   | 1,594            | 6,567            |
| Rates and taxes  | 9,166            | 6,160            |
| Insurance  | 1,765            | —                |
| Payment to auditors:   |                  |                  |
| Audit Fee  | 5,515            | 5,515            |
| Legal & Professional Expenses  | 2,000            | 10,080           |
| Depreciation on building   | 2,972            | 3,128            |
| Provision made/(written back) for Diminution in the value<br>of Investment | <u>(129,521)</u> | <u>129,521</u>   |
|  | <u>(106,203)</u> | <u>161,061</u>   |
| Profit/(Loss) for the year   | 196,203          | (48,495)         |
| Provision for income tax   |                  |                  |
| Current year   | 16,000           | 12,000           |
| Previous years   | <u>(1,425)</u>   | <u>—</u>         |
|  | <u>14,575</u>    | <u>12,000</u>    |
| Profit/(Loss) Carried to Balance Sheet                                     | <u>181,628</u>   | <u>(60,495)</u>  |

**AUDITORS' REPORT**

As per our separate Report of even date  
For R.K.J.K. KHANNA & CO.  
*Chartered Accountants*  
Firm Registration No. 000033N

Place : New Delhi  
Dated: July 31, 2010

Vipin Bali  
*Partner*  
Membership No. 083436

*Directors :* Sanjiva Jain  
Satish Kapoor



## SCHEDULES A TO C FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

| <b>SCHEDULE 'A'</b>   |         | <b>31.3.2010</b> | <b>31.3.2009</b> |
|---|---------|------------------|------------------|
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>   |         | <b>Rs.</b>       | <b>Rs.</b>       |
| <b>(A) CURRENT ASSETS</b>   |         |                  |                  |
| Cash in hand  | 2,013   | 3,637            |                  |
| Cheques in hand   | 10,000  | —                |                  |
| Balance at bank with scheduled bank   | 128,847 | 108,945          |                  |
|   |         | <b>140,860</b>   | <b>112,582</b>   |
| <b>(B) LOANS &amp; ADVANCES</b>   |         |                  |                  |
| Advance to be recived in cash or in kind<br>or value to be received (considered good) |         | —                |                  |
| Prepaid Expenses  | 882     | —                |                  |
| Security deposit  | 57,340  | 57,340           |                  |
| Advance tax   | 26,937  | 53,012           |                  |
|   |         | <b>85,159</b>    | <b>110,352</b>   |
|   |         | <b>226,019</b>   | <b>222,934</b>   |

## SCHEDULE 'B'

### CURRENT LIABILITIES AND PROVISIONS

|                                |           |                  |                  |
|--------------------------------|-----------|------------------|------------------|
| <b>(A) CURRENT LIABILITIES</b> |           |                  |                  |
| Due to holding Company         | 3,600,000 | 3,600,000        |                  |
| Expenses payable               | 6,209     | 38,203           |                  |
|                                |           | <b>3,606,209</b> | <b>3,638,203</b> |
| <b>(B) PROVISIONS</b>          |           |                  |                  |
| Provision for depreciation     | 488,637   | 485,665          |                  |
| Provision for income tax       | 28,000    | 48,000           |                  |
|                                |           | <b>516,637</b>   | <b>533,665</b>   |
|                                |           | <b>4,122,846</b> | <b>4,171,868</b> |

## SCHEDULE 'C'

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

#### I. SIGNIFICANT ACCOUNTING POLICIES

- In accordance with the practice consistently followed by the Company no depreciation had been provided on the Building held as an Investments Property as defined in the Accounting Standard "Accounting for Investments" (AS 13) issued by the Institute of Chartered Accountants of India. The said Investment is considered to be long term Investments and is at cost as having regard to its current market value, there is no permanent diminution in its value
- However in the course of an inspection of the Company's books and records conducted by the Department of Company Affairs, Kanpur u/s 209 A of the Companies Act, 1956, a query has been raised as to why depreciation should not be provided on building. Therefore, without prejudice to the submission made in sub para (1) above and as a matter of abundant caution and based on professional advice received by the Company, provision for depreciation @ 5% on written down value basis has been made in accounts
- Investment in Mutual Fund are shown at cost or NAV whichever is lower and provision for diminution in the value of such investment is made in the books of Accounts wherever is applicable.

#### II. NOTES ON ACCOUNTS

- All the equity Shares are held by the Holding Company i.e. M/s JCT Limited and/ its nominee.
- Previous year's figures have been re-grouped, wherever necessary, so as to make them comparable with the figures of the current year.



