

# **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 31<sup>st</sup> March, 2010

### **Financial Results**

	<b>Year ended 31.03.2010</b>	<b>Year ended 31.03.2009</b>
	<b>(Rupees in lacs)</b>	
Gross Sales including other income	<b>52,954</b>	44,451
Earning before Interest , Depreciation & Tax	<b>2,876</b>	(3,906)
Interest & Financing Charges	<b>2,384</b>	1,608
Depreciation	<b>1,686</b>	1,628
Expenses/depreciation relating to prior period	<b>61</b>	258
Net Profit/(Loss) for the year	<b>(1,255)</b>	(7,401)
Provision for Tax	<b>—</b>	—
Net Profit/(Loss) after tax	<b>(1,255)</b>	(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 30<sup>th</sup> June, 2010.

IFCI Limited (IFCI) has also recently nominated Mr. S V Venkatakrishnan on the Board with effect from 18<sup>th</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 33<sup>rd</sup> 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 : 18<sup>th</sup> 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

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## **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 24<sup>th</sup> April, 2009, 31<sup>st</sup> July, 2009, 6<sup>th</sup> August, 2009, 23<sup>rd</sup> October, 2009 and 22<sup>nd</sup> 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. 30<sup>th</sup> June, 2010

\*\* Withdrawn by BIFR as special director w.e.f. 17<sup>th</sup> July, 2009

\*\*\* Nominated by IFCI as director w.e.f. 18<sup>th</sup> August, 2010

\*\*\*\* Withdrawn by IFCI as director w.e.f. 28<sup>th</sup> 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 31<sup>st</sup> 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 24<sup>th</sup> April, 2009, 6<sup>th</sup> August, 2009, 23<sup>rd</sup> October, 2009, and 22<sup>nd</sup> 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 31<sup>st</sup> 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 <sup>th</sup>	1-4-2006 to 31-3-2007	Friday 21 <sup>st</sup> Sept., 2007	10.00 a.m.	A-32, Indl. Phase VIII, SAS Nagar, Mohali, Punjab.
31 <sup>st</sup>	1-4-2007 to 31-3-2008	Tuesday 30 <sup>th</sup> Sept., 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 <sup>th</sup> 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](http://www.bseindia.com) and [www.nseindia.com](http://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

- 33<sup>rd</sup> Annual General Meeting
  - Day & Date : Tuesday, 28<sup>th</sup> 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, 21<sup>st</sup> September, 2010 to Tuesday, 28<sup>th</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 18<sup>th</sup> August, 2010.

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



## **CERTIFICATE IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT**

In terms of Clause 49 of the Listing Agreement, it is certified that :

- a) The financial statements and the cash flow statement for the year have been reviewed and that to be the best of our knowledge and belief :
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading ;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to be the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company.
- c) We accept responsibility for establishing and maintaining internal controls and have evaluated the effectiveness of the internal control system of the company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal control, If any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee :
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal system over financial reporting.

Arjun Thapar  
Managing Director

M P S Narang  
Vice President  
Finance & Accounts

Place : New Delhi  
Dated : 18<sup>th</sup> August, 2010

## **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, 2010 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 except for the following observation/suggestions:

- (i) The audit committee had only two independent directors as its members during part of the financial year instead of three members consequent to withdrawal of the nominee by a Financial Institution.
- (ii) The Code of Conduct and Quarterly Results be also posted on the website of the Company.

We state that in respect of investor grievances during the year ended 31<sup>st</sup> March, 2010 grievances were received & resolved by the Company. There were no grievances which were pending with the Company as at 31<sup>st</sup> March, 2010 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

Mahesh Sahai  
Partner  
Membership No. 006730

Place : New Delhi  
Dated : 18<sup>th</sup> August, 2010



### AUDITORS' REPORT

To the Members  
JCT Electronics Limited

1. We have audited the attached balance sheet of JCT Electronics Limited as at 31<sup>st</sup> March, 2010 and also the profit & loss account and cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above we report that.
  - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of these books.
  - (iii) The company's balance sheet, profit & loss account and cash flow statement dealt with by this report are in agreement with the books of accounts.
  - (iv) In our opinion, the balance sheet, profit & loss account and cash flow statement dealt with by this report; comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - (v) On the basis of declarations made by the Directors and certificate obtained from the Company Secretary, none of the Directors are disqualified as on March 31, 2010 from being appointed as a Director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - (vi) *Subject to Note 7 on assumption of going concern, Note 8 on impairment of Assets & Inventory at Mohali, Note 11(a) on confirmation of balance of debtors, creditors and Note 11(b) on issuance of credit notes by a party*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and the remaining notes to the accounts contained in Schedule 'U' give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
    - (a) in the case of the balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2010.
    - (b) in the case of the profit and loss account of the company, of the loss for the year ended on that date; and
    - (c) in the case of the cash flow statement, of the cash flows of the company for the year ended on that date.

for V. SAHAI TRIPATHI & Co.  
Chartered Accountants  
Firm's Registration Number : 000262N

Place : New Delhi  
Dated : 18<sup>th</sup> August, 2010

Mahesh Sahai  
Partner  
Membership No. 6730



**ANNEXURE TO AUDITORS REPORT FOR THE YEAR ENDING MARCH 31, 2010**

**Referred to in paragraph 3 of our report of even date**

- (i) (a) The company has generally maintained records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the fixed assets have been physically verified by the management in a phased manner so that the entire assets are covered within a period of three years. There is a programme of verification of fixed assets which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The company has not disposed off a substantial part of its fixed assets during the year to affect the status of the company as a going concern.
- (ii) (a) Inventories have been physically verified during the year in a phased manner by the management and in our opinion, the frequency of verification is reasonable.
- (b) The procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act & therefore paras (iii) (a) to (d) are not applicable and have therefore not been commented upon.
- (b) The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act & therefore paras (iii) (e) to (g) are not applicable and have therefore not been commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of inventories, fixed assets and the sale of goods. During the course of our audit, we did not observe any major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that there are no transactions which are required to but have not been entered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanations given to us there were no transactions during the year exceeding the value of rupees five lakhs in respect of any party made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956.
- (vi) The company has not accepted deposits from the public during the year and there are no outstanding deposits.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business. However, it needs to be strengthened further.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been kept and maintained.
- (ix) (a) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other undisputed statutory dues were outstanding at the year end, for a period of more than six months from the date they became payable.



## JCT ELECTRONICS LIMITED

- (b) The dues on account of excise duty which have not been deposited on account of disputes are given below:-

Forum where dispute is pending	Amount involved (Rs. lacs)
Allahabad High Court	10.50
Commissioner Appeal	12.30
Asstt. Commissioner	21.16
Total	43.96

- (x) The accumulated losses at the end of the financial year exceed its net worth. The company has earned cash profits during this financial year as against cash losses in the immediately preceding financial year.
- (xi) The company had defaulted in the repayment of dues to financial institutions, banks and privately placed debenture holders, however, as per the rehabilitation scheme sanctioned by the Hon'ble BIFR, the interest dues of secured lenders accrued till 31<sup>st</sup> March 2007 has been waived and the principal amount is scheduled to be paid commencing from quarter ended January-March 2009.
- The Company has started paying principal outstanding on deferral basis in accordance with the scheme sanctioned by Hon'ble BIFR.
- (xii) The company has not granted any loans and advances and therefore Clause (xii) is inapplicable and has not been commented upon.
- (xiii) The company is not a chit fund or a nidhi/mutual fund/society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- (xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- (xv) The company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that funds raised during the year on short-term basis have not been used for long term investments.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. However, equity shares of Rs.7502.26 lacs and Rs.34.78 lacs has been issued to promoters/ banks and FIs under the BIFR sanctioned scheme during the financial year ended 31<sup>st</sup> March 2008 and 31<sup>st</sup> March, 2010 respectively.
- (xix) The company has not issued any debentures during the current financial year.
- (xx) The company has not made any public issue during the current financial year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

for V. SAHAI TRIPATHI & Co.  
Chartered Accountants  
Firm's Registration Number : 000262N

Place : New Delhi  
Dated : 18<sup>th</sup> August, 2010

Mahesh Sahai  
Partner  
Membership No. 6730



# JCT ELECTRONICS LIMITED

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2010

	Schedule	As At 31.03.2010 Rs. in Lacs	As At 31.03.2009 Rs. in Lacs
<b>I. SOURCES OF FUNDS</b>			
1. Shareholders funds :			
a) Equity Capital	A	7,882.40	7,847.62
b) Reserves and surplus	B	6,638.65	6,513.43
		<b>14,521.05</b>	14,361.05
2. Loan funds :			
a) Secured loans	C	36,596.06	37,274.83
b) Unsecured loans	D	311.10	311.10
		<b>36,907.16</b>	37,585.93
<b>TOTAL</b>		<b>51,428.21</b>	51,946.98
<b>II. APPLICATION OF FUNDS</b>			
1. Fixed assets :	E		
a) Gross block		73,532.45	72,884.97
b) Less : Depreciation		38,477.80	36,819.79
c) Net block		35,054.65	36,065.18
d) Capital work in progress / Capital Advances		290.90	201.84
		<b>35,345.55</b>	36,267.02
2. Investments :	F	157.17	157.17
3. i) Current assets, loans and advances :			
a) Inventories	G	7,094.56	6,265.11
b) Sundry debtors	H	1,327.88	963.79
c) Cash and bank balances	I	1,901.96	2,554.16
d) Loans and advances	J	3,353.16	3,250.51
		<b>13,677.56</b>	13,033.57
Less :			
ii) Current liabilities and provisions :			
a) Liabilities	K	39,906.74	38,382.42
b) Provisions	L	916.78	944.42
		<b>40,823.52</b>	39,326.84
Net Current Assets : (i – ii)		<b>(27,145.96)</b>	(26,293.27)
<b>III. PROFIT &amp; LOSS ACCOUNT</b>		<b>43,071.45</b>	41,816.06
<b>TOTAL</b>		<b>51,428.21</b>	51,946.98
Significant Accounting Policies	T		
Notes to Balance Sheet	U		

