V SAHAI TRIPATHI & CO
CHARTERED ACCOUNTANTS

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Limited Review Report

We have reviewed the accompanying statement of un-audited financial results of *JCT ELECTRONICS LIMITED*, having its registered office at A-32 Industrial Area, Phase VIII, SAS Nagar, Mohali for the quarter ended 30th September, 2015 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the company's management and has to be taken on record by the Board of Directors at their meeting. Our responsibility is to issue a report on these financial statements based on our review.

A review of interim financial information consists principally of applying analytical procedures for financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope and assurance than an audit conducted in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. We have not performed an audit and accordingly, we do not express an audit opinion.

We conducted our review in accordance with the Standard on Review Engagement *(ISRE) 2400* on *Engagement to Review Financial Statements* 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 is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

The Company has defaulted in payment of principal amount of Loans of Rs.12516.93 Lacs to Banks / Financial Institutions during last eighteen quarters stating from 1st April, 2011 to 30th September, 2015. This is in contravention of *rehabilitation scheme announced by Board for Industrial and Financial Reconstruction (BIFR) vide its order dated 12th March, 2007. The relevant extract of such scheme is re-produced as under:-*

> "**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 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, 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 and binding on the borrower and/or guarantors. In case of FIs / Banks exercise the right of revocation, the financial rehabilitation sanctioned or granted to JCTEL shall be treated as withdrawn and the terms

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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, FIs/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."

However, the Company has approached IFCI-The Operating Agency with Modified Debt Restructuring Scheme (MDRS) in the month of February, 2012. A meeting of secured lenders was held in the month of April, 2012 & secured lenders whose interest is being affected have given their consent for the proposed Modified Debt Restructuring Scheme (MDRS). IFCI-The Operating Agency has submitted the aforesaid Modified Debt Restructuring Scheme (MDRS) to the Hon'ble BIFR in the month of June, 2012 and October, 2012 .

As explained to us by the management, due to poor market conditions and banks not releasing need based working capital facilities as envisaged in the sanctioned scheme, production at the Baroda Unit was scaled down during the quarter ended 30th September, 2013 and no production could be taken till the quarter ended 30th September, 2015.

Board for Industrial and Financial Reconstruction (BIFR), on the application made by secured creditor holding over 55% of the secured debt and unequivably supported by other creditors (including banks and financial institutions), declared the rehabilitation scheme sanctioned by them for the company in March, 2007, as failed, in the proceeding held on 8th July, 2015 and also formed a prima facie opinion that it would be just, equitable and in public interest that that the company be wound up. The BIFR has accordingly ordered issue of notice for proposed winding up to be published in the newspapers for the information of shareholders, creditors etc , which was published in the newspapers on 6th August, 2015 giving all stakeholders 60 days notice to come forward with any suggestions /plans and posted the matter for final hearing on 14th October 2015. As per information provided to us, we understand that the BIFR at its hearing held on 14th October, 2015 observed that all efforts for revival of the company have failed despite opportunity given to all concerned to work out an acceptable revival scheme to turn the net worth of the company positive and there was no option but to confirm its prima facie opinion. Considering aforesaid factors & various other factors as described in the audited financials for the year ended 31st March, 2015 which have been stated in the **ANNEXURE-A** hereunder, we are of the opinion that company is not a going concern. The Company has not attempted to assess the realizable value of the assets and therefore financial results for the period ended 30th September, 2015 have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts or classification of liabilities that may be necessary if the Company is unable to continue as a going concern.

Subject to aforesaid observations and its consequential effects which are not ascertainable as on as date and subject to adverse report along-with audit qualifications and consequential effects thereto not considered by the company as referred in notes attached as per Annexure 'A', *nothing has come to our notice that causes us to believe that the accompanying statement of un-audited financial results prepared in accordance with accounting standards and other recognized 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 misstatement.*

For V Sahai Tripathi & Co.
Chartered Accountants
Firm's Registration Number : 000262N

Place : New Delhi
Dated : 10th November, 2015

(Manish Mohan)
Partner
M.N.-091607