

ANNUAL REPORT

2009 – 10



JCT ELECTRONICS LIMITED



JCT ELECTRONICS LIMITED

BOARD OF DIRECTORS

Mr. M.M.Thapar, *Chairman*
Mr. Arjun Thapar, *Managing Director*
Mr. K. Jayabharath Reddy
Mr. P. K. Ganguly
Mr. Arun Ramanathan, *Special Director, BIFR*
Mr. S. V. Venkatakrishnan, *Nominee, IFCL Ltd.*
Mr. S. K. Kalra, *Nominee, Allahabad Bank*

CHIEF OPERATING OFFICER

Mr. Raj Kapur

VICE PRESIDENT & COMPANY SECRETARY

Mr. Gopal Krishnan

AUDITORS

V. Sahai Tripathi & Co.
New Delhi

REGISTERED OFFICE

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

HEAD OFFICE

Thapar House,
124 Janpath
New Delhi - 110001

BANKERS

Allahabad Bank
Punjab National Bank
Punjab & Sind Bank
State Bank of Patiala
Bank of Baroda
Indian Overseas Bank
UCO Bank
Siam Commercial Bank p.l.c.
Standard Chartered Bank
Oman International Bank
Bank of Nova Scotia
Kotak Mahindra Bank

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DIRECTORS' REPORT

Your directors present their report and audited accounts for the year ended 31st March, 2010

Financial Results

	Year ended 31.03.2010	Year ended 31.03.2009
	(Rupees in lacs)	
Gross Sales including other income	52,954	44,451
Earning before Interest , Depreciation & Tax	2,876	(3,906)
Interest & Financing Charges	2,384	1,608
Depreciation	1,686	1,628
Expenses/depreciation relating to prior period	61	258
Net Profit/(Loss) for the year	(1,255)	(7,401)
Provision for Tax	—	—
Net Profit/(Loss) after tax	(1,255)	(7,401)

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

Operations

The financial year 2009-10 witnessed demand crossing the level of 18 million units inclusive of imports showing a growth of over 10% over the previous year. The Industry has seen sustained growth over the last couple of years on account of impressive growth in GDP, increased purchasing power in the hands of consumers more so in the tier 2 & 3 cities and also free distribution of TVs by the Tamil Nadu Government.

Production during the financial year 2009-10 was 4.30 million CPTs as against 3.45 million CPTs in the previous year. Sales during the financial year was also higher at 4.23 million CPTs as compared to 3.47 million CPTs the year before. Presently operations are continuing only at the Vadodara unit as the Mohali unit continues to be shut.

Your Directors are pleased to state that most of the stipulations of the rehabilitation scheme sanctioned by the Board for Industrial & Financial Reconstruction have been complied with, except for the sale of land at Mohali for which efforts are on to get necessary clearances.

Outlook

The current financial year is likely to see continued growth in demand on account of major sporting events like the just concluded soccer world cup, the common wealth games to be held in Delhi and big orders from Tamil Nadu Govt. which have significantly contributed to the growth in the domestic CTV Industry. Based on these projections, the production target taken for the financial year 2010-11 is around 5 million tubes.

The pure flat segment which had gained market share as against the conventional tubes will see a flat demand in the year ahead. With major TV players introducing ultra slim CRT based CTVs, the company is gearing up for launch of these tubes as it sees a sizable market coming up. After trials and sampling, it is proposed to commercially launch these tubes towards end of 2010. In the conventional segment, 20" tube is expected to hold on to its market share. The 14" tube is expected to see a dip in the market share, post completion of the order from Tamil Nadu Government. The company has enhanced its manufacturing capabilities by creating flexibility in its production lines to manufacture products of various sizes depending on market requirements.

With the imports continuing despite the imposition of anti dumping, the margins will continue to be under pressure. The upward movement in prices of all major raw materials is also putting pressing on the margins. With the supply of major materials now concentrated in the hands of few suppliers, there is constant threat of price increase. Efforts are being made through value engineering to keep the impact of the increase at the minimum level. In house Deflection Yokes and Electron Guns being very cost effective, enhancement of manufacturing capabilities of these vital components is being aggressively pursued. The power and fuel costs have also been impacted on account of increase in gas & fuel prices. Major focus is on reduction of power and utility costs by conserving energy, increasing own generation and recycling water.