As per our report of even date  
attached to the balance sheet

for V. SAHAI TRIPATHI & Co.  
Chartered Accountants

MAHESH SAHAI  
Partner

Place : New Delhi  
Dated : 18<sup>th</sup> August, 2010

M P S NARANG  
Vice-President –  
Finance & Accounts

On behalf of the Board

P K GANGULY  
Director

GOPAL KRISHNAN  
Vice-President &  
Company Secretary

ARJUN THAPAR  
Managing Director

RAJ KAPUR  
Chief Operating  
Officer



# JCT ELECTRONICS LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2010

	Schedule	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
<b>INCOME</b>			
Sales		52,811.18	44,133.62
Less: Excise Duty		4,152.26	5,161.37
Net Sales		48,658.92	38,972.25
Other Income	M	142.55	317.28
Increase / (Decrease) in stocks	N	729.27	(274.63)
		<u>49,530.74</u>	<u>39,014.90</u>
<b>EXPENDITURE</b>			
Manufacturing expenses	O	41,055.32	38,875.53
Payment to and provision for employees	P	3,420.32	2,455.34
Administrative & other expenses	Q	1,064.04	761.44
Selling & distribution expenses	R	1,114.81	829.91
Interest & financing charges	S	2,383.84	1607.52
		<u>49,038.33</u>	<u>44,529.74</u>
Gross profit / (Loss) for the year		492.41	(5,514.84)
Depreciation		1,686.35	1,627.79
Net profit / (Loss) for the year		(1,193.94)	(7,142.63)
Less: Expenses / depreciation relating to prior period		(61.47)	(258.65)
Net profit / (Loss) before tax		(1,255.41)	(7,401.28)
Provision for tax		—	—
Net profit / (Loss) after tax		(1,255.41)	(7,401.28)
Profit / (Loss) brought forward from previous year		(41,816.04)	(34,414.78)
Profit / (Loss) carried over to Balance Sheet		<u>(43,071.45)</u>	<u>41,816.06</u>
Significant Accounting Policies	T		
Notes to Profit & Loss Account	U		

As per our report of even date  
attached to the balance sheet

On behalf of the Board

for V. SAHAI TRIPATHI & Co.  
Chartered Accountants

P K GANGULY  
Director

ARJUN THAPAR  
Managing Director

MAHESH SAHAI  
Partner

M P S NARANG  
Vice-President –  
Finance & Accounts

GOPAL KRISHNAN  
Vice-President &  
Company Secretary

RAJ KAPUR  
Chief Operating  
Officer

Place : New Delhi  
Dated : 18<sup>th</sup> August, 2010





## JCT ELECTRONICS LIMITED

### SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2010

	As At 31.03.2010 Rs. in Lacs	As At 31.03.2009 Rs. in Lacs
<b>SCHEDULE – A : SHARE CAPITAL</b>		
Authorised :		
Equity Shares – 130,00,00,000 of Rs. 1/- each.	13,000.00	13,000.00
Preference Shares – 200,00,000 of Rs. 10/- each	2,000.00	2,000.00
	<u>15,000.00</u>	<u>15,000.00</u>
Issued, Subscribed and Paid-up :		
Equity Shares – (78,82,57,063 of Rs. 1/- each fully paid up) (Previous year – 78,47,78,763 of Rs. 1/- each fully paid up)	7,882.57	7,847.79
Less : Allotment money in arrears (Due from Directors – NIL)	0.17	0.17
<b>Per Balance Sheet</b>	<u>7882.40</u>	<u>7,847.62</u>
<b>SCHEDULE – B : RESERVES &amp; SURPLUS</b>		
Capital Reserve (Land Subsidy)	81.02	81.02
Capital Redemption Reserve	800.00	800.00
Share Premium Account	5,757.63	5,632.41
<b>Per Balance Sheet</b>	<u>6,638.65</u>	<u>6,513.43</u>



# JCT ELECTRONICS LIMITED

	As At 31.03.2010 Rs. in Lacs	As At 31.03.2009 Rs. in Lacs
<b>SCHEDULE – C : SECURED LOANS</b>		
Debentures		
Secured Non-Convertible Debentures of Rs. 100/- each fully paid up		
– Series I	–	425.00
– Series II & III	–	3,000.00
	–	3,425.00
Term Loans		
– Financial Institutions	15,321.33	12,528.77
– Banks	13,225.73	13,471.45
	<b>28,547.06</b>	
Less : Balance Upfront Payment in no lien a/c with OA yet to be distributed	<b>(27.99)</b>	(227.38)
	<b>28,519.07</b>	25,772.84
Working Capital facilities from Banks	<b>8,076.99</b>	8,076.99
<b>Per Balance Sheet</b>	<b>36,596.06</b>	37,274.83

## Notes :

- (a) NCDs (Series I) subscribed by Vijaya Bank are presently secured by an equitable mortgage on the immovable properties at Vadodara and hypothecation of the movable assets of the Company at Vadodara, present and future, in favour of Debenture Trustees, ranking pari-passu with charges created on the said properties/assets in favour of other term lenders. The said NCDs were redeemable at par as under :
    - Rs.100 lacs on 29.01.98
    - Rs.400 lacs in two equal instalments on 29.07.98 and 29.01.99.

In terms of the scheme sanctioned by BIFR, 15% of the amount outstanding against these NCDs have been converted to Equity Shares. The balance amount which was pending conversion to term loan in terms of the scheme sanctioned have during the financial year ending 31st March, 2010 been converted and appears under the head-Term Loans-Bank.
  - (b) 30,00,000 NCDs (Series II & III) subscribed by IFCL are presently secured by an equitable mortgage on all the immovable properties at Mohali & Vadodara and hypothecation of the movable assets of the Company, present and future, in favour of Debenture Trustees, ranking pari-passu with the charges created on the said properties in favour of other term lenders. NCDs (Series II) and NCDs (Series III) were redeemable as under :
    - Rs. 1600 lacs in three equal annual instalments commencing on 29.01.2000
    - Rs. 600 lacs in three equal annual instalments commencing on 25.03.2000
    - Rs. 400 lacs in three equal annual instalments commencing on 01.10.2000
    - Rs. 400 lacs in three equal annual instalments commencing on 29.08.2001

In terms of the scheme sanctioned by BIFR, these NCDs have been converted to term loans and appear under the head - Term Loan-Financial Institution.

The security earlier created in favour of the Debenture Trustees through the Debenture Trust Deed on these NCD's is in the process of being released.
  - Term loans from the financial institutions and banks are secured by an equitable mortgage on all the immovable properties at Mohali & Vadodara and hypothecation of the movable assets of the company, present and future, save and except prior charges on specified movables in favour of the bankers for working capital requirements.
  - Working Capital facilities/Working Capital Term Loans are presently secured by first charge by way of hypothecation of raw materials, goods in process, finished goods, stores and spares, book debts and receivables of the company, present and future and second charge on the immovable properties at Mohali and Vadodara.
- In terms of the scheme sanctioned by BIFR, outstanding principal amount of the banks (other than banks covered under OTS as per sanctioned scheme) as on 31<sup>st</sup> March, 2007 have been converted into Working Capital Term Loans. These will additionally be covered by a pari-passu charge on the fixed assets alongwith the term lenders, after completion of documentation in this regard. Principal amount of Working Capital from banks covered under OTS have been shown under Working Capital facilities.



# JCT ELECTRONICS LIMITED

	As At 31.03.2010 Rs. in Lacs	As At 31.03.2009 Rs. in Lacs
<b>SCHEDULE – D : UNSECURED LOANS</b>		
Unsecured Non Convertible Debentures*		
90 Nos. of Rs. 1,00,000 each	90.00	90.00
Others	4.29	4.29
Inter Corporate Deposits	49.95	49.95
Interest accrued and due**	166.86	166.86
<b>Per Balance Sheet</b>	<b>311.10</b>	<b>311.10</b>

\* These NCDs which were redeemable on 23.11.99 will be now paid as per terms of the sanctioned scheme.

\*\* Includes Rs. 161.06 lacs (Previous year Rs. 161.06 lacs) on Unsecured Non Convertible Debentures and Rs. 5.80 lacs (Previous year Rs. 5.80 lacs) on Inter Corporate Deposit & others.

