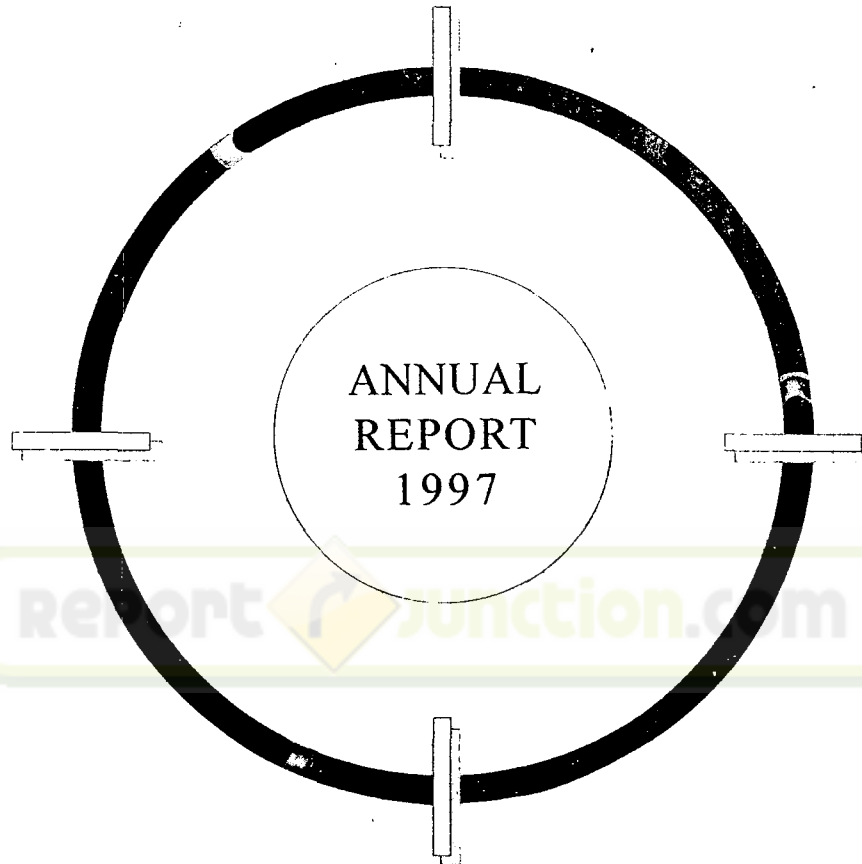


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CS	<input checked="" type="checkbox"/>		OPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		ENV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		C	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	II	<input checked="" type="checkbox"/>
VE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



JCT ELECTRONICS LIMITED

**BOARD OF DIRECTORS**

Mr. M.M. Thapar, Chairman
 Mr. Arjun Thapar, Managing Director
 Mr. R.K. Kaul
 Mr. R.K. Seth
 Mr. V.Rajaraman
 Mr. P.L. Agarwal
 Mr. R.S. Mehra
 Mr. Ramaswamy R. Iyer, Nominee of ICICI
 Mr. K. Desikan, Nominee of IFCI

CHIEF OPERATING OFFICER

Mr. Anil Nayar

SECRETARY

Mr. Gopal Krishnan

AUDITORS

V. Sahai & Co.
 New Delhi

REGISTERED OFFICE

A-32, Industrial Phase VIII
 S.A.S. Nagar,
 Mohali (Punjab)

HEAD OFFICE

Thapar House,
 124 Janpath
 New Delhi - 110 001

WORKS

Mohali - Punjab
 Vadodara - Gujarat

BANKERS

Allahabad Bank
 Bank of Baroda
 Bank of Nova Scotia
 Citibank N.A.
 Hongkong & Shanghai Banking Corpn.
 Indian Overseas Bank
 Oman International Bank Ltd. S.A.O.G.
 Punjab National Bank
 Punjab & Sind Bank
 SBI Commercial & International Bank Ltd.
 Standard Chartered Bank
 State Bank of India
 State Bank of Patiala
 The Bank of Tokyo - Mitsubishi Ltd.
 The Fuji Bank, Limited
 The Sanwa Bank Limited
 The Siam Commercial Bank p.l.c.
 UCO Bank

Remuneration

- a) Salary : Rs. 50,000 per month.
- b) Commission : As may be determined by the Board, subject to the overall ceilings laid down in section 198 and 309 of the Companies Act, 1956.

c) **Perquisites :**i) Housing

The Company shall provide rent-free furnished accommodation.

In case no accommodation is provided by the Company, he shall be entitled to house rent allowance limited to 60% of his salary.