Directors

The Board for Industrial & Financial Reconstruction have appointed Mr. Arun Ramanathan, former Finance Secretary to the Union Government, as a Special Director on the Board of the Company with effect from 30th June, 2010.

IFCI Limited (IFCI) has also recently nominated Mr. S V Venkatakrishnan on the Board with effect from 18th August, 2010.

Mr. P K Ganguly, director retires by rotation at the forthcoming annual general meeting and being eligible offers himself for re-appointment.

Directors' Responsibility Statement

On the basis of compliance confirmation and subject to disclosures in the annual accounts, as also on the basis of discussion with the Statutory Auditors, your directors report:

- that in the preparation of the annual accounts for the year ended 31st March, 2010, 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company for the financial year ended 31st March, 2010 and of the profit/loss of the company for this period.
- that 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 has been taken.
- that the annual accounts have been prepared on a going concern basis.

Corporate Governance

Your company has complied with the provisions relating to Corporate Governance as prescribed under the listing agreement with the Stock Exchanges. The Report on Corporate Governance along with necessary certificates are enclosed and forms part of the report.

Fixed Deposit

During the year under review, the company has neither invited nor accepted any deposits. There are no overdue deposits lying unpaid with the company.

Other Information

The information 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 is given in the Annexure and forms part of this Report.

The information required to be provided in terms of the provisions of Section 217(2A) of the Companies Act, 1956 and rules framed thereunder forms part of this report. The same 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.

Environment

Your Company recognizes its responsibility towards environment and society and in line with the same top priority has been accorded in continuously upgrading its capability to meet the required norms and safeguards. Significant initiatives have been taken to not only reduce the consumption of energy but also switch over to more eco-friendly fuels. Lot of greenery has been created in and around the factory to keep the environment pollution free.

Industrial Relations

Industrial relations remained satisfactory throughout the year. Great emphasis has been laid on educating and upgrading the skills of its human resources.

A fresh wage agreement with the workers at Vadodara unit, valid for two years, has recently been entered.



Auditors

The auditors Messrs V Sahai Tripathi & Co retire at the conclusion of the 33rd Annual General Meeting and being eligible have expressed their willingness to continue, if appointed. The Board of Directors recommend their appointment for the next financial year.

The observations of the Auditors in their report and the relevant notes to the accounts (Note 7, 8 & 11) are self explanatory and therefore do not require any further comments.

Acknowledgement

The Board acknowledges the valuable support of various government agencies, financial institutions, banks, customers, suppliers, business associates, shareholders and employees and looks forward to their continued support.

On behalf of the Board

Place : New Delhi
Dated : 18th August, 2010

Arjun Thapar
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Information under Section on 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.

A. CONSERVATION OF ENERGY

Energy conservation measures taken:

- Reduction of electricity consumption by commissioning VAM, which is run on waste heat recovered from exhaust gas from the gas based captive power plant.
- Conversion of hot water generator to run on Natural Gas.
- Reduction of power consumption by use of Turbo Ventilators in non air-conditioned areas to extract heat and also provide natural illumination.
- Reduction in water consumption through recycling of water. Steps have also been undertaken for harvesting of rain water.
- Reduction in air conditioning load by re-sizing of process areas.

B. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

a) Research & Development:

i) Areas in which R&D carried out.

Development carried out in the areas of import substitution, alternative raw materials, technology upgradation, process development and quality improvement.

Company has been able to successfully launch deflection yokes with aluminum wire, which will result in cost saving.

ii) Benefits derived as a result of above activities.

Cost reduction achieved through improvement in design, import substitution, lower usage and better quality.

iii) Future plan of action.

To continue R&D work in above areas for further improving quality and reducing costs.



iv) Expenditure on R&D.