## SCHEDULE – E : FIXED ASSETS

Assets	Rs. in Lacs									
	Original Cost				Depreciation				Written down Value	
	As at 01.04.2009	Add- tions	Dispo- sal	As at 31.03.10	As at 01.04.09	For the year	Written back	As on 31.03.10	As at 31.03.10	As at 31.03.09
Leasehold land	140.53	–	–	140.53	23.57	1.43	–	25.00	115.53	116.96
Freehold land	767.87	–	–	767.87	–	–	–	–	767.87	767.87
Buildings	5,105.61	1.46	–	5,107.07	2,156.15	157.79	–	2,313.94	2,793.13	2,949.46
Plant & machinery	57,738.81	568.97	–	58,307.78	30,195.75	1,235.50	–	31,431.25	26,876.53	27,543.06
Electrical installation	7,628.87	36.34	1.69	7,663.52	3,261.10	212.75	0.90	3,472.95	4,190.57	4,367.77
Storage & water system	610.71	–	–	610.71	511.50	6.84	–	518.34	92.37	99.21
Office equipment	375.49	6.75	27.39	354.85	299.03	39.04	24.21	313.86	40.99	76.46
Factory equipment	117.01	6.18	7.54	115.65	67.84	2.19	4.68	65.35	50.30	49.17
Furniture & fittings	295.06	4.82	0.08	299.80	242.92	19.01	0.08	261.85	37.95	52.14
Vehicle & cycles	77.07	69.91	14.90	132.08	41.06	18.64	8.65	51.05	81.03	36.01
Intangible Assets	27.94	4.65	–	32.59	20.87	3.34	–	24.21	8.38	7.07
Current year total	72,884.97	699.08	51.60	73,532.45	36,819.79	1,696.53	38.52	38,477.80	35,054.65	36,065.18
Previous year total	72,508.99	433.70	57.72	72,884.97	35,234.63	1,627.90	42.74	36,819.79		
Capital advances									–	75.55
Capital work in progress									290.90	126.29
<b>Per Balance Sheet</b>									<b>35,345.55</b>	<b>36,267.02</b>



## JCT ELECTRONICS LIMITED

	As At 31.03.2010 Rs. in Lacs	As At 31.03.2009 Rs. in Lacs
<b>SCHEDULE - F : INVESTMENTS</b>		
Non Trade -Long Term :		
Unquoted (at cost)		
Shivalik Video Communications Limited		
3,000 Equity Shares of Rs. 100/- each fully paid up	3.00	
Less - Provision for diminution in value of investment	(3.00)	—
India International Airways Limited		
34,81,120 Equity Shares of Rs 10/- each fully paid up	348.11	
Less - Provision for diminution in value of investment	(239.55)	108.56
 Swaraj Automotives Limited (Previously known as Punjab Scooters Ltd.)		
11,498 Equity Shares of Rs.10/- each fully paid up	0.11	0.11
Quoted (at cost)		
Escorts Income Bond		
5,00,000 Mutual Fund Units of Rs.10/- each fully paid up	48.50	48.50
<b>Per Balance Sheet</b>	<b>157.17</b>	<b>157.17</b>
Aggregate amount of quoted investments at NAV		
Rs. 114.90 lacs. (Previous year 96.69 lacs)	48.50	48.50
Aggregate amount of unquoted investments	108.67	108.67
<b>Total</b>	<b>157.17</b>	<b>157.17</b>
<b>SCHEDULE - G : INVENTORIES</b>		
(As per Inventories valued and certified by the management)		
Raw materials	2,422.52	2,244.73
Material in transit	960.34	1,242.36
Goods in process	682.10	735.83
Finished goods	1,528.10	745.10
Stores & spares	1,501.16	1,296.75
Loose tools	0.34	0.34
<b>Per Balance Sheet</b>	<b>7,094.56</b>	<b>6,265.11</b>
<b>SCHEDULE - H : SUNDRY DEBTORS</b>		
Over Six months		
Unsecured — Considered good	1.10	103.26
— Considered doubtful	67.04	27.27
	68.14	130.53
Other Debts		
Unsecured — Considered good	1,326.78	860.53
	1,394.92	991.06
Less: Provision for doubtful debts	67.04	27.27
<b>Per Balance Sheet</b>	<b>1,327.88</b>	<b>963.79</b>



## JCT ELECTRONICS LIMITED

	As At 31.03.2010 Rs. in Lacs	As At 31.03.2009 Rs. in Lacs
<b>SCHEDULE - I : CASH AND BANK BALANCES</b>		
Cash in hand	8.18	13.42
Cheques in hand & remittance in transit	14.96	–
Balance with scheduled banks – current accounts	1,230.25	1,771.73
– margin money	648.57	769.01
<b>Per Balance Sheet</b>	<b>1,901.96</b>	<b>2,554.16</b>
<b>SCHEDULE - J : LOANS &amp; ADVANCES</b>		
Unsecured :		
Advances recoverable in cash or in kind or for value to be received		
– considered good	3,353.16	3,250.51
– considered doubtful	12.82	8.21
	3,365.98	3,258.72
Less: Provision for doubtful advances	12.82	8.21
<b>Per Balance Sheet</b>	<b>3,353.16</b>	<b>3,250.51</b>
<b>SCHEDULE - K : CURRENT LIABILITIES</b>		
Acceptances	992.30	1,298.01
Sundry creditors		
– due to MSMED	20.49	17.40
– others	31,010.96	31,527.22
Other liabilities	5,165.21	4,643.05
Interest accrued but not due	2,717.78	896.74
<b>Per Balance Sheet</b>	<b>39,906.74</b>	<b>38,382.42</b>
<b>SCHEDULE - L : PROVISIONS</b>		
For leave encashment	239.10	217.69
For gratuity	677.68	726.73
<b>Per Balance Sheet</b>	<b>916.78</b>	<b>944.42</b>

**SCHEDULES ATTACHED TO AND FORMING PART OF THE  
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2010**

	<b>Current Year Rs. in Lacs</b>	<b>Previous Year Rs. in Lacs</b>
<b>SCHEDULE - M : OTHER INCOME</b>		
Liability no longer required written back	<b>36.70</b>	250.39
Interest (Tax deducted at source Rs. 17.27 lacs, previous year Rs. 9.93 lacs)	<b>103.34</b>	57.81
Excess depreciation provision written back	—	0.10
Other income	<b>2.22</b>	8.02
Dividend	<b>0.29</b>	0.34
Income on sale of fixed assets	—	0.62
<b>Per Profit &amp; Loss Account</b>	<b>142.55</b>	<b>317.28</b>
<b>SCHEDULE - N : INCREASE/(DECREASE) IN STOCKS</b>		
Opening Stock :		
– Finished goods	<b>745.10</b>	960.92
– Goods-in-process	<b>735.83</b>	794.64
	<b>1,480.93</b>	<b>1,755.56</b>
Closing Stock :		
– Finished goods	<b>1,528.10</b>	745.10
– Goods-in-process	<b>682.10</b>	735.83
	<b>2,210.20</b>	<b>1,480.93</b>
<b>Per Profit &amp; Loss Account</b>	<b>729.27</b>	<b>(274.63)</b>
<b>SCHEDULE - O : MANUFACTURING EXPENSES</b>		
Raw materials consumed	<b>37,183.28</b>	34,837.03
Less : Discount on inputs	<b>(1,762.53)</b>	(1,561.90)
Net Raw Material Consumed	<b>35,420.75</b>	33,275.13
[Includes Trading goods Rs.127.97 lacs (Previous Year Rs. 200.04 lacs)]		
Stores, spares & loose tools consumed	<b>712.50</b>	732.79
Power, fuel & gases	<b>4,491.46</b>	4,723.90
Repairs & maintenance - plant & machinery	<b>90.87</b>	107.33
Repairs & maintenance - factory building	<b>37.64</b>	51.53
Excise duty on FG stock/others*	<b>302.10</b>	(15.15)
<b>Per Profit &amp; Loss Account</b>	<b>41,055.32</b>	<b>38,875.53</b>
* Excise duty shown as above represents difference between excise duty on opening & closing finished goods stock.		
<b>SCHEDULE - P : PAYMENT TO &amp; PROVISION FOR EMPLOYEES</b>		
Salaries, wages, bonus etc.	<b>3,003.65</b>	2,108.06
Contribution to provident, gratuity & other funds	<b>132.44</b>	115.17
Workmen & staff welfare expenses	<b>284.23</b>	232.11
<b>Per Profit &amp; Loss Account</b>	<b>3,420.32</b>	<b>2,455.34</b>



## JCT ELECTRONICS LIMITED

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
<b>SCHEDULE - Q : ADMINISTRATION &amp; OTHER EXPENSES</b>		
Rent	98.02	101.96
Rates & taxes	107.56	25.19
Insurance	39.53	50.00
Directors' fees	23.30	23.50
Travelling expenses	135.49	164.79
Printing & stationery	17.43	19.06
Postage, telegram & telephone	26.46	26.81
Repair & maintenance - others	84.55	75.68
Professional fees	67.80	72.98
Provision for doubtful advances	2.54	8.21
Software/Computerization expenses	23.71	24.80
Loss on sale of Assets	6.29	6.78
Auditors' remuneration		
– Audit fees	7.50	7.50
– Tax audit fees	0.75	0.75
– Out of pocket expenses	2.91	2.21
– Taxation matters	0.72	0.72
Miscellaneous Expenses	419.48	150.50
<b>Per Profit &amp; Loss Account</b>	<b>1,064.04</b>	<b>761.44</b>
<b>SCHEDULE - R : SELLING &amp; DISTRIBUTION EXPENSES</b>		
Advertisement & publicity	5.80	2.54
Cash & Other discount	189.40	–
Sales incentive & commission	0.67	0.28
Freight - outward	778.09	564.70
Export Sales Expenses	0.53	–
Provision/write off for doubtful debts	40.33	224.83
Insurance	29.32	19.07
Miscellaneous expenses	70.67	18.49
<b>Per Profit &amp; Loss Account</b>	<b>1,114.81</b>	<b>829.91</b>
<b>SCHEDULE - S : INTEREST &amp; FINANCING CHARGES</b>		
Interest		
– On fixed loans	1,821.12	875.53
– On other loans	331.64	367.93
	<b>2,152.76</b>	<b>1,243.46</b>
Financing Charges		
– Bank & Financing charges	216.28	349.51
– Lease Rentals	14.80	14.55
	<b>231.08</b>	<b>364.06</b>
<b>Per Profit &amp; Loss Account</b>	<b>2,383.84</b>	<b>1,607.52</b>



## SCHEDULE - T : SIGNIFICANT ACCOUNTING POLICIES

### 1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles ("GAAP") in India under the historical cost convention on accrual basis and are in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India (ICAI) & prescribed in the Companies (Accounting Standards) Rules, 2006. These Accounting policies have been consistently applied, except where a newly issued accounting standard is initially adopted by the company. Management evaluates the effect of accounting standards issued on a going basis and ensures that they are adopted as mandated by the ICAI.

