

ANNUAL REPORT

**PERIOD ENDED
31ST MARCH, 2002**

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JCT ELECTRONICS LIMITED

**BOARD OF DIRECTORS**

Mr. M.M. Thapar, *Chairman*
 Mr. Arjun Thapar, *Managing Director*
 Mr. K. Jayabharath Reddy
 Mr. V. Rajaraman
 Mr. P.K. Ganguly
 Mr. S. Ravi, *Nominee IDBI*
 Mr. R.V. Rao, *Nominee IFCI*
 Mr. J.N. Pandey, *Nominee Allahabad Bank*

CHIEF OPERATING OFFICER

Mr. Raj Kapur

COMPANY 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
 Standard Chartered Grindlays Bank
 State Bank of India
 State Bank of Patiala
 The Bank of Tokyo - Mitsubishi Ltd.
 The Fuji Bank, Limited
 The UFJ Bank Limited
 The Siam Commercial Bank p.l.c.
 UCO Bank



NOTICE

Notice is hereby given that the 25th Annual General Meeting of the Members of **JCT ELECTRONICS LIMITED** will be held on Tuesday the 20th day of August, 2002 at 3.00 p.m. at Dara Studio Phase VI, SAS Nagar, Mohali - 160 055, Punjab to transact the following business:

Ordinary Business :

1. To consider and adopt the audited Balance Sheet as at 31st March, 2002, the Profit & Loss Account for the period ended on that date and the Reports of the Auditors and Directors' thereon.
2. To appoint a Director in place of Mr. V Rajaraman, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. K Jayabharath Reddy, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s V. Sahai & Co., Chartered Accountants as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and authorise the Board of Directors to fix their remuneration.

Special Business :

5. To consider and if thought fit, to pass with or without modification, the following resolutions as special resolution.
 "Resolved that subject to the provisions of the Companies Act, 1956, including any statutory modification or re-enactment thereof, the Securities Contracts (Regulation) Act, 1956 and the rules framed thereunder and other applicable laws, rules & regulations and guidelines and subject to such other approvals, permissions, sanctions etc. as may be necessary and subject to such conditions as may be prescribed by any authority while granting such approvals, permissions, sanctions etc. which may be agreed to by the Board of Directors (hereinafter referred to as "the Board", which expression shall be deemed to include any committee of the Board for the time being, exercising the powers conferred by the Board), the consent of the company be and is hereby accorded to the Board to voluntarily de-list the equity shares of the company from all or any of the stock exchanges where the equity shares of the company are presently listed and in particular from The Stock Exchange, Ahmedabad, The Calcutta Stock Exchange Association Limited and The Delhi Stock Exchange Association Limited.

Resolved Further that the Board be and is hereby authorised to do all acts, deeds and things as it may in its absolute discretion deem necessary, desirable and appropriate to give effect to the above resolution."

By order of the Board
for JCT ELECTRONICS LIMITED

Place : New Delhi
Dated : 8th July, 2002

GOPAL KRISHNAN
COMPANY SECRETARY &
CHIEF INTERNAL AUDITOR

Regd. Office :
A-32, Industrial Phase VIII,
SAS Nagar, Mohali,
Dist. Ropar, PUNJAB



NOTES

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 5 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 Wednesday the 14th August, 2002 to Tuesday the 20th August, 2002 (both days inclusive)

Particulars of Mr. V Rajaraman & Mr. K Jayabharath Reddy, Directors seeking re-appointment at this Annual General Meeting as per provisions of the listing agreement.

1. Mr. Rajaraman aged 69 years has been a director of the company since 19th August, 1985. He is a Chartered Accountant by profession and is the senior partner of M/s Thakur Vaidyanath Aiyer & Co., Chartered Accountants, New Delhi. He has been the past president of the Institute of Chartered Accountants of India and an active member of the PHD Chamber of Commerce & Industry.

2. Mr. Reddy aged 65 years was appointed a director of the company on 27th March, 2001. He is an IAS of the Andhra Cadre and has rich working experience in many areas. He has held important positions in the State and Union Governments including that of Chief Secretary, Govt. of Andhra Pradesh and Secretary to the Union Government, in the departments / ministry of Insurance, Banking & Urban Development. He is on the Board/Committees of various companies listed below :

Board Director : BPL Display Devices Ltd., BPL Ltd., BPL Mobile Comm. Ltd., Boruka Power Corp. Ltd., NCL Industries Ltd, NCL Energy Ltd., Lanco Kondapally Power Pvt. Ltd.

