

# ANNUAL REPORT 2010 – 11



**JCT ELECTRONICS LIMITED**



# JCT ELECTRONICS LIMITED

## BOARD OF DIRECTORS

Mr. M.M.Thapar, *Chairman*  
Mr. Arjun Thapar, *Managing Director*  
Mr. K. Jayabharath Reddy, *Independent Director*  
Mr. Arun Ramanathan, *Special Director, BIFR*  
Mrs. Neeta Mukerji, *Nominee, Allahabad Bank*  
Mr. S. V. Venkatakrishnan, *Nominee, IFCI Ltd.*  
Mr. P. K. Ganguly, *Independent Director*

## CHIEF OPERATING OFFICER

Mr. Raj Kapur

## SR. 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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## NOTICE

Notice is hereby given that the 34<sup>th</sup> Annual General Meeting of the Members 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 27<sup>th</sup> day of September, 2011 at 10.30 a.m. to transact the following business:

### Ordinary Business :

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2011, the Profit & Loss Account for the financial year ended on that date and the Reports of the Auditors and Directors' thereon.
2. To appoint a Director in place of Mr. K Jayabharath Reddy, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s V. Sahai Tripathi & Co., Chartered Accountants as the Statutory Auditors of the company to hold office from the conclusion of the 34<sup>th</sup> Annual General Meeting till the conclusion of the 35<sup>th</sup> Annual General Meeting and authorise the Board of Directors to fix their remuneration.

By order of the Board  
for JCT ELECTRONICS LIMITED

Place : New Delhi  
Dated : 4th, August, 2011

Gopal Krishnan  
Sr. Vice President & Company Secretary

## NOTES

- a) 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.**
- b) The Register of Members and Transfer books of the company will remain closed from Tuesday the 20<sup>th</sup> day of September, 2011 to Tuesday, the 27<sup>th</sup> day September, 2011 (both days inclusive)
- c) Transfer requests for shares in physical form and all other queries should be sent to the company's office at **Thapar House, 124 Janpath, New Delhi – 110 001.**
- d) For shares held in electronic form, all instructions regarding change of address, nomination, power of attorney etc., should be given directly to your Depository Participants. The company will not take cognisance of any such requests directly for shareholders.
- e) Particulars of Mr. K Jayabharath Reddy, Director who retires by rotation and is seeking re-appointment at this annual general meeting.

Mr. K Jayabharath Reddy, aged 74 years is an IAS of an Andhra Pradesh Cadre. He has held important positions in the State & Union Government including that of Chief Secretary, Government of Andhra Pradesh and Secretary to the Union Government, in the Ministries of Finance & Urban Development. He is on the Board / Committees of several companies i.e. BPL Limited, BPL Power Limited, Lanco - Kondapalli Power Limited, Facor Alloys Limited, Taj GVK Hotels & Resorts Limited, Viceroy Hotels Ltd., NCL Altek Seccolor Limited and Indus - Medicare Limited.

- i) The Ministry of Corporate Affairs vide circular nos.17.2011 and 18/2011 dated April 21 and April 29, 2011 respectively, has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants. In respect of shares held in physical form, the members are requested to send their e-mail details, duly signed by the first holder in the format appearing at the bottom of the Attendance Slip to the company's office at **Thapar House, 124 Janpath, New Delhi – 110 001.**

**DIRECTORS' REPORT**

Your directors present their report and audited accounts for the year ended 31<sup>st</sup> March, 2011

**Financial Results**

The key financial results of the company are as under :

Year ended	Year ended
31.03.2011	31.03.2010
(₹ in lacs)	

Gross Sales including other income	51,263	52,811
Earning before Interest , Depreciation & Tax	2,368	2,876
Interest & Financing Charges	2,614	2,384
Depreciation	1,655	1,686
Expenses/depreciation relating to prior period	32	61
Net Profit/(Loss) for the year	(1,933)	(1,255)
Fringe Benefit Tax relating to prior period	53	-
Net Profit/(Loss) after tax for the year	(1,986)	(1,255)

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

**Operations**

The financial year 2010-11 again witnessed demand for CPT based CTVs crossing the level of 18 million units inclusive of imports, which was marginally lower than the earlier financial year. Though the Industry has seen growth over the last few years on account of various factors, including the orders from Tamil Nadu Government, the local CPT industry suffered due to large scale imports from South East Asia.

