

### LIMITED REVIEW REPORT

To  
The Board of Directors  
Vardhman Polytex Limited  
Ludhiana.

1. We have reviewed the accompanying statement of unaudited financial results of Vardhman Polytex Limited (the "Company") for the quarter ended September 30, 2013 (the "Statement") being submitted by the company pursuant to the requirements of clause 41 of the Listing Agreement with Stock Exchanges except for the disclosures regarding 'Public Shareholding' and "Promoter and Promoter Group Shareholding" which have been traced from the disclosures made by the management and have not been reviewed by us. The statement of quarterly financial results has been prepared from interim financial statements which are the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (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 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.
3. Without qualifying, attention is drawn to:

The Company has made investment in the equity shares of its subsidiary company Oswal F. M. Hammerle Textiles Limited of Rs. 9126.41 lacs whose net worth is partly eroded. We understand from the management that the investment is long term strategic in nature and the erosion in net worth is due to slump in textile sector; this being a temporary phenomenon, the net worth will be revived in the near future.

- 4.(a) The Company has not provided for foreign exchange differences on foreign currency monetary items as required by Accounting Standard AS-11 "Effect of Changes in Foreign Exchange Rates" amounting to Rs. 726.94 Lacs for the quarter ended September 30, 2013 owing to the reasons as explained in foot note no.2 of the Statement of unaudited financial results. Due to this, profit for the quarter ended September 30, 2013 is overstated by the same amount.
- (b) The Company had made an investment of Rs. 4996.00 lacs in one of the wholly owned subsidiary companies Oswal Industrial Enterprises Private Limited. On the above investment, provision for diminution in value of Rs. 495.00 lacs has already been created in the earlier years. On the balance amount of Rs. 4501.00 lacs no further provision has been made although the net worth is substantially eroded due to the subsidiary company having accumulated losses of Rs.425.76 lacs against share capital of Rs.5005.00 lacs as on March 31, 2013. This is at variance with Accounting Standard AS-13 'Accounting for Investments' notified under the provisions of the Companies Act, 1956 resulting in profit for the period being overstated by the same amount.
5. Subject to 4 above and based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with recognition and measurement principles laid down in Accounting Standard AS - 25 'Interim Financial Reporting' notified under the provisions of the Companies Act, 1956 which according to a clarification issued by the Ministry of Corporate Affairs continue to be applicable for the purpose of the Companies Act, 2013, 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 S.S. Kothari Mehta & Co.  
Chartered Accountants  
Smta. Rajiv Mehta N/A (MCA 2013)  
Smta. Nisha Mehta N/A (MCA 2013)  
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