In case Company owned accommodation is provided, 10% of his salary shall be deducted by the Company.

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962.

ii) Medical Reimbursement

Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years as per rules of the Company.

iii) Leave Travel Concession

For self and family once in a year in accordance with the rules of the Company.

Explanation : Family here means the spouse, dependent children and dependent parents.

iv) Encashment of Leave

Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on remuneration/perquisites.

v) Club fees

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

vi) Personal Accident Insurance

Personal Accident Insurance, the premium of which shall not exceed Rs.4,000 per annum.

vii) Provident Fund, Superannuation and Gratuity

Company's contribution towards Provident Fund and Superannuation Fund as per rules of the Company but not exceeding 25% of the salary as laid down in the Income Tax Rules, 1962 or such percentage as may be permissible under the Income Tax Rules from time to time.

Contribution to the Provident Fund or Superannuation Fund shall not be included in the computation of the ceiling on remuneration/perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

Gratuity as per rules of the company but not exceeding half month's salary for each completed year of service. Such gratuity will also not be included in the computation of the ceiling on remuneration/perquisites.

viii) Car and Telephone

The Company shall provide a Company maintained car and residential telephone with fax. The car for use on company's business and telephone/fax at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company to him.

Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year during his tenure as Managing Director, remuneration shall be paid by way of salary and perquisites as set out hereinabove provided the total remuneration so paid does not exceed the limits prescribed under the Companies Act, 1956 or any modification/re-enactment thereof as applicable from time to time.

General

- i) He shall not be paid any sitting fees for attending the Meetings of the Board of Directors or Committee(s) thereof.
- ii) His office shall be at Delhi where he has to normally stay for attending to his duties.

Except Mr M M Thapar and Mr Arjun Thapar, none of the other Directors are interested or concerned in this resolution.

NOTICE

The Twentyfirst Annual General Meeting of JCT ELECTRONICS LIMITED will be held at its registered office at A-32, Industrial Phase-VIII, S.A.S. Nagar, Mohali-160 055, Punjab, on Tuesday, the 30th day of September, 1997, at 3.00 p.m. to transact the following business :

1. To consider and adopt the audited Balance Sheet as at 31st March, 1997, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr R K Kaul who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place Mr P L Agarwal who retires by rotation and is eligible for re-appointment.
5. To appoint M/s V Sahai & Co., Chartered Accountants as Auditors and fix their remuneration.
6. To consider and if thought fit to pass with or without modification, the following resolution as Ordinary Resolution.

"RESOLVED that, in accordance with the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, Consent of the Company is hereby accorded to the re-appointment of Mr Arjun Thapar as the Managing Director of the Company for a further period of five years with effect from 4th February, 1998, and to his receiving remuneration, perquisites etc. as approved by the Board of Directors and set out in the Explanatory Statement with a power to the Board of Directors to alter or vary such remuneration, subject to the overall ceiling specified under the provisions of the Companies Act, 1956 or any amendment/re-enactment thereof."

By order of the Board

Gopal Krishnan

Company Secretary &
Chief Internal Auditor

Place : New Delhi

Dated : 29th August, 1997

NOTES

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company.

Proxies in order to be effective must be received by the company at its registered office not less than 48 hours before the meeting.

The Register of Members and Transfer books of the company will remain closed from Tuesday, the 23rd September, 1997 to Tuesday, the 30th September, 1997 (both days inclusive). The dividend on equity shares, if declared, will be paid to those members whose names appear in the Register of Members as on 30th September, 1997.

To avoid fraudulent encashment of dividend warrants, Members are requested to furnish their bank account particulars before 30th September, 1997, if not already provided to the Company.

Pursuant to Section 205A of the Companies Act, 1956, unencashed/unclaimed dividend warrants pertaining to the year ended 31st March, 1994, will be deposited with the Central Government in the first week of October, 1997. Members who have not encashed their dividend warrants pertaining to the year ended 31st March, 1994 or subsequent years are requested to communicate with the Company at Thapar House, 124 Janpath, New Delhi.

Members/proxies should bring the attendance slip filled in for attending the meeting.

Members are requested to notify any change in their address alongwith Pin Code quoting their folio number.

Members still holding shares in identical names in more than one folio are requested to write to the company to consolidate their holdings under a single folio.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956**Item 6**

Mr Arjun Thapar's term as Managing Director of the Company expires on 3rd February, 1998. Keeping in view his abilities, varied experience and contribution to the growth of the Company, the Directors consider it appropriate to recommend his re-appointment as Managing Director for a further period, subject to such consents and permissions, if any, as may be necessary.

