

ANNUAL REPORT 2012 – 13



JCT ELECTRONICS LIMITED



BOARD OF DIRECTORS

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

CHIEF OPERATING OFFICER

Mr. Raj Kapur

SR. VICE PRESIDENT & COMPANY SECRETARY

Mr. Gopal Krishnan

AUDITORS

V. Sahai Tripathi & Co.
New Delhi

REGISTERED OFFICE

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

HEAD OFFICE

Thapar House,
124 Janpath
New Delhi - 110001

BANKERS

Allahabad Bank
Punjab National Bank
Punjab & Sind Bank
State Bank of Patiala
Bank of Baroda
Indian Overseas Bank
UCO Bank

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DIRECTORS' REPORT

Your directors present their report and audited accounts for the year ended 31st March, 2013

Financial Results & Operations

	Year ended 31.03.2013	Year ended 31.03.2012
		(₹ in lacs)
The key financial results of the company are as under :		
Revenue from Operations and other income	38923	24099
Earning before Interest, Depreciation & Tax	(1709)	(2403)
Finance Cost	2007	2324
Depreciation	1531	1535
Net Profit/(Loss) after tax for the year	(4984)	(6262)

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

The financial year 2012-13 was a difficult year for the company. Non availability of working capital restricted our ability to source critical raw material which was a major impediment in not being able to meet the targets for production. The company was forced to operate only one line and that too at less than rated capacity on some occasions. Despite the imposition of anti dumping duties, influx of tubes from abroad continued, which impacted margins as the company had to match the landed prices. Besides the increase in prices of all major raw materials, power/fuel also impacted the bottom line. Major emphasis was placed on reducing the power & fuel cost thru energy conservation, buying power thru trading to take advantage of lower prices and recycling water. Your company also took steps to reduce costs through process improvements, value engineering, rationalising manpower and improving productivity to partially offset increase in various input costs.

The market demand in FY 2013-14 is expected to be around 7 million tubes. The present market scenario may not be favorable for the CPT industry in India at large as anti dumping restrictions on CPT imports from China gets removed after June, 2013. There is a serious threat on that account as CPTs from China are likely to find their way in the rapidly shrinking Indian market.

The rehabilitation scheme approved by The Board for Industrial & Financial Reconstruction is under implementation, including the sale of various surplus assets, as approved by them.

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

Directors

Nomination of Mr. Arun Ramanathan, as special director, was withdrawn by BIFR effective from 8th February, 2013. Mr. P K Ganguly, director retires by rotation at the forthcoming annual general meeting and being eligible offers himself for re-appointment.

Directors' Responsibility Statement

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

- that in the preparation of the annual accounts for the year ended 31st March, 2013, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company for the financial year ended 31st March, 2013 and of the loss of the company for the year under review.
- that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities has been taken.
- that the annual accounts have been prepared on a going concern basis.

Corporate Governance

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



Other Information

The information required under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 is given in the Annexure and forms part of this Report. The information required to be provided in terms of the provisions of Section 217(2A) of the Companies Act, 1956 and rules framed thereunder forms part of this report. The same is not being sent alongwith this report in line with the provisions of Section 219(1)(b)(iv) of the said Act and will be made available on request by any member of the company.

Environment

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

Industrial Relations

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

Auditors

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

As regards the observations of the Auditors in their report and the relevant notes to the accounts i.e. nos. 29 A(b) & (f), 30, 31(c), 34(a) are self explanatory and therefore do not require any further comments.

Cost Auditors

In terms of circular issued by the Ministry of Corporate Affairs, effective from 1st April, 2012 audit of the cost accounting records has been made mandatory for our company. Accordingly, your company decided to appoint M/s Balaji and Associates, Cost Accountants to conduct the cost audit exercise for the financial year ending 31st March, 2013.

They were also appointed to submit the Cost Compliance report for the Financial Year ended 31st March, 2012 which has been filed with the Ministry of Company Affairs.

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 : 28th May, 2013

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:

- i) Conversion of hot water generator to run on Natural Gas.
- ii) Reduction of power consumption by use of Turbo Ventilators in non air-conditioned areas to extract heat and also provide natural illumination.
- iii) Reduction in air conditioning load by re-sizing of process areas.
- iv) Reduction in water consumption through recycling of water. Rain water harvesting has also been undertaken.