### 2. VALUATION OF INVENTORIES:

- (a) Finished goods have been valued at lower of cost or net realizable value. In the case of finished goods, cost is determined by taking material, labour and related factory overheads including depreciation, excise duty and fixed production overheads arrived at by the cost sheet of the last month of the financial year. Fixed overheads are allocated for inclusion in the cost of conversion on the basis of normal levels of production capacity or actual production whichever is higher.
- (b) Raw materials, stores and spares have been valued at cost by using weighted average basis.
- (c) Goods in process have been valued at raw material cost incurred up to the stage of production plus conversion cost apportioned on the basis of raw material cost of goods in process.
- (d) Loose tools and stock in transit have been valued at cost.
- (e) As per past practice, no value is placed on stock of scrap since its estimated net realizable/usable value is not accurately ascertainable.

### 3. DEPRECIATION

- (a) Depreciation on fixed assets is provided on the straight-line method in accordance with Schedule XIV to the Companies Act, 1956. However in respect of plant & machinery (including electrical installation, factory equipment, storage & water system), the estimated useful life of assets has, with retrospective effect, been considered as 30 years. However, the rate of depreciation on plant & machinery are lower than rates prescribed in Schedule XIV.

On indigenous vehicles/cycles, depreciation is provided on the written down value method as per rates prescribed and in accordance with the Income Tax Act, 1961.

- (b) In the case of purchase/sale depreciation is charged for the full month in which purchase /sale is made.
- (c) 100% depreciation is charged in the year of purchase on assets equal to or less than Rs. 5,000.

### 4. FOREIGN CURRENCY TRANSLATION

Foreign exchange transactions are recorded at the rate of exchange prevailing on the date of transaction (i.e. bill of entry). Accordingly, exchange differences arising on foreign exchange transactions settled during the period are recognized in the profit and loss account of the period.

Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the profit & loss account.

### 5. ACCOUNTING FOR FIXED ASSETS

- (a) Fixed assets are stated at their original cost including incidental expenses related to acquisition and installation less accumulated depreciation. The cost of assets under installation or under construction as at the balance sheet date are shown as capital work in process. There has been no revaluation of fixed assets carried out during the year.
- (b) Leasehold land is written off over the period of lease.





### 6. REVENUE RECOGNITION

- (a) Sales are recognized when significant risks and rewards of goods are transferred to the customers and is stated net of returns, trade discounts, rebates and sales tax but includes excise duties.
- (b) Export incentives are accounted for on accrual basis and includes the estimated value of export incentives receivable under the Duty Entitlement Pass Book Scheme and Duty Drawback Scheme.
- (c) Dividend Income is recognized when the right to receive is established.
- (d) Interest revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

### 7. EMPLOYEE BENEFITS

#### (a) Short Term Employee Benefits

All employee benefits falling due within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

#### (b) Post-Employment Benefits

##### (i) Defined Contribution Plans

Defined Contribution Plans are provident fund scheme, officers' superannuation scheme, employees state insurance and government pension fund scheme for eligible employees. The company's contribution to the Defined Contribution Plans is recognized in the profit & loss account in the financial year to which they relate.

##### (ii) Defined Benefit Plans

The employee's gratuity fund scheme managed by LIC are the Company's defined benefit plans. Wherever applicable, the present value of the obligation under such defined benefit plans are determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognized immediately in the Profit & Loss Account.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on the net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expense on a straight-line basis over the average period until the benefits become vested.

#### (c) Other Long-term Employee Benefits

The obligations for long term employee benefits such as long term compensated leave or encashment of leave accrued up to the specified period only at the time of retirement are recognized in the similar manner as in the case of defined benefit plans as mentioned in (b) (ii) above. The provision for leave encashment is accrued and provided for, based on the actuarial valuation made by an independent Actuary as on the Balance Sheet date.

### 8. ACCOUNTING FOR INVESTMENT

Investments meant to be held for a long term period are shown at cost. A provision for decline in value of investments is made only when the extent of loss is determinable and diminution in value, in the opinion of the Directors, is permanent.

### 9. EXPENDITURE ON RESEARCH AND DEVELOPMENT

Research and development expenses which are revenue in nature are charged off in the year in which they are incurred. Capital expenditure is included in fixed assets under appropriate heads.



### 10. INTANGIBLE ASSETS

Intangible Assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are amortized as under :-

- Acquisition of software is amortized on a straight line basis over a period of five years starting from the year of capitalization.

### 11. EXCISE DUTY

Excise duty has been accounted for on the basis of both payments made in respect of goods cleared as well as provision made for goods lying in bonded warehouses.

### 12. DEFERRED TAXATION

Deferred tax is the effect of timing differences, being the difference between taxable income and accounting income that originates in one period and is capable of reversal in one or more subsequent periods. On prudent grounds, deferred tax liabilities, when they arise, are provided without any exceptions but deferred tax assets are calculated on the accumulated timing differences as at the end of the year and are based on tax rates and laws in force on the balance sheet date and are recognized and carried forward only to the extent that there is a reasonable certainty of realization against future taxable income.

### 13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

### 14. LEASES

- (a) Lease rentals on assets taken on lease prior to April 01, 2001 are charged to the profit & loss account over the period of the lease.
- (b) Assets taken on lease under which the lessor effectively retains all significant risks & rewards of ownership have been classified as operating lease. Lease payments made under an operating lease are recognized as expense in the profit & loss account on straight line basis over the primary term of the lease as mentioned in the lease agreement.

### 15. BORROWING COSTS

Borrowing costs that are specifically attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

### 16. EARNINGS PER SHARE

In determining earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share comprises of the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises of the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

### 17. CASH FLOW STATEMENTS

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from principle revenue generating, investing and financing activities of the Company are segregated.

### 18. DISCOUNTS

Discount allowed on sale (other than trade or volume discount) is shown under the Selling & Distribution expense schedule. Discount allowed on purchase (other than trade or volume discount) is reduced from Raw Material Consumed.

**SCHEDULE - U : NOTES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

	<b>As at 31.03.2010</b>	<b>As at 31.03.2009</b>
	<b>Rs. in Lacs</b>	<b>Rs. in Lacs</b>
1. CAPITAL EXPENDITURE COMMITMENTS :		
Estimated amount of contracts remaining to be executed on capital account and not provided for	12.37	3.89
2. CONTINGENT LIABILITIES :		
a) Claims against the Company not acknowledged as debts	1,880.18	1,927.92
b) Bills discounted	4,728.17	1,298.01

## 3. EXCHANGE FLUCTUATION:

Exchange differences arising on foreign currency transactions relating to revenue items have been recognised as income or expense in the period in which they arise. During the current year, there was a gain of Rs. 74.16 lacs (Previous year loss of Rs. 294.81 lacs) which has been adjusted under appropriate heads to which the transactions relate. Exchange differences on capital account are also adjusted in the profit and loss account.

4. The information required to be disclosed under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED), has been determined to the extent such parties have been identified on the basis of information available with the company. M/s. H.K. Industries and M/s Royal Pack Industries are two parties registered under the said Act to whom the company owes an amount for more than 45 days as at the Balance Sheet date. However, in respect of balances outstanding as at 31<sup>st</sup> March, 2007, no provision for interest has been made in view of the BIFR order passed under the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), wherein it is stated that no interest on outstanding amounts due to creditors standing as on the cut off date i.e. 31<sup>st</sup> March, 2007, shall be payable. The aforesaid parties were among the creditors as at 31<sup>st</sup> March, 2007. Besides, there are no transactions with these parties in the reporting year. In view of above, the information required under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED), has not been furnished.
5. The Board for Industrial and Financial Reconstruction (BIFR) declared the company as a sick company vide its order dated 12<sup>th</sup> December, 2005 under the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). BIFR passed an order under section 17(3) of SICA & sanctioned a rehabilitation scheme vide its order dated 12<sup>th</sup> March, 2007 with the cut off date fixed as 31<sup>st</sup> March, 2007, which was further amended vide order dated 25<sup>th</sup> May, 2007. The scheme came into effect from the date of issue of the sanctioned scheme and its provisions are binding on all concerned. Relevant extracts from the sanctioned scheme are given below:-

## A. REHABILITATION SCHEME

## (a) Contours

Sr. No	Parameter	Particulars
1.	Cut off date	31-March-2007
2.	Waivers (upto cut off date)	Waiver of past interest /CI/LD/penal interest, etc.
3.	Shifting of Plant & Machinery of Mohali plant to Vadodara	The entire plant at Mohali unit will be shifted to Vadodara as new line-III for the manufacture of 21" True Flat Tubes. The land & building at the Mohali unit will be sold at an expected price of Rs. 11,900 lacs. Workers at the Mohali plant will be given employment at the Vadodara plant and in the event of any worker not opting for shifting, he/she would be paid their legal dues as per the settlement.



