

S.P. CHOPRA & CO.

Chartered Accountants

31-F, Connaught Place
New Delhi- 110 001
Tel: 91-11-23313495-6-7
Fax: 91-11-23713516
ICAI Regn.No. 000346N
Web Site: www.spchopra.in
E-mail: spc1949@spchopra.in

LIMITED REVIEW REPORT ON UNAUDITED FINANCIAL RESULTS OF JCT LIMITED FOR THE QUARTER ENDED 30th SEPTEMBER, 2015

1. Introduction

We have reviewed the accompanying statement of unaudited financial results (hereinafter referred to as 'Unaudited Results') of M/s. JCT Ltd. Village Chohal, Hoshiarpur - 146 024 (Punjab) for the quarter ended 30th September, 2015 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' including details of pledged / encumbered shares which have been traced from disclosures made by the management and have not been audited by us. These Unaudited Results are the responsibility of the Company's Management and has been approved by the Board of Directors in their meeting held on 7th November, 2015. Our responsibility is to issue a report on these financial statements based on our review.

The Unaudited Results incorporate the results of Textile Units at Phagwara and Sriganganagar, Filament Unit at Hoshiarpur and Head Office at 305, Ratan Jyoti Building, Rajendra Place, New Delhi reviewed by us.

2. Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. Basis for Qualified Conclusion

The Company on completion of the compliance of the consent terms agreed to pay off the Foreign Currency Convertible Bondholders ("FCCB") their dues of Rs. 12,723 lakhs (including Rs. 9945 lakhs towards principal and redemption premium and Rs. 2,778 lakhs towards defaulted interest) in 10 installments starting from October 05, 2015 and final on December 05, 2017. The defaulted interest of Rs. 2,778 lakhs pertaining to the period from 8th April, 2011 to 5th June, 2015 though crystallized and accrued has not been accounted for on accrual basis by the company, as they

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intend to charge to Statement of Profit & Loss Account as and when installment thereof is paid, as detailed in Note A.2 of **Annexure-'X'**. This treatment is not in compliance with the Accounting Standards and the provisions of the Companies Act, 2013. Had the interest been accounted for on accrual basis, the losses would be Rs. 2,668 lakhs for the quarter (as against reported profit of Rs. 110 lakhs), deficit (net of reserves) would be Rs. 7,973 lakhs (as against the reported deficit of Rs. 5,195 lakhs) and Other Current Liabilities would be Rs. 19,478 lakhs (as against reported Other Current Liabilities of Rs. 16,700 lakhs).

4. **Qualified Conclusion**

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying Unaudited Results prepared in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatements.

5. **Emphasis of Matters**

We draw attention to the following matters as contained in **Annexure-'X'** to the Unaudited Results.


- Note No. A.4, regarding non-confirmation / reconciliation of balances in the accounts of few parties.
- Note No. A.5, which describes the reasons for preparing the financial statements on a going concern basis although the accumulated losses have resulted in erosion of substantial net worth of the Company and its current liabilities exceed its current assets at the year-end.
- Note No. A.6, which describes the uncertainty related to the outcome of the appeal filed with the Courts of Appeals at Malaya by the Company of a claim of Rs. 788.25 lakhs by ex-employees of CNLT, Malaysia on account of advances and compensation paid to the Company by CNLT, Malaysia.

Our Conclusion is not qualified in respect of these matters.

Place: Phagwara
Date : 7th November, 2015



For S.P.CHOPRA & CO.
Chartered Accountants
Firm/Regn. No. 000346N


SANJIV GUPTA
Partner
M.No. 083364