B. Research & Development and Technology Absorption

a) Research & Development

i) Areas in which R&D carried out.

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

ii) Benefits derived as a result of above activities.

Cost reduction achieved through improvement in design, import substitution, change in raw material, 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 company has developed capability to manufacture colour picture tubes, components like deflection yokes and electron guns. The technology for the ultra slim CPTs is being absorbed.

C. Foreign Exchange Earnings and Outgo

Foreign exchange outgo during the year – ₹ 7,451.73 Lacs

Foreign exchange earnings during the year – ₹ 634.44 Lacs

MANAGEMENT DISCUSSION AND ANALYSIS

Industry scenario

Globally the CRT industry has been declining in volumes since last few years though the markets in India had remained stable at around 10 ~12 million per annum till FY 2011-12. However in FY 2012-13 the volumes came down by 4 ~ 5 million per annum. Import of CPTs from China including TVs with refurbished monitor tubes have been eating into the market. The shift in demand preference for flat panel TVs in most markets over conventional CRT based TVs resulted in lot of capacities closing down. Though in India there is still market for CRT based TVs in the rural and semi urban towns, supply chain for material and components is the biggest challenge as only a handful of players are left leading to lot of uncertainty.

Company's performance

Production and Sales Nos. for the financial year 2012-13 were higher than the previous year. However over the last three to four months the operations have been hit on account of constraints faced in raw material supplies. The company is trying hard to meet the challenges faced by the industry. To offset increase in all round input costs, continuous efforts on improving productivity, reduction in power consumption, recycling etc. were taken up aggressively to protect the margins which were under strain. Efforts at upgrading the skills of the work force helped in improving productivity and reducing wastage. Various H.R. initiatives were introduced towards bringing competitiveness, accountability and responsibility among its employees.

Efforts to retain customers and incentivise their CRT based T.V. plans are being made as also efforts for reviving exports. The situation looks rather grim, but we believe that being the only manufacturer of CPTs in India, there is a good chance to improve.

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



CORPORATE GOVERNANCE REPORT

I. Company's philosophy on Corporate Governance

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

II. Board of Directors

- The Board of the company presently has six directors comprising of two nominee director, two independent directors and two promoter directors.
- The Board met four times during the year on 10th May, 2012, 16th August, 2012, 5th November, 2012 and 28th January, 2013.
- Details of meetings attended by directors and other directorships held are as under :

Name of Director	Category of Director	No of Meetings attended		Sitting fees paid to Director's (in Rs.)	No. of other Director-ships held	No. of other Board Committee(s) of which he is a	
		Board	Committee			Member	Chairman
Mr. M M Thapar, Chairman	Promoter – Non Executive	None	None	Nil	1	None	None
Mr. Arjun Thapar, Managing Director	Promoter – Executive	4	4	#	2	None	None
Mr. K Jayabharth Reddy	Independent – Non Executive	4	5	85,000	5	5	2
Mr. P K Ganguly	Independent – Non Executive	3	8	85,000	3	1	None
Mr. S V Venkatakrishnan	Nominee-IFCI	3	3	60,000	None	None	None
Mr. Umesh Warmorkar	Nominee – Allahabad Bank	3	None	45,000	None	None	None
Mr. Arun Ramnathan*	Special Director- BIFR	1	1	20,000	5	5	1

* Nomination of Mr. Arun Ramanathan has been withdrawn by BIFR as special director w.e.f. 8th February, 2013.

Mr. Arjun Thapar, is being paid remuneration as approved by the shareholders, subject to limits prescribed in the Schedule XIII of the Companies Act, 1956. He is not paid any sitting fee, bonus, performance linked incentive, commission, stock option etc.

III. Code of Conduct

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

As provided under clause 49 of the listing agreement with the Stock Exchanges, the Board members and senior management have confirmed compliance with the code of conduct for the period ended 31st March, 2013.

IV. Audit Committee

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

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

Name of Member	Category	Designation	No. of Meetings	
			Held	Attended
Mr. P. K. Ganguly	Independent	Chairman	4	3
Mr. K Jayabharath Reddy	Independent	Member	4	4
Mr. S V Venkatakrishnan	Nominee	Member	4	3
Mr. Arun Ramanathan	Special Director	Member	4	1



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

The Audit Committee has considered and reviewed the quarterly financial results and audited annual accounts for the year 2012-13 and recommended its adoption to the Board.