No significant expenditure involved as the development, up gradation and improvements were carried out in house.

b) Technology absorption:

The technology for manufacture of colour picture tubes and vital components like deflection yokes and electron guns have been absorbed. The technology for the ultra slim CPTs is in the process of being absorbed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange outgo during the year	–	Rs. 10,393.52 Lacs
Foreign exchange earnings during the year	–	NIL

MANAGEMENT DISCUSSION AND ANALYSIS

Industry scenario

The CPT industry has again witnessed positive growth during the financial year 2009-10, though globally there was a shift in preference from Cathode Ray Tubes (CRTs) based TVs to Flat Panel Display (FPD) TVs. With global demand for CRTs declining, lot of capacities are closing down. With capacities closing down, sourcing of CRTs will be primarily from India and China. In India, however, the market share of FPDs is just over 10%. The growth in this segment has been witnessed with prices falling down sharply. The CRT segment continues to be a volume player and a dominant technology in the TV display market in India. With boom witnessed in the electronic media and huge untapped market in the rural areas where TV penetration has been low, ample opportunities are available for growth. In the CRT segment also, the pure flat tubes have witnessed growth and in the coming years, the ultra slim category is expected to gather volume. The FPD and CRT segments cater to different markets and will co-exist.

The realizations had come down at the beginning of the financial year on account of the aggressive dumping of tubes from various countries which resulted in prices sliding down. However, with the imposition of provisional anti dumping from these countries, the realizations and margins have stabilized towards the end of the financial year.

Company's performance

Production and Sales for the year ended March, 2010 were higher than the previous year as both the lines were fully operational. With enhanced capacity of around 5 million CPTs per annum available at Vadodara, production and sales volumes during the current financial year will further improve. To broaden its product range, the company has plans of introducing the ultra slim CPTs in addition to its existing portfolio of tubes of various sizes in the conventional and pure flat segment. In view of flexibility available at the Vadodara Unit, the company will offer products with high growth potential and also broaden its customer base.

The company is confident of meeting the challenges faced by the industry. Continuous efforts at improving productivity and reducing input costs have helped in maintaining the margins. Lot of effort has gone in upgrading the skills of the work force to meet the quality standards and improve productivity. The company has taken steps for captive power generation to meet its power requirements and reduce its dependence on the State Electricity Board to save power cost. With gas availability at Vadodara, the power and fuel costs will reduce.

Adequate internal control systems and procedures are in place to ensure optimum utilization of resources, improve performance and compliance with statutory regulations.



CORPORATE GOVERNANCE REPORT

I. Company's philosophy on Corporate Governance

JCT Electronics Limited (JCTEL) believes that good corporate governance is essential to achieve its business objectives and long term goals besides creating value for all its stakeholders.

II. Board of Directors

- The Board of the company presently has seven directors comprising of two nominee directors, two independent directors, one special director and two promoter directors.

The Managing Director is responsible for the day-to-day affairs of the company.

The Board for Industrial and Financial Reconstruction (BIFR) has appointed Mr. Arun Ramanathan as the Special Director on the Board of the Company in place of Mr. Pawan Chopra. Mr. Ramanathan will also be a member of the Audit Committee of the Board.

IFCI Limited have recently nominated Mr. S V Venkatakrishnan in place of Mr. Narender Kumar as their nominee.

- The Board met five times during the year on 24th April, 2009, 31st July, 2009, 6th August, 2009, 23rd October, 2009 and 22nd January, 2010.
- Details of meetings attended by directors and other directorships held are as under:

Name of Director	Category of Director	No. of Board Meetings attended	No. of other Directorships held	No. of other Board Committee(s) of which he is a	
				Member	Chairman
Mr. M M Thapar, Chairman	Promoter – Non Executive	One	Two	None	None
Mr. Arjun Thapar, Managing Director	Promoter – Executive	Five	Two	None	None
Mr. K Jayabharath Reddy	Independent – Non Executive	Four	Eight	Two	Two
Mr. P K Ganguly	Independent – Non Executive	Five	Two	None	One
Mr. S K Kalra	Nominee – Allahabad Bank	None	None	None	None
Mr. Arun Ramanathan*	Special Director – BIFR		Five		
Mr. Pawan Chopra **	Special Director – BIFR	One	Two	None	None
Mr. S V Venkatakrishnan***	Nominee – IFCI				
Mr. Narender Kumar****	Nominee – IFCI	One	Two	None	None

* Appointed by BIFR as special director w.e.f. 30th June, 2010

** Withdrawn by BIFR as special director w.e.f. 17th July, 2009

*** Nominated by IFCI as director w.e.f. 18th August, 2010

**** Withdrawn by IFCI as director w.e.f. 28th May, 2009.

III. Code of Conduct

The Code of conduct, for the Directors and senior management, in line with the provisions of Clause 49 of the Listing Agreement has been formulated, framed and adopted by the Board.

