

Review report

**To the Board of Directors of
Hikal Limited**

- 1 We have reviewed the accompanying statement of un-audited financial results ('the Statement') of Hikal Limited ('the Company') for the quarter ended 30 June 2011 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is 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 statements 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 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 provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
- 3 Without qualifying our review opinion, we draw your attention to note no. 2 to the Company's statement of un-audited financial results. The Company has changed the method of accounting related to forward contracts and long term foreign currency monetary items from Hedge Accounting as per Accounting Standard 30 - Financial Instruments: Recognition and Measurement to recognizing the exchange difference in the profit and loss account in the period in which it arise as per Accounting Standard 11 - The Effects of Changes in Foreign Exchange Rates. Had the change in method of accounting not happened, the profit before tax for the quarter ended 30 June 2011 would have been lower by Rs 549 Lakhs.
- 4 As more fully explained in note no. 3 to the Company's statement of un-audited financial results, the Company has not provided for a "mark-to-market" loss on derivative contracts/receivables aggregating to Rs 2,550 lakhs as at 30 June 2011 (30 June 2010: Rs 5,144 lakhs) for the reasons stated by the management in the said note. Consequently, without, considering the tax effect, the profit before tax for the quarter and reserves and surplus are overstated by Rs 2,550 lakhs (30 June 2010: Rs 5,144 lakhs).
- 5 Based on our review conducted as above, subject to our comments in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying statement of un-audited financial results prepared in accordance with the accounting standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 and other recognised 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 **B S R & Company**
Chartered Accountants
Firm's Registration No: 128032W


Vijay Bhatt
Partner

Membership No: 036647

Mumbai
28 July 2011