Chairman – Audit Committee : BPL Mobile Comm. Ltd., NCL Energy Ltd., NCL Industries Ltd.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item 5

Presently the equity shares of the company are listed at the following stock exchanges :

- National Stock Exchange of India Limited (NSE)
- The Stock Exchange, Mumbai (BSE)
- The Ludhiana Stock Exchange Association Limited
- The Delhi Stock Exchange Association Limited
- The Stock Exchange, Ahmedabad
- The Calcutta Stock Exchange Association Limited.

With the extensive connectivity of the NSE and the BSE, investors' have access to dealings in the equity shares of the company all over the country. The bulk of the trading in the equity shares of the company take place on the NSE and BSE only. The trading on the other stock exchanges are negligent or no trading takes place. Accordingly, the listing fees paid to the other stock exchanges is dis-proportionately higher with no trading volumes. As part of the cost reduction measures, the company has proposed the resolution at Item no. '5' to enable it to voluntarily de-list its equity shares from all or any of the Stock Exchanges and in particular from the Stock Exchange at Ahmedabad, Calcutta and New Delhi. As per the SEBI regulations, members approval by Special Resolution is required for the voluntarily de-listing from the stock exchanges. The proposed de-listing will not adversely affect the investors as the company's equity shares will continue to be listed on the NSE and BSE. The de-listing will take effect after all approvals, permissions and sanctions are received.

Directors recommend the resolutions for approval of the members.

None of the Directors of the company shall be deemed to be interested in the above resolutions.



DIRECTORS' REPORT

Your directors present their report together with audited accounts for the period ended 31st March, 2002.

Financial Results

	Period Ended 31.03.2002 (18 months)	Period Ended 30.09.2000 (18 months)
	(Rupees in lacs)	
Gross Sales including other income	35792	58993
Gross Profit/(Loss) before interest and depreciation	(2517)	1178
Less : Interest	8543	7823
Miscellaneous expenses written off	858	120
Depreciation	5859	—
Net Profit/(Loss) before tax	(17777)	(6765)
Provision for tax	—	—
Net Profit/(Loss) after tax	(17777)	(6765)
Surplus/(Loss) from earlier years brought forward	(4428)	1729
Transfer from General Reserve	—	608
Profit/(Loss) carried over to Balance Sheet	(22205)	(4428)

Operations

The Colour Picture Tube (CPT) market has seen a marginal growth over the previous year. The margins have however been under pressure on account of competition both in the domestic and international markets. Despite the stable market, production volumes were lower during the period on account of non availability of working capital. The resultant non utilisation of production capacities have resulted in losses during this period. The Mohali unit of the company produced 243396 nos. of CPTs and sales from the unit were 250478 nos. during the period under review. The production and sales during the period from the Vadodara unit were 889510 nos. and 870823 nos. respectively. After providing for interest and depreciation for the current period there is a net loss of Rs.17777 lacs during the period. With the loss of Rs.4428 lacs carried forward from earlier period the net loss at the end of the period is Rs.22205 lacs. Depreciation of Rs.5356.02 lacs for the earlier period ended 30th September, 2000 has again not been provided in this accounts. With the said losses, the company has completely eroded its net-worth and has become a sick industrial company under the provisions of The Sick Industrial Companies (Special Provisions) Act, 1985. Accordingly, your company would have to make a reference to the Board for Industrial & Financial Reconstruction.

The operations of the Mohali unit have been temporarily suspended with effect from May, 2001 on account shortage of working capital. To utilise the limited working capital resources available, it was decided to run one unit at optimum capacity rather than both the units at sub optimal capacity.

In view of the above losses, no dividend is recommended.

Business Outlook

The domestic Colour TV (CTV) market is expected to continue to grow. The market holds good growth potential with the advent and growth of diverse viewing software and channels and aggressive pricing strategies of the CTV manufacturers and financing options available. Your directors are confident of increased volumes in the years ahead having established itself as a leading player with supplies to all reputed CTV manufacturers. Various steps have been initiated for increasing production volumes and improving operating efficiencies.

Finances

Your Company had initiated a major financial re-structuring exercise in order to improve its operations and to reduce interest costs. Though approvals from the financial institutions/lead bank and some consortium banks had been received, approvals from other banks got delayed. Further fresh working capital facilities as envisaged in restructuring package were not released. With the restructuring package not fully accepted and a delay in its implementation led to deterioration in the financial position of the company, which adversely affected utilisation of the production capacities despite good market. The promoters/associates had meanwhile infused funds, which helped in partly sustaining the operations. The vendors also lent their support in the form of enhanced credit.