As provided under clause 49 of the listing agreement with the Stock Exchanges, the Board members and senior management have confirmed compliance with the code of conduct for the period ended 31st March, 2010.

**IV. Audit Committee**

The Audit Committee presently comprises of Mr. K Jayabharath Reddy & Mr. P K Ganguly, Independent Directors and Mr. Arun Ramanathan, Special Director appointed by BIFR as its members with Mr. Ganguly being the Chairman. Mr. Narender Kumar was also a member before his nomination was withdrawn by IFCI.

The committee met four times on 24th April, 2009, 6th August, 2009, 23rd October, 2009, and 22nd January, 2010. While, Mr. P K Ganguly attended all the committee meetings, Mr. K Jayabharath Reddy attended three meetings and Mr. Narender Kumar attended one meeting.

The Internal Auditors, Chief Operating Officer, Vice President – Finance & Accounts and the Vice President & Company Secretary attend the committee meetings to clarify queries raised. The Statutory Auditors and representatives from various departments of the company are invited as and when required.

The role and terms of reference of the committee covers all matters specified under Clause 49 of listing agreement as well as Section 292A of the Companies Act, 1956.

V. Remuneration Committee

The Remuneration Committee presently comprises of two independent directors, Mr. K Jayabharath Reddy and Mr. P K Ganguly as its members with Mr. Reddy being the chairman.

The terms of reference are to recommend/review the remuneration of the Managing Director as per provisions of the Companies Act, 1956.

VI. Shareholders Committee

The Shareholders & Investor's Grievance Committee has Mr. Arjun Thapar (Managing Director), Mr. M M Thapar and Mr. P K Ganguly, Directors, as its members.

Mr. Gopal Krishnan, Vice President & Company Secretary has been designated as the Compliance Officer.

The committee meets to review inter-alia the status of transfer/transmission of shares, issue of duplicate share certificates, shares dematted/rematted and investor's grievance and redressal mechanism and recommend measures for improvement of investors' services.

During the year ended 31st March, 2010 there were no complaints/queries pending for reply and there were no share transfers pending for registration.

VII. Details of remuneration paid to Directors.

Except for sitting fees for attending the meetings of the Board/Committee, no remuneration or commission has been paid to any Director.

Remuneration paid to Mr. Arjun Thapar, Managing Director during the year was Rs. 22.99 lakhs.

Except for salary and perks as approved by the shareholders, the Managing Director is not paid any bonus, performance linked incentive, commission, stock option etc.

VIII. General Body Meetings

Details of the previous three Annual General Meetings held are as under :

AGM	Financial Year	Day/Date	Time	Venue
30 th	1-4-2006 to 31-3-2007	Friday 21 st Sept., 2007	10.00 a.m.	A-32, Indl. Phase VIII, SAS Nagar, Mohali, Punjab.
31 st	1-4-2007 to 31-3-2008	Tuesday 30 th Sept., 2008	10.00 a.m.	A-32, Indl. Phase VIII, SAS Nagar, Mohali, Punjab.
32 nd	1-4-2008 to 31-3-2009	Friday 25 th Sept., 2009	10.30 a.m.	A-32, Indl. Phase VIII, SAS Nagar, Mohali, Punjab.

No special resolution was required to be passed through postal ballot last year in terms of the provisions of the Act and relevant rules made thereunder.

All the above AGMs were attended by the Chairman of Audit Committee.

IX. CEO/CFO Certification

In terms of the requirements of the listing agreement, necessary certificate is attached, to this report.



X. Disclosures

No transactions of material nature have been entered into by the company with Promoters, Directors or their relatives conflicting with the company's interest except as disclosed in the financial accounts under related party transactions. 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.

XI. Management Discussion and Analysis

The management discussion and analysis is attached to the Director's Report.

XII. Means of communication

Quarterly results are communicated to the stock exchanges where the company's shares are listed. The same are displayed on the following websites www.bseindia.com and www.nseindia.com.

The results are generally published in the newspapers like Indian Express – Delhi, Chandigarh, Jansatta – Delhi and The Punjabi Tribune – Chandigarh.

