

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 June 2011 in which is incorporated the report on the Kochi unit reviewed by the other auditor. This statement is the responsibility of the Company's Management and has been reviewed by the Board of Director's in its meeting dated 5th August 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.
 - a) The company has not made provisions for:
 - i) Rs. 2308.08 lacs towards liability for wage revision (other than Kochi unit) for the period from 01.01.1997 to 31.12.2000 and Rs. 209.22 lacs to Officers and Rs. 184.73 to Staff for the period 01st Jan 2007 to 31st March 2008.
 - ii) In respect of Kochi Unit the balance amount to pay arrears amounts to Rs. 98.60 lacs.
 - iii) Rs. 64.81 lacs, on account of misappropriation of Company's fund, pending final report from CBI and the outcome of civil suit.
 - iv) In respect of the following items, no provision/ charge to profit and loss a/c has been done for claims of JNPT of Rs.2264.67 lacs as under:
 - a) Regarding JNPT of minimum guaranteed throughput charges of Rs. 1490.63 lacs.

- b) Regarding short provision of Rs.476.30 lacs on account of lease rentals and escalation on leased land payable to JNPT and
 - c) Regarding claims of JNPT water charges of Rs. 0.65 lacs
 - d) Regarding claims of JNPT of way leave charges of Rs. 297.10 lacs
 - v) Rs. 559.46 lacs (Rs. 40.45 lacs for the current quarter ended 30th June 2011) towards penal; interest on overdue loan from Govt. Of India.
- b) Attention is invited to the following para's with regards to pending accounting treatment of the items mentioned hereunder, impact of which on loss for the period ended 30th June 2011 could not be ascertained
- i) Balance of Sundry Debtors, Sundry Creditors, Loans & Advances, Inter Branch Account and other debit / credit balance are subject to confirmation and adjustment necessary upon reconciliation.
- 4) Had the provision been made for the items referred at Para-3 (a) above, there would have been a loss of Rs.5689.58 lacs thereby resulting into a loss of Rs. 7935.58 lacs.
- 5) Based on our review conducted as above, and subject to matters reported on paragraph 3 and 4 above, nothing has come to our attention 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.

For NBS & Company.
Chartered Accountants

Sd/-

Place: Mumbai
Date: 05th August 2011

Devdas V. Bhat.
Partner
Mem No. 48094

Net Profit as per the unaudited financial results for the Quarter ended 30th June 2011. -2246.00

Less:- The provisions required to be made in respect of:

1) Misappropriation of company's funds	64.81	
2) JNPT minimum guaranteed throughput charges	1490.63	
3) Escalation in the lease rent in respect of leased land at JNPT	476.30	
4) JNPT Water Charges	0.65	
5) Way leave charges of JNPT	297.10	
6) Penal Interest on ovedue loan from GOI	559.46	
7) Liabilities of wage revision for the period 01.01.1997 to 31.12.2000 and 01.01.2007 to 31.07.2009 for Rasayni	2702.03	
7) Liabilities of wage revision Kochi Unit	98.60	<u>5689.58</u>
		<u>-7935.58</u>