Fixed Deposits

As on 31st March, 2002, five deposits amounting to Rs.93,000 remained unclaimed. Since then one deposit of Rs.10,000 has been claimed and repaid. The company had stopped accepting deposits since September, 2000.



HRD and Industrial Relations

Your company recognises that the employees are its greatest strength in realising its goals and objectives. The human resource policies are aimed at providing for job satisfaction, growth opportunities as well as sustaining maximum productivity and performance levels.

The company entered into a wage agreement with the workers at Vadodara Unit, which is valid for three years from January, 2002. On account of shortage of working capital and high overheads like wages at its Mohali unit, the company suspended operations at the Unit in May, 2001. Negotiations with the union for reduction in total wage bill through wage reduction/ reduction in work force were taken up. However with the break down of the discussions and with a view to protect the assets of the company from any untoward incidents, lockout was declared at Mohali on 14th March, 2002. Your company is confident of resolving all disputes with the union and restarting the operations at the earliest. The watch unit, where no activities were carried out, has been permanently closed and termination notices issued to the workers.

Directors

IFCI Limited (IFCI) has nominated Mr. R V Rao on the Board of the company with effect from 28th June, 2001 in place of Mr. C D Ghosh. Your Directors place on record their appreciation of the contributions rendered by Mr. Ghosh during his association with the company.

Mr. K Jayabharath Reddy and Mr. V Rajaraman, directors retire by rotation at the forthcoming Annual General Meeting and being eligible offers themselves for re-appointment.

Directors' Responsibility Statement

On the basis of compliance certificates received from the various executives of the company and subject to disclosures in the annual accounts, as also on the basis of discussion with the Statutory Auditors from time to time, we state:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates 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 and loss of the company for that period.
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- that the Directors have prepared the annual accounts on a going concern basis.

Corporate Governance

The Company has in place a system of Corporate Governance. A separate report on Corporate Governance is enclosed as part of this Annual Report. A certificate from the Auditors of the company regarding compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the report on Corporate Governance.

Other Information

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo and forming part of this report is annexed. Pursuant to amendment to the Companies (Particulars of Employees) Rules, 1975, no employee is covered under the revised limits.

Health, Safety and Environment

Your Company recognises its role in health and safety, as well as its responsibility towards environment and society. Safety and environment control continues to be on top priority and the company is continuously upgrading its capability to meet with required stringent conditions to maintain safeguards.

Auditors

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

The observations of the Auditors referred to in their report have been suitably explained in the Notes to the Accounts and in this report.

Acknowledgement

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

New Delhi
8th July, 2002

On behalf of the Board,
Arjun Thapar
Managing Director



CORPORATE GOVERNANCE REPORT

Company's policies on the Corporate Governance and due compliance report on specific areas wherever applicable for the period ended 31st March, 2002 are given hereunder divided into the following areas :

I. Company's philosophy on Corporate Governance

JCT Electronics Limited (JCTEL) believes that good Corporate Governance is essential to achieve long term corporate goals and to enhance stakeholders' value. Company's business objective and that of its management and employees is to manufacture and market the company's product in such a way so as to create value that can be sustained over a long term for all its stakeholders including shareholders, employees, customers, lenders and the Government. In addition to compliance with regulatory requirements, JCTEL endeavors to ensure that highest standards of ethical conduct are met throughout the organisation.

II. Board of Directors

(a) Composition of the Board

The Board of Directors comprises of nine members with three nominee directors and five non executive directors which includes four independent directors. The Board members possess the experience and expertise to guide and manage the company and the composition is as under:

Name of Director	Category of Director	No. of other Director-shipsheld	No. of other Board Committee (s) of which he is a member	No. of other Board Committee (s) of which he is Chairman
Mr. M M Thapar, Chairman	Promoter – Non Executive	Five	One	None
Mr. Arjun Thapar, Managing Director	Promoter – Executive	None	None	None
Mr. K Jayabharath Reddy	Independent – Non Executive	Seven	Three	Three
Mr. V Rajaraman	Independent – Non Executive	One	None	None
Mr. P K Ganguly	Independent – Non Executive	Four	None	None
Mr. R S Mehra*	Independent – Non Executive	None	None	None
Mr. R V Rao	Independent – Non Executive	Five	Seven	None
Mr. S Ravi	IFCI Nominee Independent – Non Executive	Five	Five	Two
Mr. J N Pandey	IDBI Nominee Independent – Non Executive	One	None	None
	Allahabad Bank Nominee			

* Ceased w.e.f. 8th July, 2002.