Directors at their meeting held on 29th August, 1997, have approved his re-appointment and remuneration on the following terms and conditions :

Period

Five years with effect from 4th February, 1998.



DIRECTORS' REPORT

Your Directors present their Report together with Audited Accounts for the year ended 31st March, 1997.

Financial Results

	Year Ended 31.03.97 (Rs. in lacs)	Year Ended 31.03.96
Gross Sales including other income	27834	27705
Gross Profit	1415	2328
Less : Depreciation	809	791
Net Profit before tax	606	1537
Provision for tax	78	—
Net Profit after tax	528	1537
Surplus from earlier years brought forward	2859	1699
Transfer from General Reserve	800	—
Profit available for appropriation	4187	3236
Appropriations		
Transfer to Capital Redemption Reserve	800	—
Dividend - Preference Shares	108	60
- Equity Shares (Proposed)	224	317
Tax on Proposed Dividend	22	—
Surplus carried over to Balance Sheet	3033	2859
	4187	3236
Shareholders' Funds :		
Share Capital - Equity	3454	3454
- Preference	—	800
Reserves and Surplus	6221	6048
	9675	10301

Operations

During the year under review, your Company sold 709378 nos. of colour picture tubes (CPTs) as against 649073 nos. in 1995-96, an increase of 9.29%. This was achieved despite reduction in duties, increased competition from imports and an overall sluggish market. The production during the period under review has improved to 716416 nos. of CPTs as against 682142 nos. during the previous year. The Unit at Mohali operated at 114% capacity utilisation.

The Company's new manufacturing facility at Baroda was part commissioned and started up during the year. The plant was inaugurated on 11th February, 1997, by Mr K Mita, Chairman, Hitachi, Ltd, Japan. The plant having the state of art production facilities has been designed to manufacture one million CPTs per annum of sizes 14", 20" and 21" FFST. Production volumes are being ramped up so as to achieve rated capacity during the year. Captive production facilities

for its full requirements of Electron Guns and Deflection Yokes are also available at the new unit and their production volumes are also being ramped up.

Profits

Further reduction in custom duties as announced in the last budget coupled with sharp reduction in the earlier years have put pressure on the margins and profitability despite an increase in the number of CPTs sold as compared to earlier years. Notwithstanding these adverse developments, your Company has turned out a reasonably good performance. The profit before interest and depreciation is Rs. 3509 lacs as against Rs. 4272 lacs during the previous year. The net profit for the year is down to Rs. 528 lacs on account of the reduced margins and higher interest outflow. The surplus available after adjusting carry forward profits is Rs. 3387 lacs.

Dividend

Despite sharp erosion in profits, your Directors are pleased to recommend a dividend of 6.5% on the equity shares.

The outgo on account of dividend and dividend tax shall be Rs. 246 lacs.

Business Prospects/Outlook

The domestic Colour TV (CTV) market continues to show a steady growth. As per indications from the TV Industry, volumes are expected to substantially go up in the years to come. Lowering of personal tax rates and other growth oriented proposals in this year's Budget are expected to provide a fillip to the growth in demand for CTVs. Your Company has already geared itself for such increased volumes with capacity increases.

The Company's products are being supplied to all the major CTV manufacturers including the leading international brands with manufacturing activities in India.

Exports

With the objective of growing global in size, your Company continues to place lot of efforts in catering to the global markets abroad. Major thrust in this direction and our competitiveness have seen exports grow from around Rs. 132 lacs in 1994-95 to Rs. 1864 lacs in 1996-97. With international quality approvals from prestigious institutions abroad, your Company has exported CPTs to various countries in Europe and Asean Region including South Africa, Slovenia, Singapore, Hongkong, Egypt, Pakistan and Turkey where they have been well accepted. The Company is taking further steps to increase exports in the next few years.



Quality

With the economy getting de-regulated and globalised and a major thrust being placed on exports, the Company is undergoing a change process with efforts put in at re-engineering of activities, continuous improvement in processes, operations and customer services, total quality management and constant review of business plans based on our strengths. This should help the Company maintain its leadership in the Industry in the years to come.

Technical Collaboration

Your Directors are pleased to report that the Technical Collaboration Agreement with Hitachi, Ltd. Japan, has been extended for a further period of eight years with effect from 1st January, 1997. The agreement now provides for technical assistance from Hitachi for various sizes of CPTs including the large size CPTs and setting up of design development activities by your Company.