Production during the financial year 2010-11 was 4.21 million CPTs as against 4.30 million in the previous financial year from its Vadodara unit, which only is in operation. Sales during the financial year 2010-11 was 4.31 million CPTs as compared to 4.23 million in the year before. But for the imports, the production and sales would have been higher than the previous year.

**Outlook**

World over the demand for CPTs is expected to decline, resulting in lot of capacities getting vacated. However, the Indian market is expected to remain steady in view of low penetration of TVs in the rural and semi urban areas, though the overall market for CRT based CTVs in India is expected to decline slowly as the LCD & LED technology based CTVs gain momentum. The company has created flexibility in its production lines to cater to the market requirements for various sizes. With the market preference shifting to ultra slim tubes, we have geared up our facilities to take up its production commercially.

Despite the imposition of anti dumping duties, influx of tubes from abroad continue to pose a threat to the local industry. The surge in imports impacted margins as the company had to match the landed prices, which despite the anti dumping duty, had fallen on account of the dollar depreciating. To offset the shrinking margins, your company has taken steps to reduce costs through process improvements, value engineering, rationalising manpower and improving productivity. Besides the upward movement in prices of all major raw materials, the supply of some critical inputs is now concentrated in the hands of few suppliers, which also makes us more vulnerable on the supply chain front. 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**

Allahabad Bank have nominated Mrs. Neeta Mukerji, President & COO – Asset Reconstruction Company (India) Limited (ARCIL), on the Board in place of Mr. S K Kalra with effect from 9<sup>th</sup> February, 2011.

Mr. K Jayabharath Reddy, 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 31<sup>st</sup> March, 2011, 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 31<sup>st</sup> March, 2011 and of the loss of the company for the year under review.
- that proper and sufficient care 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 fraud and other irregularities has been taken.
- that the annual accounts have been prepared on a going concern basis.

## Corporate Governance

Your company has taken adequate steps to ensure compliance with the provisions relating to Corporate Governance as prescribed under the listing agreement with the Stock Exchanges. The Report on Corporate Governance along with a certificate from the Auditors of the company regarding compliance is enclosed and forms part of the report.

## Fixed Deposit

During the year under review, the company 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 and will be made available on request by any member of the company.

## Environment

Your Company has been awarded ISO 14000 certification in recognition of its responsibility towards environment and society. The Company has been continuously upgrading its capability to meet the required norms and safeguards and to keep the environment pollution free. Lot of greenery has been created in and around the factory. Significant initiatives have been taken to reduce the consumption of energy and shift to more eco-friendly fuels.

## Industrial Relations

Your company continues to maintain harmonious and cordial relations with its workforce.

## Auditors

The auditors Messrs V Sahai Tripathi & Co., Chartered Accountants, retire at the conclusion of the forthcoming 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.

As regards the observations of the Auditors in their report, the relevant notes to the accounts i.e. nos. 6(h), 7, 8(a) & (b) and 11(a) & (b) 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 : 4th, August, 2011

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 operating VAM, run on waste heat recovered from exhaust gas.
- 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 air conditioning load by re-sizing of process areas.
- Reduction in water consumption through recycling of water. Rain water harvesting has also been undertaken.

### 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.

ii) Benefits derived as a result of above activities.

Cost reduction achieved through improvement in design, import substitution, lower usage and better quality. Company has successfully launched Deflection Yokes with aluminium wire, resulting in cost saving.

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 are carried out in house.

b) Technology absorption:

The company has developed capability to manufacture colour picture tubes, components like deflection yokes and electron guns. The technology for the ultra slim CPTs is being absorbed.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange outgo during the year                      -     ₹ 98.49 lacs

Foreign exchange earnings during the year                      -     NIL



## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry scenario

Globally the CRT industry has been declining in volumes. However, markets in India and in some South Asian countries continues to be stable. In the current financial year, the overall market for CPTs in India is expected to come down consequent upon completion of the free distribution of CTVs by the Tamil Nadu Government. Last year the local CPT industry faced huge pressure on account of unabated import of CPTs from neighbouring countries despite anti dumping duties having been imposed, which impacted the margins.

