JVLL & associates
CHARTERED ACCOUNTANTS

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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 September, 2015, 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 12th November, 2015. 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 ` 1,362 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 ` 16.21 lacs to Officers and ` 148 lacs to Staff at Rasayani unit*
   v) *The Company have not routed Bond Expenses amounting to Rs. 79 lacs (including Govt. Guarantee renewal fee of Rs. 63 lacs) through Profit & Loss account and charged off against Security Premium as per accounting policy adopted in the past. In view of this the expenses are lower to the tune of Rs. 79 lacs for the quarter ended September 2015.*

(Contd....2)

Had the above provisions been made for the items referred above, the loss reported for the quarter of Rs. 4808 lacs would have increased to loss of Rs.8511.99 lacs.

In absence of adequate profit, Redemption reserve for redemption of 25% of Preference Shares Capital amounting to Rs. 6750 lacs due for redemption during the financial year 2015-16 is not provided in the books.

4. Based on our review conducted as above, and *subject to the matters reported in paragraphs 3 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 6 of financial results for the quarter ended 30th September 2015 which states that the results for the quarter ended 30th September 2015 have been prepared on going concern basis although the networth of the Company is fully eroded, for reasons stated in said note.

For JMT & Associates
Chartered Accountants
Firm's Registration No. 104167W

Jayesh Shah
Partner
Membership No. 39910

Mumbai: 12th November, 2015