Research & Development and Information Technology

Research and Development activities are actively pursued for improvements in systems, processes, production facilities and energy conservation towards achieving better efficiency and productivity.

Information Technology has also been taken up as a thrust area which should give us a competitive edge and lead towards overall efficiency.

Finances

The preference shares raised through private placement were redeemed in March, 1997. Pro-rata dividend on such shares till the date of redemption have been paid.

For the new manufacturing facility at Baroda, the Company had tied up its long term finances and had raised rupee term loans and non-convertible debentures from financial institutions/banks. Your Directors confirm that the debenture proceeds have been utilised for the purpose for which they were raised.

In view of the high interest costs, your Company has planned financial re-structuring of its debts. With a strong growth in exports projected, the financial institutions are being approached for conversion of the rupee term loans into foreign currency loans. In addition, the Company has also plans to raise funds through External Commercial Borrowings for which approvals are being sought.

Fixed Deposits

There are no overdue deposits other than unclaimed deposits amounting to Rs.45,000 as at 31st March, 1997 which have since been renewed.

HRD and Industrial Relations

Your Company firmly believes in treating its human resources as one of the most important assets and as such it has been continuing to put its major thrust on the HRD activities so as to nurture a climate which can provide a cutting edge in the growing competition. These efforts have been supplemented by the TQM activities which have not only facilitated significant improvements in quality and productivity but also brought about a participative culture. Thus, a major contributory factor towards the performance of the Company during the challenging market conditions has been the organisation culture as well as quality of its manpower and its dedication.

Industrial Relations climate remained cordial at both the manufacturing units.

Your Directors commend the commitment and hard work put in by all employees.

Directors

Mr B B Mathur resigned from the Board of the Company on 17th October, 1996. The Board places on record their appreciation for his valuable contribution and guidance during his long tenure as a Director of the Company.

Mr R K Kaul and Mr P L Agarwal, Directors retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

Other Information

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo and the particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 and Rules framed thereunder and forming part of this report are annexed.

Auditors

The Auditors, Messrs V Sahai & Co., Chartered Accountants, hold office till the conclusion of the forthcoming Annual General Meeting and are liable for re-appointment.

The Notes to the accounts referred to in the Auditors' Report are self explanatory and do not call for any further comments.

Acknowledgement

The Board acknowledges the valuable support of the Collaborators, Government agencies, Financial Institutions, Banks, Customers, Suppliers and Shareholders and looks forward to their continued support.

On behalf of the Board,

New Delhi
29th August, 1997

Arjun Thapar
Managing Director



ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 1997.

A. CONSERVATION OF ENERGY

- a) To conserve energy, stress was laid on reducing consumption and bringing about an awareness. Various steps were taken in this direction like
 1. Re-orientation and use of Energy Efficient lighting fixtures.
 2. Reducing electricity consumption in Air-conditioning Systems, DG Sets and furnaces.
 3. Improvement in efficiency of Air Compressors etc.
- b) Future energy conservation programmes include
 1. Installing new efficient LPG Burners Systems.
 2. Installation of Solar Water Heating System.
 3. Insulation of water lines to reduce losses.
 4. Conserving heat load.

B. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION**a) RESEARCH & DEVELOPMENT**

1. JCTEL is carrying out R&D in the following areas :
 - Import Substitution
 - Technology upgradation
 - Process Development
 - Quality Improvement
 - Energy conservation
 - Development of alternative Raw Materials
2. Benefits derived as a result of above
 - Import substitution of a large number of components
 - Cost reduction by improving design of various components and by developing alternative sources.
 - Usage Improvement.
 - Quality Improvement.

3. Future plan of action

- To continue R&D work in above areas.

4. Expenditure on R&D

	(Rs. in Lacs)	
	1996-97	1995-96
Capital	0.00	0.00
Recurring	6.54	3.85

b) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Technology
For manufacture of 20", 21" and 14" Colour Picture Tubes, 20" Deflection Yoke and 21" Electron Gun and other components from Hitachi, Ltd. Japan.
2. Year of Import
20" Colour Picture Tubes & its components of Colour Picture Tubes in 1986.
Deflection Yokes in 1988.
21" and 14" Colour Picture Tubes in 1994.
Electron Gun in 1994.
3. Has technology been fully absorbed.
Technology for the above have been absorbed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange outgo during 1996-97	-	Rs. 8428.06 Lacs
Foreign exchange earning during 1996-97	-	Rs. 1864.12 Lacs



PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, AS AMENDED AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1997.

Name, Designation, Qualification, Age, Remuneration Recd./Receivable, Experience (Yrs.), Date of Employment, Last Employment held.

