

FORD, RHODES, PARKS & CO.

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors,
Hindustan Organic Chemicals Ltd.
Mumbai

1. We have reviewed the accompanying statement of unaudited financial results ('the Statement') of Hindustan Organic Chemicals Limited ('the Company') for the quarter ended 30th June, 2014, 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. 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 13th August, 2014. 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 Engagements (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 misstatements. A review is limited primarily to the inquiries 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. *The Company has not made provisions for*
 - i) *Penal interest of ₹ 1,114 lacs on overdue loan from Government of India.*
 - ii) *Loss on account of misappropriation of Company's fund amounting to ₹ 65 lacs, pending final report from CBI and outcome of the civil suit,*
 - iii) *Liability of wage revision for the period 1.1.1997 to 31.12.2000 ₹ 1,888 lacs at Rasayani unit,*
 - iv) *Liability of wage revision for the period 1.1.2007 to 31.3.2008 ₹ 162 lacs to Cochin and ₹ 1.79 lacs to Dept. at Rasayani unit,*

(Contd....2)



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v) *Claims of JNPT short provided amounting to ₹ 1,408 lacs in respect of:*

- a) *Lease rentals and escalation on leased land,*
- b) *Water charges*

Had the above provisions been made for the items referred at Para- 3 above, the loss reported for the quarter of ₹ 4,102 lacs would have increased to loss of ₹ 8,887 lacs.

4. *Capital work in progress includes an amount of ₹ 2,979 lacs incurred on JNPT Tank terminal project. The construction has been suspended for more than four years and the lease has been called off by the lessor – JNPT after the expiry of the lease period in June, 2010. The status of the project is stagnant, incomplete and of no utility since long. No provision is made for the impairment in the value of this asset, if any, pending ascertainment of the recoverable amount.*
5. *Based on our review conducted as above, and subject to the matters reported in paragraphs 3 and 4 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with the Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 which continue to apply under section 133 of the Companies Act, 2013 and other 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.*

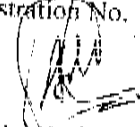
Emphasis of Matter

Attention is drawn to note 7 of the results for the quarter ended 30th June, 2014 which states that the results for the quarter ended 30th June, 2014 have been prepared on going concern basis, although the net worth of the Company is fully eroded, for reasons stated in the said note.



Mumbai: 13th August, 2014

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


Astha Kariya
Partner

Membership No. 122491