V. Remuneration Committee

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

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

VI. Shareholders / Investor's Grievance Committee

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

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

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

During the year ended 31st March, 2013 there were no complaints/queries pending for reply and there were no share transfers pending for registration.

VII. General Body Meetings

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

AGM	Financial Year	Day/Date	Time	Venue
33 rd	1-4-2009 to 31-3-2010	Tuesday/28-09-2010	10.30 a.m.	A-32, Indl. Phase VIII, SAS Nagar, Mohali, Punjab
34 th	1-4-2010 to 31-3-2011	Tuesday/ 27-09-2011	10.30 a.m.	A-32, Indl. Phase VIII, SAS Nagar, Mohali, Punjab
35 th	1-4-2011 to 31-3-2012	Thursday/27-09-2012	10.30 a.m.	A-32, Indl. Phase VIII, SAS Nagar, Mohali, Punjab

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

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

VIII. CEO/CFO Certification

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

IX. Disclosures

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

No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

X. Management Discussion and Analysis

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

XI. Means of communication

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

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



XII. General Shareholder Information

- 36th Annual General Meeting
 - Day & Date : Friday, 27th September, 2013
 - Time : 10.30 a.m.
 - Venue : A-32, Indl. Phase VIII, SAS Nagar, Mohali, Punjab
- Financial Calendar 2013-14 :
 - First Quarterly Results : Before end of August, 2013
 - Second Quarterly Results : Before end of October/November, 2013
 - Third Quarterly Results : Before end of January/February, 2014
 - Fourth Quarterly Results : Before end of April/May, 2014
- Dates of Book Closure :
 - From Friday, 20th September, 2013 to Friday, 27th September, 2013 (both days inclusive)
- Dividend payment date :
 - The company has not declared any dividend for the current financial year.
- Listing on Stock Exchanges & Stock Code :
 - The Equity Shares of the Company are listed on the following Stock Exchanges :
 - National Stock Exchange of India Ltd., Exchange Plaza, Bandra - Kurla Complex, Bandra (E), Mumbai – 400 051 ; Code - JCTEL
 - Bombay Stock Exchange Limited, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 ; Code - 500222
- Market price data for the year 2012 - 2013 :

Month	NSE			BSE		
	High Rs.	Low Rs.	Volume Nos.	High Rs.	Low Rs.	Volume Nos.
Apr., '2012	0.85	0.70	187409	0.86	0.68	495806
May, '2012	0.75	0.60	401760	0.75	0.60	457694
Jun., '2012	0.75	0.60	247997	0.74	0.59	487049
Jul., ' 2012	0.95	0.65	448009	1.00	0.64	1272198
Aug., '2012	0.70	0.60	201784	0.68	0.60	403434
Sep., '2012	0.80	0.60	424542	0.78	0.60	633767
Oct., '2012	0.75	0.60	422583	0.78	0.60	591601
Nov. '2012	0.75	0.55	594344	0.72	0.58	863418
Dec. '2012	0.70	0.55	515548	0.69	0.57	762630
Jan. ' 2013	0.80	0.55	1017207	0.77	0.57	1150459
Feb. ' 2013	0.70	0.50	452621	0.70	0.48	911990
Mar. ' 2013	0.55	0.35	543871	0.52	0.37	541096

- Distribution of shareholding as at 31st March, 2013 :

Category Nos. of shares	Shares Nos.	% age	Shareholders Nos.	% age
Upto 500	5022392	0.64	24980	68.83
501-1000	4268660	0.54	4593	12.66
1001-2000	4213829	0.53	2425	6.68
2001-3000	2372681	0.30	879	2.42
3001-4000	1573605	0.20	420	1.16
4001-5000	5033858	0.64	1022	2.82
5001-10000	8040513	1.02	960	2.64
10001 and above	757731525	96.13	1012	2.79
Total	788257063	100.00	36291	100.00



JCT ELECTRONICS LIMITED

- Shareholding pattern as on 31st March, 2013 :

