

# ANNUAL REPORT 2011 – 12



**JCT ELECTRONICS LIMITED**



# JCT ELECTRONICS LIMITED

## BOARD OF DIRECTORS

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

## 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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## JCT ELECTRONICS LIMITED

### DIRECTORS' REPORT

Your directors present their report and audited accounts for the year ended 31<sup>st</sup> March, 2012

#### **Financial Results**

	Year ended 31.03.2012	Year ended 31.03.2011
The key financial results of the company are as under :		(₹ in lacs)
Revenue from Operations and other income	24099	51508
Earning before Interest, Depreciation & Tax	(2403)	2283
Finance Cost	2324	2614
Depreciation	1535	1655
Net Profit/(Loss) for the year	(6262)	(1986)
Net Profit/(Loss) after tax for the year	(6262)	(1986)

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

#### **Operations**

The financial year 2011-12 was indeed a testing period for the company. Non availability of working capital restricted our ability to source critical raw material and was a major impediment in not being able to meet the targets for production & bottom line taken for the year. Need based LC limits as per the sanctioned scheme was not made available which resulted in the company operating only one line and running to less than its rated capacity till January, 2012. Thereafter, with the help of some supplier's credit, the company started running both lines and crossed 3 lac production per month. Despite the imposition of anti dumping duties, influx of tubes from abroad continued to pose a threat, which impacted margins as the company had to match the landed prices. The volatility seen in the foreign exchange markets during the year has also impacted the prices of inputs. Besides the upward movement in prices of all major raw materials and the power and fuel have also been impacted on account of increase in gas & fuel prices. All this has put our margins under pressure. Major focus is on reduction of power and utility costs by conserving energy, increasing own generation and recycling water. Your company has taken steps to reduce costs through process improvements, value engineering, rationalising manpower and improving productivity.

Your company had entered into a technical tie up with Samsung Corp. Korea during the year for transfer of technology for the Ultra Slim Tubes in view of the growing market for them. Work on absorption of technology for the 14" pin free ultra slim tubes was started during the last quarter of FY 2011-12. Changes have been carried out in the some of the equipments and processes and commercial production is expected during the FY 2012- 13. Work on the 21" pin free ultra slim tubes has also started. With the market preference shifting to ultra slim tubes, we have geared up our facilities to take up production commercially.

#### **Outlook**

The market demand is expected to be around 10-12 million tubes in FY 2012-13 which should help the company run both lines to capacity in the months ahead. The present market scenario may not be favorable for the CPT industry at large but in India and in our case this is the ideal time to ramp up production as there is virtually no competition. The threat from Imports has since diminished with the weakening of the rupee as the landed cost of imports has shot up. Further, major exporters of tubes to India has since closed their plants. This is not only providing a great opportunity for the Indian market but export orders have also started to come.

#### **Directors**

Allahabad Bank have nominated Mr. Umesh Wamorkar, Sr. Vice President & Group Head – ARCIL, on the Board in place of Mrs. Neeta Mukerji with effect from 16<sup>th</sup> August, 2012 . Nomination of Mrs. Neeta Mukerji was withdrawn on 10<sup>th</sup> May, 2012.

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

#### **Fixed Deposit**

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



## JCT ELECTRONICS LIMITED

### **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, 2012, 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, 2012 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.

### **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 14000:2004 certification in recognition of its responsibility towards environment and society. Steps have taken to upgrade its capability to meet the required norms and safeguards and to keep the environment pollution free. Significant initiatives have been taken to reduce the consumption of energy and shift to more eco-friendly fuels. Lot of greenery has been created in and around the factory.

