

Limited Review Report

The Board of Directors
Hindustan Organic Chemicals Ltd
81, M.K. Road
Mumbai 400020

1. We have reviewed the accompanying statement of unaudited financial results of Hindustan Organic Chemicals Ltd. for the quarter ended 30th September, 2011, except for the disclosures regarding "Public Shareholding" and "Promoter Group Shareholding" which have been traced from the disclosures made by the management and have not been reviewed by us. In this report is incorporated the report on the Kochi unit of the Company which has been reviewed by an independent branch auditor. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors of the Company in its meeting held on 4th November, 2011. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, engagements 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 misstatements. A review is limited primarily to the enquiries of company personnel and analytical procedures applied to the financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly we do not express an audit opinion.
3. *Kochi / Rasayani / Head Office Inter Branch Accounts are under reconciliation and the effect of the adjustment entries, if any on the Loss for the quarter is not ascertainable.*
4. *The Company has not made provisions for:*
 - i) ₹ 2308.08 lacs towards liability for wage revision (other than Kochi unit) for the period from 1st January, 1997 to 31st December, 2000 and ₹ 139.48 lacs to Officers and ₹ 123.16 to Staff for the period 1st January 2007 to 31st March 2008.
 - ii) ₹ 73.47 lacs towards liability for wage revision for Officers in respect of Kochi Unit for the period 1st January, 2007 to 31st July, 2009.

(Contd....2)



- iii) ₹ 64.81 lacs, on account of misappropriation of Company's fund, pending final report from CBI and the outcome of civil suit.
- iv) ₹ 600.10 lacs towards penal; interest on overdue loan from Government of India.
- v) No provision / charge to Profit and Loss Account has been made for claims of JNPT aggregating to ₹ 2366.89 lacs, the break-up of which is as under:
- a) Minimum guaranteed throughput charges - ₹ 1565.63 lacs
- b) Escalation in the Lease Rent in respect of leased land - ₹ 503.51 lacs
- c) Water Charges claim - ₹ 0.65 lacs and
- d) Way leave charges - ₹ 297.10 lacs
- 5) Had the provision been made for the items referred at Para- 4 above, the Loss reported for the quarter of ₹ 1174 lacs would have increased to loss of ₹ 6850 lacs.
- 6) Based on our review conducted as above, and subject to matters reported on paragraph 3, 4 and 5 above, nothing has come to our attention that causes us to believe that the accompanying statements of unaudited financial results prepared in accordance with applicable 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.



Mumbai : 3rd November, 2011

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm's Registration No. 102860W

Shrikant Prabhu
Partner
Membership No. 35296