Promoters & Group Companies	:	82.78 %
Fin.Inst./Ins.Co.'s/Mutual Funds/Banks	:	5.69 %
NRI/OCBs/FIIs	:	0.57 %
Public	:	10.96 %
Total	:	100.00 %
 - Registrar and Transfer Agents :

The share transfer agents for equity shares of the company both for electronic and physical segment are :
RCMC Share Registry (Pvt.) Ltd.
Unit : JCT Electronics Limited
B-106, Sector -2, Noida, Uttar Pradesh – 201 301
Tele : 0120-4015880 ; Fax : 0120-2444346
Email : shares@rcmcdelhi.com
 - Share Transfer System :

Share transfers and transmissions are registered and returned within the stipulated period if the documents are clear in all respects.
 - Dematerialisation of equity shares :

The demat/remat requests are processed within 15 days of the receipt of requests, if the same are complete in all respects.
As per SEBI directives the equity shares of the company are traded only in demat form for all investors and the ISIN allotted to equity shares of the company is INE264B01020. The company has tied up with both the National Securities Depository Limited and Central Depository Services (I) Limited.
 - Manufacturing Units :
 - NH-8, Village Kandhari, Taluka Karzan, Vadodara (Gujarat)
 - A-32, Industrial Phase VIII, SAS Nagar, Mohali, Distt. Ropar, Punjab (The Mohali unit is not in operation)
 - Address for Correspondence :

Thapar House, 124 Janpath, New Delhi – 110 001
Phone : 43534242 ; Fax : 23367861
Contact Person : Mr. Manoj Chadha, Joint Manager - Secretarial
- The above report was approved at the Board meeting held on 28th May, 2013.
Compliance Certificate for corporate governance from auditors of the company is annexed herewith.

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 31st March, 2013 as stipulated in clause 49 of the listing agreement of the said Company with the stock exchanges. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances during the year ended 31st March, 2013 grievances were received & resolved by the Company. There were no grievances which were pending with the Company as on 31st March, 2013 as per records maintained by the Company.

We further state that compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for V. SAHAI TRIPATHI & Co.

Chartered Accountants

Firm's Registration Number : 000262N

Place : New Delhi

Dated : 28th May, 2013

Mahesh Sahai, Partner

Membership No. 6730



INDEPENDENT AUDITORS' REPORT

To the Members
JCT Electronics Limited

We have audited the accompanying financial statements of JCT Electronics Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(i) The Company has not made any provision for dues of Rs 40 Crores of JCT Electronics Employees Union at Mohali. The same has been described in Note 29A(f) to the Financials Statements. The net loss for the year, accumulated losses & non current liabilities are understated to that extent.

(ii) It has been assumed that the revival of the company will take place in near future. The accounts of the company have been prepared on a "going concern" basis on an assumption made by the management that adequate finances and opportunities would be available in the foreseeable future to enable the company to operate on a profitable basis. The same has been described in Note 30 to the Financials Statements.

(iii) The Company has not made any provision of likely substantial loss on impairment of inventory of Rs 1,376.44 lacs at Mohali unit. The same is described in Note 31(c) to the Financials Statements. The net loss for the year and accumulated losses are understated to that extent & Inventory is overstated to that extent.

(iv) Sundry Debtors, Sundry Creditors, other receivables and payables are subject to reconciliation & confirmation. The same is described in Note 34(a) to the Financials Statements. The financial impact on the same is not ascertainable to that extent.

(v) The financial statements have been drawn and are based on the successful implementation of rehabilitation scheme announced by Board for Industrial and Financial Reconstruction (BIFR) for the company. The Company has defaulted in payment of principal amount of Loans of Rs 4105.33 Lacs to Banks / Financial Institutions for eight quarters starting from 1st April, 2011 to 31st March, 2013. This is in contravention of rehabilitation scheme announced by Board for Industrial and Financial Reconstruction (BIFR) vide its order dated 12th March, 2007. The Company was unable to meet its obligations towards repayment of quarterly installments due in respect of term/working capital term loans as per BIFR sanctioned scheme, due to non availability of working capital limits as envisaged in the sanctioned scheme and sluggish market conditions during the year. As per the BIFR scheme, if the company commits default towards repayment of principal instalments or payment of interest as per the sanctioned scheme or any combination, FIs / 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 FIs / Banks shall have the right to convert its entire overdue 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, FIs / 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 FIs / Banks shall be final.