3. There was no amount due to any supplier as on 31.3.2010 and further there was no claim from supplier for interest on delayed payment under the "Micro, Small and Medium Enterprise Development Act 2006"
4. The Company has no expenses which attract deferred tax on account of timing differences as stipulated in AS-22 "Accounting for taxes on Income" issued by the "Institute of Chartered Accountants of India".
5. The building on the leasehold Land is mortgaged by deposit of the Title Deed with a Scheduled Bank to secure the Financial facility granted by them to the Holding Company
6. Earning per share (As per AS 20) :

|   | Current Year | Previous Year |
|---|--------------|---------------|
| Net Profit as per Profit & Loss Accounts (Rs.)            | 181.628      | (60,495)      |
| Weighted Average Nos. of Equity Shares for Basic Profit   | 82,320       | 82,320        |
| Weighted Average Nos. of Equity Shares for Diluted Profit | 82,320       | 82,320        |
| Nominal value of Equity Share (Rs.)                       | 10           | 10            |
| Basic Earning per Share (Rs.)                             | 2.21         | (0.73)        |
| Diluted Earning per Share (Rs.)                           | 2.21         | (0.73)        |

### III. RELATED PARTY DISCLOSURE

1. Relationship
  - (a) Holding company:  
JCT Limited
  - (b) Key Management Personnel:  
Mr. Rajmohan Singh  
Mr. Sanjiva Jain  
Mr. Satish Kapoor
  - (c) Other related Parties:  
Rajdhani Trading Company Ltd.  
Provestments Securities Pvt. Ltd.

2. Details of the transaction carried out with the related parties in the ordinary course of business:

| Nature of Transaction                   | Nature of relationship | Name of the related parties | Amount (Rs.) |
|---|------------------------|-----------------------------|--------------|
| A. Income/Expenditure (during the year) |                        |                             |              |
| Rent received                           | 1(a)                   | JCT Limited                 | 60,000       |
| B. Balance outstanding as on 31.3.2010  |                        |                             |              |
| Loan taken                              | 1(a)                   | JCT Limited                 | 3,600,000    |

**NOTE :** Related party relationship is as identified by the Company and relied upon by the Auditors.

### IV. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS (3) TO (4D) OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956

Nil

### Signatures to Schedules 'A' to 'C' forming part of the Balance Sheet

#### AUDITORS' REPORT

As per our separate Report of even date  
For R.K.J.K. KHANNA & CO.  
Chartered Accountants  
Firm Registration No. 000033N

Place : New Delhi  
Dated: July 31, 2010

Vipin Bali  
Partner  
Membership No. 083436

Directors : Sanjiva Jain  
Satish Kapoor





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**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956**  
**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

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|   |               |
|---|---------------|
| <b>I. REGISTRATION DETAILS</b>  |               |
| Registration No   | 224           |
| State Code  | 55            |
| Balance Sheet Date  | 31.3.2010     |
| <b>II. CAPITAL RAISED DURING THE YEAR</b>   |               |
|   | Rs.           |
|   | Nil           |
| <b>III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS</b>  |               |
| Total liabilities   | 1,050,200     |
| Total assets  | 1,050,200     |
| <b>SOURCES OF FUNDS</b>   |               |
| Paid up capital   | 823,200       |
| Reserves & surplus  | 227,000       |
| Secured loans   | Nil           |
| Unsecured loans   | Nil           |
| Current liabilities & provisions  | 4,122,846     |
| <b>APPLICATION OF FUNDS</b>   |               |
| Net fixed assets  | —             |
| Investments   | 945,100       |
| Loans & Advances  | 85,159        |
| Current assets  | 140,860       |
| Misc. expenditure   | —             |
| Accumulated losses  | 4,001,927     |
| <b>IV. PERFORMANCE OF COMPANY</b>   |               |
| Total income  | 90,000        |
| Total expenditure   | (106,203)     |
| Profit before tax   | 196,203       |
| Profit after tax  | 181,628       |
| Earning per share (weighted average)  | 2.21          |
| Dividend rate %   | Nil           |
| <b>V. GENERAL NAMES OF THREE PRINCIPALS PRODUCTS/<br/>SERVICES OF COMPANY (AS PER MONETARY TERMS)</b> |               |
| Product Description   | Owns property |
| Item Code No.   | N.A.          |

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**AUDITORS' REPORT**

As per our separate Report of even date  
For R.K.J.K. KHANNA & CO.  
*Chartered Accountants*  
Firm Registration No. 000033N

Place : New Delhi  
Dated: July 31, 2010

Vipin Bali  
*Partner*  
Membership No. 083436

*Directors :* Sanjiva Jain  
Satish Kapoor