With global demand for CRTs declining, lots of capacities are closing down and sourcing of CRTs will be primarily from India and China. The CRT segment continues to be a volume player in the CTV market in India, with huge untapped market in the rural areas where TV penetration has been low. In the CRT segment also, the ultra slim category is expected to gather volumes and compete with the flat panels.

### Company's performance

Production and Sales Nos. for the financial year 2010-11 were higher than the previous year despite large scale imports. The company is confident of meeting the challenges faced by the industry. To broaden its product range, the company has plans to introduce the ultra slim CPTs in addition to its existing portfolio of tubes of various sizes in the conventional and pure flat segment. Continuous efforts at improving productivity, reducing input costs, captive power generation 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.

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

The company has introduced various H.R. initiatives towards bringing competitiveness, accountability and responsibility among its employees. In house training is being imparted to upgrade the skills and competence of the work force.

## AUDITORS CERTIFICATE

The Members  
JCT Electronics Limited

We have examined the compliance of the conditions of Corporate Governance by JCT Electronics Limited for the year ended 31<sup>st</sup> March, 2011 as stipulated in clause 49 of the listing agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of 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, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances during the year ended 31<sup>st</sup> March, 2011 grievances were received & resolved by the Company. There were no grievances which were pending with the Company as at 31<sup>st</sup> March, 2011 as per records maintained by the Company.

We further state that 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 V. SAHAI TRIPATHI & Co.  
Chartered Accountants  
Firm's Registration Number : 000262N

Manish Mohan  
Partner  
Membership No. 091607

Place : New Delhi  
Dated : 4<sup>th</sup> August, 2011

**CORPORATE GOVERNANCE REPORT****I. Company's philosophy on Corporate Governance**

JCT Electronics Limited 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 appointed by The Board for Industrial and Finance Reconstruction (BIFR) and two promoter directors.
- The Board met five times during the year on 28<sup>th</sup> April, 2010, 26<sup>th</sup> July, 2010 18<sup>th</sup> August, 2010, 11<sup>th</sup> November, 2010 and 9<sup>th</sup> February, 2011.
- Details of meetings attended by directors, sitting fee paid, other directorships held etc. are as under :

Name of Director	Category of Director	No. of Meetings attended		Sitting Fees Paid (₹)	No. of other Directorships held	No. of other Board Committee(s) of which he/she is a	
		Board	Committee			Member	Chairman
Mr. M M Thapar, Chairman	Promoter – Non Executive	None	One	2,000	Two	None	None
Mr. Arjun Thapar, Managing Director	Promoter – Executive	Five	Four	#	Two	None	None
Mr. K Jayabharath Reddy	Independent – Non Executive	Three	Four	49,000	Eight	Two	Two
Mr. P K Ganguly	Independent – Non Executive	Five	Ten	104,000	Three	One	None
Mr. Arun Ramanathan	Special Director – BIFR	Four	Three	75,000	Five	Five	One
Mrs. Neeta Mukerji**	Nominee – Allahabad Bank	One	N/A	15,000	One	One	None
Mr. S V Venkatakrishnan	Nominee-IFCI	Three	One	50,000	None	None	None
Mr. S K Kalra**	Nominee – Allahabad Bank	None	N/A	Nil	None	None	None

\*\* Nominated by Allahabad Bank as director w. e. f. 9<sup>th</sup> February, 2011 in place of Mr. S K Kalra

# Mr. Arjun Thapar, Managing Director is being paid salary and perks as approved by the shareholders. He is not paid any sitting fee, bonus, performance linked incentive, commission, stock option etc.

**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 with the Stock Exchanges has been formulated, framed and adopted by the Board. The Board members and senior management have confirmed compliance with the code of conduct during the period ended 31<sup>st</sup> March, 2011.

**IV. Audit Committee**

The Audit Committee presently comprises of Mr. K Jayabharath Reddy and Mr. P K Ganguly, Independent Directors, Mr. Arun Ramanathan, Special Director appointed by BIFR and Mr. S V Venkatakrishnan, Nominee - IFCI Ltd. Mr. Ganguly is the Chairman. Mr. S V Venkatakrishnan, was inducted as the member of the Audit Committee with effect from 11<sup>th</sup> November, 2010.