4.	Utilisation of sale proceeds of Land & Building at Mohali Unit	Sale of Land & Building at Mohali Unit and utilization of the proceeds (expected at about Rs.11,900 lakh) towards payment of workers' dues (about Rs. 1,000 lakh), payment of foreign banks towards settlement of their liabilities (Rs. 3,000 lakh) and payment of balance amount of Rs.7,900 lakh to lenders in the ratio of outstanding dues for FIs & core irregularities for the banks. In case the realization from sale of Land & Building at Mohali unit falls below Rs. 11,900 lakh, then the promoters will meet the shortfall. In case proceeds are more than Rs. 11,900 lakh, the appropriation shall be as under i) Upto Rs.3,000 lakh – Increase to be paid to secured lenders after paying crystallized workers dues. ii) Beyond Rs.3,000 lakh - To be utilized by the company for adding capacities with prior approval of BIFR.
5.	Future Interest Rate	Interest @ 6% p.a. for term loans/working capital term loans w.e.f 1.10.2008 & there will be no running cash credit working capital facility with banks.
6.	Conversion of Principal Term loans / WCTL into Equity	Conversion of 15% of principal outstanding of Term Loans/WCTL (Rs.5,400 lakh) into equity shares of the company after reduction of existing equity by 90%.
7.	Promoters' contribution	Equity : Rs. 2,500 lakh (Rs. 750 lakh towards upfront payment + Rs. 1,750 lakh towards capital expenditure for setting up facilities of 14" CPT and captive power generation), In addition, the company will also convert share application money into equity at par after write down of existing equity.
8.	Sanction of need based additional (L/C / LG limits)	Non Fund Based Limit – Need based 2007-08 : Rs.5,054 lakh
9.	Security	1. Pledge of entire share holding of promoters post restructuring (after equity w/off, conversion & fresh induction). 2. Personal Guarantee of Sh. Arjun Thapar on the entire Loans of FIs & Banks. 3. Ceding of pari-passu charge to working capital banks for their WCTL exposure. 4. Opening of Trust & Retention Account with lead bank.
10.	Capital Reduction	To write down existing paid up equity share capital (Rs. 3,450 lakh) by 90%.
11.	Workers' dues	JCTEL/promoters to settle the workers past liability at Rs. 1,000 lakh (as estimated) to be paid out of sale proceeds of Mohali Unit, as per appropriation proposed in Item No.4.

## (b) REPAYMENT SCHEDULE

Sr. No	Parameter	Particulars
1.	Repayment of balance principal-Term Loans & working Capital term Loans	In 33 quarterly instalments commencing from Dec, 2008 to Mar, 2017.

## (c) ONE TIME SETTLEMENT PROPOSAL FOR FOREIGN BANKS

Sr. No	Parameter	Particulars
1.	OTS PROPOSAL	One time settlement of dues with foreign banks towards settlement of their entire liabilities for Rs. 3,000 lakh (36.36% of principal) payable out of the Mohali sale proceeds.



## B. COST OF THE SCHEME & MEANS OF FINANCE

(Rs.in lacs)

### Cost of the Scheme:

Capital expenditure	1,750
Settlement of Foreign Banks' dues	3,000
Payment of Workers' dues	1,000
Upfront payment	750
Down payment from sale proceeds of Mohali Plant	7,900
<b>Total</b>	<b>14,400</b>

### Means of Financing:

Promoters' contribution by way of equity	2500
Sale of Mohali Plant (Estimated)	11,900
<b>Total</b>	<b>14,400</b>

No separate provision for contingencies is made as it would be met by the promoters upon crystallizing.

## C. SALE OF MOHALI ASSETS

The scheme envisages sale of land and building and other infrastructure of the Mohali unit (Punjab) and shifting of the plant and machinery to Vadodara and utilizing the sale proceeds for meeting the liabilities of the secured lenders and workers.

## D. RELIEFS & CONCESSIONS:

### FIs & Banks

- To waive past interest/compound interest/LD/penal damages etc. from the date of the first default to respective institutions and banks and to agree to collect the principal outstanding as on the cut-off-date in instalments as shown in the cash flow statement, starting from December 2008. The default date for this purpose of waiver for all institutions and banks from which relief is sought is listed in annexure III to the scheme.
- To agree to levy 6% per annum interest from 1.10.2008 until the dues are paid and to convert the debentures into Term Loan.
- Conversion of Working Capital limits into WCTL by Bankers.
- Conversion of part principal into equity, as per SEBI guidelines/pricing formula.
- Reschedule payment of principal so that it is repaid in 33 quarterly instalments starting from December, 2008.
- Banks to provide need based LC/LG facilities from time to time assessed at Rs.5,054 lakh for the year 2007-08.
- Ceding of pari-passu charge in favour of Working Capital Bankers to secure their WCTL, exposure.

### Promoters/Shareholders/JCTEL

- Write down of existing equity by 90%, immediately after sanction of the Scheme.
- Promoters to convert Share Application Money into equity capital as per SEBI formula.
- Personal Guarantee of Shri Arjun Thapar, MD to the exposure of FIs & Banks.
- Promoters to bring in Rs. 25 crores as promoters' contribution in the shape of equity.
- Pledge of entire Promoter's Shareholding (post rehabilitation) with FIs and Banks.
- Sale of Mohali land and building and utilization of proceeds thereof for reduction of debt of institutions/banks and settling workers' liability.
- To continue to induct nominees of lead bank and lead FIs on the board of company.

### Workers (Mohali Plant)

- The workers shall extend full cooperation for sale of land and buildings to the company at Mohali and for shifting the plant and machinery to Vadodara.
- To agree to shift to Vadodara on the terms and conditions as applicable to the employees at Vadodara in the event of their giving consent to shift to Vadodara works.
- Those not willing to get shifted, to collect their payments etc. in arrears in accordance with the law.
- To withdraw the legal cases pending with various courts filed by them upon receiving the terminal dues.



### Government of Punjab

- To consider to grant permission for closure of Black & White Picture Tube plant and Watch unit as these are non-operational since 1991; and
- To consider waiver of minimum demand charges, interest etc. from PSEB during lock out and non-operational periods and refund of security deposit.
- Government to consider permitting sale and conversion of end use of land of industrial plots at A-32, Indl. Phase-VIII, Mohali and A-27, Phase-VII, Mohali.
- The Sales Tax Deptt. of Punjab has not raised any demand whatsoever. With the sale of land and building of the Mohali unit & shifting of Plant, the Sales tax liability, if any, shall be deemed to have been extinguished. As no liability has arisen the assessments pending, if any, shall be deemed to have been completed.

### Government of Gujarat

- Extension of Sales Tax (CST & VAT) concession/exemption expiring in May, 2006 for a further period of 10 years;
- Exemption of Octroi duty for a period of 10 years;
- Exemption from payment of Electricity Duty for a period of 10 years;

### Central Government

- Withdrawal of demand notices for PF contribution on wages/salaries during the lock out period.
- Waiver of interest, liquidated damages and penal interest on delayed payments of Provident Fund.
- Exemption from SEBI guidelines for reduction/de-rating of equity; allotment of equity shares to promoters and associates on a preferential basis as envisaged in the Scheme.
- Income Tax Department to consider exempting the company from the provisions of section 115JB & Fringe Benefit Tax and capital gains tax on sale of Mohali assets under the Income Tax Act during the period of rehabilitation.
- The Ministry of Commerce, (Director General Foreign Trade) to extend the Export Obligation (EO) period under EPCG scheme for a further period of 5 years from the cut off date (31.3.2007).

### E. OTHER STIPULATIONS

If the company commits default towards repayment of principal instalments or payment of interest as per the sanctioned scheme or any combination, Fls / Banks reserves the right to charge interest on the defaulted amount at top of the band together with liquidated damages of 2% p.a. thereon till the date of clearance of default or Fls / Banks shall have the right to convert its entire overdues into fully paid up equity shares of JCTEL during the currency of the loans as per SEBI guidelines, or otherwise but with the permission of Hon'ble BIFR, Fls / Banks also reserves the right to revoke the package of rehabilitation with the prior approval of BIFR and in such event of revocation, the decision of Fls / Banks shall be final and binding on the borrower and/or guarantors. In case of Fls / Banks exercise the right of revocation, the financial rehabilitation sanctioned or granted to JCTEL shall be treated as withdrawn and the terms and the conditions of the original loan agreements or documents shall come into force as if no such financial rehabilitation were ever granted to JCTEL. Further, Fls / Banks shall have the right to adjust payment received under the present package of financial rehabilitation against outstanding dues in terms of the original loan agreements/documents.

### 6. The impact of the scheme approved by the Hon'ble BIFR, on the accounts of the company for the year under review for which appropriate effect was required to be given are as follows:-

- (a) As per the scheme, interest is to be provided @ 6% p.a. on loans from banks and Fls w.e.f. October 1, 2008.

The company from 1<sup>st</sup> October, 2008 has started accruing interest @ 6% per annum on Term Loans & Working Capital Term Loans outstanding.

- (b) However, the Hon'ble BIFR vide order dated 12<sup>th</sup> November, 2008, has stipulated that FI(s)/banks would neither raise any claim for payment of interest w.e.f. 1<sup>st</sup> October, 2008 in respect of installments, as envisaged in the sanctioned scheme to be read along-with the cash flow statement, nor would they take coercive action in this regard, until issuance of further direction(s) by the Board. The installments of the balance principal outstanding has been released to Banks/Financial Institutions who have communicated their sanctions.