(b) Details of sitting fees, remuneration etc. paid to Directors.

Name of Director		Remuneration paid during 1 st Oct., 2000 to 31 st March, 2002 Sitting fees for attending Meetings of the Board and/or Committee thereof	
(i)		Sitting Fees	
	Mr. M M Thapar, Chairman	Rs.	20,000
	Mr. K Jayabharath Reddy	Rs.	12,000
	Mr. V Rajaraman	Rs.	30,000
	Mr. P K Ganguly	Rs.	30,000
	Mr. R S Mehra	Rs.	14,000
	Mr. C D Ghosh (upto May, 2001)	Rs.	8,000
	Mr. R V Rao (from June, 2001)	Rs.	14,000
	Mr. S Ravi	Rs.	14,000
	Mr. J N Pandey	Rs.	14,000



Name of Director		Remuneration paid during 1 st Oct., 2000 to 31 st March, 2002
(ii)	Mr. Arjun Thapar, Managing Director	Remuneration
	Salary and allowances	Rs. 13,50,000
	Contribution to P.F./Superannuation	Rs. 2,25,000
	Perquisites	Rs. 1,74,305
	Total	Rs. 17,49,305

Note : 1) Mr. R V Rao was nominated by IFCI Limited in place of Mr. C D Ghosh with effect from 28th June, 2001.
2) No Commission is paid to any Director

(c) Number of Board Meetings held and attended by Directors

(i) Eight Meetings of the Board of Directors were held during the period 1st October, 2000 to 31st March, 2002. These were held on :

- | | |
|------------------------------------|-----------------------------------|
| 1) 23 rd October, 2000 | 2) 30 th January, 2001 |
| 3) 19 th February, 2001 | 4) 27 th April, 2001 |
| 5) 28 th June, 2001 | 6) 31 st July, 2001 |
| 7) 30 th October, 2001 | 8) 31 st January, 2002 |

(ii) The attendance record of each of the Directors at the Board Meetings during the period ended on 31st March, 2002 and at the last Annual General Meeting is as under :

Name of Director	No. of Board Meetings attended	Attendance at the last AGM
Mr. M M Thapar,	5	No
Mr. Arjun Thapar,	8	No
Mr. K Jayabharath Reddy	6	No
Mr. V Rajaraman	5	Yes
Mr. P K Ganguly	7	No
Mr. R S Mehra	5	No
Mr. C D Ghosh (upto May, 2001)	3	No
Mr. R V Rao (from June, 2001)	4	No
Mr. S Ravi	6	No
Mr. J N Pandey	7	No

III Audit Committee

(a) The Audit Committee comprises of four independent non-executive Directors viz.

- 1) Mr. V Rajaraman
- 2) Mr. P K Ganguly
- 3) Mr. R S Mehra (ceased w.e.f. 8th July, 2002)
- 4) Mr. R V Rao (IFCI Nominee)

Mr. V Rajaraman is the chairman of the Committee.

(b) The Audit Committee meetings were held on 27th April, 2001, 31st July, 2001, 30th October, 2001 and on 31st January, 2002. The attendance of each Committee member is as under :-

Name of Director	No. of Meetings attended
Mr. V Rajaraman	3
Mr. P K Ganguly	3
Mr. R S Mehra	2
Mr. R V Rao	3



- (c) On invitation, representatives from various departments of the company, internal auditors, statutory auditors and Chief Operating Officer and the Company Secretary who is also acting as Chief Internal Auditor also attended the Audit Committee meetings to answer and clarify queries raised at the Committee meetings.
- (d) The role and terms of reference of the Audit Committee covers the matters specified for Audit Committees under Clause 49 of Listing Agreement as well as Section 292A of the Companies Act, 1956.

IV. Remuneration Committee

The Company has only one whole time Director on the Board, whose appointment and remuneration has been fixed by the Board and in terms of resolution passed by the members.
In view of this, no Remuneration Committee was constituted.