The committee met five times on 28<sup>th</sup> April, 2010, 26<sup>th</sup> July, 2010, 18<sup>th</sup> August, 2010, 11<sup>th</sup> November, 2010 and 9<sup>th</sup> February, 2011. While Mr. P K Ganguly attended all the committee meetings, Mr. K Jayabharath Reddy and Mr. Arun Ramanathan attended three meetings each and Mr. S V Venkatakrishnan attended one meeting.

The Chief Operating Officer, Sr. Vice President & Company Secretary, Vice President - Finance & Accounts and the Internal Auditors 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 in line with the 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, Sr. 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 31<sup>st</sup> March, 2011 there were no complaints/queries pending for reply and there were no share transfers pending for registration.

#### **VII. General Body Meetings**

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

AGM	Financial Year	Day/Date	Time	Venue
31 <sup>st</sup>	1-4-2007 to 31-3-2008	Tuesday 30.09.2008	10.00 a.m.	A-32, Indl. Phase VIII, SAS Nagar, Mohali, Punjab.
32 <sup>nd</sup>	1-4-2008 to 31-3-2009	Friday 25.09.2009	10.30 a.m.	A-32, Indl. Phase VIII, SAS Nagar, Mohali, Punjab.
33 <sup>rd</sup>	1-4-2009 to 31-3-2010	Tuesday 28.09.2010	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 the Audit Committee.

#### **VIII. CEO/CFO Certification**

In terms of the requirements of the listing agreement, necessary certificate is submitted to the Board of Directors and the Audit Committee.

#### **IX. Disclosures**

No transactions of material nature have been entered into by the company with Promoters, Directors or their relatives 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.

#### **X. Management discussion and Analysis**

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



# JCT ELECTRONICS LIMITED

## I. 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](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

The results are generally published in the newspapers like Mint – Delhi, Chandigarh, Hindustan Times – Chandigarh and The Punjabi Tribune – Chandigarh.

## II. General Shareholder Information

### 34<sup>th</sup> Annual General Meeting

Day & Date	:	Tuesday, 27 <sup>th</sup> September, 2011
Time	:	10:30 a.m.
Venue	:	A-32, Indl. Phase VIII, SAS Nagar, Mohali, Punjab
Financial Calendar 2011-12	:	
First Quarterly Results	:	Before end of August, 2011
Second Quarterly Results	:	Before end of October / November, 2011
Third Quarterly Results	:	Before end of January / February, 2012
Fourth Quarterly Results	:	Before end of April / May, 2012

### Dates of Book Closure :

From Tuesday, 20<sup>th</sup> September, 2011 to Tuesday, 27<sup>th</sup> September, 2011 (both days inclusive) for the purpose of AGM.

### Listing on Stock Exchanges/Stock Code :

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.

Stock code : JCTEL

- Bombay Stock Exchange Limited, Mumbai, Phiroze Jeejeebhoy Towers, Dalai Street, Mumbai-400001.

Stock code : 500222

### Market price data for the year 2010 - 2011 :

Month	NSE			BSE		
	High (₹)	Low (₹)	Volume (Nos.)	High (₹)	Low (₹)	Volume (Nos.)
Apr., '2010	2.60	1.90	3971312	2.68	1.89	5143089
May, '2010	2.60	1.85	4234237	2.72	1.88	3969603
Jun., '2010	2.30	1.90	1571265	2.20	1.92	2135928
Jul., '2010	2.45	2.00	1856697	2.39	2.00	3544870
Aug., '2010	2.35	1.70	8201574	2.39	1.70	11341073
Sep., '2010	3.10	1.80	35553521	3.07	1.75	43255914
Oct., '2010	2.30	1.95	2772275	2.25	1.98	6154771
Nov. '2010	2.15	1.65	2116234	2.19	1.62	4293537
Dec. '2010	1.90	1.60	1385741	1.90	1.57	3141315
Jan. '2011	2.00	1.40	2103432	2.00	1.36	4111379
Feb. '2011	1.85	1.35	8717838	1.78	1.35	10536486
Mar. '2011	1.55	1.20	895616	1.59	1.22	2942838