Starting from the quarter January to March 2009, the company has started paying, the balance principal outstanding of Term loans & Working Capital Term Loan after adjusting the amount converted to equity shares and upfront payment, on a deferral basis (over a period of 33 quarterly installments), except





payment to Vijaya Bank as the said bank had not sent confirmation to the rehabilitation scheme approved by the Hon'ble BIFR on 12<sup>th</sup> March, 2007 till the end of this financial year.

During the current year, the installments of the balance principal outstanding of Term Loan and WCTL of Allahabad Bank and UCO Bank have been released after their confirmation/sanction as per the Sanctioned Scheme.

- (c) (i) An Asset Sale Committee has been constituted for the sale of land and building of the Mohali unit but before finalizing the sale, permission from the Hon'ble BIFR will be taken. The sale proceeds will be kept in a no lien interest bearing account with the Scheduled Bank, and its utilization will be decided by the Hon'ble BIFR.
  - (ii) Conversion of leasehold land to freehold land is pending. The shifting of Mohali Plant will be taken up after entering an agreement with the workers regarding settlement of their dues.
  - (iii) Trust and Retention Bank a/c required to be opened with Scheduled Bank, shall be opened upon sale of Mohali Plant.
  - (d) The working capital facilities from the banks (other than banks covered under OTS as per the sanctioned scheme) have been converted into working capital term loan as per the sanctioned scheme. Since the working capital loans of SBI & SBICI, who had earlier opted for OTS, have now been assigned to Asset Reconstruction Company (India) Ltd. (ARCIL), their loans have also been converted into WCTL.
  - (e) In view of the deemed sanction of the Income Tax Department, as per section 19(2) of SICA, no provision for Minimum Alternate Tax is required to be made nor is the remission or cessation of interest liability subject to tax under section 41(1) of The Income Tax Act, 1961 since reliefs/concessions provided in the sanctioned scheme under section 17(3) have an over riding effect on the provisions of the Income Tax Act, 1961.
  - (f) For continuing uninterrupted supplies/services, in addition to payment against current dues of unsecured creditors, some of the payments against the past dues have also been made, and the gross amount paid during the year does not exceed the overall limits prescribed under the sanctioned scheme.
  - (g) No interest has been provided on the unsecured loans as per the sanctioned scheme.
  - (h) Negotiation with the worker unions is in progress to crystallize their past dues. Crystallized dues of workers/staff will be settled out of the sale proceeds of the Mohali units as per the sanctioned scheme and hence no provision for the dues to workers/staff has been made in the current year.
  - (i) Out of total Debentures of Rs 500 lacs issued under Series I to Vijaya Bank, 15% of the aforesaid amount of debentures amounting to Rs 75 lacs has been converted into equity shares. The balance amount of Rs.425 lacs which was appearing as Debentures under the Schedule C '*Secured Loans*', till the financial year ending 31<sup>st</sup> March, 2009 have been shown as Term Loan in the current year. The security created in favour of Debenture Trustees through Trust Deed is in the process of being released.
  - (j) Similarly, Debentures of Rs 3,000 Lacs issued under *Series II & Series III* to IFCI which was appearing as Debentures under the Schedule C '*Secured Loans*', till the financial year ended 31<sup>st</sup> March, 2009 have been shown as Term Loan in the current year. The security created in favour of Debenture Trustees through Trust Deed is in the process of being released.
  - (k) Indian Overseas Bank, Bank of Baroda, SBI and SBICI had not been issued equity equivalent to 15% of principal outstanding as on the cut-off date as per the BIFR sanctioned scheme in the FY 07-08, since they had opted for OTS. During the current year Equity shares have been issued to ARCIL equivalent to 15% of principal outstanding of SBI & SBICI as on the cut-off date as per the BIFR order, since SBI & SBICI have assigned their debt to ARCIL, who have conveyed their acceptance to the Scheme approved by the Hon'ble BIFR.
  - (l) In view of the proposed introduction of GST, Extension of Sales Tax (CST & VAT) concession/exemption for a further period of 10 years which has expired in May, 2006, is not likely to come. However, after changes in Sales Tax laws, the same has not been extended & approved by the Gujarat Govt accordingly VAT is being paid on goods sold locally and CST on goods sold in an interstate transaction. Further input tax credit is being claimed on VAT paid.
  - (m) The Scheme has granted exemption of octroi & electricity duty for a period of 10 years but the same has not been approved by the Gujarat Government & it is being borne by the Company.
7. As per sanctioned scheme, the share capital of Rs. 7,502.26 lacs has been allotted to the promoters/FIs/Banks in the financial year 2006-07. During the year 2009-10, the share capital of Rs.34.78 lacs has been allotted to ARCIL pursuant to BIFR order, since SBI & SBICI have assigned their debt to ARCIL. The revival of



the company is dependant on sale of land and building at Mohali, shifting of plant and machinery and repayment of dues to various banks and financial institutions. Assuming that this takes place as anticipated in the sanctioned revival scheme, the company's net worth is expected to turn positive in the 4<sup>th</sup> year of its implementation. On the assumption that the revival of the company will take place as anticipated the company has been treated as a going concern.

8. (a) As per the sanctioned scheme and assumption by the management that the sale of land & building at Mohali will fetch a value in excess of its book value, no provision for impairment of Mohali assets has been considered necessary by the management.
- (b) It is estimated that inventory at Mohali unit which has to be transferred to the Vadodara unit as per the scheme aggregating to Rs. 1380.34 lacs contains a substantial loss on impairment which will be estimated and provided for only after these have been shifted to Vadodara Unit. The losses are understated to this extent.
9. The Company estimates the deferred tax (charge) / credit using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current period. Since there is no reasonable virtual certainty of realisation, deferred tax asset (Net) of Rs. 14,442.51 lacs (Previous year Rs. 14207.86 lacs) has not been recognized.
10. Employee Benefits:
  - (a) Defined Contribution Plans  
The Company has recognized the contribution/liability in the Profit & Loss Account for the financial year 2009-10.
  - (b) Defined Benefit Plans & Other Long Term Benefits:  
The following disclosures are made in accordance with AS 15 (Revised) pertaining to Defined Benefit Plans and Other Long Term Benefits :-

	(Rs. in lacs)	
	Leave Encashment 31.03.2010	Gratuity 31.03.2010
<b>Amount recognized in Balance Sheet</b>		
Present value of funded obligations		877.87
Fair value of plan assets		204.92
Present value of unfunded obligations	239.10	
Unrecognized past service cost		
<b>Net Liability/(Assets)</b>	<b>239.10</b>	<b>672.95</b>
<b>Amount in Balance Sheet</b>		
Liability	239.10	672.95
Assets	-	-
<b>Net Liability/(Assets)</b>	<b>239.10</b>	<b>672.95</b>
<b>Expenses recognized in the Profit &amp; Loss Account</b>	<b>35.22</b>	<b>83.70</b>
Current service cost	16.22	48.54
Interest on defined benefit obligation	16.32	66.06
Expected return on plan assets	-	(13.30)
Net actuarial losses/(gain) recognized in the year	2.68	(17.60)
Past service cost		
Losses/(gains) on "Curtailments and Settlements"	-	-
<b>Total, included in "Employee Benefit Expense"</b>	<b>35.22</b>	<b>83.70</b>
Actual return on plan assets	-	-
Reconciliation of benefit obligations and plan assets for the period		
<b>Change in defined benefit obligation</b>		
<b>Opening defined benefit obligation</b>	<b>217.69</b>	<b>825.81</b>
Current service cost	16.22	48.54
Interest cost	16.32	66.06
Actuarial losses/(gains)	2.68	(17.60)
Liabilities extinguished on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed on acquisition	-	-
Exchange difference on foreign plans	-	-
Benefits paid	(13.81)	(44.95)
<b>Closing defined benefit obligation</b>	<b>239.10</b>	<b>877.87</b>





## JCT ELECTRONICS LIMITED

	(Rs. in lacs)	
	Leave Encashment 31.03.2010	Gratuity 31.03.2010
<b>Change in fair value of assets</b>		
<b>Opening fair value of plan assets</b>	-	<b>99.14</b>
Expected return on plan assets	-	13.30
Actuarial gain/(losses)	-	-
Assets distributed on settlements	-	-
Contributions by employer	-	137.43
Assets acquired due to acquisition	-	-
Exchange difference on foreign plans	-	-
Benefits paid	(13.81)	(44.95)
<b>Closing fair value of plan assets</b>	<b>-</b>	<b>204.92</b>
<b>Assets information</b>		
<b>Category of assets</b>		
Government of India Securities	-	100%
Corporate Bonds	-	-
Special Deposit Scheme	-	-
Equity shares of listed companies	-	-
Property	-	-
Insurer Managed Funds	-	-
Others	-	-
<b>Grand Total</b>		
<b>Summary of the actuarial assumptions</b>		
Discount rate	7.50%	8.00%
Expected rate of return on assets	Nil	Nil
Future salary increase	5.00%	6.00%
Retirement Age	60	-
Mortality Table	LIC (1994-96) duly modified	
Ages	Withdrawal Rate(%)	
Upto 30 years	3.00	
From 31 – 44 years	2.00	
Above 44 years	1.00	

### Notes:

- The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors.
- The company has a fund with the Life Insurance Corporation under the Employees Gratuity Scheme and the fund value as on 31<sup>st</sup> March 2010 was Rs.204.92 lacs (Previous Year Rs 99.14 lacs).