### **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 recommends their appointment for the next financial year.

As regards the observations of the Auditors in their report and the relevant notes to the accounts i.e. nos. 29(h), 30, 31(c), 34(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 : 16<sup>th</sup> August, 2012

Arjun Thappar  
Mannaging 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:

- 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**

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 aluminum 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 were 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	–	₹ 4395.30 Lacs
Foreign exchange earnings during the year	–	₹ 507.78 Lacs



## JCT ELECTRONICS LIMITED

### MANAGEMENT DISCUSSION AND ANALYSIS

#### **Industry scenario**

Globally the CRT industry has been declining in volumes. Though the markets in India have also come down but it may remain stable at around 10-12 million per annum for the next two to three years. Unabated import of CPTs witnessed last year from China, Malaysia & Korea, despite anti dumping duties being imposed, has now tapered down. The supply chain for material now restricted in the hands of only few players poses a big challenge and restricts our ability to negotiate competitive prices. Supply chain management now poses a big challenge

The global demand for CRTs has come with a shift to flat panels in most of the developed markets. This has resulted in lot of capacities abroad closing down and now sourcing of CRTs will only be from India, China and Indonesia. Despite the preference for flat panels in developed markets the CRT segment continues to be a volume player in the CTV market in India. There is still lot of untapped markets on account low penetration of TVs in the rural / semi urban belt. 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 2011-12 were lower than the previous year for reasons beyond control. However over the last six to eight months the operations have stabilized and volumes have gone up. The company is confident of meeting the challenges faced by the industry. The company has introduced the ultra slim CPTs in addition to its existing portfolio of tubes of various sizes in the conventional and pure flat segment. Continuous efforts are on to improve productivity, reduce input costs, take up power trading which should help in protecting the margins which are under strain. Lot of effort has been put in upgrading the skills of the work force to improve productivity and reduce wastage. Various H.R. initiatives towards bringing competitiveness, accountability and responsibility among its employees have been introduced. In house training is being imparted to upgrade the skills and competence of the work force.

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

### 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, 2012 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, 2012 grievances were received & resolved by the Company. There were no grievances which were pending with the Company as on 31<sup>st</sup> March, 2012 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

Place : New Delhi  
Dated : 16<sup>th</sup> August, 2012

Mahesh Sahai, Partner  
Membership No. 6730



## 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 six directors comprising of one nominee director, two independent directors, one special director appointed by The Board for Industrial and Finance Reconstruction (BIFR) and two promoter directors.

Allahabad Bank have nominated Mr. Umesh Warmorkar, Sr. Vice President, ARCIL in place of Mrs. Neeta Mukerji w.e.f. 16<sup>th</sup> August, 2012. Mrs. Neeta Mukerji was earlier withdrawn w.e.f. 10<sup>th</sup> May, 2012.

- The Board met four times during the year on 10<sup>th</sup> May, 2011, 4<sup>th</sup> August, 2011, 7<sup>th</sup> November, 2011 and 3<sup>rd</sup> February, 2012.
- Details of meetings attended by directors, sitting fee paid and other directorships held are as under :

Name of Director	Category of Director	No of Meetings attended		Sitting fees paid to Director's (in Rs.)	No. of other Director-ships held	No. of other Board Committee(s) of which he is a	
		Board	Committee			Member	Chairman
Mr. M M Thapar, Chairman	Promoter – Non Executive	None	None	Nil	Two	None	None
Mr. Arjun Thapar, Managing Director	Promoter – Executive	Four	Four	#	Two	None	None
Mr. K Jayabharth Reddy	Independent – Non Executive	Four	Four	80,000	Eight	Two	Two
Mr. P K Ganguly	Independent – Non Executive	Three	Three	80,000	Three	One	None
Mr. Arun Ramanathan	Special Director – BIFR	Two	Two	40,000	Five	Five	One
Mr. S V Venkatakrishnan	Nominee-IFCI	Three	Three	60,000	None	None	None
Mrs. Neeta Mukerji	Nominee – Allahabad Bank	Two	None	30,000	One	One	None

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

# Mr. Arjun Thapar, Managing Director, is being paid remuneration as approved by the shareholders, subject to limits prescribed in the Schedule XIII of the Companies Act, 1956. 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 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 31<sup>st</sup> March, 2012.



#### **IV. Audit Committee**

The role and terms of reference of the committee has been mandated with the same and as specified in Clause 49 of listing agreement with Stock Exchange(s) and also with the requirement of Section 292A of the Companies Act, 1956.