V. Shareholders Committee

- (a) The company has constituted a shareholders' committee with three non executive directors and the Managing Director as its members and its composition is as under:

- 1) Mr. M M Thapar – Non Executive Director
- 2) Mr. Arjun Thapar – Managing Director
- 3) Mr. V Rajaraman – Non Executive Director
- 4) Mr. P K Ganguly – Non Executive Director

The committee meets to approve inter-alia transfer/transmission of shares, issue of duplicate share certificates and review the status of the investor's grievance and redressal mechanism and recommend measures for improvement of investors' services. Details of shares transferred/transmitted and duplicate share certificates issued with the approval of the committee are placed before the Board from time to time.

- (b) During the period 1st October, 2000 to 31st March, 2002 there were no complaints/queries pending reply. Further there are no share transfers pending for registration for more than 30 days as on the said date.
- (c) Mr Gopal Krishnan, Company Secretary has been designated as the Compliance Officer.

VI. Board Procedure

The members of the Board have been provided with the requisite information mentioned in the listing agreement well before the Board Meetings and the same were dealt with appropriately.
All the directors, who are on various committees, are within the permissible limits stipulated in the listing agreement. The directors have intimated from time to time about their membership in the various committees in other companies.

VII. Compliance Certificate

Compliance Certificate for Corporate Governance from Auditors of the Company is annexed herewith.

VIII. General Body Meetings

- (a) The details of the previous three Annual General Meetings held is as under :

AGM	Financial Year/ Accounting Period	Day/Date	Time	Venue
22 nd	1-4-1997 to 31-3-1998	Tuesday 29-09-1998	3.00 p.m.	A-32, Industrial Phase VIII, SAS Nagar, Mohali, Punjab.
23 rd	1-4-1998 to 31-3-1999	Wednesday 29-09-1999	3.00 p.m.	A-32, Industrial Phase VIII, SAS Nagar, Mohali, Punjab.
24 th	1-4-1999 to 30-9-2000	Monday 27-03-2001	3.00 p.m.	Dara Studio Phase VI, SAS Nagar, Mohali, Punjab.

- (b) Whether special resolutions were put through postal ballot last year ? No
- (c) Are special resolutions proposed to be put through postal ballot this year ? No

**IX Disclosures**

- (i) There are no materially significant transactions with related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with the company's interest.
- (ii) No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

X. Means of communication

- (i) Quarterly and Half yearly results are communicated to Stock Exchanges, where the company's shares are listed, immediately after the same are taken on record/approved by the Board. Further the said results are also published in English/vernacular languages like Indian Express – Delhi, Chandigarh, Jansatta – Delhi, Punjabi Tribune – Chandigarh, Dainik Tribune – Chandigarh.
- (ii) Presentation are also made to the media, analysts and institutional investors
- (iii) Management discussion and analysis forms part of this report.

XI General Shareholder Information

- (a) Annual General Meeting to be held :

Day : Tuesday
 Date : 20th August, 2002
 Time : 3.00 p.m.
 Venue : Dara Studio Phase VI, SAS Nagar, Mohali, Punjab.

- (b) Financial Calendar 2002-2003 :

First Quarterly Results : Before end of July, 2002
 Second Quarterly Results : Before end of October, 2002
 Third Quarterly Results : Before end of January, 2003
 Audited yearly results for the year ended 31st March, 2003 : Before end of June, 2003

- (c) Dates of Book Closure :

Wednesday, 14th August, 2002 to Tuesday, 20th August, 2002 (both days inclusive)

Dividend payment date :

The company has not declared any dividend for the current financial period.

- (d) Listing on Stock Exchanges :

The Equity Shares of the Company are presently listed at the following Stock Exchanges :

- The Ludhiana Stock Exchange Association Ltd., Feroze Gandhi Market, Ludhiana – 141 001
- The Delhi Stock Exchange Association Limited, DSE House, 3/1 Asaf Ali Road, New Delhi 110002
- The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
- The National Stock Exchange Association Ltd., Exchange Plaza, Bandra - Kurla Complex, Bandra (E), Mumbai – 400 051.
- The Stock Exchange, Ahmedabad, Kamdhenu Complex, Opp. Sahajanand College, Panjara Pole, Ambawadi, Ahmedabad – 380 015
- The Calcutta Stock Exchange Association Ltd., 7. Lyons Range, Kolkata – 700 001

- (e) Company/Stock Code :

Equity Shares

- | | |
|--|----------|
| - The National Stock Exchange Association Ltd. | JCTELEC |
| - The Stock Exchange Mumbai | 500222 |
| - The Stock Exchange Ahmedabad | 28250 |
| - The Delhi Stock Exchange Association Ltd. | 5728 |
| - The Calcutta Stock Exchange Association Ltd. | 10020006 |