XIII. General Shareholder Information

- 33rd Annual General Meeting
 - Day & Date : Tuesday, 28th September, 2010
 - Time : 10.30 a.m.
 - Venue : A-32, Indl. Phase VIII, SAS Nagar, Mohali, Punjab
- Financial Calendar 2010-11
 - First Quarterly Results : Before end of July, 2010
 - Second Quarterly Results : Before end of October / mid November, 2010
 - Third Quarterly Results : Before end of January / mid February, 2011
 - Fourth Quarterly Results : Before end of April / mid May, 2011
- Dates of Book Closure :
 - From Tuesday, 21st September, 2010 to Tuesday, 28th September, 2010 (both days inclusive)
- Dividend payment date :
 - The company has not declared any dividend for the current financial year.
- Listing on Stock Exchanges :
 - The Equity Shares of the Company are listed on the following Stock Exchanges :
 - National Stock Exchange of India Ltd., Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai-400051.
 - Bombay Stock Exchange Limited, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001.
- Company/Stock Code :
 - The National Stock Exchange of India Ltd. JCTEL
 - Bombay Stock Exchange Ltd. 500222
- Market price data for the year 2009 - 2010 : (Face Value Rs.1/-)

Month	NSE			BSE		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
Apr., '2009	3.45	2.05	216766	3.34	2.10	273218
May, '2009	5.20	2.20	534700	5.21	2.41	506848
Jun., '2009	5.25	3.15	206461	5.22	3.00	459910
Jul., '2009	3.60	2.90	158971	3.60	2.87	295158
Aug., '2009	3.30	2.85	200721	3.30	2.81	426289
Sep., '2009	4.25	2.90	492909	4.20	2.90	951889
Oct., '2009	3.90	2.80	344422	3.70	2.81	521337
Nov., '2009	3.10	2.65	392462	3.14	2.64	601812
Dec., '2009	2.90	2.50	2451586	2.88	2.52	2184801
Jan., '2010	2.85	2.00	54546713	2.84	2.02	64073120
Feb., '2010	2.55	1.90	3688091	2.49	1.93	4313466
Mar., '2010	2.35	1.90	2796712	2.50	1.87	3430355



JCT ELECTRONICS LIMITED

– Distribution of share holding as at 31st March, 2010

Category Nos. of shares	Shares Nos.	% age	Shareholders Nos.	% age
Upto 500	5215203	0.66	25595	71.71
501-1000	4063218	0.51	4396	12.32
1001-2000	3928106	0.50	2260	6.33
2001-3000	2026761	0.26	753	2.11
3001-4000	1470873	0.19	394	1.10
4001-5000	3988204	0.51	811	2.27
5001-10000	6427275	0.81	771	2.16
10001 and above	761137623	96.56	715	2.00
Total	788257063	100.00	35695	100.00

– Shareholding pattern as on 31st March, 2010

Promoters & Associates	:	82.78 %
Fin.Inst./Ins.Co.'s/Mutual Funds/Banks	:	9.53 %
NRIs/OCBs/FIIs	:	0.51 %
Public	:	7.18 %
Total	:	<u>100.00 %</u>

– Registrar and Share Transfer Agents

The share transfer agents for equity shares of the company both for electronic and physical segment are :

RCMC Share Registry (Pvt.) Ltd.
Unit : JCT Electronics Limited
B-106, Sector - 2, Noida
Uttar Pradesh - 201 301
Tele : 0120-4015880
Fax : 0120-2444246
Email : shares@rcmcdelhi.com

– Share Transfer System :

Share transfers and transmissions are registered and returned within the stipulated period if the documents are clear in all respects.

– Dematerialisation of equity shares :

The demat/remat requests are processed within 15 days of the receipt of requests, if the same are complete in all respects.

As per SEBI directives the equity shares of the company are traded only in demat form for all investors and the ISIN allotted to equity shares of the company is INE264B01020. The company has tied up with both the National Securities Depository Limited and Central Depository Services (I) Limited.

– Manufacturing Units :

- NH-8, Village Kandhari, Taluka Karzan, Vadodara (Gujarat)
- A-32, Industrial Phase VIII, SAS Nagar, Mohali, Distt. Ropar, Punjab
(The Mohali unit is presently not in operation)

– Address for Correspondence :

Thapar House, 124 Janpath, New Delhi – 110 001

Phone : 43534242; Fax : 23367861

Contact Person : Mr. Manoj Chadha, Joint Manager - Secretarial

The above report was approved at the Board meeting held on 18th August, 2010.

Compliance Certificate for corporate governance from auditors of the company is annexed herewith.