The composition of the Audit Committee and the details of the meetings attended by the members are as follows :

Name of Member	Category	Designation	No. of Meetings	
			Held	Attended
Mr. P. K. Ganguly	Independent	Chairman	4	4
Mr. K Jayabharath Reddy	Independent	Member	4	3
Mr. S V Venkatakrishnan	Nominee	Member	4	3
Mr. Arun Ramanathan	Special Director	Member	4	2

Chairman of the Audit Committee had attended the last Annual General Meeting.

The Internal Auditors, Chief Operating Officer, Sr. Vice President & Company Secretary and the Vice President – Finance & Accounts 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 Audit Committee has considered and reviewed the audited annual accounts for the year 2011-12 and recommended its adoption to the Board.

#### **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 / Investor's Grievance 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, 2012 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
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
34 <sup>th</sup>	1-4-2010 to 31-3-2011	Tuesday/ 27-09-2011	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.

No Extra-Ordinary General Meeting of shareholders was held during the year.

#### **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 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.

### X. Management Discussion and Analysis

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

### XI. 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.

### XII. General Shareholder Information

- 35<sup>th</sup> Annual General Meeting
  - Day & Date : Thursday, 27<sup>th</sup> September, 2012
  - Time : 10.30 a.m.
  - Venue : A-32, Indl. Phase VIII, SAS Nagar, Mohali, Punjab
- Financial Calendar 2012-13
  - First Quarterly Results : Before end of August, 2012
  - Second Quarterly Results : Before end of October/November, 2012
  - Third Quarterly Results : Before end of January/February, 2013
  - Fourth Quarterly Results : Before end of April/May, 2013
- Dates of Book Closure :
  - From Friday, 21<sup>st</sup> September, 2012 to Thursday, 27<sup>th</sup> September, 2012 (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 – 400 051.
    - Bombay Stock Exchange Limited, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
- Company/Stock Code :
  - The National Stock Exchange Association Ltd. JCTEL
  - The Stock Exchange Mumbai 500222
- Market price data for the year 2011 - 2012 :

Month	NSE			BSE		
	High Rs.	Low Rs.	Volume Nos.	High Rs.	Low Rs.	Volume Nos.
Apr., '2011	1.60	1.35	500747	1.57	1.36	1800960
May, '2011	1.45	1.15	497261	1.43	1.14	900078
Jun., '2011	1.25	1.00	990424	1.29	1.00	1681860
Jul., '2011	1.65	1.10	1167841	1.65	1.10	3030461
Aug., '2011	1.45	1.10	574623	1.46	1.11	1153637
Sep., '2011	1.80	1.10	4148974	1.80	1.11	6488596
Oct., '2011	1.50	1.05	3897566	1.47	1.08	3848520
Nov., '2011	1.90	1.20	3871424	1.82	1.02	7263606
Dec., '2011	1.25	0.75	1978827	1.21	0.80	1692243
Jan., '2012	1.15	0.80	856299	1.15	0.80	1410595
Feb., '2012	1.10	0.95	551871	1.12	0.94	991180
Mar., '2012	1.00	0.70	467877	0.99	0.73	1273010



– Distribution of shareholding as at 31<sup>st</sup> March, 2012 :

Category Nos. of shares	Shares Nos.	% age	Shareholders Nos.	% age
Upto 500	5145504	0.65	25387	68.58
501-1000	4421576	0.56	4754	12.84
1001-2000	4296529	0.54	2474	6.68
2001-3000	2492687	0.31	925	2.50
3001-4000	1606150	0.20	427	1.16
4001-5000	5263564	0.69	1069	2.89
5001-10000	8315073	1.05	995	2.69
10001 and above	756715980	96.00	985	2.66
<b>Total</b>	<b>788257063</b>	<b>100.00</b>	<b>37016</b>	<b>100.00</b>

– Shareholding pattern as on 31<sup>st</sup> March, 2012 :

Promoters & Group Companies	:	82.78 %
Fin.Inst./Ins.Co.'s/Mutual Funds/Banks	:	5.69 %
NRIs/OCBs/FIIs	:	0.54 %
Public	:	10.99 %
<b>Total</b>	:	<b>100.00 %</b>

– Registrar and 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 : 0120-2444346

Email : [shares@rcmcdelhi.com](mailto: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 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 16<sup>th</sup> August, 2012.

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