### 11. Balance confirmation

- Debtors and creditors balances and other receivables/payables are subject to confirmation and have been shown as per values appearing in the books of accounts and have been treated as good for recovery/ payment unless specifically provided for.
- Debits to a party's account include Rs. 4,184.61 lacs for the recovery of CST from various parties which have been incorporated on the basis of an understanding with the party for which credit notes are anticipated to be received by the management.
- Balance of Banks and FIs as appearing in the books of accounts are as mentioned in the sanctioned scheme approved by the Hon'ble BIFR and these balances are after accounting for 15% equity share allotment made to them in the financial year 2007-08 and 2009-10, and installments paid upto financial year ending 31<sup>st</sup> March, 2010. There is no change in the bank balances of those banks which have not yet sent the confirmation to the sanctioned scheme or those which have opted for OTS.



# JCT ELECTRONICS LIMITED

## 12. Earnings per Share (EPS):

**Year ended  
31.03.2010**

**Year ended  
31.03.2009**

(a) Calculation of Weighted Average Number of Equity Shares of Rs. 1/- each		
Number of Shares at the beginning of the year	<b>78,47,78,763</b>	78,47,78,763
Number of Shares at the close of the year	<b>78,82,57,063</b>	78,47,78,763
Weighted average number of Equity Shares during the year	<b>78,51,12,299</b>	78,47,78,763
(b) Net profit/loss for the year attributable to Equity Shares (in Rupees)	<b>(12,55,40,429)</b>	(74,01,25,757)
(c) Basic Earnings (in Rupees) per share	<b>(0.16)</b>	(0.94)
(d) Diluted Earnings (in Rupees) per share	<b>(0.16)</b>	(0.94)

## 13. Related party disclosures:

Names of related parties and description of relationship

- Related parties where significant influence exist : India International Airways Limited
- Associates : JCT Limited
- Key Management Personnel : Mr Arjun Thapar
- Relative of Key Management Personnel : Mrs. Nayantara Thapar
- Companies over which persons described in (c) & (d) are able to exercise significant influence : APJ Financial Services Private Limited  
Team Plus Securities Limited

## Transactions with Related Parties:

(Rs. in lacs)

Type of Transaction	Referred to in (a) above		Referred to in (b) above		Referred to in (c) above		Referred to in (d) above		Referred to in (e) above	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
(a) Common expenses paid				6.75						
(b) Expenses reimbursed			1.04				0.30	0.30		
(c) Remuneration and benefits of key managerial personnel					29.69	30.52				
(d) Leasing Charges	4.39	4.46								
(e) Share application money received										
(f) Issue of Equity Share Capital										
<b>Balance as on 31.3.2010</b>										
(g) Investments	348.11	348.11								
(h) Other receivables	72.19	72.19	58.57	57.61						

- The Company has taken certain commercial premises under cancellable operating lease arrangements. The lease period varies from two to three years with the option to extend the same with mutual consent. The total aggregate Lease Rentals recognized as expense in the profit & loss account under cancellable operating lease was Rs. 112.82 lacs (Previous Period : Rs. 116.51 lacs).
- Information on Segment Results :  
The company is engaged in the manufacture of Colour Picture Tubes which in the context of *Accounting Standard 17 on Segment Reporting*, issued by the Institute of Chartered Accountants of India is considered as the only business segment. There are no geographical segments.
- Comparative Figures:  
Figures for the previous year have been regrouped/reclassified wherever necessary to make them comparable with those of the current year.
- Sales include sale of scraps and sale of goods purchased for trading.



# JCT ELECTRONICS LIMITED

## ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS (3) TO (4D) OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956 TOGETHER WITH OTHER NOTES

### 1. PARTICULARS IN RESPECT OF INSTALLED CAPACITIES AND THE ACTUAL PRODUCTION

Class of Goods	Unit	Installed Capacity		Actual Production	
		Current Year	Previous Year	Current Year	Previous Year
Colour picture tubes.	Nos.	58,00,000	46,00,000	43,02,244	34,50,318
Installed capacity of Vadodara and Mohali Units are as certified by the management					

### 2. PARTICULARS IN RESPECT OF STOCKS OF FINISHED GOODS AND SALES

Class of Goods	Unit	Opening Stock				Closing Stock				Sales			
		Current Year		Previous Year		Current Year		Previous Year		Current Year		Previous Year	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
			Rs. in lacs		Rs. in lacs		Rs. in lacs		Rs. in lacs		Rs. in lacs		Rs. in lacs
Colour picture tubes.	Nos.	49060	745.10	66069	960.92	122676	1,528.10	49060	745.10	4228628	52,683.21	3467327	43,933.57
Others											127.97		200.04
<b>Per Profit &amp; Loss Account</b>			<b>745.10</b>		<b>960.62</b>		<b>1,528.10</b>		<b>745.10</b>		<b>52,811.18</b>		<b>44,133.61</b>

### 3. ANALYSIS OF RAW MATERIAL / STORES & SPARES CONSUMED

Class of Goods	Unit	Current Year		Previous Year	
		Quantity	Value	Quantity	Value
			Rs. in Lacs		Rs. in Lacs
A. a) Glass components	Nos.	8982373	17,586.02	7505064	17,482.52
b) Electronic components	Nos.	392786750	13,620.95	297340203	12,469.27
c) Chemicals	Kgs.	1901159	1,850.54	1759292	1,472.93
d) Other Raw Materials			2,235.27		1,650.36
e) Stores & spares			712.50		732.79
<b>Sub-Total</b>			<b>36,005.28</b>		<b>33,807.87</b>
f) Others			127.97		200.04
<b>Per Profit &amp; Loss A/c</b>			<b>36,133.25</b>		<b>34,007.91</b>
B. Percentage of Materials Consumed					
a) Imported		25.61%	9,220.95	26.04%	8,803.57
b) Indigenous		74.39%	26,784.33	73.96%	25,004.30
		<b>100.00%</b>	<b>36,005.28</b>	<b>100.00%</b>	<b>33,807.87</b>

### 4. VALUE OF IMPORTS CALCULATED ON CIF BASIS

Raw materials, components & spares	10,242.23	9,028.88
Capital Goods	245.26	134.53
<b>NOTE : Includes freight of Rs. 91.39 lacs (previous year Rs.139.44 lacs) and Insurance of Rs. 9.23 lacs (previous year Rs. 9.07 lacs) paid in Indian currency.</b>	<b>10,487.49</b>	<b>9,163.41</b>

### 5. EXPENDITURE IN FOREIGN CURRENCY

a) Travelling expenses	2.40	16.81
b) Test & Inspection fees	2.11	4.71
c) Others	2.14	-
	<b>6.65</b>	<b>21.52</b>

### 6. MANAGING DIRECTOR'S REMUNERATION AND BENEFITS

a) Salary	22.80	22.80
b) Medical benefits	0.15	0.15
c) Accident insurance premium	0.04	0.04
d) Leave Travel	-	0.96
e) Car Perk	0.40	0.27
f) Prov. for gratuity	0.60	0.60
g) Contribution to Provident & Superannuation Fund	5.70	5.70
	<b>29.69</b>	<b>30.52</b>



## JCT ELECTRONICS LIMITED

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE PURSUANT TO THE PROVISIONS OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

I. Registration Details

Registration No. L32109PB1976PLC003680 State Code 16  
Balance Sheet Date 31 – 03 – 2010

II. Capital raised during the year (Amount in Rs. '000)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	3478*

\* Working Capital Loan from Banks converted into equity shares as per BIFR order

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)

Total Liabilities	5142821	Total Assets	5142821
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Sources of Funds :

Paid-up Capital	788240	Reserve & Surplus	663865
Secured Loans	3659606	Unsecured Loans	31110

Application of Funds :

Net Fixed Assets	3534555	Investments	15717
Net Current Assets	(2714596)		
Net Accumulated Losses	4307145		

IV. Performance of Company (Amount in Rs. '000)

Turnover	4953074	Total Expenditure	5078615
Profit / (Loss) before Tax	(125541)	Profit / (loss) after Tax	(125541)
Earning per Share (in Rs.)	(0.16)		

V. Generic Name of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code) 85.40  
Product Description CATHODE RAY TUBES



# JCT ELECTRONICS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2010

(Pursuant to the Listing Agreement with Stock Exchanges)

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	(1,193.93)	(7,142.63)
Adjustment for :		
– Depreciation	1,686.35	1,627.79
– Foreign Exchange fluctuations	74.16	294.81
– Interest/Dividend Income	(0.29)	(0.34)
– Interest expenses	2,152.77	1,243.45
– Loss on sale of fixed assets	6.29	6.15
– Prior period adjustments	(61.47)	(258.65)
– Prior period depreciation adjustments	10.18	(0.10)
– Liabilities w/b	(36.70)	–
Operating Profit before working capital changes	2,637.36	(4,229.52)
Adjustment for :		
– Trade and Other Receivables	(466.75)	340.16
– inventories	(829.45)	4.52
– Trade Payables	(287.65)	6,860.62
Cash generated from operations	1,053.51	2,975.78
Foreign Exchange fluctuations	(74.16)	(294.81)
Cash flow before extraordinary items	979.35	2,680.97
Net cash from operating activities	979.35	2,680.97
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(788.15)	(448.48)
Sale of Fixed Assets	6.79	9.04
Dividend received	0.29	0.34
Net cash used in investing activities	(781.07)	(439.10)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Long Term borrowings	(518.76)	(71.52)
Interest paid	(331.72)	(366.67)
Net cash generated from financing activities	(850.48)	(438.19)
Net increase in cash and cash activities	(652.20)	1,803.68
Cash & cash equivalents as on 01.04.2009 (Opening Balance)	2,554.16	750.48
Cash & cash equivalents as on 31.03.2010 (Closing Balance)	1,901.96	2,554.16

Note : Previous year's figures have been regrouped wherever necessary.

