SAMRIA & CO.
CHARTERED ACCOUNTANTS

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To,

The Board of Directors,

Birla Cotsyn (India) Limited

1. We have reviewed the accompanying statement of unaudited financial results ("the Statements") of **BIRLA COTSYN (INDIA) LIMITED** ("the Company") for the quarter ended December, 31, 2013 except for the disclosures regarding 'Public Shareholding', 'Promoter and Promoter Group Shareholding' and 'Investor Complaints' which have been traced from disclosures made by the management and have not been reviewed by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statements based on our review.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Engagements to Review Financial Information performed by Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. 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. Accordingly, we do not express an audit opinion.

Basis for Qualified Opinion:

3. ***With reference to Inter corporate deposits of Rs.19,81,47,710/- taken from various parties as at December 31, 2013, in the absence of third party confirmation, reconciliation, if any and other supportive audit evidence, we are unable to comment upon such balances.***

   Further, few such parties have already filed winding up petition under section 433 & 434 of the Companies Act, 1956 against the Company for non-payment of dues. These matters are sub-judice and the impact, if any, of the outcome is unascertainable at this stage.

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4. ***With reference to the dues to related parties of Rs.8,51,12,334/- and trade payables of Rs.18,04,80,827/- as at December 31, 2013, in the absence of third party confirmation, reconciliation if any and other supportive audit evidence, we are unable to comment upon such balances.***

5. ***With reference to Fixed Deposits accepted by the Company, the Company has defaulted in repayment of dues of Rs.85,67,000/- as on 31st December, 2013. The Company has not made provision for penal interest as per the Companies (Acceptance of Deposits) Rules 1975. The Company has not intimated to the Tribunal on a monthly basis about the default in repayment as per section 58AA of the Companies Act, 1956 and also not furnished the requisite returns as per the Companies (Acceptance of Deposits) Rules 1975. The Company has approached the Company Law Board for reschedulement of the same.***

6. ***With reference to capital advances of Rs.93,51,82,186/- as at December 31, 2013 given to various parties, in the absence of third party confirmation, reconciliation, if any and other supportive audit evidence, we are unable to comment upon its recoverability in cash or kind, if any.***

7. ***With reference to the loan of Rs.8,40,63,701/- given to one related party, which according to the last audited financial had accumulated losses and negative net-worth as at March 31, 2013, in the absence of detail information of projected cash flows as at December 31, 2013 or other supportive evidence, we are unable to comment upon its impairment, if any.***

8. ***With reference to trade receivables of Rs.13,14,16,373/- as at December 31, 2013 in the absence of third party confirmation, reconciliation, if any and other supportive audit evidence, we are unable to comment upon its balance recoverability, if any.***

9. ***With reference to plant and machinery of Rs.31,73,79,110/- situated at factory units of the Company which have been generally operating at lower capacity. In the absence of future cash flow projection and information about the value in use, we are unable to comment on impairment provision, if any as per Accounting Standard 28 "Impairment of Assets".***

Emphasis of matter

10. We draw attention to the net loss of Rs.21,47,65,440/- incurred by the Company during the quarter ended December 31, 2013 and Rs.35,67,84,065/- during the half year ended as of that date; the Company's current liabilities exceeded its current

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assets by Rs.260,15,96,591/-. These factors along with other matters as set forth in said note raise substantial doubt about the Company's ability to Continue as a going concern in the foreseeable future. However, the Company's financial statement has been prepared on going concern basis on the basis of management's assurance.

11. A notice has been issued by consortium of banks under section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 for nonpayment of installments and interest thereon after the due date by the Company and therefore all loan accounts became Non Performing Assets with effective from respective dates mentioned in such notice. We are informed that the Company has filed response against such notice and requested to restructure all loan accounts. These factors along with other matters as set forth in said note, raise substantial doubt about the Company's ability to Continue as a going Concern in the foreseeable future However, the Company's financial statements have been prepared on going concern basis on the basis of management's assurance.

12. Based on our review conducted as above, subject to our observation in para 3 to 9 above and read with our comments in paragraph 10 and 11 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 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 misstatement.

For Samria & Co.,
Chartered Accountants
Firm Registration No: 109043W

(Adhar Samria)
Partner
M. No. 049174
Dated: 17th February, 2014

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