Gupta Sushil, Deputy General Manager (Commercial), B.E.(Mech.) Hons, MBA, LE(FII), 40, 424528, 17, 2/3/87, Steel Strips Ltd.
 Jain S.R., Vice President (Accounts & Finance Control), B.Com, LLB, FCA, 48, 848414, 28, 1/9/88, On secondment from JCT Ltd.
 Jhurany J.C., Vice President (Personnel & HRD), MA(Eco.), PGDPM, 44, 887106, 24, 2/12/92, Samtel India Ltd.
 Kapur Raj, Vice President (Marketing), BA(Hons.), DBM, 42, 880274, 23, 1/8/87, Sterling Steel & Wires Ltd.
 Krishnan Gopal, Company Secretary & Internal Auditor, M.Com, FCS, 43, 388801, 19, 1/10/87, JCT Fibres Ltd.
 Kundra S.S., Senior Manager (Engg.), B.Sc.Engg.(Mech.), 42, 314589, 18, 19/10/87, Punjab Anand Batteries Ltd.
 Mahajan Vipin, General Manager (Information Technology), B.E., Mech., 53, 478716, 31, 15/1/96, NIIT
 Mehta V.K., General Manager (Technical Operations), B.E.(Hons.) Chemical Engg., Diploma in Project Management, 45, 498700, 23, 15/9/87, P.N.F.C. Ltd.
 Narang M.P.S., General Manager (Accounts), B.Com, FCA, 42, 486380, 18, 11/8/86, Indo Asian Switchgears (Pvt.) Ltd.
 Nayar Anil, Chief Operating Officer, B.Tech(IIT Kanpur), PGDM(IIM Ahmedabad), 45, 1428323, 22, 1/5/80, On Secondment from JCT Ltd.
 Pandit K.K., Senior Manager (Production), B.Sc. Engg.(Electronics & Communication), 38, 301550, 17, 10/5/86, Pfizer Ltd.
 Patanker P.N., Vice President (Works), B.E.(Mech.), M.Sc.(Engg.), DBM, 49, 577662, 26, 16/1/96, Samtel India Ltd.
 Roy Amit, Deputy General Manager (Finance), B.Sc., ACA, 46, 388225, 22, 1/4/90, JCT Fibres Ltd.
 Sabharwal Rakesh, Senior Manager (Marketing & Development), Studied upto B.Sc., 52, 364497, 29, 14/10/86, Bharat Commerce Industries
 Sachdev Keshav, Vice President (Works), B.Sc.(Engg., Mech., Hons), PG Diploma in IIP, 53, 854913, 31, 27/4/92, ICI India Ltd.
 Sangha Rajeev, Deputy General Manager (Materials), MBA, 41, 370480, 17, 22/12/80, On Secondment from JCT Ltd.
 Sharma R.L., Deputy General Manager (Administration & Legal), B.A., LLB, Cert. Of Training in Personnel Management, 59, 413414, 38, 1/3/69, On Secondment from JCT Ltd.
 Sharma Shashi, Vice President (Commercial), B.Sc., MBA, 47, 874619, 23, 1/7/85, On Secondment from JCT Ltd.
 Singh Jasbir, Deputy General Manager (Personnel & Industrial Relations), B.Sc., MBA, 49, 379410, 21, 2/11/94, J.K. Industries Ltd.
 Sood Harish, General Manager (Technical Operations), B.E.(Hons.) Electronics, 41, 430619, 18, 14/9/87, Prakash Pipes & Industries Ltd.
 Subramaniam K.V., Vice President (Projects), B.Sc., B.Tech., 50, 926788, 29, 190894, Hotline Glass Ltd.
 Thapar Arjun, Managing Director, Graduate in Textile Management & Marketing (Philadelphia - USA), 35, 779488, 12, 19/8/85

EMPLOYED FOR PART OF THE YEAR

Saigal J.N., Advisor, B.Com., ACA, 72, 428172, 35, 7/10/96, JCT Ltd.

NOTES:

i) Employment in contractual.

ii) Remuneration includes salary, bonus, commission, medical expenses, leave travel concession, Company's contribution to provident fund, gratuity and superannuation funds, rent paid in providing residential accommodation and where it is not possible to ascertain the actual expenses incurred by the company in providing perquisites, the monetary value of such perquisites calculated in accordance with the Income Tax Act, 1961, and Rules made thereunder.

iii) No employee is related to any director of the company except Mr Arjun Thapar who is related to Mr M M Thapar.