As per our report of even date  
attached to the balance sheet

for V. SAHAI TRIPATHI & Co.  
Chartered Accountants

MAHESH SAHAI  
Partner

Place : New Delhi  
Dated : 18<sup>th</sup> August, 2010

M P S NARANG  
Vice-President –  
Finance & Accounts

On behalf of the Board

P K GANGULY  
Director

GOPAL KRISHNAN  
Vice-President &  
Company Secretary

ARJUN THAPAR  
Managing Director

RAJ KAPUR  
Chief Operating  
Officer



### NOTICE

Notice is hereby given that the 33<sup>rd</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 28<sup>th</sup> day of September, 2010 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, 2010, 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. P K Ganguly, 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 33<sup>rd</sup> annual general meeting till the conclusion of the 34<sup>th</sup> annual general meeting and authorise the Board of Directors to fix their remuneration.

#### Special Business :

4. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution.  
"RESOLVED that pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto including any amendment or re-enactment thereof for the time being in force and the Articles of Association, approval be and is hereby accorded to the payment of remuneration to Mr. Arjun Thapar, Managing Director commencing from 1<sup>st</sup> September, 2010 till the end of his tenure as set out in the Explanatory Statement annexed to the Notice, with liberty to 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) to increase, vary or alter the remuneration and other terms as deemed expedient or necessary subject to the same not exceeding the limits prescribed under Schedule XIII thereto or any amendment or re-enactment thereof as may be permissible from time to time."

By order of the Board  
for JCT ELECTRONICS LIMITED

Place : New Delhi  
Dated : 18<sup>th</sup> August, 2010

Gopal Krishnan  
Vice President & Company Secretary

### NOTES

- a) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item 4 alongwith information to shareholders as referred to in Schedule XIII of The Companies Act, 1956 is annexed.
- b) **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.**
- c) The Register of Members and Transfer books of the company will remain closed from Tuesday the 21<sup>st</sup> September, 2010 to Tuesday the 28<sup>th</sup> September, 2010 (both days inclusive)
- d) 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.**
- e) Particulars of Mr. P K Ganguly, Director who retires by rotation and is seeking re-appointment at this annual general meeting.  
Mr. P K Ganguly, aged 69 years is an Advocate & Solicitor and fellow of the Indian Council of Arbitration. He has been a director on the Board since the year 2000. He has over 47 years of experience being associated with J B Dadachanji & Co. for over 21 years with specialization in Corporate Laws, Joint Ventures and Arbitration. He is on the Board of the companies like Yang Du Estates Limited & Zellweger Luwa India Ltd.



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

### Item 4

Mr. Arjun Thapar was reappointed as the Managing Director of the company for a period of 5 years with effect from 4<sup>th</sup> February, 2008. The Remuneration Committee and the Board have, subject to provisions of Schedule XIII of the Companies Act, 1956 and consent of shareholders, approved revision in the remuneration payable to Mr. Arjun Thapar for the period commencing from 1<sup>st</sup> September, 2010 till the end of his present term i.e. 3<sup>rd</sup> February, 2013 as detailed below :

Salary : Not exceeding Rs.3,90,000/- per month.

Perquisites : Rs.1,20,000/- per annum

The perquisites as aforesaid will include medical reimbursement, leave travel concession for self, spouse & dependent children and medical/personal accident insurance premium.

Company's contribution to provident fund, superannuation fund to the extent these singly or together are not taxable under the Income Tax law, gratuity and encashment of leave at the end of the tenure as per rules of the company and to the extent not taxable under the Income Tax law shall not be included for the purpose of computation of the overall ceiling of remuneration.

Mr. Thapar will be provided a company maintained car and residential telephone with fax. The use of car on company's business and telephone/fax at residence will not be considered as perquisites. He will also be entitled to reimbursement of expenses incurred on company's business.

In the event of loss or inadequacy of profits in any financial year during the above period, if the remuneration exceeds the limits prescribed under Schedule XIII of the Companies Act, 1956, the same shall be subject to approval of the Central Government.

The Board recommends the resolution for approval of the shareholders.

Except Mr. Arjun Thapar and Mr. M M Thapar who is related to Mr. Arjun Thapar, none of the other directors of the company are interested in the resolution.

### Information pursuant to Clause (IV) of 1B of Section II of Part II of Schedule XIII

#### GENERAL INFORMATION :

(1) Nature of Industry	Colour Picture Tubes for Televisions		
(2) Date or expected date of commencement of commercial production	Not Applicable as this is an existing running company		
(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not Applicable		
(4) Financial performance based on given indicators	2009-10	2008-09 (Rs. in lacs)	2007-08
- Gross Sales including other income	52,954	44,451	39,770
- Earning before Interest & depreciation	2,876	(3,907)	(1,530)
- Interest & Financing charges	2,384	1,608	825
- Net Profit/(Loss) before depreciation	492	(5,515)	(2,355)
- Depreciation	1,686	1,628	1,617
- Prior period expenses	61	258	47
- Net Profit/(Loss) for the year	(1,255)	(7,401)	(4,019)
(5) Export performance and net foreign exchange collaborations			
Earning in Foreign Exchange -	-	-	-
Expenditure in Foreign Exchange -	10,494	9,185	7,691
(6) Foreign investments or collaborations, if any.	The company had a technical collaboration with Hitachi Ltd., Japan, pioneer in the field of Cathode Ray Tubes (CRT). The collaboration was not renewed after December, 2007 as the company has absorbed the technology.		



## JCT ELECTRONICS LIMITED

### INFORMATION ABOUT THE APPOINTEE :

(1) Background details	Mr. Arjun Thapar is a graduate in Textile Management & Marketing from Philadelphia - USA and has been associated with the company since 1985.
(2) Past remunerations	Rs. 2,00,000/- per month
(3) Recognition or awards	None
(4) Job profile and his suitability	He is the Managing Director of the company and vested with powers of management with overall responsibility.
(5) Remuneration proposed	Not exceeding Rs.4,00,000/- per month
(6) Comparative remuneration profile with respect of industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	Comparative remuneration paid within the industry and company of such the size and profile is in excess of Rs.100 lacs per annum.
(7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any.	Promoter Director

### OTHER INFORMATION :

(1) Reasons of loss or inadequate profits	Industry is highly competitive with constant threat of imports/dumpings. Margins have come down substantially over the years after reduction of import duty and opening up of the economy and influx of imports.
(2) Steps taken or proposed to be taken for improvement	Significant steps has been taken to improve productivity, reduce wastage etc., to improve margins and profitability.
(3) Expected increase in productivity and profits in measurable terms.	Production has been increased over the last two years from the level of 3,00,000 tubes per month to over 4,00,000 tubes per month. Additional volumes have contributed towards improving the bottom-line as the fixed costs are spread over higher volumes besides benefiting from the economies of scale. Effective steps have been taken to substitute imports, reduce power & fuel costs etc. which has led to drastic improvement in margins and profitability

### DISCLOSURES :

(1) The shareholders of the company shall be informed of the remuneration package of managerial person	Details of remuneration package has been informed to the shareholders in the explanatory statement of the Notice
(2) The following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance" if any, attached to the annual report :	
(i) All elements to remuneration package such as salary, benefits, bonuses, stock options, pension, etc. of all the directors	Adequate disclosures have been made in the explanatory statement and in the Corporate Governance Report forming part of the Director's Report
(ii) Details of the fixed component and performance linked incentives along with the performance criteria	- do -
(iii) Service contracts, notice period, severance fees	- do -
(iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable	- do -





## JCT ELECTRONICS LIMITED



The Thapar Group

Regd. Office : A-32, Industrial Phase-VIII, SAS Nagar, Mohali-160 055 (Punjab)

### ATTENDANCE SLIP

Please complete the attendance slip and hand it over at the entrance of the meeting venue.  
(Member's particulars to be furnished below)

Folio No. \_\_\_\_\_ DPID. \_\_\_\_\_ Client ID \_\_\_\_\_

Member's / Proxy's name (Block Letters) \_\_\_\_\_

I hereby record my presence at the 33<sup>rd</sup> Annual General Meeting of the Company at **A-32, INDUSTRIAL PHASE-VIII, SAS NAGAR, MOHALI, PUNJAB** on Tuesday, the 28<sup>th</sup> September, 2010 at 10.30 a.m.

Signature of the member / proxy present \_\_\_\_\_

This attendance is valid only in case shares are held on the date of meeting.



## JCT ELECTRONICS LIMITED



The Thapar Group

Regd. Office : A-32, Industrial Phase-VIII, SAS Nagar, Mohali-160 055 (Punjab)

### PROXY FORM

I/We \_\_\_\_\_ resident of \_\_\_\_\_

\_\_\_\_\_ being a member / members of JCT ELECTRONICS LIMITED,

here by appoint \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ of failing him \_\_\_\_\_

of \_\_\_\_\_ as my / our

proxy to attend and vote for me / us on my / our behalf at the 33<sup>rd</sup> Annual General Meeting of the Company to be held on Tuesday, the 28<sup>th</sup> September, 2010 at 10.30 a.m. and any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2010

Folio No. \_\_\_\_\_

DP / Client ID \_\_\_\_\_

Signature \_\_\_\_\_

Affix  
Revenue  
Stamp

Note : The form duly completed and signed should be deposited at the registered office of the Company at least 48 hours before the time of the meeting.